Javelin Way, Ashford

Full Business Case for Getting Building Fund

October 2020

Contents

The template

This document provides the business case template for projects seeking funding which is made available through the **South East Local Enterprise Partnership**. It is therefore designed to satisfy all SELEP governance processes, approvals by the Strategic Board, the Accountability Board and also the early requirements of the Independent Technical Evaluation process where applied.

It is also designed to be applicable across all funding streams made available by Government through SELEP. It should be filled in by the scheme promoter – defined as the final beneficiary of funding. In most cases, this is the local authority; but in some cases the local authority acts as Accountable Body for a private sector final beneficiary. In those circumstances, the private sector beneficiary would complete this application and the SELEP team would be on hand, with local partners in the federated boards, to support the promoter.

Please note that this template should be completed in accordance with the guidelines laid down in the HM Treasury's Green Book (https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government)

As described below, there are likely to be two phases of completion of this template. The first, an 'outline business case' stage, should see the promoter include as much information as would be appropriate for submission though SELEP to Government calls for projects where the amount awarded to the project is not yet known. If successful, the second stage of filling this template in would be informed by clarity around funding and would therefore require a fully completed business case, inclusive of the economic appraisal which is sought below. At this juncture, the business case would therefore dovetail with SELEP's Independent Technical Evaluation process and be taken forward to funding and delivery.

The standard process

This document forms the initial SELEP part of a normal project development process. The four steps in the process are defined below in simplified terms as they relate specifically to the Note – this does not illustrate background work undertaken locally, such as evidence base development, baselining and local management of the project pool and reflects the working reality of submitting funding bids to Government. In the form that follows:

Local Board Decision

- Consideration of **long list** of projects, submitted with a short strategic level business case
- **Sifting/shortlisting process** using a common assessment framework agreed by SELEP Strategic Board, with projects either discounted, sent back for further development, directed to other funding routes or agreed for submission to SELEP

SELEP

- Pipeline of **locally assessed projects submitted to SELEP**, with **projects supported by strategic outline business cases - i.e., partial completion of this template**
- Prioritisation of projects across SELEP, following a common assessment framework agreed by Strategic Board.
- **Single priorisited list of projects is submitted by SELEP to Government** once agreed with SELEP Strategic Board.

SELEP ITE

- Following the allocation of LGF or other appplicable funding to a project, scheme promoters are required to prepare an **outline business case, using this template** together with appropriate annexes.
- Outline Business Case assessed through **ITE gate process**.
- **Recommendations are made by SELEP ITE to SELEP Accountability Board** for the award of funding.

Funding & Delivery

- Lead delivery partner to commence internal project management, governance and reporting, ensuring **exception reporting mechanism back to SELEP Accountability Board** and working arrangements with SELEP Capital Programme Manager.
- **Full Business Case** is required following the procurement stage for projects with a funding allocation over £8m.

Version control	
Document ID	
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Authorised by	
Date authorised	

1. Project Overview

1.1 Project name:

[Specify the name of the scheme, ensuring it corresponds with the name of the scheme at programme entry (when added to the LGF prioritised list of projects or other shortlisting process).]

Javelin Way

1.2 Project type:

[Site development, skills, innovation etc.]

Site development, employment, culture, skills

1.3 Federated Board Area:

[East Sussex, Kent & Medway, Essex, and Thames Gateway South Essex]

Kent and Medway

1.4 Lead County Council / Unitary Authority:

[East Sussex, Kent, Medway, Essex, Thurrock, Southend-on-Sea]

Kent County Council

1.5 Development location:

[Specify location, including postal address and postcode.]

Javelin Way, Henwood Industrial Estate, Ashford, Kent TN24 1DE

1.6 Project Summary:

[Provide a summary of the project; max. 0.5 pages.]

Introduction

This proposal for Getting Building Fund seeks a modest grant of £578,724 to bridge an anticipated shortfall in funding for the Javelin Way employment and cultural infrastructure scheme in Ashford. This shortfall has emerged as a result of reduced sales values due to Covid-19 related market uncertainty, and is currently stalling delivery. GBF grant will enable construction to start this year, will safeguard matching investment from Arts Council England and will bring forward new employment.

Overview

Javelin Way is an employment site on the Henwood Industrial Estate in Ashford. Through this project, Kent County Council will to develop the site for employment use, with a focus on the development of Ashford's creative economy. The scheme consists of two elements:

- The construction of a 'Creative Laboratory' production space (with a ground floor internal area of 1,293 sqm). This will be leased from Kent County Council by Jasmin Vardimon Company (JVC), a world renowned dance company and creative organisation.
- The development of 29 light industrial units (with a gross internal floor area of 3,046 sqm), for sale and/or lease, suitable for additional creative businesses as well as the general market. Mezzanine floors will be available for the 29 industrial units, with full flexibility on the sizes of mezzanines to meet market demand. Total area currently anticipated to be delivered is based on c.41% mezzanine coverage and gives a total of 4,382 sqm.

The scheme will accommodate up to approximately 176 full-time equivalent employees, in addition to 21 freelance and contractor opportunities. The scheme will also deliver opportunities for business development in the creative sector, as well as business rates, GVA and educational benefits.

The overall capital cost of the scheme is £11.2 million (including the proposed GBF contribution), funded by Arts Council England, Kent County Council, Ashford Borough Council and the Growing Places Fund. Receipts from the sale/ lease of the industrial units will finance the local authorities' investment in the scheme.

<u>The case for Getting Building Fund</u>

The Javelin Way development was fully funded, with the support of a Growing Places Fund loan approved by SELEP in 2017 (the scheme overall has therefore already been through a SELEP appraisal process).

However, due to a fall in the anticipated values that would be achieved from the light industrial units brought about by market uncertainty during the Covid-19 pandemic, the commercial agents acting for the Council (Sibley Pares) recommend allowing an additional commercial risk equating to 10% of gross development value, less the value of a pre-sale to Kent Music. This amounts to £578,724.

In the light of this additional risk, the Council is unable to progress the project until market conditions improve. This will mean a likely delay in bringing forward the industrial units, which will mean a consequential delay in realising the jobs and business opportunities that will result. If the business units are delayed, it will also mean a further delay in securing the funding package for the Creative Laboratory space. This is likely to have the effect of jeopardising the Arts Council grant that would part-fund the Creative Laboratory, in turn jeopardising the project as a whole.

Getting Building Funding of £578,724 is therefore sought to bridge the gap resulting from the fall in anticipated values. This will enable the scheme to move forward as planned, bring forward employment at an early stage and deliver the full scheme, including its transformational cultural element

1.7 Delivery partners:

[List all delivery partners and specify the lead applicant and nature of involvement, as per the table below.]

Table 1-1:

Partner	Nature of involvement (financial, operational, etc)
Kent County Council (lead applicant)	Investor; responsible for scheme delivery
Arts Council England	Financial and operational – grant funding
Ashford Borough Council	Financial - Investor
South East LEP	Financial – loan funding via GPF

1.8 Promoting Body:

[Specify who is promoting the scheme.]

Kent County Council

1.9 Senior Responsible Owner (SRO):

[Specify the nominated SRO and provide their contact details. The SRO ensures that a programme or project meets its objectives and delivers projected benefits. This is not the same as a Section 151 Officer.]

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1.10 Total project value and funding sources:

[Specify the total project value, how this is split by funding sources, and any constraints, dependencies or risks on the funding sources, as per the table below.]

The total capital development cost of the scheme is £11,199,648. This is funded by:

Table 1-2: Project capital value and funding sources

Funding source	Amount, £'000	Constraints, dependencies and mitigations
Kent County Council	5,206	Agreement to proceed, subject to risk on receipts
Growing Places Fund	1,597	Loan secured in 2018. Revised repayment schedule due to be considered by Accountability Board
Arts Council England	3,069	Confirmation of grant received
Ashford Borough Council	750	Cabinet approval confirmed and subject to contract
Getting Building Fund	578	Subject to approval
Total	**11,200**	

Kent County Council's contribution, and repayment of the GPF loan, will be through capital receipts from the sale of the industrial units. The Council's agreement to proceed is therefore dependent to estimates of eventual sales values arising from the industrial units and the risks that these present in the current financial environment.

The full funding profile is set out in the cashflow attached in Annex J and discussed in the Financial Case.

1.11 SELEP funding request, including type (LGF, GPF, GBF etc.):

[Specify the amount and type of funding sought from SELEP to deliver the project. Please also confirm that the funding will not constitute State Aid.]

Funding request

£578,724 of Getting Building Funding (GBF).

State aid

The state aid position in respect of the project overall was set out at the time of the Growing Places Fund loan application in 2018, and is unchanged.

Getting Building Fund is required to enable KCC to develop the industrial units. As these will be sold or leased on an entirely commercial basis, KCC is acting as a market economy investor, and there is no state aid.

With regard to the Creative Laboratory (which will not be directly funded by GBF, but which forms part of the overall scheme), Article 53 of the General Block Exemption Regulation (GBER) provides for investment and operating aid for cultural organisations, including "costs for the construction, upgrade, acquisition, conservation or improvement of infrastructure, if at least 80% of either the time or space capacity per year is used for cultural purposes"[1]. For investment aid, there is no specified intervention rate, provided that the aid amount does not exceed the difference between the eligible costs and the operating profit of the investment. The notification threshold is €100 million per project, greatly in excess of any aid via the Javelin Way project

1.12 Exemptions:

[Specify if this scheme business case is subject to any exemptions (and provide details of these exemptions) as per the SELEP Assurance Framework 2017, Section 5.7.4 and 5.7.5]

Paragraph V.3.3.i.b of the 2020 version of the Assurance Framework states that there is an exemption to the value for money requirements set out in para. V.3.2 if the project has a funding request of less than £2 million. This is reflected in the guidance in this business case template, which clearly states that a full quantified economic appraisal is not required and that the Appraisal Summary Table in the Economic Case does not have to be completed.

This project has a grant request much lower than the £2 million threshold, and has already been considered and approved by SELEP during consideration of the previous Growing Places Fund award. We have therefore not set out a full economic appraisal, although we provide a value for money statement in the Economic Case.

1.13 Key dates:

[Specify dates for the commencement of expenditure, the construction start date and the scheme completion/opening date.]

[1] DCLG, English Aid for Cultural and Heritage Conservation State Aid Scheme

Pre-construction element: underway

- Construction start date: 20 October 2020
- Construction completion date: 17 January 2022

See detail in Section 1.14 below.

1.14 Project development stage:

[Specify the project development stages to be funded, such as inception, option selection, feasibility, outline business case, detailed design, procurement, full business case, implementation, the current project development stage, and a brief description of the outputs from previous development stages. Add additional rows as necessary. Please note, not all sections of the table may require completion.]

Table 1-3: Project development stages completed to date

Task	Description	Outputs	Timescale
RIBA stage 1 – Preparation and Brief	Partners agreed to work towards agreed project outcomes	Outline Business Case complete	Completed
RIBA stage 2 – Concept design	Procurement of multi disc architects, QS and tech PM	RIBA Stage 2 report	Completed
RIBA stage 3 – Developed Design	Updated and coordinated designs completed	RIBA Stage 3 report	Completed
Planning permission secured	ABC Planning committee approval gained	Planning secured	Completed
RIBA stage 4 – Technical design	Detailed designs completed; procurement complete, contractor awaiting final contract	Complete design pack for tender	Completed

Table 1-4: Project development stages to be completed

Task	Description	Timescale
RIBA stage 5 – Construction	Construction of creative laboratory and 29 light industrial units	Oct/Nov 20-Jan 22
RIBA stage 6 – Handover and Close Out	Change agreement for lease into lease on the creative laboratory, physical sales of ind units commence	Jan 22
On-site Fit-out	Specialist fit out of creative laboratory	Feb 22
Opening		Feb/Mar 22

1.15 Proposed completion of outputs:

[Include references to previous phases/ tranches of the project (link to the SELEP website) and to future projects to be funded by SELEP. Please see SELEP Programme for more information.]

Table 1-5: Proposed completion of outputs

Output	Amount	Timing
Construction and fit out of Creative Laboratory Building	New creative centre of excellence c13,530 sq ft with a leading artistic, educational and cultural offer	By February 2022
Construction of light industrial units	29 industrial units with flexibility on size of mezzanines. Total area projected to be 47,163sq ft	By February 2022
Additional car parking on adjacent land at Norton Knatchbull Academy	C60 car parking spaces to allow overflow parking for the industrial units as required and to accommodate shows in the JVC facility and allow the sport fields to be opened up for use weekends and evenings	By February 2022
Additional car parking to Kent Highway Services Ashford depot	c8/9 car parking spaces to account for displacement of on street car parking spaces	By February 2022

Table 1-6: Longer-term impacts

Impact	Amount	Timing
Jobs supported	Capacity for 176 FTE, safeguarding a further 21 with a total of 110 jobs created during the construction period	From the outset and over the lifetime of the project
Creative industries cluster development	Facility enables a world class creative industries hub attracting other similar creative businesses. Kent Music will take on 4 of the industrial units (16% of industrial floor area)	From the outset and over the lifetime of the project
Skills	The new JVC facility will enable an expansion of their leading accredited training programmes and education offer	Over the next 5 years
Wider impact	Project delivers on one of Ashford's Big 8 priorities. Ashford will be enhanced by new opportunities facilitated through the presence of a creative cluster with a high-profile anchor tenant. Business creation, growth and retention with the Borough;	Over the lifetime of the project

2. Strategic Case

The Strategic Case should present a robust case for intervention, and demonstrate how the scheme contributes to delivering the SELEP Strategic Economic Plan (SEP) and SELEP's wider policy and strategic objectives. It includes a rationale of why the intervention is required, as well as a clear definition of outcomes and the potential scope for what is to be achieved.

The outlook and objectives of the Strategic Case need should, as far as possible, align with the Monitoring and Evaluation and Benefits Realisation Plan in the Management Case.

2.1 Scope / Scheme Description:

[Outline the strategic context for intervention, by providing a succinct summary of the scheme, issues it is addressing and intended benefits; max. 2 pages.]

<u>Scheme summary</u>

This scheme seeks to use land owned by KCC in Ashford to deliver 29 light industrial units and a state-of-the-art creative facility.

By building out new light industrial capacity to respond to un-met market demand, the project will generate sufficient capital receipts to enable KCC to forward-fund a new Creative Laboratory run by the Jasmin Vardimon Company, an award-winning dance company. KCC's contribution will be matched with grant from Arts Council England to enable the Creative Laboratory to come forward.

The scheme is well advanced. All technical designs and procurement are complete, the contractor is awaiting the final contract and the scheme is ready to start construction in October.

However, agents advise that the likely values that could be generated from the industrial units have fallen as a result of the market uncertainty caused by the Covid-19 pandemic and recommend that an additional risk contingency of 10% of gross development value, less a pre-sale to Kent Music (equating to £578k) is applied. In current financial circumstances, this means a delay in starting the project unless this risk can be mitigated. GBF grant will bridge the gap and enable the project to move forward.

<u>Background and context</u>

The background to the scheme was set out in the earlier application to SELEP for Growing Places Fund: the rationale for the project is unchanged since then. Essentially, the scheme contains two elements: the development of industrial units and the adjacent Jasmin Vardimon Creative Laboratory, with the former partly enabling the latter. The following paragraphs take each of these in turn.

The Jasmin Vardimon Creative Laboratory

Ashford is a recognised growth location. Developing its cultural infrastructure is a high priority for the Borough and County Councils, and for SELEP.

The Jasmin Vardimon Company (JVC) is a 'nationally and internationally acclaimed' dance company, established by the choreographer Jasmin Vardimon in 1998. Sadler's Wells acts as the London base for the presentation of the Company's work; in addition JVC performs at the Gulbenkian Theatre in Canterbury and Northcott Exeter along with numerous venues around the globe including Europe, China, Taiwan and South Korea.

The Company is recognised by Arts Council England as a 'National Portfolio Organisation'; in view of this, ACE has committed to an annual operational grant of £289,000, which the Company supplements with income from shows and its extensive educational programmes. JVC is one of 14 National Portfolio Organisations within Kent, and one of only two companies that produce touring work.

JVC decided to relocate from London to Ashford in 2012, as it wished to expand its production facilities. Given the high cost of production facilities within easy access of central London[2], the Company sought premises further afield, with Ashford identified as a suitable location. The Company has commented that Ashford is the only location within the SELEP area which meets with its requirements to have short travel times to London, connectivity to continental Europe, and appropriately priced production facilities.

Since 2012, the Company has been based at the Stour Centre in central Ashford, with creative space and office accommodation leased from Ashford Borough Council. JVC also leases an additional temporary warehouse in Ashford.

The Company has all of its administration activities and permanent production facilities based in Ashford. Twelve full-time members of staff are employed in Ashford (nine by JVC and three by the Jasmin Vardimon Educational Company. In addition, dancers, technicians and creative staff are contracted on a 'show by show' basis: numbers vary between 15 and 21 at any given time[3]. The company also runs the Jasmin Vardimon Educational Company (JVEC), which runs intensive classes and workshops. JVEC offered over 350 sessions during 2019-20, and reaching over 1,700 participants with more than 75% of sessions happening in Ashford and elsewhere in Kent.

Since 2012, JVC's operations have expanded, particularly with the development of the educational and training offer that has seen an increase in demand. Also, a number of companies (including theatres, production companies and Sadler's Wells associate companies) have expressed interest in using JVC's existing creative production space[4]; and there is evidence of small creative businesses emerging from JVC and requiring space[5] However, there is no capacity for expansion at the Company's existing facility at the Stour Centre, or for its use by external partners, and JVC has already had to secure separate warehouse space.

2.2 Consequently, JVC, supported by Kent County Council and Ashford Borough Council, has investigated alternative locations. The Company has specific space requirements in terms of height clearance, which are suited to large footprint industrial-type premises, and (given

[2] According to JVC, the cost of hiring a rehearsal space in central London (12 sqm) is £700-£1,000 per week (Feasibility and Business Plan, p.53)
[3] JVC, Feasibility and Business Plan 2018-2022, p. 15
[4] For example, Acrojou.
[5] For example, A&E Dance Studio.

its existing presence in the town, the connectivity to London and Europe, and the cost of production facilities).

Light industrial development

There is widespread evidence that there is substantial un-met demand for smaller light industrial units (set out further in the *Policy Context* section below) and this is borne out by advice from agents and Locate in Kent. However, the Javelin Way site is in an area suitable for industrial development (and unsuitable for residential uses), and within a location where there is likely to be demand as well as a population-derived 'need' for employment.

Linking the two elements

Joining the two parts of the scheme, Kent County Council has worked with the Jasmin Vardimon Company to bring forward a new home for the Creative Laboratory in a location that is suitable for its needs and where there are opportunities for co-location with creative organisations requiring industrial-type space. To finance this, KCC will build out industrial space on the rest of the site, with the proceeds part-funding the Creative Laboratory.

To enable this, the project has been successful in securing funds from Arts Council England, Ashford Borough Council and the Growing Places Fund – demonstrating strong partnership support.

However, the scheme is marginal in terms of viability, and the recent downturn in commercial property values has increased the risk to the extent that the scheme cannot be taken forward without additional grant support

<u>The scheme</u>

In practical terms, the scheme involves the development of:

- The Jasmin Vardimon Centre Creative Laboratory. This facility has a gross internal area of 13,530 sq ft and will provide:
    - ➢ New creation, training and presentation space
    - ➢ Incubator spaces for emerging creative businesses and freelancers
    - ➢ Offices for JVC and JVEC
    - ➢ Café and networking space
    - ➢ Space for pilates and yoga classes
    - ➢ Outside, a coach parking space is incorporated into the design to accommodate the school visits by students attending the workshops.
- Industrial units: 32,786 sq ft GIFA light industrial units on the remainder of the site. Mezzanine floors will be available for all 29 units: based on 41% mezzanine coverage, this gives a total GIA of 47,163 sq ft. The intention is for the ground floor of each unit to be used for light industrial purposes, with the mezzanine level to accommodate the firm's offices and staff.

2.3 Logic Map

[Establish a Logic Map using information from Appendix E. This will provide a logical flow between inputs, outputs, outcomes and impacts for the scheme]

Table 2-1: Javelin Way Development: Logic map

Inputs	Outputs	Outcomes	Impacts
Grant Spend Getting Building Fund: £0.578 million Matched Contributions Spend £10.622 million	New Creative Laboratory (1,293 sq m) 29 new light industrial units (4,382 sq m floorspace)	New jobs within Creative Laboratory: 12 Safeguarded jobs within Creative Laboratory: 12 Safeguarded freelance roles within Creative Laboratory: 15-21 New jobs within industrial units: 159 Educational outcomes: • Student learners on JV2 course: 80 • Creative internships: 50	This is not required for a grant request of less than £2 million. However, we anticipate that impacts will include: • Longer term sustainability of Ashford's cultural infrastructure • Growth in creative industries supply chain • Opportunities for business growth • Wider access to cultural and creative education

2.4 Location description:

[Describe the location (e.g. characteristics, access constraints etc.) and include at least one map; max. 1 page excluding map.]

<u>General location</u>

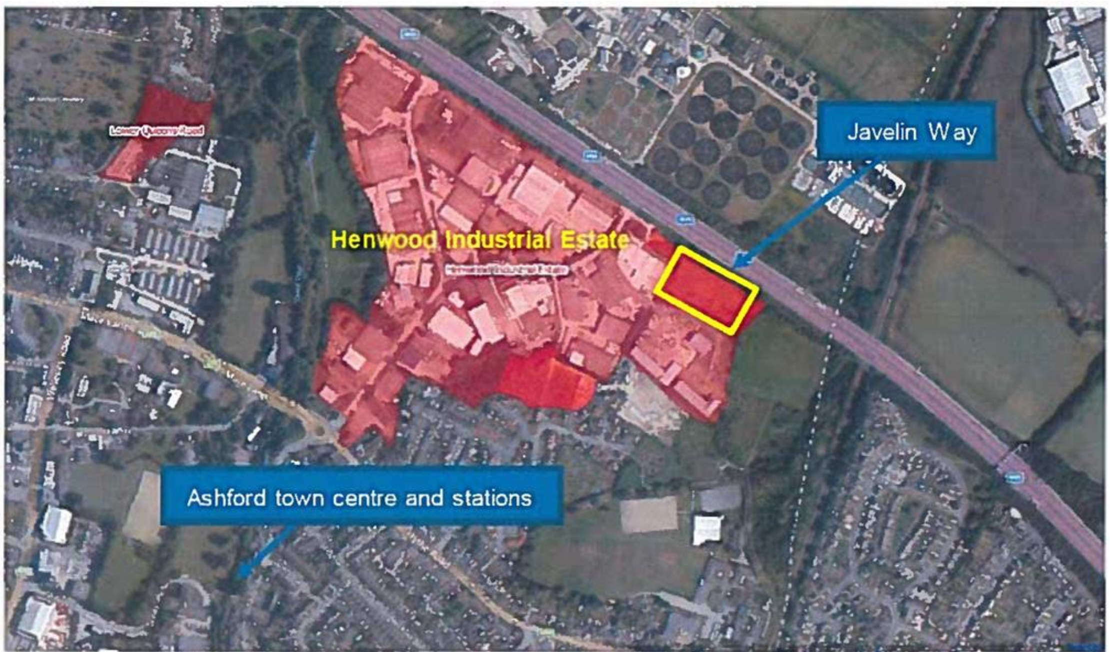
Javelin Way is a 2.2 hectare site located on the Henwood Industrial Estate.

The Henwood Industrial Estate is to the north-east of Ashford town centre, around two miles from M20 Junction 9. The Henwood estate contains a mix of uses, with most of the stock dating from the 1970s and 1980s, with the quality of the estate described as "generally reasonable" in Ashford Borough Council's 2016 assessment of employment sites[6].

The Javelin Way site occupies the north-eastern edge of the Henwood estate, and is bounded by the M20 motorway, open land and the rest of the estate. Kent County Council's Highways Depot is located immediately to the south. The site is currently undeveloped and offers the only opportunity for new development on the Henwood estate. According to Ashford's employment sites assessment, it is suitable for a range of employment uses (B1, B2 and B8) and is likely to prove "reasonably attractive to occupiers", within the context of policies to encourage the general renewal of the Henwood estate[7].

The freehold of the Javelin Way site is held by Kent County Council. The image below shows the location of the site:

Figure 2-1: Javelin Way: Location



Source: GL Hearn/ Ashford Borough Council

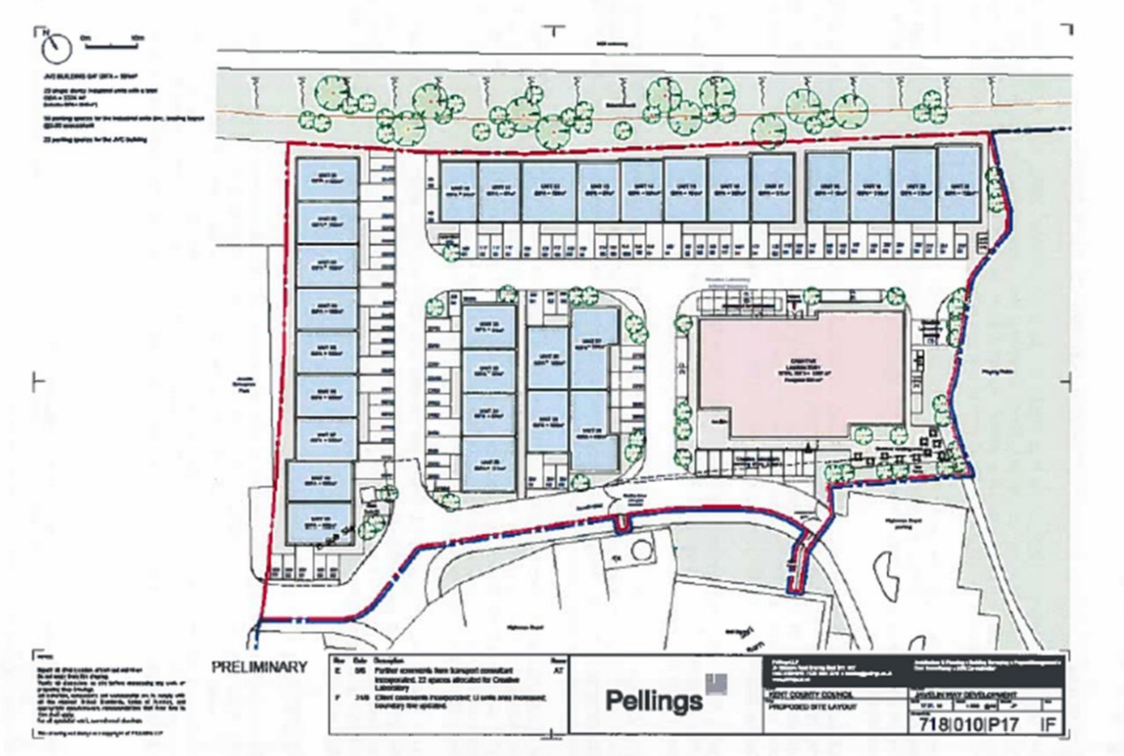
6 GLHearn/ Ashford Borough Council (April 2016), Employment Land Site Assessments - Final Report, p.51

7 GLHearn/ Ashford Borough Council (April 2016), Employment Land Site Assessments - Final Report, p.52

Proposed layout

The proposed site layout is shown overleaf. The project will deliver 29 industrial units in three blocks to the north and west of the Javelin Way site (shown in blue). The Creative Laboratory will sit in the south-east corner of the site (shown in pink):

Figure 2-2: Proposed site layout



2.5 Policy context:

[Specify how the intervention aligns with national/regional/local planning policies and the SELEP SEP; max. 3 pages]

Ashford as a priority location for growth

Ashford is a strategically important location for population and employment growth, building on its excellent connectivity with London and continental Europe via High Speed One. The town has been a focus for growth for several years, and is identified as such within both the South East LEP's Strategic Economic Plan and the more recent Economic Strategy Statement, and within the Kent and Medway Growth and Infrastructure Framework.

Developing creative and cultural infrastructure

In recognition of its role as an important growth location, investment in cultural infrastructure is a high priority for Ashford. To this end, the Borough Council published an *Arts and Creative Industries Strategy Report* in May 2016. This identifies the Jasmin Vardimon Company's presence in Ashford as a strategic asset. The retention and expansion of the Company is further identified by Ashford Borough Council (and supported by Kent County Council and other stakeholders) as one of the Borough's 'Big 8' major projects, with the aim of developing high quality cultural facilities as part of Ashford's growth programme. Given that JVC is the only National Portfolio Organisation based in Ashford, and the only one based in Kent which is engaged in direct production, it provides a 'unique offer'.

More generally, demand for production facilities in 'industrial-type' locations has been recognised in strategy at county-wide and LEP level, given the high costs of such facilities in London. This is set out in both *Towards a national prospectus for the creative economy in the South East* (published by SELEP in 2016) and Kent's cultural strategy, *Inspirational Creativity: Transforming lives every day*; it is also set out in a number of other ambitious plans elsewhere in the SELEP region, such as the proposals for the Thames Estuary Production Corridor. Potentially, the expansion of JVC could also support the development of further creative businesses, meeting the business growth objectives of both of these strategies.

In recognition of the cultural value of the JVC, and the case for its expansion, the Company has received stage one approval for a capital grant of £3 million from Arts Council England and will also receive ACE revenue funding as a National Portfolio Organisation to 2022.

<u>Developing employment space</u>

As well as providing cultural facilities, the Javelin Way project will deliver additional employment space. The development of new employment floorspace meets with a core objective of the Growing Places Fund, and responds to evidence of an under-supply locally. Specifically, Ashford Borough Council's *Employment Land Sites Assessment* (2016) notes that there is a growing demand for smaller industrial units of less than 2,000 sqft, with less current supply in this category than in any other type of space, both locally and across the South East. More recently, Caxtons' analysis for the *Kent Property Market Review* in 2019 noted that industrial vacancy rates in Kent were the second lowest of any county nationally[8]. This is also borne out by Locate in Kent's recent analysis of the local market in Ashford.

The reasons for this shortfall in supply have been widely researched, and are not unique to Kent[9]. They relate to limited growth in rental values, landowner preferences for residential (and B8) development, and in some cases an overhang of older secondary stock depressing market prices. However, where schemes have come forward, demand has been strong. Caxtons' analysis for the *Kent Property Market Review* in 2019 noted that industrial vacancy rates in Kent were the second lowest of any county nationally[10]

In the context of Ashford's growth, it is a policy objective to increase capacity for employment of a range of types to complement residential development. Javelin Way

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[8] Kent Property Market Review, 2019 (http://www.kentpropertymarket.com/)
[9] See (for example) research carried out by SQW for Essex County Council in 2018, which identified a widespread under-supply of smaller industrial units
[10] Kent Property Market Review, 2019 (http://www.kentpropertymarket.com/)

is within an industrial area, there is strong planning policy support for a development of this type, and strong grounds to bring forward new industrial space.

Counter-recessionary policy

This specific proposal to Getting Building Fund is also cast in the context of the Government's counter-recessionary policy. In particular, GBF is intended to bring forward development in the short term, where by doing so it will create economic activity and unlock investment that would not have otherwise taken place. The Javelin Way scheme is clearly 'shovel ready', but stalled, and will deliver these objectives.

2.6 Need for intervention:

[Specify the current and future context and articulate the underlying issues driving the need for intervention referring to a specific market failure, need to reduce externalities, Government redistribution objectives etc.; max. 2 pages.]

The need for intervention to bring forward the industrial units and the Creative Laboratory is set out above. It has been accepted by KCC and Ashford Borough Council in their decisions to invest, and it has also already been accepted by SELEP in its previous decision to advance a Growing Places Fund loan.

The specific need for Getting Building Fund intervention at this point is to cover the increased risk on the sale of the industrial units as a result of Covid-19 related market uncertainty, and will ensure that the project remains viable.

Sibley Pares has been appointed as the site agents and has advised that market uncertainty in the light of the pandemic is anticipated to have a negative impact on the sales values of the light industrial units. This should therefore this should be factored into the viability assumptions of the project: Sibley Pares recommend an additional commercial risk of 10% of gross development value (i.e. £578,724).

The need for intervention through Getting Building Fund hinges on why KCC as the project promoter cannot bear this risk. The reasons are as follows:

- In response to the impact of Covid 19, and the additional cost burdens brought about by the pandemic, Kent County Council conducted a review of its capital programme. This review sought to stop projects that are considered 'non-critical'.
- While the Javelin Way development is viewed as 'non-critical', it is also classed as a scheme that breaks-even through partner funding, with KCC essentially carrying the risk on the sales of the industrial units. As such, it has been allowed to continue.
- The reduction in sales values advice from Sibley Pares is however problematic, as KCC is not in a position to give any further increases in capital contributions to cover this shortfall. Capital projects for the development of schools and care homes in the county have been paused; and whilst the Javelin Way Development leads to outcomes in priority areas

including education and job creation, it does not fulfil a statutory obligation for KCC.

In the light of the other pressures faced by the County Council, the position is therefore clear, and is set out in the advice from KCC Finance attached in Annex J.

This will therefore mean a delay in the absence of additional funding. But this delay is likely to mean that the Arts Council England funding will 'time out' (especially given the pressures that ACE is also under), which would result in the project being cancelled.

There is therefore an evidenced need for a modest grant intervention at this point to cover the shortfall and unlock the scheme and its partner funding.

2.7 Sources of funding:

[Promoters should provide supporting evidence to show that all reasonable private sector funding options have been exhausted; and no other public funding streams are available for or fit the type of scheme that is being proposed

Public funding is regarded as a last resort. Promoters are encouraged to think carefully about and provide strong evidence that the intervention they are proposing has exhausted all other potential sources of funding and there is a genuine need for intervention from the public sector; max. 1.5 pages.]

Proposed sources of funding

Proposed sources of funding are as follows:

Table 2-2: Project capital value and funding sources

Funding source	Amount, £'000
Kent County Council	5,206
Growing Places Fund	1,597
Arts Council England	3,069
Ashford Borough Council	750
Getting Building Fund	578
Total	**11,200**

Alternative sources of funding

The case for public sector funding in general terms was set out in the application for Growing Places Fund in 2018 and has been accepted. The overall proposition is that public sector funds will be recovered through capital receipt, except for those funds that will support the Creative Laboratory, which is a cultural asset and a public good.

At this stage, the alternatives to Getting Building Fund are as follows:

- **Option 1: KCC covers the shortfall** – This option was considered in KCC's review of capital programmes set out above, and was rejected. **It is therefore**

not possible in current financial circumstances for this option to proceed.

- **Option 2: Ashford Borough Council increases its investment** – ABC is investing in the project in order to take a stake in the building and it is under the same pressures as KCC. These are exacerbated as ABC's income from car parking, leisure centres etc. has also collapsed, leaving both a capital and revenue problem. **ABC has confirmed that on that basis it will not be able to increase its contribution.**

- **GPF is converted to a conditionally repayable grant –** This option would see the repayment of the loan being dependent on the values achieved on the light industrial units. If sales hit their hoped-for values, the loan would be fully repaid. If not, the loan repayment would be reduced in line with the values achieved, essentially converting a part of the loan into a grant. **This would require the terms and conditions of the loan to be changed and it is unlikely this can be done in time to start on site in October 2020.** It is also arguably a less efficient way of filling the gap with Government funding: Getting Building Fund is readily available and is specifically set up to bring forward schemes that have otherwise stalled due to the pandemic – so it is a preferable source of investment, both to the project promoter and to SELEP as the 'guardian' of the Growing Places Fund.

2.8 Impact of non-intervention (do nothing):

[Describe the expected outcome of non-intervention. Promoters should clearly establish a future reference case and articulate the impacts on environment, economy and society, if applicable. The future reference case should acknowledge that market conditions are likely to change in the future, with or without any intervention. 'Do nothing' scenarios where nothing changes are unlikely; max. 1 page.]

Without GBF intervention, there will be a delay in developing the site. As the costs of the Creative Laboratory would not be fully met and partner contributions would not be available, the ACE capital grant of £3.069 million will be withdrawn.

This would lead to an economically worse outcome compared with the present situation, in that:

- Jasmin Vardimon Company would need to find alternative premises. Research to date has not identified any suitable alternatives in Ashford or elsewhere in Kent. Conversations with JVC indicate suitable alternatives would probably lie outside the SELEP boundary, given their need to have a fast connection to Sadler's Wells (where the majority of JVC's productions are shown) and Europe (where they tour). Should JVC relocate outside the area, it will mean a small loss of direct employment. but a potentially significant long-term loss of strategic cultural infrastructure and adversely impact Kent companies in JVC's supply chain.

- Undeveloped, the site will incur minor maintenance costs, borne by KCC.

There is also considerable 'sunk' investment in the scheme (in terms of time as well as money). This would not be entirely lost, as it would be possible to develop an alternative industrial scheme in due course (and a straightforward industrial scheme is likely to be viable when market conditions stabilise). But it would probably mean re-commissioning some work and without the Jasmin Vardimon investment, the opportunity of developing a cluster of creative production businesses in the vicinity would be lost.

2.9 Objectives of intervention:

[Outline the primary objectives of the intervention in the table below, and demonstrate how these objectives align with the problems presented in the Need for Intervention section.

Project Objectives (add as required)

- *Objective 1:*
- *Objective 2:*

Problems or opportunities the project is seeking to address (add as required)

- *Problem / Opportunity 1:*
- *Problem / Opportunity 2:*

[Complete the following using a system of 0, ✓, ✓✓, ✓✓✓ which maps the objectives to their ability to address each problem. Add rows and columns as required and note not all sections of the table may require completion; max. 1 page.]

<u>Project Objectives (add as required)</u>

- Objective 1: Creating sustainable employment and business opportunities
- Objective 2: Growing the creative sector in mid Kent and creating secure accommodation for a major artistic operator in Kent
- Objective 3: Developing the distinctiveness of Ashford's economy
- Objective 4: Making productive use of a derelict site

<u>Problems or opportunities the project is seeking to address</u>

- Opportunity 1: Investment from a nationally-significant cultural organisation seeking to expand in Ashford
- Opportunity 2: Opportunity to create a cluster of cultural organisations in Ashford through securing further tenancies of the industrial units with creative organisations
- Opportunity 3: Site in public ownership that can be brought forward for productive development
- Problem 1: Lack of supply of light industrial space to meet long term demand

- Problem 2: Lack of commercial funding opportunities to enable expansion of Jasmin Vardimon facility

Table 2-3: Mapping objectives and issues

	Obj.1: Creating sustainable employment	**Obj.2: Growing the creative sector**	**Obj.3: Developing Ashford's economy**	**Obj.4: Making use of a derelict site**
Opp.1: Investment from significant cultural organisation	✓✓	✓✓✓	✓✓✓	✓
Opp.2: Create a cluster of cultural organisations	✓✓	✓✓✓	✓✓✓	✓
Opp.3: Site in public ownership	✓	✓	✓	✓✓✓
Pr.1: Lack of supply of industrial space	✓✓✓	✓	✓✓	✓
Pr.2: Lack of commercial funding opportunities to bring forward Creative Lab	✓	✓✓✓	✓✓✓	✓

2.10 Constraints:

[Specify high level constraints or other factors such as social/environmental/financial/ developments/schemes/legal consents and agreements which may affect the suitability of the Preferred Option; max. 0.5 page.]

There are no major constraints associated with the project. Planning permission is in place and the site is all in the ownership of KCC.

There are no issues associated with powers or consents

It should be noted that the terms for the Deed of Dedication required by Arts Council England will fetter the Creative Laboratory building for 20 years

2.11 Scheme dependencies:

[Provide details of any related or interdependent activities that if not resolved to a satisfactory conclusion would mean that the benefits of the scheme would not be fully realised; max. 0.5 page.]

- Discharge of all planning conditions
- Legal agreements with JVC including Development Agreement, Collaboration Agreement, leases

- Legal agreement Deed of Dedication with Arts Council England to secure their grant

2.12 Expected benefits:

[This section identifies scheme benefits (which will be achieved through delivering the scheme) which may not be valued in the Economic Case. Specify the extent of the scheme benefits referring to relevant economic, social, environmental, transport or other benefits. This is where any 'GVA based' estimates of benefits should be reported together with any dependent development (e.g. commercial or residential floorspace). Please reference the relevant section of the Economic Case where additional information regarding the assessment approach can be found; max. 0.5 page.]

The development of Javelin Way is anticipated to deliver a number of benefits relating to employment, business rates growth, education and skills development and the growth of the creative economy. In addition, there are likely to be indirect benefits in the form of enhanced perceptions of the Henwood estate as a business location, and to the delivery of Ashford's overall growth strategy. Benefits are set out in greater detail in the Economic Case.

2.13 Key risks:

[Specify the key risks affecting delivery of the scheme and benefit realisation e.g. project dependencies, stakeholder issues, funding etc. Information on risk mitigation is included later in the template. This section should be kept brief and refer to the main risk register in the Management Case; max. 0.5 page.]

A comprehensive risk register has been drawn up and is attached as Annex C. The key risks extracted from this are:

Table 2-4: Key risks

	Risk ID	Risk Name	Type	Risk	Impact	Schedule Impact *(Most Likely - Days)*	Overall Risk Rating
1	R029	Tender delay	Threat	Delay to procurement because of the Pandemic	Extended procurement period leads to delay to	0	320
2	R030	Tender price increase	Threat	Lockdown increases risk pricing within the tender	Risk pricing shows increase in costs and	0	320
3	R031	Governance delays	Threat	Approval of the scheme to enter into contract	Delay to the commencement of the	0	320
4	R010	Ecology Compliance	Threat	Ecology sign off required	Delayed start date	0	135
5	R017	Building over the existing water course	Threat	Approval of final design required	Delay to programme	0	135
6	R018	Relocation of HV cable	Threat	Approval and performance of UKPN	Delay to programme	0	135
7	R032	Site Delays	Threat	local lockdowns cause disruption to the site	delay to progress of the works	0	135
8	R033	Materials Supply	Threat	Manufacturing is reliant on global supplies of raw	Delays in the supply of manufactured goods	0	135
9	R034	Statutory Approvals	Threat	Statutory approvals delayed due to the	delay in the discharge or approval of pre-	0	135
10	R002	Easements/Wayleave	Threat	Building over the existing water course	Delayed start date	0	100

There are no major risks associated with stakeholder awareness. Consultation has taken place as part of the planning application, and the scheme is well-known as a priority for Ashford and the county.

3. Economic Case

The economic case determines whether the scheme demonstrates value for money. It presents evidence of the expected impact of the scheme on the economy as well as its environmental, social and spatial impacts.

In addition to this application form, promoters will need to provide a supporting Appraisal Summary Table (AST). This should provide:

- *a calculation of Benefit-Cost Ratio (BCR) according to the DCLG Appraisal Guidance, with clearly identified, justified and sensitivity-tested assumptions and costs*
- *inclusion of optimism bias and contingency linked to a quantified risk assessment*
- *inclusion of deadweight, leakages, displacement and multipliers*

Smaller schemes (less than £2 million) are not required to provide a supporting AST, and do not have to calculate a BCR.

Approach to the Economic Case

As stated in the guidance above, *"smaller schemes (less than £2 million) are not required to provide a supporting AST and do not have to calculate a BCR".*

However, it is difficult to provide a robust statement of value for money without monetising all costs and benefits. Following discussion with the Independent Technical Evaluator, we have therefore set out an estimate of the costs and benefits, with the aim of demonstrating the additionality of the viability support grant sought from Getting Building Fund.

To do this, the Economic Case sets out the costs and benefits of:

- **the 'pre-Covid' agreed scenario**, based on the assumptions that existed before the start of the pandemic. As discussed elsewhere, this option is not currently viable because of the anticipated reduction in sales values and KCC's need to delay in the light of other funding pressures.
- **The preferred option (Option 1)**, which seeks GBF funding to compensate for the sales values shortfall. This retains the benefits of the pre-Covid agreed option, although incurs higher cost.
- **An alternative Option 2**, reflecting the consequences of a lack of additional funding.

These options are appraised and an Appraisal Summary Table, including a benefit: cost ratio is set out. Proportionate with the size of the grant request, this is based on a number of high-level assumptions, which are explained.

3.1 Options assessment:

[Outline all options that have been considered, the option assessment process, and specify the rationale for discounting alternatives.

Promoters are expected to present a sufficiently broad range of options which avoid variations (scaled-up or scaled-down version) of the main options. The key to a well scoped and planned scheme is the identification of the right range of options, or choices, in the first instance. If the wrong options are appraised the scheme will be sub-optimal from the onset.

Long list of options considered:

Description of all options which have been considered to address the problem(s) identified in the ***Need for Intervention*** *section above, including options which were considered at an early stage, but not taken forward.*

Options assessment:

Describe how the long list of options has been assessed (assessment approach), rationale behind shortlisting/discarding each option.

Short list of options:

The 'Options Assessment' section is an opportunity to demonstrate how learning from other projects and experience has been used to optimise the proposal, and the Preferred Option is expected to emerge logically from this process; max. 2 pages.

Smaller schemes (less than £2 million) are required to complete an Options assessment which is proportionate to the size of the scheme; max. 1 page.]

Options for the project are considered in two stages:

- First, **options assessed at the start of the project** (i.e. leading up to the 'pre-Covid' preferred option). These are presented here for illustration only.
- Second, **options considered in the light of the reduction in sales values** (i.e. the realistic options at this point).

Options assessed at the start of the project

At the outset of the project, the following strategic options were considered, in the light of: a) KCC's ownership of the site; and b) the opportunity to bring forward the Creative Laboratory:

- Deliver Creative Laboratory and commercial units and sell all units. This was and remains the preferred option and is described in detail below.
- Do nothing. This option would not achieve any of the project objectives, and was rejected.

- Creative Laboratory delivery only at Javelin Way, with sale of remaining land. This option was rejected as it would not provide sufficient return to cover the costs of the Creative Laboratory building. It would also mean that control over the adjacent land would be lost, jeopardising the prospects of developing a cluster of creative businesses in the area.
- House JVC in an existing building elsewhere. This option was rejected as there is no other suitable location in the vicinity.

<u>Options at this stage</u>

With the reduction in sales values, a series of options have been considered to bring the development forward. These fall into three main categories:

Option 1: Sale and lease of industrial units to fund JVC over five years

This is the existing preferred option, although it requires additional grant support to be viable. This is described further in Section 3.2 below.

Option 2: Delay to the existing scheme

This option would involve no further public sector intervention, and would instead mean a delay in taking forward the scheme until there is greater market certainty which would enable KCC to take the risk in commissioning the completion of the industrial units.

This option would delay all benefits arising from the industrial units. However, it is likely that a further delay in the delivery of the scheme would jeopardise the Arts Council England grant, given pressures on ACE grant funding elsewhere: this would mean that the JVC element of the scheme would not come forward.

This option therefore delivers the industrial element only[11].

This option would not therefore deliver all the objectives of the project. However, it is effectively the default option, so is considered in the appraisal below.

Alternative options

In addition, a series of alternatives have been considered, based on different development configurations. These are summarised below, although it should be noted that at this stage, major reconsideration of the project would result in significant delay, given the requirement for changes to planning consent and the need to re-start the procurement process. This would jeopardise the ACE grant, as in Option 2. These options have therefore all been rejected at this stage:

[11] It is plausible that in this scenario, the Creative Laboratory space could be developed as industrial space instead. However, there is no scheme for this at present, so within the immediate options, we assume that without grant, the industrial element proceeds according to current designs (with any further expansion a subsequent scheme).

Table 3-1: Assessment of Options 3-5

Option	Description
3. Smaller industrial development	This option involves the removal of eight light industrial units from the middle section of the development. This space will be used as the car park. The benefits of this option are that the capital outlay is lower. Smaller scheme is faster to deliver. Lower number of units to dispose of in the market. Fewer partners, less opportunity for delays. However, the mezzanine areas (currently at 41% of the scheme) would need to rise to c50% in order to generate additional sales values. It would also not deliver on academy aspirations or open up the adjacent site for development, and would result in fewer job outputs.
4. Large industrial unit	This option involves switching 21 of the light industrial units on the west side of the development into a single large industrial unit on the basis of a pre-let. The benefits of this option are that it involves fewer industrial units to dispose of based on a larger unit with a pre-let which de-risks the scheme, with the potential for faster construction. However, it assumes demand for this scale of facility, which is currently unproven. Analysis also indicates that the scheme is likely to make a loss of 1 million - £1.5 million.
5. Do nothing	There is no obligation on KCC to develop the site. The project could be cancelled: the site could be sold for c. £750k (although sunk costs to date are about £600k). This would obviously not deliver any of the objectives for the scheme and would likely incur reputational damage.

Options shortlist

Based on the considerations above, we have taken forward Options 1 and 2 for appraisal, on the basis that they are both ‘deliverable’. Since Option 2 represents the default option, it provides a basis for demonstrating the additionality of Option 1, as our preferred option. We have also provided an appraisal of the pre-Covid agreed scenario, for comparison.

3.2 Preferred option

[Describe the Preferred Option and identify how the scheme aligns with the objectives. Include evidence of stakeholder support for the Preferred Option either through consultation on the scheme itself or on the strategy the scheme forms part of; max. 1 page.]

The preferred option is **Option 1**, set out above. It involves the development of 29 industrial units alongside the Creative Laboratory delivered by Jasmin Vardimon Company.

This option has a number of benefits (and is the option that has been pursued for the project from the start:

- It seeks to deliver a cost neutral scheme to KCC, maximising receipts from the site and retains a residual value in the JVC facility
- The proposed size of the industrial units meet market need, and are sufficiently flexible to serve businesses that are scaling up as well as downsizing

- It will maximise additional business rates income
- In the event that the JVC facility proves unviable, it allows for the JVC facility to be sold off for industrial units following the expiry of the deed of dedication if required

Of the options, it is also the most deliverable: planning is in place, procurement is complete and the scheme can progress once the full funding package is confirmed.

This assumes that KCC will pump prime the development, which will be repaid over five years via capital and revenue (rental) receipts. It is also reliant on funding from Ashford Borough Council to cover the costs of the development. Variants on this option include KCC retaining ownership for longer, with a longer-term rental income stream. This runs the additional risk of voids: KCC's preference is for a five-year exit strategy, but longer-term rents could be considered if preferable in market conditions.

3.3 Assessment approach

[Describe the approach used to assess the impacts of the scheme, describing both the quantitative and qualitative methods used, and specify the Do Minimum and Do Something scenarios. The assessment approach should be a proportionate application of the DCLG guidance; max. 1.5 pages.]

The approach to economic assessment is set out in Section 3.1. In summary, involves the appraisal of:

- The 'pre-Covid' agreed option *(what would have happened without the Covid-induced viability shortfall)*
- Option 1 (the preferred option) *(what would happen if the current viability gap is bridged)*
- Option 2 (the default option in the absence of GBF grant) *(what would happen without further intervention)*

Effectively, Option 2 is the 'do minimum' scenario. While we identified a 'do nothing' scenario in Section 3.1, this would involve the entire cancellation of the scheme. While this is possible, it is obvious that it would deliver no benefits and would incur some costs (about £150k net), so there is no point in subjecting it to more formal appraisal.

3.4 Economic appraisal assumptions

[Provide details of the key appraisal assumptions by filling in the table in Appendix A, expand if necessary. Key appraisal assumptions as set out in Appendix providing justification for the figures used and any local evidence, where appropriate (different from the standard assumptions or the ones with the greatest influence on the estimation of benefits). Explain the rationale behind displacement and deadweight assumptions.

Smaller schemes (less than £2 million) are not required to complete this section].

We note that we are not required to complete this section. However, in line with the approach set out in Section 3.1 in order to provide a' broad indication' of value for money, key assumptions and parameters shaping the analysis of costs and benefits are as follows:

- An **appraisal period** of 20 years is used, starting in 2020/21. While the buildings will have an economic life longer than this, the market is changing quite rapidly, and it is likely that there may need to be reinvestment before the end of this period.
- A **GVA** appraisal method is used.
- All costs and benefits are stated in **2020 prices**
- **Inflation** is not applied in the Economic Case.
- Costs are presented as **exclusive of VAT**
- **Discount rates** are applied, following HM Treasury's standard guidance, at 3.5% per annum on all costs and benefits
- A proportionate approach is taken to **adjusting benefits** to account for deadweight, displacement and leakage. This is explained further in Section 3.6
- We assume that the **impact area** is Kent and Medway. This is plausible, given that the JVC Creative Laboratory will be unique in the county (and may have some wider regional/ national benefits) and given the existence of a 'bigger than local' market for industrial space extending across the M20 corridor.

3.5 Costs

[Provide details of the costs of the scheme. All public-sector costs should be included:

- *Public sector grant or loan*
- *[Public sector loan repayments] (negative value)*
- *Other public sector costs*
- *[Other public sector revenues] (negative value)*

If the land is owned by the public sector, then the public sector will be incurring holding costs assumed to be 2% of the existing value of the land per year. Should the land be used for non-residential development these holding costs will be avoided. This needs to be reflected in the appraisal as a negative cost.

Please note that any private costs associated with the development should be included in the appraisal as a dis-benefit and therefore feature in the numerator of the BCR calculation rather than the enumerator.

Additional details regarding the consideration of costs as well as standard assumptions that can be used in the absence of local data can be found in the DCLG appraisal data book.]

Overview

Costs are estimated from the cashflow set out in Annex J, and are presented below for the pre-Covid situation, Option 1 and Option 2. This is also set out in the supporting workbook:

Table 3-2: Comparison of costs, £m

Option	Gross costs	Net public costs	NPV of net public costs	NPV of net public costs + optimism bias
Pre-Covid	11.427	5.139	5.694	5.978
Option 1	12.006	5.718	6.272	6.586
Option 2	7.883	1.595	2.140	2.247

Basis of costs

The **pre-Covid** costs are taken from the cashflow set out in Annex J, and assume that capital receipts and rental income is received over five years, with construction starting in 2020/21 as originally planned.

In post-Covid **Option 1**, the costs, income and timescales are the same, with the addition of the £578k viability contribution from Getting Building Fund.

In **Option 2**, we assume that delivery of the industrial element is delayed by two years, so construction does not start until 2022/23 (although sunk costs of £596k are assumed in this option, as in the pre-Covid scenario and Option 1). However, we assume that a consequence of delay is the loss of the ACE grant, which means that the Creative Laboratory does not proceed. Costs are therefore reduced accordingly, based on approximation of the JVC share of the development.

Sunk costs to date are around £597k, and apply in both options. Most of these have been incurred in 2020 and we have not adjusted them.

Optimism bias

Optimism bias is applied to all costs. We have applied 5%, given that the scheme for both Options 1 and 2 is very close to delivery, procurement is complete and major risks have been mitigated.

3.6 Benefits

[Provide details of the benefits of the scheme identifying the 'initial' and adjusted benefits that were used to calculate the 'initial' and 'adjusted' BCR. The DCLG Appraisal Guidance provides additional details regarding the initial and adjusted benefit calculations on page 17.

'Initial' Benefits

All impacts quantified based on the Green Book Guidance and Green Book Supplementary and Departmental Guidance should feature in the 'initial' BCR calculation. These impacts currently include:

- *Air quality*
- *Crime*
- *Private Finance Initiatives*
- *Environmental*
- *Transport (see WebTAG guidance)*
- *Public Service Transformation*
- *Asset valuation*
- *Competition*
- *Energy use and greenhouse gas emissions*
- *Private benefits e.g. land value uplift*
- *Private sector costs if not captured in land value*
- *Public sector grant or loan if not captured in land value*
- *Public sector loan repayments if not captured in land value*

'Adjusted' Benefits

There are several external impacts to the users or entities already present in a development area or to the society that are additional to the impacts included in the Green Book Supplementary and Departmental Guidance.

Such external impacts include potential agglomeration impacts on third parties, health impacts of additional affordable housing and brownfield land clean-up, educational impacts of additional housing, transport externalities, public realm impacts, environmental impacts, and cultural and amenity impacts of development. Such externalities should still form part of the appraisal and included in the 'adjusted' BCR.

Promoter should present here additional estimates of impacts based on their own evidence. These estimates might be based on tentative assumptions where the evidence base is not well established. Additional guidance regarding the identification of externalities and ways of estimating the 'adjusted' impacts are available in Annex F of the DCLG Appraisal Guidance.]

Initial quantified benefits

Initial quantified benefits include:

- Employment and GVA impacts resulting from the construction of the 29 industrial units

- Employment and GVA impacts resulting from the construction of the new Creative Laboratory
- Skills impacts resulting from the construction of the Creative Laboratory

As set out above, we have based our analysis on a series of broad assumptions, reflecting a proportionate approach to estimating the economic impact.

Quantified Impact 1: Employment and GVA impacts resulting from the industrial element

The potential impact of the industrial element on employment and GVA is considered through the following steps:

- **Step 1:** First we consider the **employment capacity** within the development. Based on former Homes & Communities Agency 2015 employment densities we estimate that the development has *capacity* for 176 jobs (65 accommodated with industrial floorspace and 111 with the office space accommodated within the mezzanine floors within each unit.
- **Step 2:** Not all of this capacity will be realised. We assume that occupancy rises to 90% by 2025/26 and remains at that level (i.e. there will always be a frictional vacancy rate as firms enter and exit). Based on this, we estimate 158 FTE jobs accommodated in 'steady state' by 2025/26.
- **Step 3:** Not all of these benefits should be attributed to the scheme itself. We adjust them as follows:
    - ➢ Leakage: 25%. This is a modest estimate, based on the (plausible) assumption that most employment will be taken from people in Kent and Medway, and that the facility mainly responds to local demand
    - ➢ Displacement: 50%. It is likely that there will be some displacement: headline unemployment remains low and this is the general assumption for appraisal. So some jobs at Javelin Way will just take people from jobs elsewhere. This assumption is likely to be relaxed over the next couple of years in the context of the pandemic, but we have still made a medium assumption given the generic nature of the workspace[12].
    - ➢ Deadweight: 75%. This is a high assumption, and reflects the type of space: although there is an under-supply of industrial space, it is unlikely that the barrier to new employment is entirely the absence of accommodation, especially given that the accommodation is non-specialist.
    - ➢ Multiplier: We apply a multiplier of 1.5 (based on the 'average' composite multiplier used as a ready reckoner in the 2015 Additionality Guide).

[12] It is anticipated that some of the space will attract creative production firms linked with the Jasmin Vardimon facility. However, the facility itself is generic industrial space and is appraised on that basis.

- **Step 4:** To monetise the benefits, we assume GVA of £46,258 per filled job (based on the Mid Kent figure for 2018). This results in total GVA benefits over 20 years of £18.333 million (or a net present value of £12.507 million) on the pre-Covid scenario and Option 1.

- **Step 5:** We adjust these benefits further for optimism bias. Uncertainty should be high at present, given changing working practices and rising unemployment (which could result in a higher level of vacant industrial stock). This uncertainty is reflected in the basic proposition for GBF grant. To account for this, we apply a high estimate of 50% optimism bias.

Taking all these steps into account results in **net benefits arising from the industrial units of £9.166 million over the appraisal period (or £6.253 NPV) for the 'pre-Covid' scenario and Option 1. In Option 2, the benefits fall to £8.135 million (£5.345 million NPV)**, reflecting the delay in benefits realisation.

Quantified Impact 2: Employment and GVA impacts resulting from the construction of the new Creative Laboratory

The Jasmin Vardimon Company and JVEC currently employ 12 full-time members of staff and 15-21 freelancers/contractors at any given point. We assume that these roles will be 'safeguarded by the new facility. This is plausible, given that no alternative accommodation has been found in Ashford and JVC is currently in temporary facilities, so there is a high prospect that the jobs could be relocated outside Kent if the new Creative Laboratory is not built[13].

Within the JVC Feasibility and Business Plan, the Company anticipates recruiting 12 new staff, as a result of increased work enabled by the new facility. It should be noted that there is also likely to be an increase in the number of freelancers and contractors (to a doubling of current levels). While safeguarded jobs exist from 2020/21 (i.e. they are safeguarded once the new facility is committed), new jobs exist once the facility is built in 2022, and ramp up over two years.

Employment benefits arising from the Creative Laboratory are adjusted as follows:

- Leakage: 25%. Modest estimate, assuming that most employees are within Kent and Medway

- Displacement: 25%. Low estimate, given the specialist nature of employment and the fact that it is a unique offer with few local competitors. Low displacement is likely to be reinforced given the impact of the pandemic on the creative industries.

- Deadweight: 25%. Again, this is a low estimate, based on the absence of alternative accommodation locally and the likelihood that JVC would need to relocate from Kent if a new facility cannot be provided.

- Multiplier: We apply a multiplier of 1.5 (based on the 'average' composite multiplier used as a ready reckoner in the 2015 Additionality Guide).

[13] For freelancers/ contractors we assume the lower estimate of 15 safeguarded, equating to 7.5 FTE.

- Optimism bias: As for the industrial units, we apply high optimism bias of 50%, reflecting market uncertainty.

Taking these factors into account and applying Mid Kent GVA per filled job, we estimate **total benefits of £9.737 million (£7.014 million NPV)** over the appraisal period for the pre-Covid scenario and Option 1. In Option 2, we assume no benefits, since delay to the scheme means that this element fails to come forward.

Quantified Impact 3: Skills impacts resulting from the construction of the Creative Laboratory

the Creative Laboratory will yield skills benefits. These include 80 learners over five years on JVEC's JV2 course. As these learners enter employment, this will contribute to the growth of the creative economy, and mean that they are more productive and make a greater economic contribution than would otherwise be the case.

To measure the potential impact of the skills gained (in the form of progression to employment), we took the following steps:

- **Step 1:** We assume a cohort of 16 students per year (i.e. 80 over five years, as stated by JVEC.
- **Step 2:** To estimate the number that would be expected to enter employment in any given year, we take JVEC's estimate of 85% of students entering employment, and adjust this to assume that half of these will be part-time (averaging 0.6 FTE).
- **Step 3:** We assume a time lag, so the first students enter employment in 2023/24
- **Step 4:** We then apply the wage premium that students might expect to command as a result of further education. In 2014, research for BEIS found that further education to Levels 2 and 3 commanded a wage premium of around 10% of median salary[14]. At 2020 prices, this equates to a wage premium of around £2,085 per individual entering employment[15]. We then assume that:
    - ➢ The premium builds and will be lower in the first couple of years, as students enter internships, etc.
    - ➢ Eventually the premium decays. The 2014 BEIS analysis found that further education wage premia were persistent over time. However, it is plausible that the benefit would erode as the returns to years of experience become relatively stronger. To account for this, we assume that wage premia are constant for the first five years from entry to employment, and then 'decay' at 5% per annum thereafter.
- **Step 5:** Benefits are adjusted for leakage (10%) and deadweight (25%). We assume no displacement, since the offer is unique and it would be

[14] BIS (2014) Further Education Learners: Average earnings post-study
[15] BIS (2014), median wages inflated to 2020 prices

reasonable to assume that displacement from other performing arts courses is because the JVC course better meets the needs of the student. We apply a multiplier of 1.5, and optimism bias of 25%. This is a lower optimism bias than for employment numbers, since there is already a track record of training at JVEC, and the wage premium estimates are based on substantive research

- **Step 6:** We convert the aggregated wage premia to gross value added through an indicative multiplier of 1.8[16].

Following all these steps results in a **total gross wage premium resulting from students of £3.886 million over the appraisal period (or NPV of £2.388 million)** in the pre-Covid scenario and Option 1. In Option 2, we assume that these benefits are not realised.

<u>Adjusted benefits</u>

Quantified Impact 4: Construction

In addition to the benefits above, the construction phase will result in additional employment and supply chain benefits. Frequently, these are excluded from the calculation of overall economic benefits, since it can usually be reasonably assumed that the construction industry is buoyant, and that construction jobs could be absorbed somewhere else. However, Getting Building Fund is specifically aimed at 'kick-starting' construction activity to compensate for the general downturn. We have therefore considered the benefits arising from this below.

The Homes and Communities Agency identified a 'labour coefficient' for construction in 2011. This estimated that 10.7 job years were created for every £1 million of construction spend. Adjusting this to 2020 prices gives a labour coefficient of 8.4.

Applied to total construction spend on the new Facility, this suggests 75 FTE job years, generating gross GVA of £3.49 million.

This estimate is adjusted as follows:

- **Leakage:** This could be quite high, given that the construction market is national and many jobs are likely to be taken by people outside the area. We assume leakage of 50%.
- **Displacement:** We assume 75% displacement, given the large construction market in the South East.
- **Deadweight:** We assume no deadweight, given that there is no prospect of construction coming forward at this stage in the absence of the funding package.
- **Multiplier:** A composite regional multiplier of 1.5 is applied, on the same basis as for Quantified Benefit 1.

[16] PwC/ Market Research Society (2012), *The Business of Evidence*

- **Optimism bias:** 25%, as a modest estimate.

Applying these factors gives net additional local impacts of £491k in the pre-Covid scenario and Option 1 over the appraisal period (or a net present value of £479k). In Option 2, the impact of construction is £331k (NPV of £302k).

Bringing it together: Total quantified impacts

The table below brings all of the quantified impacts together:

Table 3-3: Quantified impacts (NPV, £, 2020 prices)

	Pre-Covid scenario	Option 1	Option 2
Employment: Industrial units	6.253	6.253	5.345
Employment: Creative	7.014	7.014	0
Skills	2.389	2.389	0
Construction	0.480	0.480	0.302
Total	**16.135**	**16.135**	**5.647**

This gives **total additional benefits of £10.488 million for Option 1 relative to Option 2**, assuming that Option 2 means the absence of any Creative Laboratory-related benefits.

Non-quantified impacts

In addition to the quantified impacts, the preferred option will deliver a number of other benefits. These include:

- 50 creative internships at JVEC over 5 years
- Opportunities to attract further creative organisations to Ashford, including on Javelin Way
- Benefits from proving the market for speculative industrial space

3.7 Local impact

[If the scheme has a significant level of local impacts these should be set out in this section.]

As well as the benefits described elsewhere, there are some further local impacts. These are associated with:

- Improvement to an otherwise non-productive site, yielding local employment benefits, environmental improvements and potentially further commercial investment as demand is proven
- The Creative Laboratory and the safeguarding of the jobs, learning opportunities and longer term potential of Jasmin Vardimon Company as a significant asset in Ashford

- Development of adjacent land at Norton Knatchbull Academy for additional sports facilities

3.8 Economic appraisal results:

[Please provide details of the key appraisal results (BCR and sensitivity tests) by completing the table below. Please note, not all sections of the table may require completion.

Promoters should also include a statement which identifies other schemes which may have potentially contributed to the same benefits/impacts.

Smaller schemes (less than £2 million) are not required to complete a quantified economic appraisal but are required to include a Value for Money rationale.]

We note that there is no requirement to complete the Appraisal Summary table below, given the scale of the grant request. However, we have done so below to capture the costs and benefits identified earlier in the Economic Case.

The Appraisal Summary Table demonstrates that the BCR for Option 1 is somewhat lower than the 'pre-Covid' option, since the costs are higher. While there is not much difference between the BCRs for Options 1 and 2 (since Option 2 is much lower cost), there is **additional net present public value of £6.149 million in Option 1, relative to Option 2.**

Table 3-4: Appraisal Summary Table

MHCLG appraisal sections	Pre-Covid scenario	Option 1	Option 2
A. Present value benefits	15.655	15.655	5.345
B. Present value costs	5.978	6.586	2.247
C. Present value other quantified impacts	0.480	0.480	0.302
D. Net present public value [A-B+C]	10.157	9.549	3.400
E. Initial Benefit: Cost Ratio [A/B]	**2.62**	**2.38**	**2.38**
F. Adjusted Benefit: Cost Ratio [(A+C)/B]	**2.70**	**2.45**	**2.51**
G. Significant non-monetised impacts	• Non-monetised educational benefits • Development of creative cluster at Ashford • Proving the market for future development		
H. Value for money category	High	High	High
I. Switching values and rationale for vfm category			
J. Net financial cost, inc. optimism bias	5.396	6.003	1.674
K. Risks	• Changes in market demand • Construction delays		

MHCLG appraisal sections	Pre-Covid scenario	Option 1	Option 2
L. Other issues			

4. Commercial Case

The commercial case determines whether the scheme is commercially viable and will result in a viable procurement and well-structured deal. It sets out the planning and management of the procurement process, contractual arrangements, and the allocation of risk in each of the design, build, funding, and operational phases.

4.1 Procurement options:

[Present the results of your assessment of procurement and contracting route options and the supplier market, and describe lessons learned from others or experience; max. 1 page.]

Procurement for this project is complete.

Procurement was undertaken by Kent County Council in line with the Council's overall approach to procurement. The value of works in this case is over the OJEU threshold, so an OJEU competitive process had to be followed.

4.2 Preferred procurement and contracting strategy

[Define the procurement strategy and contracting strategy (e.g. traditional, (design and build, early contractor involvement) and justify, ensuring this aligns with the spend programme in the Financial Case and the project programme defined in the Management Case; max. 2 pages.]

The approach taken was an OJEU competitive process with negotiation, agreed by the Council in March 2019. Fixed-price lump sum offers were sought based on the JCT 2016 Design and Build Conditions (with KCC standard amendments).

An expression of interest was launched in April 2019, with 11 prospective contractors responding to a PQQ.

Invitations to tender were issued on 13 February 2020. Five prospective contractors submitted bids by 17 April. Following a tender evaluation process, the tender from WW Martin was assessed to be the Most Economically Advantageous Tender, and has been awarded, subject to contract.

A more detailed overview of the process is contained in Annex H.

4.3 Procurement experience

[Describe promoter (and advisor) experience of the proposed approach including any lessons learnt from previous procurement exercises of a similar scale and scope; max. 0.5 pages.]

Kent County Council undertake procurement using their own in-house capital project procurement team who are all specialists dedicated to capital projects with significant experience of procuring building projects across the county.

The advisor in this instance has significant experience of over 30 years in the procurement of public projects, including OJEU and Framework projects and is delivering numerous other capital procurement projects across Kent.

The approach taken given the light industrial sheds was to use an OJEU procurement route in order to seek the widest interest form the market and this resulted in a mix of small, medium and large developers initially showing an interest. Following the PQQ and ITT final submissions were received from a good number of developers as can be seen in the appendix with a winning contractor then appointed to take on the project.

4.4 Competition issues

[Describe any competition issues within the supply chain; max. 0.5 page.]

There was a positive response to the ITT, with five bids received, all of which scored highly. There is no evidence of any competition issues, and we have been satisfied with the competitiveness of the process.

4.5 Human resource issues

[Where possible, describe what you have done to identify and mitigate against any human resource issues; max. 0.5 pages.]

The risk register highlights potential loss of critical staff as a risk to the project. This is monitored, and mitigation measures have been put in place. These include ensuring that those considered critical to the project have had their contracts amended to include for an extended notice period to ensure no loss of critical knowledge.

4.6 Risks and mitigation

[Specify the allocation of commercial risks (e.g. delivery body, federated area, scheme promoters) and describe how risk is transferred between parties, ensuring this is consistent with the cost estimate and Risk Management Strategy in the Management Case; max. 1 page.]

The risk of the project is completely with Kent County Council who following signing of all relevant legal agreements, will be solely responsible for delivering the project and holding the financial risk on the light industrial units.

The main risks identified in the project Risk Register that will have a bearing on the commercial viability of the project related to tender delay due to the pandemic, although these have now been resolved. The main outstanding commercial risk relates to a delay to contract start, due to continued uncertainty regarding the full funding package and sales risks.

4.7 Social value

[Where possible, provide a description of how the procurement for the scheme increases social value in accordance with the Social Value Act 2012 (e.g. how in conducting the procurement process it will act with a view of improving the economic,

social and environmental well-being of the local area and particularly local businesses); max. 0.5 page.]

During the tender process, prospective contractors were asked to set out their proposals for delivering social value (for example through measures to recruit locally). This was considered during the evaluation of tender proposals.

5. Financial Case

The Financial Case determines whether the scheme will result in a fundable and affordable Deal. It presents the funding sources and capital requirement by year, together with a Quantitative Risk Assessment (QRA), project and funding risks and constraints. All costs in the Financial Case should be in nominal values[17].

The profile of funding availability detailed in the Financial Case needs to align with the profile of delivery in the Commercial Case.

5.1 Total project value and funding sources:

[Specify the total project value and how this is split by funding sources by year, as per the table below (expand as appropriate). This should align with the total funding requirement described within the Project Overview section. Please include details of other sources of funding, and any conditions associated with the release of that funding.]

Capital

The total capital cost of the project is £11.200 million. Funding is broken down by funding source and year as follows:

Table 5-5-1: Capital funding sources (£'000)

	Prior years	2020/21	2021/22	2022/23	Total
KCC capital	260	1,938	3,008		5,206
ACE		326	2,607	136	3,069
Ashford BC			750		750
GPF loan		1,597			1,597
GBF		578			578
Total	**260**	**4,439**	**6,635**	**136**	**11,200**

KCC's capital contribution and the GPF loan will be repaid through capital receipts and rental income from the industrial units. This is set out in a detailed cashflow, attached in Annex J.

Revenue

In addition, the scheme incurs revenue costs of £417k, borne by KCC. These relate to interest costs and sales agents fees.

5.2 SELEP funding request, including type (LGF, GPF, GBF etc.,):

[Specify the amount and type of SELEP funding sought to deliver the project. This should align with the SELEP funding requirement described within the Project Overview section.]

[17] Nominal values are expressed in terms of current prices or figures, without making allowance for changes over time and the effects of inflation.

The project requests Getting Building Fund grant of £578k. The basis for the funding requirement is set out in the Strategic Case: it covers the shortfall in expected sales values, which have fallen as a result of the Covid crisis. This is based on agents' recommendations in the light of the market. The assessment of sales risk is set out in Annex K.

In the Council's view, this would be sufficient to provide confidence to proceed with the scheme. Any subsequent sales risks will be met by the Council.

5.3 Costs by type:

[Detail the cost estimates for the project by year as per the table below (expand as appropriate) and specify how the inclusion of the Quantitative Risk Assessment (QRA) and other overheads aggregate to the total funding requirement. Where conversion has been made between nominal and real cost estimates (and vice versa) please provide details of any inflation assumptions applied. The Financial Case should not include Optimism Bias. Please confirm that optimism bias has not been applied in the Financial Case. Also, include details of the agreed budget set aside for Monitoring and Evaluation, and ensure this aligns with the relevant section in the Management Case. Please note, not all sections of the table may require completion.]

<u>Capital costs</u>

The cost of the capital build is broken down in the table below:

Table 5-5-2: Costs by type for the preferred option (£)

	Prior years	2020/21	2021/22	2022/23	Total
Construction costs		3,107	5,829	153	9,072
Other costs (fees, client costs)	260	1,332	535		2,128
Total	**260**	**4,439**	**6,364**	**136**	**11,200**

A cashflow is set out in Annex J (including revenue costs).

5.4 Quantitative Risk Assessment

[Provide justification for the unit costs and a Quantitative Risk Assessment (QRA) provisions (detailed in the capital and non-capital tables above); max. 2 pages. Please provide supporting documents if appropriate.]

<u>Unit costs</u>

Capital costs are based on the outcomes of a competitive procurement process, which is now complete.

<u>Quantitative Risk Assessment</u>

At this stage, costs are fixed within the contract (which will be signed once there is funding certainty). We have not therefore carried out a Quantitative Risk Assessment on the project. This was discussed with the Independent Technical Evaluator at the Gate 1 Review meeting.

5.5 Funding profile (capital and non-capital):

[Where possible, explain the assumed capital and non-capital funding profile, summarise the total funding requirement by year, and funding source (add rows / columns as appropriate). Please note, not all sections of the table may require completion. Also, explain the external factors which influence/determine the funding profile, describe the extent of any flexibility associated with the funding profile, and describe non-capital liabilities generated by the scheme; max. 1 page.]

This is set out in Tables 5-1 and 5-2 and in the cashflow in Annex J.

5.6 Funding commitment

[Provide signed assurance from the Section 151 officer to confirm the lead applicant will cover any cost overruns relating to expenditure and programme delivery, as per the template in Appendix B. Please also confirm whether the funding is assured or subject to future decision making.]

A funding commitment statement is attached in Annex B.

This project has been fully discussed with the Section 151 officer at Kent County Council at the expression of interest stage (and the scheme has been formally approved through KCC's governance processes).

5.7 Risks and constraints

[Specify project and funding risks and constraints. Describe how these risks have, where appropriate, been quantified within the QRA/contingency provisions; max 0.5 pages.]

The main risks identified in the Risk Register that will have a bearing on the Financial Case have been mitigated: as set out above, the procurement process is now complete. The greatest financial risk overall is the risk of lower than expected sales values, which the GBF grant is intended to mitigate.

The key funding risk relates to the Arts Council England grant, which is contingent on the wider funding package coming forward.

6. Management Case

The management case determines whether the scheme is achievable and capable of being delivered successfully in accordance with recognised best practice. It demonstrates that the spending proposal is being implemented in accordance with a recognised Programme and Project Management methodology, and provides evidence of governance structure, stakeholder management, risk management, project planning and benefits realisation and assurance. It also specifies the arrangements for monitoring and evaluation in terms of inputs, outputs, outcomes and impacts.

6.1 Governance:

[Nominate the project sponsor and Senior Responsible Officer, explain the project governance structure (ideally as a diagram with accompanying text) and describe responsibilities, project accountability, meeting schedules etc.; max. 1 page.]

In order to manage the programme efficiently and effectively the following governance structure has been adopted:

<u>Key roles</u>

Project Sponsor: David Smith, Director of Economic Development, Kent County Council

Senior Responsible Officer: Jonathan White, Projects and Operations Manager, Kent County Council

<u>Project Group</u>

The Project Group is the internal reporting group and is chaired by the Project Manager. Membership includes officers from KCC Culture & Creative Economy Service, KCC Corporate Landlord, KCC Capital Finance; meetings are open to JVC representatives. The group meets monthly

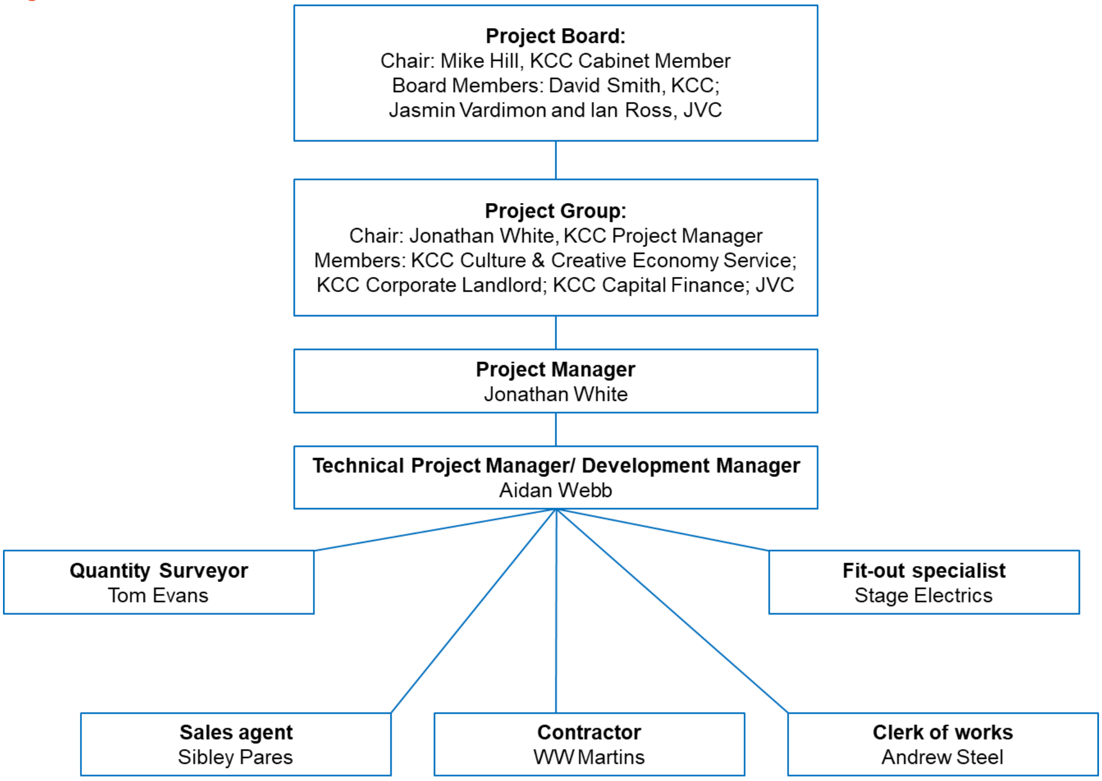
<u>Project Board</u>

The Project Board is responsible for approval of recommendations made by the Project Board and is chaired by KCCs Cabinet Member for Community and Regulatory Services, Michael Hill OBE. Membership includes Director of Economic Development, KCC, and the Artistic Director and Executive Director of JVC. The board meets monthly.

<u>Governance structure</u>

The diagram below illustrates the Project Board and Project Group structure:

Figure 6-1: Governance structure



6.2 Approvals and escalation procedures

[Specify the reporting and approval process; max. 0.5 pages.]

The project is directly overseen by the Project Board which is made up of senior representatives from both JVC and KCC with the authority to make decisions on the project.

KCC internal governance procedures are still required as part of this process and sit outside of the board decisions.

KCC to date has confirmed via key decision 17/00119 that the project can be incorporated within the council's capital programme and this can be seen on the following link and looking at p68 item 3: https://www.kent.gov.uk/__data/assets/pdf_file/0006/93390/Budget-Book-2019-20.pdf

KCC has now signed off the contract for WW Martins allowing the council to enter in to contract and commence work on the site.

Project monitoring takes place via KCC's Portfolio Board which is made up of senior directors who regularly review all major capital projects on a monthly basis.

6.3 Contract management

[Explain your approach to ensuring that outputs are delivered in line with contract scope, timescale and quality; max. 0.5 pages.]

Contract management is overseen by the Technical Project Manager.

The project has also agreed to engage a Clerk of Works to oversee the construction contract and feedback on work undertaken by the contractor

6.4 Key stakeholders

[Describe key stakeholders, including any past or planned public engagement activities. The stakeholder management and engagement plan should be provided alongside the Business Case; max. 0.5 pages.]

Key stakeholders

In addition to the Council and its contractors, key stakeholders include:

- Jasmin Vardimon Company and Jasmin Vardimon Education Company (as occupiers/ managers of the Creative Laboratory)
- Arts Council England (as a co-funder and a strategically important organisation supporting JVC/ JVEC)
- Ashford Borough Council (as a co-funder, Local Planning Authority and local authority responsible for economic development in Ashford)
- Local businesses, especially within the manufacturing, engineering and trades sectors, which will benefit from access to new industrial workspace
- Creative production organisations, which will benefit from access to workspace and from the development of a creative sector
- Locate in Kent and commercial agents, responsible for marketing and promoting the development

Consultation

Public consultation was undertaken as part of the planning process, with all matters addressed.

In addition to this consultation, JVC has undertaken consultation as part of the successful Arts Council England bid.

6.5 Equality Impact:

[Provide a summary of the findings of the Equality Impact Assessment (EqIA) and attach as an Appendix to the Business Case submission. If an EqIA has not yet been undertaken, please state when this will be undertaken and how the findings of this assessment will be considered as part of the project's development and implementation. The EqIA should be part of the final submission of the Business Case, in advance of final approval from the accountability board; max. 0.5 pages.]

An Equalities Impact Assessment was completed and can be supplied if necessary. The project is a new build and there are no issues in relation to any of the protected characteristics.

It concludes that 'it is not envisaged that the Creative Laboratory or commercial units will provide any negative impacts following project delivery' and the project 'will provide a positive impact on the local community.'

6.6 Risk management strategy:

[Define the Risk Management Strategy referring to the example provided in Appendix C (expand as appropriate), ensuring this aligns with the relevant sections in the Financial and Commercial Case. Please provide supporting commentary here; max. 0.5 pages.]

A comprehensive risk register has been drawn up and is attached. The risk register is updated monthly by the Project Manager and is reported regularly to the Project Board and Project Group.

6.7 Work programme:

[Provide a high-level work programme in the form of a Gantt Chart which is realistic and achievable, by completing the table in Appendix D (expand as appropriate). Please describe the critical path and provide details regarding resource availability and suitability here; max. 0.5 pages.]

Table 6-1: Key milestones

Key milestone/ deliverable	Date completed
RIBA stage 5 – Construction	Oct/Nov 20-Jan 22
RIBA stage 6 – Handover and Close Out	Jan 22
On-site Fit-out	Feb 22
Opening	Feb/Mar 22

<u>Resource issues</u>

The risk register highlights potential loss of critical staff as a risk to the project. This is monitored, and mitigation measures have been put in place. These include ensuring that those considered critical to the project have had their contracts amended to include for an extended notice period to ensure no loss of critical knowledge.

6.8 Previous project experience:

[Describe previous project experience and the track record of the project delivery team (as specified above) in delivering projects of similar scale and scope, including whether they were completed to time and budget and if they were successful in achieving objectives and in securing the expected benefits; max. 0.5 pages.]

The current project manager has over 15 years of experience in delivering capital projects and currently manages projects with a GDV totalling c£65M. He has previously delivered and assisted in the delivery of other projects in the £10-20M range and sat on the board of Turner Contemporary when it was under construction. With the exception of projects which had Grade 1 star and Grade 2 star buildings within the developments, all remaining projects have kept to budget and to time.

The Technical Project Manager & Development Manager have over 30 years of experience in the industry and have led on several high profile projects including currently delivering the Roger De-Haan development in Folkestone with the re-generation of the harbour.

The remaining project group is made up of senior qualified KCC officers with significant experience in either construction and or the arts.

6.9 Monitoring and evaluation:

[Complete the Logic Map over the page. This provides a read across between the objectives, inputs, outputs, outcome and impacts of the scheme and is based on the Logic Map established in the Strategic Case. A guide to what is required for each of these is included in Appendix E. Note that the number of outcomes and impacts is proportionate to the size of funding requested.

Complete the Monitoring and Evaluation Report template and Baseline Report template in Appendix F.]

The logic map is completed below and the monitoring and evaluation plan templates are completed. However, Getting Building Fund will be a relatively small contributor to overall project costs, and it would make sense to ensure that evaluation requirements match those of Arts Council England (as the dominant grant funder), with a single evaluation process suitable for all funders' needs.

Benefits realisation

The table below sets out each output, outcome and impact of the project (as per the Monitoring and Evaluation Plan attached) and states who is responsible for the delivery of each, and how and when they will be brought forward:

Table 6-2: Benefits realisation

Output/ outcome	Delivery responsibility	Delivery process	Delivery timescale
OP1: New Creative Laboratory	Contractor Managed by Project Manager Overseen by Project Board	Construction of new facility	March 2022
OP2: Light industrial units	Contractor Managed by Project Manager Overseen by Project Board	Construction of new units	March 2022
OC1: Employment	JVC Commercial firms Monitored by KCC	Direct jobs created/ safeguarded at JVC Jobs created in new employment space	From 2022 onwards
OC2: Educational outcomes	JVEC Monitored by KCC and Arts Council	Additional students and employment outcomes	From 2023 onwards

Output/ outcome	Delivery responsibility	Delivery process	Delivery timescale
IM: Social and economic impacts	Longer term impacts, measured through evaluation		

6.10 Logic map

Table 6-3: Javelin Way, Ashford: Logic map

Inputs	Outputs	Outcomes	Impacts (not formally required for a grant request of less than £2 million)
Grant Spend Getting Building Fund: £0.578 million Matched Contributions Spend £10.504 million	New Creative Laboratory (1,293 sq m) 29 new light industrial units (4,382 sq m floorspace)	New jobs within Creative Laboratory: 12 Safeguarded jobs within Creative Laboratory: 12 Safeguarded freelance roles within Creative Laboratory: 15-21 New jobs within industrial units: 176 Educational outcomes: • Student learners on JV2 course: 80 • Creative internships: 50	This is not required for a grant request of less than £2 million. However, we anticipate that impacts will include: • Longer term sustainability of Ashford's cultural infrastructure • Growth in creative industries supply chain • Opportunities for business growth • Wider access to cultural and creative education

7. Declarations

Has any director/partner ever been disqualified from being a company director under the Company Directors Disqualification Act (1986) or ever been the proprietor, partner or director of a business that has been subject to an investigation (completed, current or pending) undertaken under the Companies, Financial Services or Banking Acts?	*No*
Has any director/partner ever been bankrupt or subject to an arrangement with creditors or ever been the proprietor, partner or director of a business subject to any formal insolvency procedure such as receivership, liquidation, or administration, or subject to an arrangement with its creditors?	*No*
Has any director/partner ever been the proprietor, partner or director of a business that has been requested to repay a grant under any government scheme?	*No*

**If the answer is "yes" to any of these questions please give details on a separate sheet of paper of the person(s) and business(es) and details of the circumstances. This does not necessarily affect your chances of being awarded SELEP funding.*

I am content for information supplied here to be stored electronically, shared with the South East Local Enterprise Partnerships Independent Technical Evaluator, Steer Davies Gleave, and other public sector bodies who may be involved in considering the business case.

I understand that a copy of the main Business Case document will be made available on the South East Local Enterprise Partnership website one month in advance of the funding decision by SELEP Accountability Board. The Business Case supporting appendices will not be uploaded onto the website. Redactions to the main Business Case document will only be acceptable where they fall within a category for exemption, as stated in Appendix G.

Where scheme promoters consider information to fall within the categories for exemption (stated in Appendix G) they should provide a separate version of the main Business Case document to SELEP 6 weeks in advance of the SELEP Accountability Board meeting at which the funding decision is being taken, which highlights the proposed Business Case redactions.

I understand that if I give information that is incorrect or incomplete, funding may be withheld or reclaimed and action taken against me. I declare that the information I have given on this form is correct and complete. Any expenditure defrayed in advance of project approval is at risk of not being reimbursed and all spend of Local Growth Fund must be compliant with the Grant Conditions.

I understand that any offer may be publicised by means of a press release giving brief details of the project and the grant amount.

Signature of applicant	
Print full name	
Designation	

Annex A: Economic appraisal assumptions

This is not required for a grant request of less than £2 million.

[The DCLG appraisal guide data book includes all of the appraisal and modelling values referred to in the appraisal guidance. Below is a summary table of assumptions that might be required. All applicants should clearly state all assumptions in a similar table.]

Appraisal Assumptions	Details
QRA and Risk allowance	5% for construction costs; 25% for operational costs
Real Growth	All prices quoted at 2020 values
Discounting	3.5%
Sensitivity Tests	N/A. As there is no requirement for full economic appraisal (as less than £2m grant request), sensitivity testing has not been carried out)
Additionality	Adjustments made for additionality in calculation of benefit of work hub element
Administrative costs of regulation	N/A
Appraisal period	10 years from 2022/23
Distributional weights	N/A
Employment	Explained in Economic Case
External impacts of development	Explained in Economic Case
GDP	Explained in Economic Case
House price index	N/A. Sales values assumed from Savills Viability Assessment
Indirect taxation correction factor	N/A
Inflation	Applied at rate calculated within cost plan.
Land value uplift	£8,300,000 per hectare
Learning rates	N/A
Optimism bias	5% on capital; 25% on revenue (for hub operation), 10% on residential benefits
Planning applications	N/A – Full planning consent granted
Present value year	2020/21
Private sector cost of capital	N/A
Rebound effects	N/A
Regulatory transition costs	N/A

Annex B: Funding commitment

Draft S151 Officer Letter to support Business Case submission

Dear Colleague,

In submitting this project Business Case, I confirm on behalf of [Insert name of County or Unitary Authority] that:

- *The information presented in this Business Case is accurate and correct as at the time of writing.*
- *The funding has been identified to deliver the project and project benefits, as specified within the Business Case. Where sufficient funding has not been identified to deliver the project, this risk has been identified within the Business Case and brought to the attention of the SELEP Secretariat through the SELEP quarterly reporting process.*
- *The risk assessment included in the project Business Case identifies all substantial project risks known at the time of Business Case submission.*
- *The delivery body has considered the public-sector equality duty and has had regard to the requirements under s.149 of the Equality Act 2010 throughout their decision-making process. This should include the development of an Equality Impact Assessment which will remain as a live document through the projects development and delivery stages.*
- *The delivery body has access to the skills, expertise and resource to support the delivery of the project*
- *Adequate revenue budget has been or will be allocated to support the post scheme completion monitoring and benefit realisation reporting*
- *The project will be delivered under the conditions in the signed LGF Service Level Agreement or other grant agreement with the SELEP Accountable Body.*

I note that the Business Case will be made available on the SELEP website one month in advance of the funding decision being taken, subject to the removal of those parts of the Business Case which are commercially sensitive and confidential as agreed with the SELEP Accountable Body.

Yours Sincerely,
SRO (Director Level) …………………………………………….
S151 Officer ………………………………………………………….

Annex C: Risk management strategy

C.1 A comprehensive risk register is attached as a separate document.

Annex D: Gantt chart

D.1 A summary Gantt chart is attached as a separate document:

Table D-1: Gantt chart

Annex E: Monitoring and evaluation metrics for logic map

After Delivery

Immediate

Outputs – One scheme can have cross-over with all categories

LEP M&E Metrics (minimum requirements) Your scheme should deliver one or more of these

Skills
- Area of new or improved learning/training floorspace (m^2)
- Floorspace rationalisation (m^2)
- Specialist capital equipment

Land, Property and Flood Protection
- Area of site reclaimed, (re)developed or assembled (ha)
- Length of cabling/piping by type (electric, water, sewage, gas, telephone, fibre etc)
- Area of land with reduced likelihood of flooding as a result of the project (m^2)
- Follow-on investment at sites (£m)
- Commercial floorspace completed (m^2 and class)
- Commercial floorspace refurbished (m^2 and class)
- Commercial broadband access (m^2)
- Housing units completed
- New homes with new or improved fibre optic provision

Business Support, Innovation and Broadband
- Number of new enterprises supported
- Number of enterprises receiving non-financial support (No. by type of support)
- Number of potential entrepreneurs assisted to be enterprise ready
- Number of enterprises receiving grant support
- Number of enterprises receiving financial support other than grants
- Number of enterprises receiving non-financial support
- Number of additional businesses with broadband access of 30mbps or more

Transport
- Total completed length of resurfaced roads (km)
- Total completed length of newly built roads (km)
- Total completed length of new cycle ways (km)

Further considerations (not an exhaustive list)

Skills
- m^2 of facility (refurbished)

Land, Property and Flood Protection
- Specifics of the construction delivered e.g. Xm sheet piles, cubic metres concrete, km of cycleway

Business Support, Innovation and Broadband
- Change in active enterprise (business births vs deaths)
- Change in commercial floorspace availability

Transport
- Infrastructure (km of newly surfaced roads, quantity of new lighting, quantity of new signage, number of new roundabouts, sqm urban realm, number of new stops new stops, new/changed signals…)

After Construction

Short term – Medium Term

Outcomes – One scheme can have cross-over with all categories

LEP M&E Metrics (minimum requirements)

Your scheme should deliver one or more of these

- Jobs connected to intervention (permanent, paid FTE)
- Apprenticeships
- Housing unit starts
- Commercial floorspace occupied (sqm and class)
- Commercial rental values (£/sqm per month by class)
- Financial return on access to finance schemes (%)
- Estate Grade
- Number of new learners assisted (in courses leading to a full qualification)
- Reduced flood risk to homes
- Reduced flood risk to commercial property

Further considerations (not an exhaustive list)

Skills

- Number of new staff
- Changes in learning outcomes
- Improvements in skills

Land, Property and Flood Protection

- Housing units sold/occupied
- Changes in employment density
- Housing affordability ratio

Business Support, Innovation and Broadband

- Assists progressing to trading (No. by type of support)

Transport

- By presence of the scheme
  - Better public transport integration
  - Enhanced connectivity between areas of deprivation and employment
  - Increased operating and maintenance costs
  - Increased/decreased levels of traffic
  - Increased/decreased journey times for public transport
  - Increased/decreased journey times for highways
  - Commercial floorspace occupied
- From use of scheme
  - Reductions in carbon emissions
  - Public transport revenue
  - Additional passenger boardings
  - User and non-user benefits

After Construction

Longer Term

Impacts – One scheme can have cross-over with all categories

Further considerations (not an exhaustive list)

Skills

- Increased number of people going into higher paid jobs
- Population % with NVQ Level 4+

Land, Property and Flood Protection

- Increased attractiveness to developers
- Increased attractiveness to businesses
- Increased productivity
- Increased employment levels (Changes in GVA)
- Regeneration of the area
- Improvements in education
- Improved levels of physical activity

Business Support, Innovation and Broadband

- Increased attractiveness to developers
- Increased attractiveness to businesses
- Increased productivity

Transport

- Public transport shift
- Increased attractiveness of area to developers
- Value for Money
- Increased productivity
- Decreased deprivation
- Improved air quality
- Improved road safety
- Improvements in local health

Annex F: Monitoring and Evaluation Plan and Baseline Report templates

Monitoring and Evaluation Plan

Purpose

- The Monitoring and Evaluation Plan details what the intended inputs, outputs, outcomes and impacts are of the scheme. These values will most likely come from the Business Case, but may also come from supplementary documentation associated with the scheme.
- The Monitoring and Evaluation Plan details of how inputs, outputs, outcomes and impacts will be measured in the One Year After Opening Report and the Five/Three Years After Opening Report and any associated costs.
- The Monitoring and Evaluation Plan also outlines the proposed approach to measuring the baseline information for each of the inputs, outputs, outcomes and impacts and any costs associated with this.
- When the baseline information has been collated, it is reported upon in the Baseline Report template.

A note on costs

The Monitoring and Evaluation of a scheme will rely on internal resource and potentially, some external resources. Both could come at a cost either in terms of time or money.

The Monitoring and Evaluation Plan is to be completed as part of the Business Case. At the same time, a Baseline Report would also be completed.

The costs that are anticipated for the collation of the Baseline Report are therefore current costs. However, the costs incurred for data collection for the One Year After Opening Report and Five/Three Years After Opening Report would occur in the future. Therefore, it is important to consider the effect of inflation on these costs.

An overview of the monitoring and evaluation process

The following provides information on the process for Monitoring and Evaluation and how the reports fit into this process.

M&E Plan (YOU ARE HERE)

- Template is included within the Business Case pro-forma
- Outlines what is to be monitored (after scheme opening) as part of the inputs, outputs, outcomes and impacts and the cost associated with this
- Includes what will be collected as part of the Baseline Report (before scheme construction/delivery) and the costs (if any) associated with this
- Is prepared for a single scheme or a package of measures in totality (not for each part of the package). This applies to all reports

Baseline Report

- The Report is completed at the time of the Business Case pro-forma (i.e. before the scheme is constructed/delivered)
- The Report is issued as a separate document to the Business Case
- Collates information which is used as point of reference to compare with data collected after opening as part of the One Year After Opening and Five Years After Opening Reports
- Includes the costs of the baseline data collection and if it differs from that estimated in the M&E Plan
- Information from this report goes into Benefits Realisation Plan

One Year After Opening Report

- The Report is completed after the scheme has been open or in place for one year
- The Report is issued as a stand-alone document
- Establishes inputs, outputs and outcomes and compares them to those established in the M&E Plan
- Includes the costs of collecting and analysing the data associated with the inputs, outputs and outcomes and compares this to those estimated in the M&E Plan
- Information to go into Benefits Realisation Profile

Five/Three Years After Opening Report

- The Report is completed after the scheme has been open or in place for five/three years
- The Report is issued as a stand-alone document
- Establishes outcomes and impacts and compares them to those established in the M&E Plan
- Includes the costs of collecting and analysing the data associated with the outcomes and impacts and compares this to those estimated in the M&E Plan
- Information to go into Benefits Realisation Profile

Proportionate approach to completing the report

The LGF supports a wide range of schemes in terms of scope and capital costs.

The Monitoring and Evaluation process has been designed to be aligned to the scale of the scheme based on its total delivery value (including LGF allocations). As a minimum, the number of jobs and housing brought forward by the scheme should be considered. These are factors which the Ministry of Housing, Communities and Local Government (MHCLG) consider to be key outcomes of LGF schemes.

The following is an indicative guide to which inputs, outputs, outcomes and impacts should be included within the Monitoring and Evaluation process for different scales of intervention.

This is based on the scale of the total value of each scheme or the value of a package in totality. Where there are complementary phases of a scheme that are funded at different times, consider establishing the Monitoring and Evaluation for the overall scheme delivered.

Value of Scheme/Package	Inputs	Outputs	Outcomes	Impacts
Under £2m	As described within the report templates	As described within the report templates	Number of jobs and houses delivered	n/a
£2m- £8m	As described within the report templates	As described within the report templates	All those prescribed by the LEP and applicable to the scheme/package (see Appendix A supplied separately) Also include any additional outcomes that have a large or moderate benefit / disbenefit in the Business Case	Those relevant to the scheme/package from within the list in Appendix A (supplied separately) Also include any additional impacts that have a large or moderate benefit / disbenefit in the Business Case
More than £8m	As described within the report templates	As described within the report templates	All those prescribed by the LEP and applicable to the scheme/package plus applicable measures from the ‘Further considerations’ section (see Appendix A supplied separately) Also include any additional outcomes that have a large or moderate benefit / disbenefit in the Business Case	Those relevant to the scheme/package from within the list in Appendix A (supplied separately) Also include any additional impacts that have a large or moderate benefit / disbenefit in the Business Case

Javelin Way, Ashford

This Monitoring and Evaluation Plan provides the details of the inputs, outputs, outcomes and impacts of the Javelin Way project how they will be measured, and the costs associated with this for the Baseline Report and One Year After Opening Report and Five/Three Years After Opening Report.

Project description

Javelin Way is an employment site on the Henwood Industrial Estate in Ashford. Through this project, Kent County Council will to develop the site for employment use, with a focus on the development of Ashford's creative economy. The scheme consists of two elements:

- The construction of a 'Creative Laboratory' production space (with a ground floor internal area of 1,293 sqm). This will be leased from Kent County Council by Jasmin Vardimon Company (JVC), a world renowned dance company and creative organisation.
- The development of 29 light industrial units (with a gross internal floor area of 3,046 sqm), for sale and/or lease, suitable for additional creative businesses as well as the general market. Mezzanine floors will be available for the 29 industrial units, with full flexibility on the sizes of mezzanines to meet market demand. Total area currently anticipated to be delivered is based on c.41% mezzanine coverage and gives a total of 4,382 sqm.

The scheme will accommodate up to approximately 176 full-time equivalent employees, in addition to 21 freelance and contractor opportunities. The scheme will also deliver opportunities for business development in the creative sector, as well as business rates, GVA and educational benefits.

The overall capital cost of the scheme is £11.08 million, funded by Arts Council England, Kent County Council, Ashford Borough Council and the Growing Places Fund. Receipts from the sale/ lease of the industrial units will finance the local authorities' investment in the scheme.

Project objectives

The project objectives are:

- Objective 1: Creating sustainable employment and business opportunities
- Objective 2: Growing the creative sector in mid Kent and creating secure accommodation for a major artistic operator in Kent
- Objective 3: Developing the distinctiveness of Ashford's economy
- Objective 4: Making productive use of a derelict site

Project location

The project is located at Javelin Way, Henwood Industrial Estate, Ashford TN24 8DE.

Inputs

This section requires the scheme promoter to provide information about Scheme Spend, Project Delivery, Project Risk and Project Changes. These are referenced against the values in the Business Case.

Update the table to include actual Financial Years for the period of delivery and approaches to monitor/track these values

Note – you may need to extend this table if the funding occurs in a period more than 3 years before your scheme opening date.

ID	Input Description	Source of Value		Monitoring Approach	Frequency of Tracking	Source	2020/21	2021/22	2022/23
							Q1 Q2 Q3 Q4	Q1 Q2 Q3 Q4	Q1 Q2 Q3 Q4
IN1	Getting Building Fund grant	Planned, based on total scheme capital costs		Defrayal of spend	Monthly, update to LEP quarterly	Actual spend	Q3: £289,000 Q4: £289,000 Total: £578,000		
IN2	Matched capital contributions spend	Planned, based on total scheme capital costs		Defrayal of spend	Monthly, update to LEP quarterly	Actual spend	Q3: 2,961,000 Q4: £2,961,000 Total: £5,923,000	**Q1:£1,544,000** **Q2: £1,544,000** **Q3:£1,544,000** **Q4: £1,544,000** **Total: £6,179,00**	£153,000
IN3	Revenue contribution	Planned, based on total costs		Defrayal of spend	Monthly internal	Actual spend			

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Project delivery and milestones

- Please complete the table of planned Key Milestones

Milestone	Planned Date of Delivery
RIBA stage 5 – Construction	Jan 22
RIBA stage 6 – Handover and Close Out	Jan 22
On-site Fit-out	Feb 22
Opening	Feb/Mar 22

Risk mitigation

- See Risk Register (this will be replicated/summarised in the M&E Plan, but not pasted here to avoid repetition within the business case pack).

Outputs

- Please provide information about:
  - The planned/anticipated value for each output with the delivery of the scheme and reference this value from the Business Case or supporting documents
  - How the output will be monitored and evaluated for the One Year After Opening Report – you may need to include maps/diagrams to support this
  - The frequency of data collection related to the output
  - The anticipated cost of undertaking the monitoring and evaluation of the output for the One Year After Opening Report
- The approach used to obtain baseline information for each output
  - Costs associated with this

ID	Output Description	
OP1	New Creative Laboratory	**Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring** **Value:** 1,293 sq m new Creative Laboratory **Source of Value:** Full Business Case, Project Overview/ Strategic Case/ Economic Case **Future Monitoring Approach:** Through confirmation of completion of capital build **Frequency of tracking:** On completion, but with progress reported quarterly **Costs Allocated to Monitoring:** Incorporated in KCC management costs **Details: Proposed Method of Collecting Baseline Information** **Approach for Collection:** N/A **Costs Allocated:** N/A

ID	Output Description	
		Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring
		Value: 29 new units, 4,382 sq m floorspace **Source of Value:** Full Business Case, Strategic Case, Economic Case **Future Monitoring Approach:** Through confirmation of completion of capital build **Frequency of tracking:** On completion, but with progress reported quarterly **Costs Allocated to Monitoring:** Incorporated in KCC management costs
OP2	Light industrial units	**Details: Proposed Method of Collecting Baseline Information**
		Approach for Collection: N/A **Costs Allocated:** N/A

Outcomes

- Please provide information about:
  - ➢ The planned/anticipated value for each outcome with the delivery of the scheme and reference this value from the Business Case or supporting documents
  - ➢ How the outcome will be monitored and evaluated for the One Year After Opening Report and for some outcomes, the Five/Three Years After Opening Report as well – you may need to include maps/diagrams to support this
  - ➢ The frequency of data collection related to the outcome
  - ➢ The anticipated cost of undertaking the monitoring and evaluation of the outcome for reports after opening
- The approach used to obtain baseline information for each outcome
  - ➢ Costs associated with this

ID	Output Description	
		Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring
OC1	Employment	**Value:** Jobs supported by Creative Laboratory (12 new jobs; 12 safeguarded jobs; 15-21 safeguarded freelance roles Jobs supported within industrial units: 176 **Source of Value:** Full Business Case, Strategic Case, Economic Case **Future Monitoring Approach:** JVC jobs monitored through actual job creation/ safeguarded. Industrial jobs monitored through survey of occupiers **Frequency of tracking:** Quarterly for management purposes; once at One Year Out stage for evaluation and then tracked in 3/5 year reporting to SELEP **Costs Allocated to Monitoring:** Included within KCC management costs
		Details: Proposed Method of Collecting Baseline Information
		Approach for Collection: Formal return from JVC; survey at industrial units **Costs Allocated:** Included within KCC management budget

ID	Output Description	
		Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring
OC2	Educational outcomes	**Value:** Student learners (80); creative internships (50) **Source of Value:** Full Business Case, Strategic Case/ Economic Case **Future Monitoring Approach:** Monitored through regular return from JVC

		Frequency of tracking: Monthly for management purposes, reported quarterly to LEP. **Costs Allocated to Monitoring:** Included within management costs (NB – will need to ensure non-duplication with ACE monitoring and evaluation requirements
		Details: Proposed Method of Collecting Baseline Information
		Approach for Collection: Return from JVC. **Costs Allocated:** See above

Impacts

- Impacts are often not measurable but can be anecdotal or inferred. However, if they can be measured then an approach and budget should be allocated for this.
- They are a longer-term effect of the scheme being in place and often occur as a result of the outcomes
- They would not be monitored or tracked beyond the Five/Three Years After Opening Report

Impact monitoring is not required as the grant request is less than £2m, but will be tracked through wider evaluation based on other funding requirements.

Baseline Report

Purpose

- The Monitoring and Evaluation Plan details what the intended inputs, outputs, outcomes and impacts are of the scheme. It provides details of how they will be measured and any associated costs of the monitoring process.
- The Baseline Report provides information and metrics about the current situation in the impact area of the scheme before delivery commences. Information should be provided for each of the intended inputs, outputs, outcomes or impacts. This baseline data can be used in subsequent stages to identify the scale of change brought about by the scheme.
- The tables in the report provide the basis for a tracking spreadsheet (Benefits Realisation Profile (BRP)) which will be shared with the LEP. The tracking spreadsheet is used to track the baseline, planned/anticipated values and the actual values for every input, output, outcome or impact after the scheme opens.
- The tables in this report include a space for baseline values and for planned/forecast values for each input, output, outcome or impact. These values are likely to come from the Full Business Case, but may also come from supplementary documentation associated with the scheme.

An Overview of the monitoring and evaluation process

The following provides information on the process for Monitoring and Evaluation and how the reports fit into this process.

M&E Plan

- Template is included within the Full Business Case pro-forma
- Outlines what is to be monitored (after scheme opening) as part of the inputs, outputs, outcomes and impacts and the cost associated with this
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- The Report is completed at the time of the Business Case pro-forma (i.e. before the scheme is constructed/delivered)
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- The Report is completed after the scheme has been open or in place for one year
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- Information to go into Benefits Realisation Profile

Five/Three Years After Opening Report

- The Report is completed after the scheme has been open or in place for five/three years
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- Establishes outcomes and impacts and compares them to those established in the M&E Plan
- Includes the costs of collecting and analysing the data associated with the outcomes and impacts and compares this to those estimated in the M&E Plan
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Proportionate approach to completing the report

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The Monitoring and Evaluation process has been designed to be aligned to the scale of the scheme based on its total delivery value (including LGF allocations). As a minimum, the number of jobs and housing brought forward by the scheme should be considered. These are factors which the Ministry of Housing, Communities and Local Government (MHCLG) consider to be key outcomes of LGF schemes.

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More than £8m	As described within the report templates	As described within the report templates	All those prescribed by the LEP and applicable to the scheme/package plus applicable measures from the 'Further considerations' section (see Appendix A supplied separately) Also include any additional outcomes that have a large or moderate benefit / disbenefit in the Business Case	Those relevant to the scheme/package from within the list in Appendix A (supplied separately) Also include any additional impacts that have a large or moderate benefit / disbenefit in the Business Case

Javelin Way, Ashford

This Monitoring and Evaluation Plan provides the details of the inputs, outputs, outcomes and impacts of the Javelin Way project how they will be measured, and the costs associated with this for the Baseline Report and One Year After Opening Report and Five/Three Years After Opening Report.

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Javelin Way is an employment site on the Henwood Industrial Estate in Ashford. Through this project, Kent County Council will to develop the site for employment use, with a focus on the development of Ashford's creative economy. The scheme consists of two elements:

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- The development of 29 light industrial units (with a gross internal floor area of 3,046 sqm), for sale and/or lease, suitable for additional creative businesses as well as the general market. Mezzanine floors will be available for the 29 industrial units, with full flexibility on the sizes of mezzanines to meet market demand. Total area currently anticipated to be delivered is based on c.41% mezzanine coverage and gives a total of 4,382 sqm.

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Project objectives

The project objectives are:

- Objective 1: Creating sustainable employment and business opportunities
- Objective 2: Growing the creative sector in mid Kent and creating secure accommodation for a major artistic operator in Kent
- Objective 3: Developing the distinctiveness of Ashford's economy
- Objective 4: Making productive use of a derelict site

Project location

The project is located at Javelin Way, Henwood Industrial Estate, Ashford TN24 8DE.

Inputs

This section requires the scheme promoter to provide information about Scheme Spend, Project Delivery, Project Risk and Project Changes. These are referenced against the information provided in the Monitoring and Evaluation Plan.

- Update the table to include actual Financial Years in the period before opening.
- Monetary values should exclude inflation (nominal values) to easily compare forecast and actual values.
- *Note – you may need to extend this table if the funding occurs in a period more than 3 years before your scheme opening date.*
- Only the values for spend and leveraged funding will go into the BRP.

<table>
<tr><th>ID</th><th>Input Description</th><th>Source of Value</th><th></th><th>Monitoring Approach</th><th>Frequency of Tracking</th><th>Source</th><th colspan="4">2020/21</th><th colspan="4">2021/22</th><th colspan="4">2022/23</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>Q1</td><td>Q2</td><td>Q3</td><td>Q4</td><td>Q1</td><td>Q2</td><td>Q3</td><td>Q4</td><td>Q1</td><td>Q2</td><td>Q3</td><td>Q4</td></tr>
<tr><td>IN1</td><td>Getting Building Fund grant</td><td>Planned, based on total scheme capital costs</td><td></td><td>Defrayal of spend</td><td>Monthly, update to LEP quarterly</td><td>Actual spend</td><td colspan="4">Q3: £289,000
Q4: £289,000
Total: £578,000</td><td colspan="4"></td><td colspan="4"></td></tr>
<tr><td>IN2</td><td>Matched capital contributions spend</td><td>Planned, based on total scheme capital costs</td><td></td><td>Defrayal of spend</td><td>Monthly, update to LEP quarterly</td><td>Actual spend</td><td colspan="4">Q3: 2,961,000
Q4: £2,961,000
Total: £5,923,000</td><td colspan="4">Q1:£1,544,000
Q2: £1,544,000
Q3:£1,544,000
Q4: £1,544,000
Total: £6,179,00</td><td colspan="4">£153,000</td></tr>
<tr><td>IN3</td><td>Revenue contribution</td><td>Planned, based on total costs</td><td></td><td>Defrayal of spend</td><td>Monthly internal</td><td>Actual spend</td><td colspan="4"></td><td colspan="4"></td><td colspan="4"></td></tr>
</table>

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Project delivery and milestones

- Please complete the table of planned Key Milestones

Milestone	Planned Date of Delivery
RIBA stage 5 – Construction	Jan 22
RIBA stage 6 – Handover and Close Out	Jan 22
On-site Fit-out	Feb 22
Opening	Feb/Mar 22

Risk mitigation

See Risk Register (this will be replicated/summarised in the M&E Plan, but not pasted here to avoid repetition within the business case pack).

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Outputs

- Please provide information about:
  - ➢ what the baseline value is for each output and its source;
  - ➢ how the baseline value was measured;
  - ➢ what the planned/anticipated value is for the output and reference this source; and
  - ➢ how the value will be measured after the scheme opens.

ID	Output Description		Value	Monitoring approach	Frequency of Tracking	Source	Date
OP1	New Creative Laboratory	**Baseline**	Zero	n/a	n/a	n/a	n/a
		Planned/ Anticipated	1,293 sq m	Through delivery of capital build	Once on completion	Full Business Case – Strategic Case	March 2022
Details: Method of Collecting Baseline Information							
There is no baseline information to collect as the building is new on a vacant site and all homes will be net additional							

ID	Output Description		Value	Monitoring approach	Frequency of Tracking	Source	Date
OP2	Industrial floorspace	**Baseline**	Zero	n/a	n/a	n/a	n/a

		Planned/ Anticipated	4,382 sq m	Through delivery of capital build	Once on completion and at One Year Report stage	Full Business Case – Strategic Case	March 2020
Details: Method of Collecting Baseline Information							
There is no baseline information to collect as the building is new on a vacant site and all employment floorspace will be net additional							

Outcomes and impacts

- Provide information about:
    - what the baseline value is for each outcome and its source;
    - how the baseline outcome value was measured;
    - what the planned/anticipated value is for the outcome and reference for this source; and
    - how the value will be measured after the scheme opens.

The project seeks to deliver the following outcomes:

- Employment outcomes (jobs supported at the Creative Laboratory, plus jobs within the industrial units)

The project also seeks to achieve the following impacts:

- Longer term sustainability of Ashford's cultural infrastructure
- Growth in creative industries supply chain
- Opportunities for business growth
- Wider access to cultural and creative education

As set out in the FBC, we will seek to align evaluation processes to those required by ACE and other funders.

Annex G: Categories of exempt information

There is a clear public interest in publishing information and being open and transparent. But sometimes there is information which we can't publish because it would cause significant harm to the Council - for example by damaging a commercial deal or harming our position in a court case. Equally sometimes publishing information can harm someone who receives a service from us or one of our partners.

The law recognises this and allows us to place information in a confidential appendix if:

(a) it falls within any of paragraphs 1 to 7 below; and
(b) in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

1. *Information relating to any individual.*
2. *Information which is likely to reveal the identity of an individual.*
3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information)*
4. *Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.*
5. *Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.*
6. *Information which reveals that the authority proposes— (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or (b) to make an order or direction under any enactment.*
7. *Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.*

Annex H: KCC Approval to Award report

This section has been redacted.

Annex I: Building description and layouts

The industrial units will have a steel portal frame. External elevations will be clad with a proprietary-profiled steel, insulated sheet with suitable internal protection against impact damage. Rising/folding doors will be provided at 3m wide and 4.5m high opening height. Aluminium-framed windows will be provided at upper level in a position appropriate for mezzanine office levels. Adequate lavatory facilities will be provided. A gas-fired boiler for heating and hot water is included. Three-phase electricity will be available. Ground internal floors will be power-floated concrete.

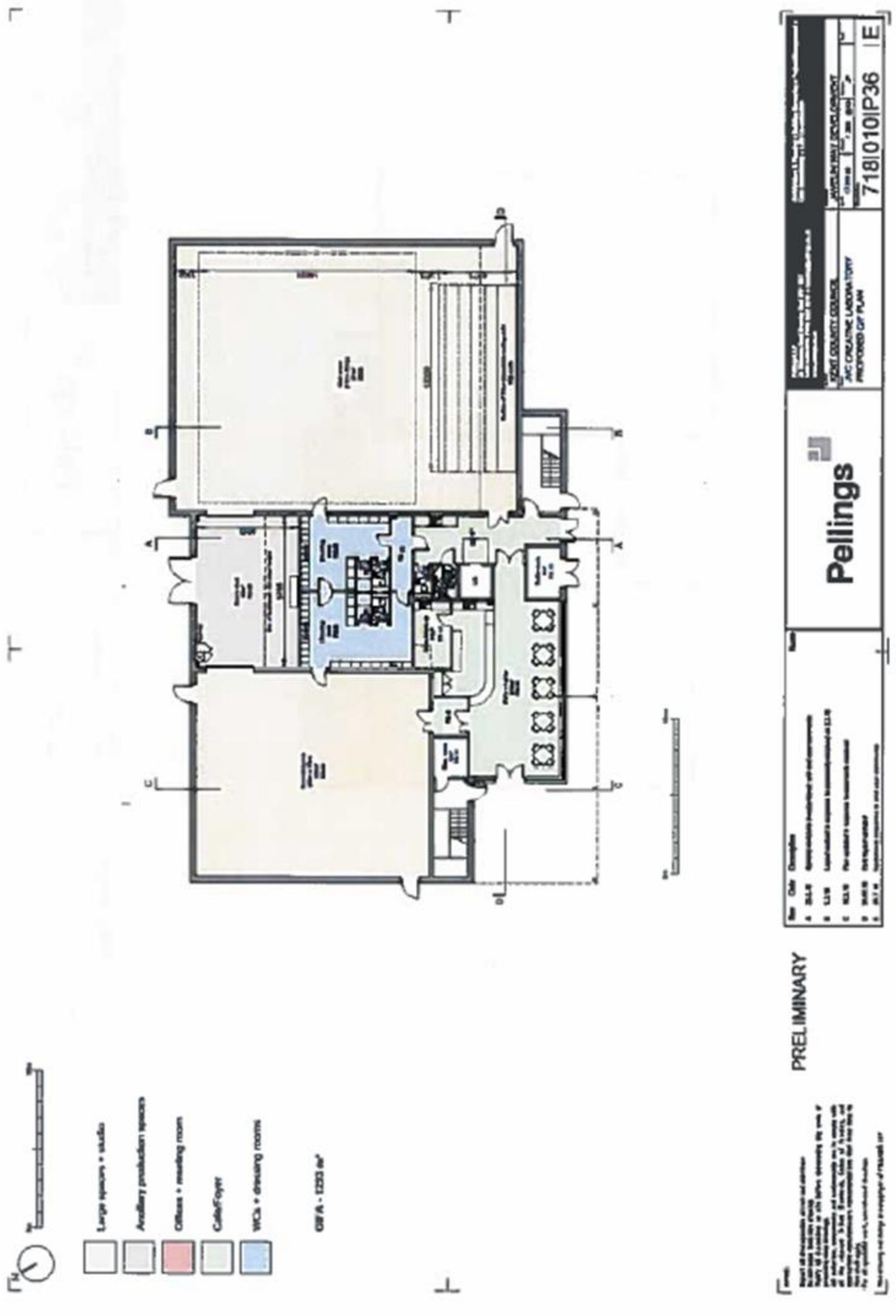
Each unit of the 29 units has forecourt parking, typically for three light vehicles in addition to standing for loading purposes.

At ground floor in the dance studio, there will be a reception area with cafe, two dressing rooms and a scenery dock/store. The upper level will be served by a passenger lift and two staircases. There will be a smaller studio, offices, meeting room and costume store. The dance studios will have timber-finished sprung floors with the upper level of concrete on steel decking.

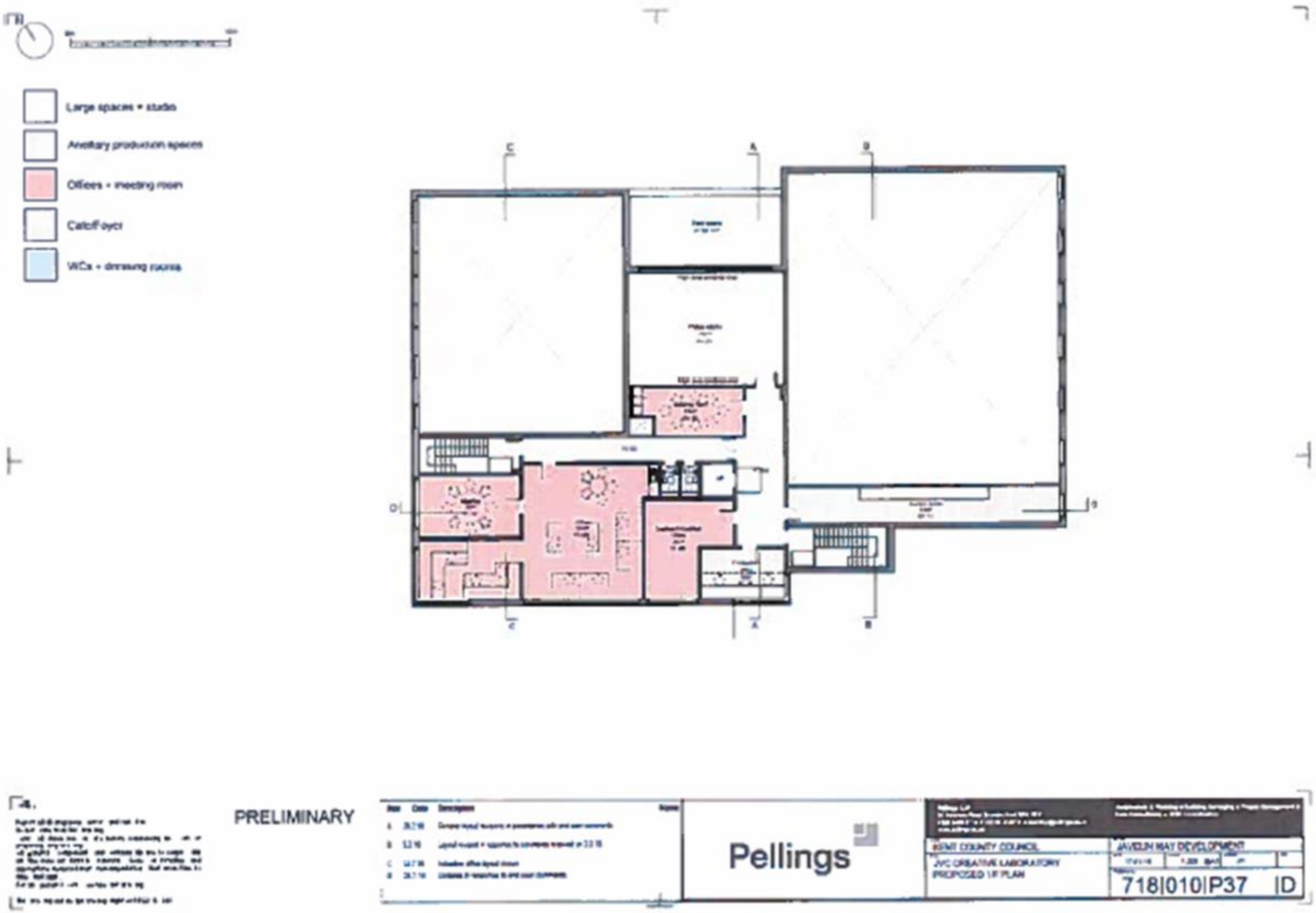
The dance school will have a total of 10 car parking spaces together with standing room for a large commercial vehicle (i.e. a school bus/coach).

Externally, the forecourts and loading access will be either block paved or brushed concrete, and the service road will be finished in tarmac. These costs are included in the cost estimates.

The proposed plans for the Creative Laboratory are included on the following pages:



Plan of Ground Floor of the Dance Studio



Plan of First Floor of the Dance Studio

Annex J: Cashflow

J.1 This section has been redacted.

Annex K: Statement of sales risk

BY EMAIL AND POST
PRIVATE AND CONFIDENTIAL

Mr Jonathan White
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Royal Tunbridge Wells
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31 Aug 2020

Dear Jonathan,

Javelin Way Development and Jasmin Vardimon Dance School

Following the end of the national lockdown, sales have returned to the commercial market and prices appear to be holding but demand has reduced overall. It remains too early to determine the full extent of the damage to the market caused by the pandemic as the situation is ongoing and many businesses continue to be affected. Our Agent believes that the development is likely to become more price sensitive in a negative direction the longer the pandemic continues.

Following a review of the Kent commercial letting and sales markets, it is reasonable at this stage to assume that the market is likely to experience a reduction in demand as a direct result of the Covid-19 Pandemic. Our Commercial Agent advises that the impact suffered to date is likely to result in downward sales price pressure in future months of upto 10% of Gross Development Value which equates to an additional commercial risk of £578,724. Although the actual impact is unlikely to become clear in the market data for another 6-12 months.

The above calculation is based upon the following:
Total GDV = £6,856,088.62
Less units already pre-let = £5,787,243
10% of remaining GDV = £578,724

We have pre-let four units to the Kent School of Music these units are excluded from the GDV price risk calculation above.

Kind Regards

Aidan Webb MRICS
Director

SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

Annex L: Confirmation from KCC Finance of funding risk position

Javelin Way Development

The scheme has progressed since conception on the basis that the enabling development would provide the match funding to the ACE grant secured to enable Jasmin Vardimon Company to relocate to larger premises and retain its presence within Kent and therefore the South-East.

Dependency on an enabling development and the need to generate receipts at an anticipated value and in good time was always subject to a considerable degree of risk and uncertainty.

Occurring when it did, at a time when KCC was going out to tender, COVID-19 has exacerbated the risk and uncertainty around costs as well as benefits.

The cultural benefits of a Dance Laboratory and the economic benefits of a light industrial development were well documented and recognised in the GPF loan bid to SELEP, which resulted in £1.597m being awarded to assist with the cashflow implications of a scheme where forward funding was an obvious issue.

Belief in the benefits remain strong and if realised will add to the recovery platform that the Authority looks to build upon post-COVID. Although the scheme remains viable as a development through pre-lets, cost increases and contingency assumptions on the assumed level of capital receipts have left a potential capital funding shortfall at a time when KCC is reviewing its capital programme and having to consider any schemes that could be delayed or even abandoned.

The GBF will cover the potential capital shortfall and allow the scheme to progress punctually as a fully funded scheme at a time when there are already many pressing and statutory calls upon an increasingly difficult financial position.

Thanks

Darren

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