

North Kent College: Performing and Production Digital Arts Facility

Full Business Case for Getting Building Fund

Revised following Gate 1 Review
October 2020



Contents

The template.....	1
The standard process	2
1. Project Overview	3
2. Strategic Case	8
3. Economic Case	26
4. Commercial case.....	46
5. Financial Case.....	50
6. Management Case.....	55
7. Declarations	62
Annexes.....	62

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.

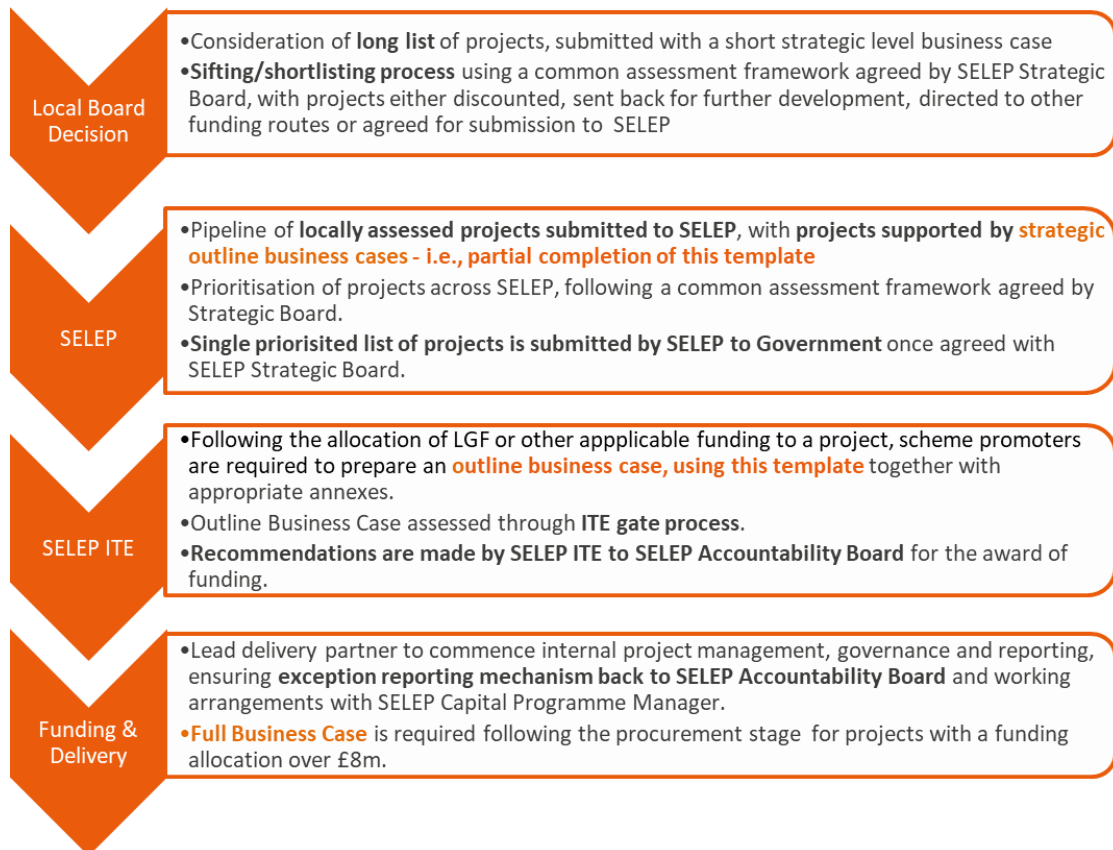
It is also designed to be applicable across all funding streams made available by Government through SELEP. It should be filled in by the scheme promoter – defined as the final beneficiary of funding. In most cases, this is the local authority; but in some cases the local authority acts as Accountable 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:



Version control	
Document ID	North Kent College: Performing and Production Digital Arts Facility
Version	8.0 – Revised Gate 1 05.10.20
Author	North Kent College
Document status	Final submitted
Authorised by	Lawrence Jenkins, Deputy Chief Executive
Date authorised	5 October 2020

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).]

North Kent College – New Performing and Production Digital Arts Facility

1.2 Project type:

[Site development, skills, innovation etc.]

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.]

North Kent College, Dartford Campus, Oakfield Lane, Dartford DA1 2JT.

1.6 Project Summary:

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

Overview

The project will provide a new **Performing and Production Digital Arts Facility** at North Kent College's Dartford campus. This will enable the College to maintain and develop its established strengths in performing arts and digital design, respond to growing student demand and contribute to the long-term growth of the creative and cultural sector.

Specifically, it will involve the construction of a new, high-quality two-storey building containing 2,836 sq m (c. 30,500 sq ft) of educational floorspace, including a performance venue, dance studios, music performance spaces, digital design classrooms and workshops, and a new food court and social zone serving the whole College campus.

The new facility will consolidate the College's digital design and performing arts facilities, enabling it to grow provision by 264 net new enrolments per year by 2026/27.

Opportunity and need

There is a clear opportunity and need for the project. The College is acknowledged as one of the best-performing further education colleges in England in music, dance and digital design, and attracts students from a wide catchment in Kent and South London. Student numbers have grown in recent years, although applications outstrip enrolments as physical capacity places a limit on recruitment. At the same time, there are growing economic opportunities in the creative sector: while in the short-term, the creative industries have been badly impacted by the Covid-19 pandemic, performing arts and digital design are areas of relative strength in the UK, and at strategic level, initiatives such as the development of the Thames Estuary Production Corridor recognise the potential for significant regional growth.

However, despite these opportunities, the existing facilities at North Kent College's Dartford campus are past their economic life and offer poor quality teaching and learning environments. The current facilities include temporary structures that have now been in place for over 15 years, as well as teaching areas converted from former accommodation blocks. While the Joint Area Review carried out in 2017 noted high teaching performance, it also highlighted the high running costs associated with the existing estate and the need for investment.

Deliverability

A solution to the urgent need for investment is well advanced. Plans for additional facilities for digital and performing arts were developed over a decade ago, as part of the former Building Schools and Colleges for the Future programme, although at the time, there was insufficient funding to deliver these. More recently, proposals for a new Performing and Production Digital Arts Facility were advanced as part of a redevelopment plan that would have brought forward some residential enabling development to pay for investment in the College estate. While these could not be realised due to the planning challenges of housing development in the Metropolitan Green Belt, the educational element has full planning permission, and can be delivered by February 2022, provided capital funding is in place.

1.7 Delivery partners:

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

The only delivery partner is North Kent College, which is the applicant and which owns the land, will manage all contracts relating to the capital build, will own the asset on completion and will be responsible for the delivery of educational services from it.

The College will engage contractors for delivery, with Willmott Dixon appointed as the main contractor and AECOM appointed as project managers through a Scape Group framework.

1.8 Promoting Body:

[Specify who is promoting the scheme.]

North Kent College

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.]

Lawrence Jenkins

Deputy Chief Executive

Lawrencejenkins@northkent.ac.uk

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.]

Table 1-1: Project value and funding sources

Funding source	Amount, £	Constraints, dependencies and mitigations
North Kent College	1,678,981	None (mostly sunk costs)
Getting Building Fund	12,301,796	Subject to approval
Total project value	13,980,777	

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

This project seeks £12,301,796 in Getting Building Fund.

State Aid

The primary activities of a further education college are considered 'non-economic' activities for the purpose of State Aid. Even though colleges may charge for some activities, and exist within a partly competitive environment (with other learning providers), the State Aid Manual notes that this does not change the fundamentally non-economic nature of their educational remit. It is also not proposed that the Facility will be used for commercial purposes.

Public grant funding for this project therefore does not constitute State Aid.

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]

No exemptions apply.

1.13 Key dates:

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

- Contract agreement and award: 23 November 2020
- Construction project start: 23 November 2020
- Enabling works complete: 4 December 2020
- Construction start on site: 4 January 2021
- Construction end: 28 February 2022
- Fit-out complete: 26 April 2022
- Facility open: 27 April 2022

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 1-2: Project development stages completed to date

Task	Description	Outputs	Timescale
Initial proposals	Initial scheme advanced as part of agreement with Bellway	Proposal developed linked with residential enabling development	Complete
Options assessment	Assessment of alternative options following previous	Confirmed preferred option	Complete
Consultation	Stakeholder consultation	Consultation report	Complete
Planning permission	Full consent	Full planning consent	Complete
Stage 3 design	Detailed designs	Designs completed	Complete

Table 1-3: Project development stages to be completed

Task	Description	Timescale
Approval of GBF	GBF approved	20 November 2020
Stage 4 designs	Final detailed designs	18 December 2020
Contractor appointment	Final contractor appointment through Scape Framework	23 November 2020
Construction	Construction complete	28 February 2022

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.]

All construction outputs will be complete by the end of February 2022. The first 'additional' students will join in September 2022.

The College has received Skills Capital funding from SELEP for two minor projects in the past five years. There are no previous or current projects funded via SELEP that are directly relevant to this proposal.

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.]

Introduction

The project will provide a new **Performing and Production Digital Arts Facility** at North Kent College's Dartford campus. This will enable the College to maintain and develop its established strengths in performing arts and digital design, respond to growing student demand and contribute to the long-term growth of the creative and cultural sector.

Specifically, it will involve the construction of a new, high-quality two-storey building containing 2,836 sq m (c. 30,500 sq ft) of educational floorspace, including a performance venue, dance studios, music performance spaces, digital design classrooms and workshops, and a new food court and social zone serving the whole College campus. The new facility will consolidate the College's digital design and performing arts facilities, enabling it to grow provision by 264 net additional learners by 2026/27.

North Kent College and strengths in performing and digital arts

Introducing North Kent College

North Kent College provides higher and further education across two main campuses in Dartford and Gravesend, in addition to four specialist training facilities¹. In 2019/20, the College supported around 5,700 students, of which around 3,350 are full-time, with a catchment area extending into South East London. The College provides qualifications at a range of levels in Arts and Creative Industries (described in greater detail below); Business and Computing; Construction and Engineering; and Sports Hospitality and Service Industries.

The College's performance is strong. The most recent Ofsted inspection rated the College as 'Good with Outstanding Features', noting that the College's new strategic plan had "increased the focus on high quality education and training" and that significant achievements had been made in rationalising and refocusing course provision and in

¹ The National Maritime Training Centre, Gravesend; Hall Training Centre, Gravesend (a specialist training centre in refrigeration and air conditioning), SusCon (focused on sustainable construction at The Bridge, Dartford), and The Learning Shop at Bluewater.

strengthening links with employers². The Quality Assurance Agency for Higher Education also noted in its most recent review that higher education provision meets national expectations, highlighting good practice in relation to “*the development and provision of significant specialist resources*” which enhance the quality of learning³.

Strengths in performing and digital arts

North Kent College has significant strengths in performing and digital arts. In 2019/20, there were 356 students (at all levels) enrolled in Music; Dance; and Creative Digital Design and Motion Graphics and Animation (MGA). Overall student numbers have increased substantially in recent years, although (as explained later in this business case) expansion potential is limited by accommodation constraints:

Table 2-1: Student enrolments (all levels) in performing and digital arts

	2015	2016	2017	2018	2019	% change, 2015-19
Music	110	105	97	100	108	-1.8
Dance	63	61	85	103	97	54.0
Creative Digital Design & MGA	84	164	153	137	151	79.8
Total	257	330	335	340	356	38.5

Source: North Kent College

Student retention rates are high and have improved in recent years. In 2019/20, retention rates in Music, Dance and Creative Digital Design were between 96-98% (increased from 91-95% in 2015/16). Success rates (i.e. the proportion of students completing courses with a qualification) are also consistently high, at 95-97% across the subject areas in 2018/19. Success rates in performing and digital arts were the second-highest of any English further education institution last year and have been the highest in Kent for many years. Higher education courses are accredited by University of the Arts London and the College benefits from the acclaimed Miskin Theatre on the Dartford Campus (rated as Outstanding by Ofsted)⁴.

The great majority of further education students enter higher education or employment, with many going on to study at institutions such as Trinity Laban, Central College of Speech and Drama, UAL and Ravensbourne.

Reflecting the strength of the performing and digital arts offer, the College has a relatively wide catchment area in these subjects. Around 38% of students travel from beyond the adjacent boroughs of Dartford, Bexley and Gravesham, with (for example) the London Boroughs of Greenwich and Lewisham important as centres of recruitment, despite the large number of competing institutions in Greater London.

The opportunity to expand provision

There ought to be opportunities to build on these strengths and expand provision: as the enrolments trajectory in Table 2-1 highlights, there is substantial rising demand. This is

² Ofsted (2017), Short Inspection of North Kent College (<https://files.ofsted.gov.uk/v1/file/2747429>)

³ QAA (2014), Higher Education Review of North West Kent College of Technology (<https://www.qaa.ac.uk/reviewing-higher-education/quality-assurance-reports/North-Kent-College>)

⁴ See <https://www.northkent.ac.uk/open-to-the-public/miskin-theatre.aspx>.

likely to be augmented by rapid population growth within the College’s catchment area: Dartford’s population in the 16-24 age group is forecast to grow by 31% between 2020 and 2030 (double the Kent and Medway average)⁵, with high levels of growth anticipated in the neighbouring North Kent and London boroughs. At the same time, relevant employment demand has grown in recent years and is expected to grow further (see Section 2.5 below).

The challenge of the physical estate

Despite the College’s strengths in performing and digital arts, and the scope for expansion, the physical infrastructure supporting the offer has outlived its natural life. Currently, provision is accommodated in poor quality buildings on the Dartford campus which are no longer suitable for modern teaching requirements, and which incur high repair and maintenance and energy costs (set out further in Sections 2.5 and 2.7 below).

The physical estate on the Dartford campus has presented a challenge for many years. The College acquired the campus from the University of Greenwich in 2003, inheriting a number of buildings (such as student accommodation blocks) that were surplus to College requirements and older teaching facilities in need of rebuilding. A major redevelopment proposal was advanced in 2007, consisting of five new buildings delivered in two phases. This was expected to cost around £100 million, and was to be delivered through the then Government’s Building Schools for the Future programme.

However, only £50.5 million of funding was made available before the Building Schools for the Future programme was cancelled in 2010. This enabled part of the first phase to be delivered, bringing forward a new reception block and the Österberg sports centre (as well as converting the former University of Greenwich swimming pool into high-quality premises for the Miskin Theatre). But Phase 2 (which would have included new facilities for dance, music and digital design) was cancelled: consequently, provision since that time has been in temporary accommodation (which is now over 15 years old) and older buildings, including redundant halls of residence (which would otherwise have been demolished) and an old mansion building dating back to the 1870s.

The project proposal

This project aims to address this challenge, by providing new accommodation for performing and digital arts, within the proposed new facility illustrated in Figure 2-1. Specifically, this will include:

Table 2-2: Accommodation within the proposed Performing and Production Digital Arts Facility

Facility	Description
The Miskin Venue (performance venue)	200 sq m (2,200 sq ft) performing arts space dedicated to non-profit performances of youth drama and musical productions, accommodating up to 200 guests. This will replace an existing venue accommodated in sub-standard facilities (which were part of the old University of Greenwich halls of residence and student bar), and can also be used for teaching when performances are not being delivered.
Music performance spaces	244 sq m (2,600 sq ft), including a Musical Theatre

⁵ Kent County Council, housing-led forecasts

Facility	Description
Dance studios	362 sq m (3,900 sq ft) within three dance studios. These will replace and expand on existing facilities currently provided in temporary 'portakabins' which have now greatly exceeded their natural life
Performance and rehearsal spaces	178 sq m (1,900 sq ft), including five music classrooms.
Digital design classrooms and workshops	601 sq m (6,500 sq ft) accommodating Graphic Design, Motion Graphic Animation (MGA) and 3D workshops, within a consolidated space. This will expand and bring together provision currently offered in poor quality accommodation over several buildings and levels.
Food court and social zone	558 sq m (6,000 sq ft) space for eating and socialising and independent/ informal learning. This will serve the whole Dartford campus, replacing an existing outdated refectory, which was once part of the old halls of residence and is over 100 years old.

Source: North Kent College

Figure 2-1: Proposed Performing and Production Digital Arts Facility



Source: North Kent College, Design Statement (August 2020)

Intended benefits

The expected benefits of the project are set out in Section 2.11 (and in greater detail within the Economic Case). In summary, the Performing and Production Digital Arts Facility will:

- Consolidate and safeguard North Kent College's role as a leading centre for digital and performing arts, ensuring that future provision is sustainable and its national reputation for quality is maintained and enhanced.
- Expand provision to meet rising demand driven both by the reputation of the educational offer (as evidenced in rising application and enrolment numbers) and by rapid local population growth.
- Deliver an enhanced centre for the creative industries that will support the growth of this nationally significant sector and its presence within Dartford and the wider Thames Estuary, and enable strengthened partnerships with employers, higher education providers and other key institutions in the sector.

2.2 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 2-3: Performing and Production Digital Arts Facility: Logic map

Inputs	Outputs	Outcomes	Impacts
<p><u>Capital</u></p> <ul style="list-style-type: none"> • Getting Building Fund: £12.302 million • North Kent College: £1.679 million <p><u>Revenue</u></p> <ul style="list-style-type: none"> • Non-capitalised strategic management costs associated with the new development • Ongoing maintenance and repair of the new Facility over 30 years • Earlier investment in design and development (not included in the Economic Case) 	<ul style="list-style-type: none"> • 2,836 sq m of educational floorspace • Better quality facilities • Increased capacity to expand student numbers 	<ul style="list-style-type: none"> • Retention/ safeguarding of existing course offer • Expansion of student numbers at all levels • Expansion of curriculum offer • Increased efficiency of educational provision, as facilities consolidated and use of equipment and deployment of teaching staff optimised • Increased attractiveness of North Kent College (specifically in performing and digital arts and more broadly) • Reduced running costs, yielding savings on current estate • Improved energy efficiency and environmental sustainability 	<ul style="list-style-type: none"> • Increased and enhanced educational support to the creative industries sector, including through the development of new partnerships and employer relationships • Greater understanding of opportunities in the sector, through increased public interaction with the facilities on the Dartford campus • Enhancement of North Kent College's position as a nationally leading further education institution in performing and production digital arts • The development of Dartford (and the Thames Estuary more generally) as an important centre for the creative industries, linked with the area's growth agenda and with the opportunities associated with the Thames Estuary Production Corridor • Strengthened employment outcomes

2.3 Location description:

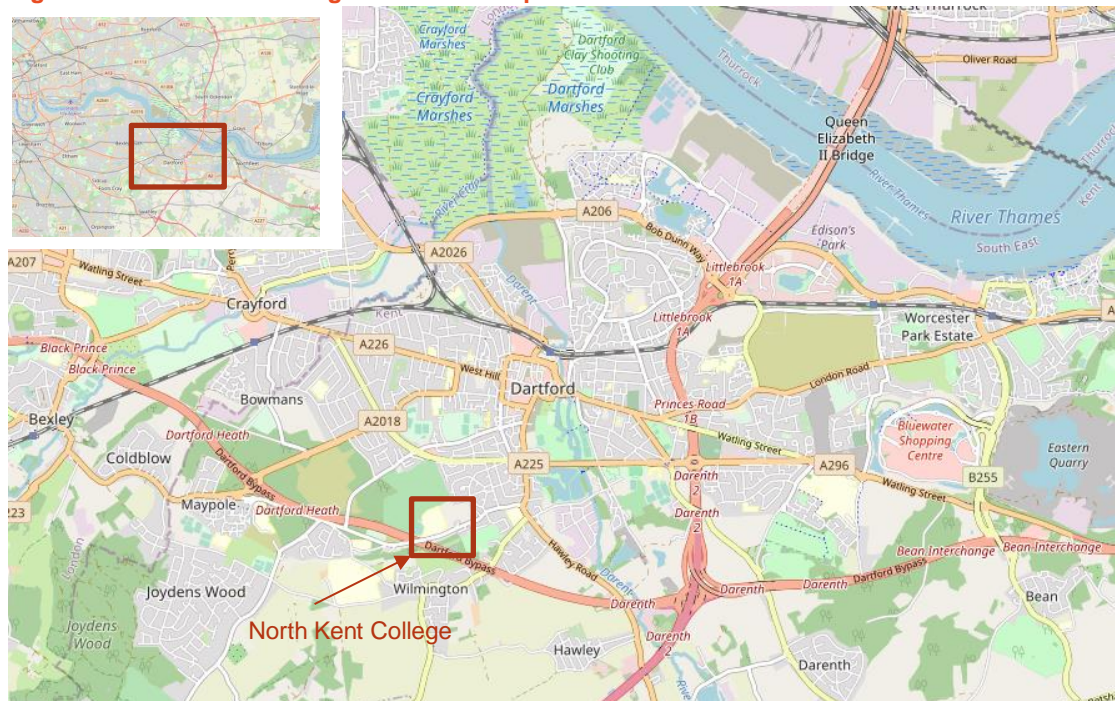
[Describe the location (e.g. characteristics, access constraints etc.) and include at least one map; max. 1 page excluding map.]

Campus location

The Performing and Production Digital Arts Facility will be located at North Kent College's Dartford Campus, at Oakfield Lane, Dartford DA1 2JT.

The campus is located to the south of central Dartford, between the Darenth (M25) and Dartford Heath junctions of the A2. There are direct bus connections to central Dartford (including a free shuttle bus for students), Swanley, Bexley, Erith and Woolwich.

Figure 2-2: North Kent College: Dartford Campus location



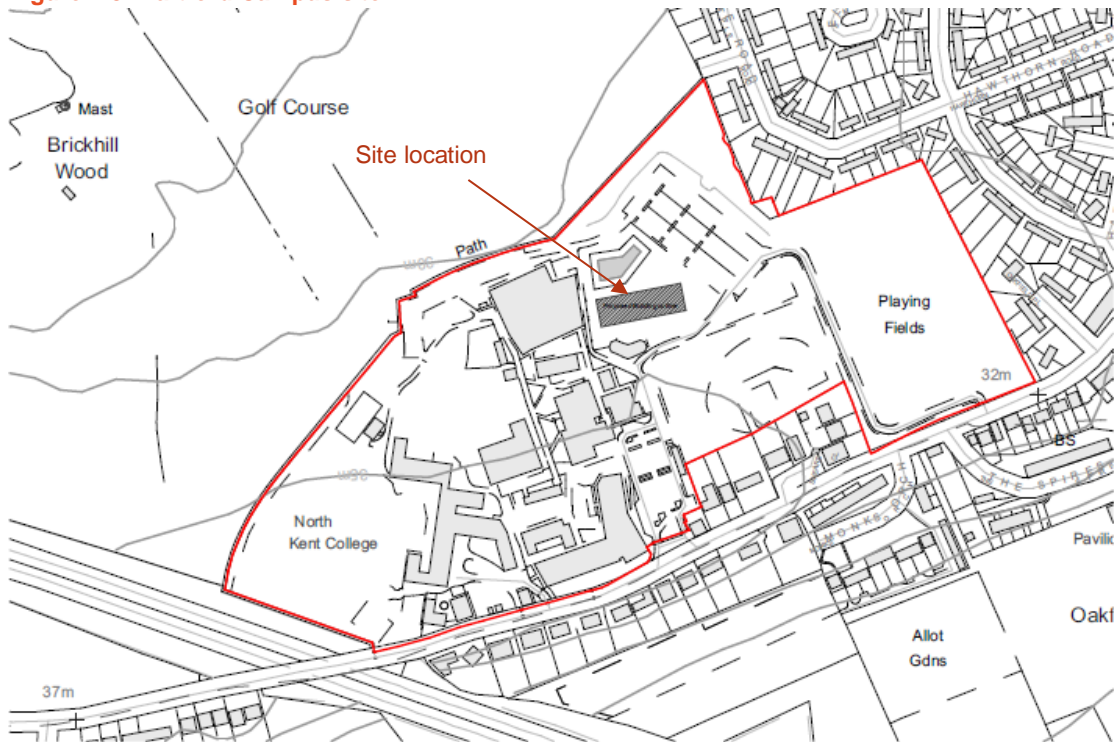
Source: OpenStreetmap

As set out in Section 2.1, the Campus currently consists of a mixture of modern buildings delivered through a partially-completed redevelopment programme funded by the Learning and Skills Council prior to 2010, and an extensive stock of older, poorer-quality buildings (discussed further in Section 2.5)

The site

The proposed Facility is located on the northeast side of the campus, on a cleared brownfield site. A detailed plan of the site is set out below:

Figure 2-3: Dartford Campus site



Source: Willmot Dixon/ Bond Bryan Architects

2.4 Policy context:

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

The development of the new Facility aligns with policy at national, regional and local level. The following paragraphs outline the general policy context, before focusing on the policy implications of the Covid-19 pandemic.

The national context

Nationally, the creative industries are seen as a sector in which the UK has a global competitive advantage. The Government estimates that the sector is worth around £92 billion per year (some £34 billion of which is accounted for by IT, software and games), employing around 3 million people nationally. The sector has also grown rapidly both in terms of output and employment: GVA growth between 2010 and 2016 was approximately double the all-industries average⁶.

In 2018, the Government published the *Creative Industries Sector Deal*, which set out a number of actions to support sector growth. In relation to skills, the Sector Deal aims to “strengthen the talent pipeline to address current and future skills needs, as well as ensur[ing] that it is more representative of UK society”⁷. The Sector Deal notes widespread occupational shortages, at higher levels in music and performing arts, as well as in ‘digital’ occupations. There is also some evidence that creative industries occupations are less

⁶ HM Government (2018), *Creative Industries Sector Deal* (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/695097/creative-industries-sector-deal-print.pdf)

⁷ *Ibid.*, p.55

likely to be vulnerable to automation than the stock of jobs in the economy as a whole, supporting long-term resilience⁸.

However, the employment market in the creative industries is complex. There is evidence that growth in the jobs market (and apparent shortages) coexists with an oversupply of potential workers in some areas; at the same time, the market is characterised by high levels of freelancing and self-employment⁹. Within this context, ensuring quality in the further education offer is important in driving strong routes to employment and progression to higher education.

Regional and local economic context

Local employment in the creative industries has risen in recent years. Within North Kent College's approximated catchment area, creative industry employment rose by around 8.7% to 25,000 between 2015 and 2018, a much greater rate of increase than the all-industries average of 2.7%¹⁰.

Looking to the future, there is a favourable strategic environment for sector growth (and the expansion of creative capacity at North Kent College), with key opportunities for growth including:

- The **Thames Estuary Production Corridor (TEPC)**, a concept which seeks to build a nationally-significant network of creative production enterprises across the Thames Gateway. The Vision for the TEPC highlights the range of creative organisations that currently exist in the Thames Estuary, including educational institutions such as Trinity Laban Conservatoire of Music, mixed-use developments such as Here East at Stratford and smaller creative workspaces. The strategy for the TEPC notes that while the sector is already well established, there is significant 'headroom for growth', given local population growth (see Section 2.1) and evidence of current out-commuting¹¹. The TEPC's *Case for Investment* specifically highlights North Kent College (and, in particular, the Miskin Theatre) as a key local asset. More broadly, the TEPC concept is recognised as a 'key enabler' within the Mayor of London's Economic Strategy and within *The Green Blue*, the new high-level strategy for the wider Thames Estuary.
- The development of **London Resort** on the Swanscombe Peninsula. Plans for London Resort have been in preparation since 2012. While not certain to proceed, it would be a substantial driver of opportunity in the creative sector, with the potential for up to 17,000 jobs across the creative, tourism and hospitality sectors. The *Guide to Consultation* prepared by London Resort's promoters sets out an aspiration for theatres and indoor and outdoor venues to "provide West End quality productions, comedy acts and concerts", potentially offering offer career pathways

⁸ Nesta, Creative Industries Policy and Evidence Centre (2019), *Driving more successful creative industries through diversity and investment in talent* (<https://www.pec.ac.uk/blog/driving-more-successful-creative-industries-through-diversity-and-investing-in-talent>)

⁹ See for example Creative & Cultural Skills (2015), *Building a Creative Nation: The Next Decade* (https://ccs.rooftop.io/sites/413/2020/03/26163300/CCS_BUILDINGACREATIVENATION_WEB_SINGLES7.pdf)

¹⁰ ONS, Business Register and Employment Survey. Based on approximated catchment area of Dartford, Gravesham, Sevenoaks, Medway, Bexley, Bromley, Greenwich and Lewisham. Note that this rate of increase is likely to undercut the actual rise in employment, given that not all self-employment is counted in these data.

¹¹ Thames Estuary Production Corridor (2020), *The Case for Investment* (https://www.london.gov.uk/sites/default/files/tepc_case_for_investment_2020.pdf)

for performers, production, technical and back-stage staff as well as a strong market for creative production (set-building, lighting, sound, digital effects etc).

Local and regional skills strategy

For several years, the South East LEP has had responsibility for funding skills capital projects, including some major development schemes (such as the construction of Ashford College) and a series of smaller scale refurbishment and equipment projects.

In 2019, the South East LEP published its Economic Strategy Statement, *Smarter Faster Together*, in anticipation of the new local industrial strategy currently in development. The Strategy Statement notes the importance of the creative industries to the local economy, especially within the Thames Estuary. Alongside the Economic Strategy Statement, the *SELEP Skills Strategy 2018-23* identifies 'IT, Digital and Creative' as a priority sector¹².

The Kent and Medway *Further Education Area Review*, carried out in 2017, provided a basis for the restructuring of further education in the county. The Review noted North Kent College's strong performance and highlighted the efforts that the College had made to rationalise provision to focus on areas of strength (including creative arts)¹³.

Subsequently, there has been further consolidation of the FE offer in Kent and Medway, with the aim of strengthening institutional scale and capacity and ensuring that institutions have 'critical mass' in areas of strength. As a result, North Kent College is now one of three FE institutions in the county (having taken over significant parts of Hadlow and West Kent and Ashford Colleges), with an offer that is complementary to that of East Kent College and Mid-Kent College¹⁴.

Planning policy alignment

Full planning permission for the Facility was granted by Dartford Borough Council in March 2019 (DA/18/01351/FUL).

The impact of the Covid-19 pandemic

In the short term, the Covid-19 pandemic has impacted the creative industries more than most sectors: the GVA of the 'arts, entertainment and leisure' sector is expected to contract by around 26% in 2020, as venues remain closed and demand is weakened¹⁵. Within the sector, specific activities are impacted differently: for example, those sub-sectors reliant on live performance have experienced much sharper falls in output than animation and graphic design (indeed, some branches of the 'digital' sector have experienced growth during the pandemic, as activity has increasingly moved online).

It is possible that the negative impact on those parts of the sector reliant on physical interaction will continue for some time. However, the Government has acted to put in place an extensive package of support for the creative industries (including financial assistance

¹² South East LEP (2018), *Skills Strategy 2018-23* (<http://www.southeastlep.com/our-strategy/skills/>)

¹³ Department for Education (2017), *Kent and Medway Area Review: Final Report* (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/635251/Kent_and_Medway_Area_Review_Report_FINAL.pdf)

¹⁴ Note that North Kent College is in the process of taking over Hadlow College and West Kent College from the former Hadlow Group.

¹⁵ Oxford Economics (July 2020), *The projected economic impact of Covid-19 on the UK creative industries* (<https://www.oxfordeconomics.com/recent-releases/The-Projected-Economic-Impact-of-COVID-19-on-the-UK-Creative-Industries>)

for theatres and other venues)¹⁶. Locally, the Kent and Medway *Economic Renewal and Resilience Plan* also highlights the importance of supporting the cultural and creative sector, given its local strength and recent growth. Overall, it is likely that the sector will be more resilient than some other similarly-impacted sectors (such as retail), and while the outlook is uncertain, long term prospects are positive.

2.5 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.]

Building on the narrative in the scheme description above, the need for intervention is essentially three-fold: there is a need to:

- Safeguard existing provision to protect the quality of the ‘asset’ at North Kent College and to ensure its continued success
- Expand provision to meet market demand
- Ensure the viability and sustainability of the College estate.

All three are clearly linked; the following paragraphs take each in turn.

Safeguarding existing provision

As set out above, while North Kent College has outstanding educational provision in performing and digital arts, much of this provision is being provided from sub-standard and outdated facilities. While significant efforts are being made to extract value from the existing facilities, challenges for the performing and digital arts offer include:

- Poor quality working environments, including congested facilities, poor temperature control and in some cases health and safety issues resolved through short-term mitigations
- Sub-optimal teaching conditions (e.g. subject provision over multiple floors)
- Poor access (for example, while the existing Miskin Venue could attract external guests (and is currently hired out for some of the time), its dilapidated state and poor access from reception and central car parking areas means that the potential of the activity that takes place within it cannot be realised).

Without intervention, it is likely that the quality of the existing offer will suffer. This may be through reduced attractiveness to students, although the strong educational offer has been sufficient to maintain (and grow) student numbers to date. More fundamentally, if there is no new investment, some parts of the estate will need to close in due course, meaning that the College will be unable to maintain its existing offer. This is quantified as the ‘reference case’ within the Economic Case: it would mean a diminution of existing student numbers and the loss of educational provision in an area in which the College has substantial strengths and which there is rising long-term economic demand.

¹⁶ DCMS (<https://www.gov.uk/government/news/dowden-jump-start-for-uks-leading-creative-industries>)

Figure 2-4: The need for investment: Outdated building accommodating the Miskin performance venue



Source: SQW

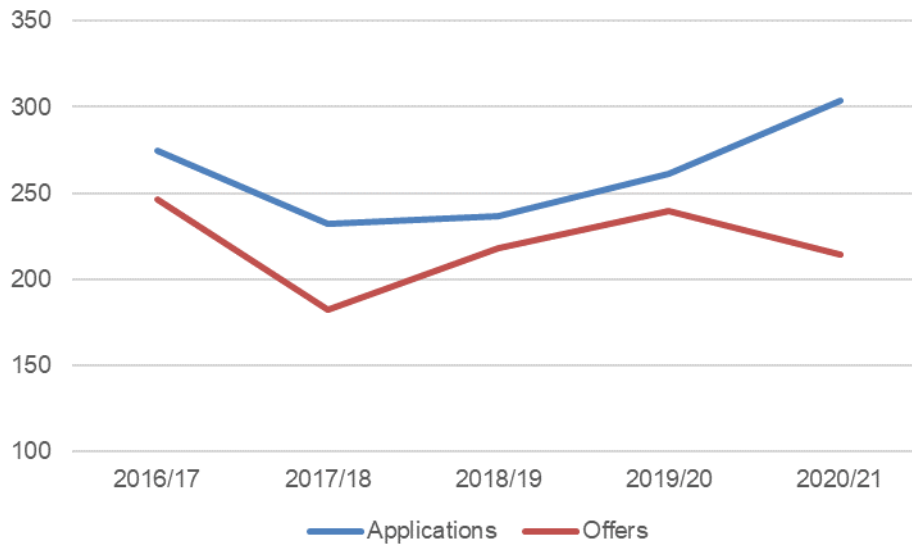
Expanding provision to meet market demand

While there is a risk that provision could be reduced as facilities become unsustainable, there ought to be opportunities to expand provision to meet the rising demand outlined earlier. However, these are constrained by physical capacity. Applications exceed offers in all relevant subjects, and as Figure 2-5 shows, the gap has accelerated in the past year. This is because despite the popularity of Digital Design, the number of offers has been reduced substantially due to the physical limits on capacity (for example, MGA Level 3 provision has had to be reduced from three groups to two).

In the event of non-intervention, the obsolescence of some buildings will mean that some provision will need to be consolidated in those parts of the estate that can be viably maintained. This will mean that areas will end up sharing common teaching rooms,

restricting the College's ability to offer highly specialised training and courses. Over time, this will lead to a decline in offers, even if some provision is maintained.

Figure 2-5: Applications and offers in Music, Dance and Digital Design



Source: North Kent College

Ensuring the viability and sustainability of the College estate

Delivering the new Facility will also have an impact on the College estate overall, as well as on the specific subject areas that will directly benefit. Currently, 49% of buildings on the Dartford site are assessed as either 'operational' (requiring investment in the next 3-5 years) or 'poor' (at risk of major failure), compared with a DfE benchmark of 24%¹⁷. The consequence of this (other than the extensive redundant stock highlighted earlier) is that:

- **Running costs are high.** Running costs were £809 per student educated on campus in 2017 (104% higher than the national FE median cost). Since then utility (especially electricity) costs have risen sharply¹⁸.
- **Costs of major repair and maintenance are high.** The College estimates that to keep its existing food court operational, around £400k will need to be spent in the next five years, replacing the kitchens and roof. Overall, maintaining the existing stock will incur a recurrent cost of about £500k per year, imposing a significant burden on the revenue base¹⁹.
- **Obsolescence and a need to consolidate provision will impact student numbers,** either through student preference (through the negative impacts on the student experience) or through a cap on physical capacity. A 1.5% reduction in student numbers on the Dartford campus would result in an estimated loss of income of around £200k per year.

¹⁷ DfE Joint Area Review Delivery Unit (2017)

¹⁸ Ibid

¹⁹ Savills/ North Kent College (updated 2020) Enabling Case Statement

2.6 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

The capital cost of the project is £13.981 million. This will be funded by Getting Building Fund (£12.302m) and College reserves (£1.643m in sunk costs to date and £36k in evaluation costs).

Alternative sources of funding investigated

Alternative sources of funding have been comprehensively investigated for the Performing and Production Digital Arts Facility, over several years:

Other public sector investment

Historically, further education capital funding has been regarded as a 'public good', and typically, major college redevelopment programmes have involved Government grant assistance. Originally, new performance and digital design facilities were proposed as part of the planned £100 million redevelopment of the Dartford campus, which would have been funded through the former Building Schools for the Future programme. However, as only half of the proposed investment was made available, a choice was made at the time to prioritise the Reception block and Österberg sports centre.

Since then, the maintenance challenges associated with the remainder of the estate have intensified. However, no alternative source of public funding has been available since 2010: while some skills capital funding has been available via the South East LEP, this has not been of sufficient scale to bring forward redevelopment on the scale required (this was explored via an expression of interest to the LEP for Skills Capital funding in 2018). Recently, the College has received a modest amount of funding (c.£900k) from the Government to address estate condition issues at Gravesend and Dartford, although again this is insufficient to address the need for major rebuild.

Capital receipt through commercial development

Alternative funding could be realised through commercial development on the Dartford campus. In 2016, the College entered into a development partnership with Bellway Homes, through which the College intended to dispose of redundant land and buildings for residential development. At the time, this was seen as *"the only viable way in which to fund the development of new College facilities"*²⁰.

While Dartford Borough Council granted planning permission for the proposed Performing and Production Digital Arts Facility in 2019, planning was refused for the residential

²⁰ Savills/ North Kent College (updated 2020) Enabling Case Statement

development, on the basis that the campus is within the Metropolitan Green Belt. This effectively rules out any commercial funding for the scheme.

Capital borrowing

The College currently has a mortgage following its acquisition of the site in 2003 and subsequent investment. As outlined earlier, the College is also currently in the process of taking over the operation of West Kent College and Hadlow College from the former Hadlow Group.

Currently, the banks are not lending new funds to the further education sector, due to the impact of austerity over the past decade. Further borrowing is therefore not an option.

Suitability for Getting Building Fund

As the paragraphs above make clear, all other sources of funding have been exhausted: Getting Building Fund is “funding of last resort”. The project is however highly suitable for GBF, since all the necessary planning, design and internal business case work has been done to ensure that a fully costed scheme exists with permission, which can be delivered by March 2022.

2.7 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.]

‘Doing nothing’ would mean the progressive obsolescence of the Dartford campus, as long term repair and maintenance costs are reduced and provision is consolidated and cut back. Part of the campus is already obsolete: some blocks are vacant and there are no plans to bring them back into use (although this would have been dealt with via the proposed Bellway development). ‘Doing nothing’ would mean an extension of this.

However, in practice, a ‘do minimum’ scenario is more likely. This would mean continued high levels of maintenance expenditure and high running costs. This scenario is not likely to be sustainable in the long run, although it could be managed for the next few years. The specific impacts of this are anticipated to be:

- Increased cost pressures on the College as running costs rise and some provision becomes unviable
- Deteriorating student experience, potentially impacting on recruitment
- Negative impacts on the continued realisation of the benefits associated with the previous £50.5 million investment in the first phase of development (which would have assumed further investment in due course)
- Negative environmental impacts, through the poor energy efficiency of the existing estate

- Over time, a loss of students and – ultimately – the non-viability of the College’s strong performing and digital arts offer.

Future market conditions

We assume in the ‘do minimum’ scenario that learner demand remains at current levels (i.e. in ‘do minimum’, applications continue to exceed offers). This is plausible given the earlier market analysis: despite the current crisis, we anticipate that the creative industries will have long-term growth prospects, and that student demand will follow that economic need. Even if demand falls, the existing estate is still unfit for purpose, with high costs.

In terms of funding, the Government has recently offered some relatively small funds to address condition problems, amounting to around £900k across the Dartford and Gravesend campuses. While welcome, this is insufficient to address the need outlined.

It is plausible that some form of larger-scale alternative capital funding for the FE estate will emerge at some point. But there is no indication of that at present. There is also no prospect of securing capital funds through development, unless there is a major planning policy change.

2.8 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:

- Objective 1: To support the growth of the creative economy by developing talent and building a skilled workforce
- Objective 2: To sustain and enhance North Kent College’s position as a leading centre for performing and digital arts
- Objective 3: To ensure a sustainable further education offer in Dartford, in the context of rapid population growth

Problems or opportunities the project is seeking to address

- Problem 1: Existing facilities at North Kent College are insufficient to meet rising student demand in the performing and digital arts
- Problem 2: The current estate is unsuitable to meet modern needs
- Problem 3: There are high running and maintenance costs, which are likely to rise in the future, presenting a challenge to long-term sustainability
- Problem 4: A variety of funding solutions have been explored, although no alternatives are viable at present
- Opportunity 1: North Kent College has strengths in digital and performing arts, and has the potential to expand provision
- Opportunity 2: There are some physical assets on site (e.g. the Miskin Theatre) which are high quality and can be levered further

- Opportunity 3: There is growing economic demand, and the growth of the creative industries is relevant to local strategy
- Opportunity 4: The local population is growing rapidly, driving long term demand for further education

[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.]

Table 2-4: Mapping objectives and issues

	Objective 1: Support the growth of the creative economy	Objective 2: Sustain and enhance North Kent College's position as a leading centre for performing and digital arts	Objective 3: Ensure a sustainable further education offer in Dartford
P1: Existing facilities at North Kent College are insufficient to meet rising student demand in the performing and digital arts	✓✓✓	✓✓✓	✓✓
P2: The current estate is unsuitable to meet modern needs	✓✓	✓✓✓	✓✓✓
P3: There are high running and maintenance costs, which are likely to rise in the future, presenting a challenge to long-term sustainability	✓	✓✓	✓✓✓
P4: A variety of funding solutions have been explored, although no alternatives are viable at present	✓✓	✓✓✓	✓✓✓
O1: North Kent College has strengths in digital and performing arts, and has the potential to expand provision	✓✓✓	✓✓✓	✓
O2: There are some physical assets on site (e.g. the Miskin Theatre) which are high quality and can be levered further	✓✓	✓✓✓	✓
O3: There is growing economic demand, and the growth of the creative industries is	✓✓✓	✓✓✓	✓✓

	Objective 1: Support the growth of the creative economy	Objective 2: Sustain and enhance North Kent College's position as a leading centre for performing and digital arts	Objective 3: Ensure a sustainable further education offer in Dartford
relevant to local strategy			
O4: The local population is growing rapidly, driving long term demand for further education	✓✓	✓✓	✓✓✓

2.9 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.]

No significant constraints have been identified for the project:

- **Ownership:** The site is fully owned by North Kent College. There are no land assembly or land acquisition issues to manage ahead of start on site.
- **Planning:** The facility was granted full planning permission on 1 March 2019 (DA/18/01351/FUL) by Dartford Borough Council. The College is in the process of dealing with pre-commencement planning conditions to enable a start on site in January 2021 in accordance with the programme.
- **Procurement:** procurement is via the Scape framework, as set out in the Commercial Case. There are no procurement constraints.
- **Utilities:** There are no utilities constraints.
- **Timetable:** A delivery timetable is in place that will meet the Government's expenditure timescales.

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.]

There are no major dependencies. The key dependency at this stage is timely approval of the GBF grant, to enable the scheme to proceed.

2.10 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 key benefits of the scheme (in addition to the quantified benefits set out in the Economic Case) are:

- The safeguarding and consolidation of North Kent College as a leading centre for performing and digital arts in the Thames Estuary, supporting the growth of the sector and helping to drive forward the Thames Estuary Production Corridor.
- An increased supply of skills linked with the creative economy
- The greater sustainability – financially and environmentally – of North Kent College’s Dartford campus

2.11 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 full and detailed risk register is provided at Annex B of this business case. In addition to the financial and commercial risks highlighted in the relevant cases, key risks include:

Table 2-5: Summary of key risks

Risk	Likelihood/ impact	Mitigation
Reduced student demand impacting on future viability and realisation of economic benefits	Failure to recruit sufficient numbers, impacting on additionality and future outcomes. Limited risk given high applications	Promotion of offer in advance of 2022 intake
Weaker employment prospects in creative sector impacting on longer-term outcomes	Potential risk in short-to-medium term as post-Covid recession works through, although long term prospects for the sector are strong.	Strong relationships with employers and HE and good advice and careers guidance
Competition from other institutions	Limited risk given NKC’s prominence in the subject area regionally and strong performance.	Promotion of offer in advance of 2022 intake
Failure to recruit sufficient staff to manage expansion	Modest risk, likely to be lower during economic downturn.	Active recruitment in advance of need
Delays in securing funding	Potentially significant, given tight timetable to completion.	Early submission of business case and resources allocated
Delays due to Covid-19	Risk of late completion through future lockdowns/ restrictions, potentially impacting on opening target and funding	Early discussion with funders on grant conditions in the event of future enforced delay. Access via PM and main contractor to a wide range of expertise.

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.

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 assessment process

As set out earlier in this Business Case, the proposed new Performing and Production Digital Arts Facility has been in development for many years and the scheme is well advanced. Consequently, the assessment of options for the Facility dates from the original proposals for the redevelopment of the Dartford campus in 2007, and was subsequently updated at the time of the Bellway proposal in 2016.

For the purposes of Getting Building Fund, we have not run a fresh options assessment process, given that in reality, there are only two options for delivery in the next 18 months: the preferred option and 'do minimum'. However, to demonstrate that a range of options have been considered, we set out the alternatives that *would* be viable were the project at conventional Outline Business Case stage. Drawing on earlier material and analysis, this involved the following process:

- An 'in principle' long list of options was drawn up, including a 'do nothing' option
- This long list was reviewed, with each option considered in the light of its in principle viability and deliverability and its alignment with the three objectives set out in Section 1.8
- Following this, the remaining two viable options were shortlisted and subjected to further appraisal
- This resulted in the preferred option described below.

It should be noted that the options assessment for the Economic Case does not consider different funding options. These are set out in Section 1.6 above.

Options long list

The table below summarises the long list of options considered against the objectives identified in the Strategic Case:

Table 3-1: Options long list: Summary

Option	Headline description	Shortlisted?
Do nothing	No further investment in the estate serving the Performing and Digital Arts	No. Without continued repair and maintenance, it will not be possible to maintain provision. This would mean the loss of a highly-performing part of the College offer.
Do minimum	Minimum level of ongoing repair and maintenance to ensure that the estate remains operationally viable and meets minimum standards.	Yes. This option will not enable expansion of provision beyond existing levels, but it is the status quo and is viable, at least over the medium term.
Comprehensive refurbishment	Extensive investment in existing facilities to ensure that they are fit for purpose over the longer term.	No. The existing facilities are at the end of their useful life and are sub-optimal in terms of their basic configuration. Some facilities are also temporary, and cannot be improved beyond ongoing maintenance. Unlikely to demonstrate value for money.

Option	Headline description	Shortlisted?
New build on Dartford campus	Construction of a new Performing and Production Digital Arts Facility	Yes. This is the preferred option
Smaller scale new build on Dartford campus	Smaller facility accommodating part of the Performing and Digital Arts requirement (or a standalone re-provision of the food court) and enabling some consolidation on the existing estate.	No. In principle, this would be a cheaper option. But it would not resolve the estate condition issues, would deliver a sub-optimal solution and would mean a need for further capital investment at a later date, probably at higher cost
New build/ refurbishment on Gravesend campus	Relocation of activity to refurbished/ new build facilities at Gravesend	No. The arts offer at Dartford forms part of the regionally-acclaimed Miskin Theatre Hub, and the activities work together on productions (with dancers performing in the theatre, for example). Relocation would destroy this collaboration and undermine Dartford's unique offer.
Temporary new build	Temporary replacement of existing facilities as they reach the end of natural life	No. Essentially, this is a variant of the 'do minimum' option, although would incur higher cost. In the long run, poor value for money
Investment in provision for alternative subject areas	New build to accommodate other subjects on the NKC estate	No. At this stage, there is no higher priority (and there has already been investment in the Dartford campus for other subject areas).
Comprehensive redevelopment of Dartford campus	Complete redevelopment of Dartford estate, including the redundant mansion block and other buildings.	No. This would have come forward as part of the residential development proposals with Bellway, although this is not an option at this stage
Shared facilities with other institutions	Development of a joint facility with other HE/ FE providers	No. There is rising demand for FE provision in the College's core catchment, and this will be reinforced by population growth. There are no partner institutions within the core catchment, so this option would effectively mean loss of provision. It would also fundamentally undermine the regionally-significant asset at the Miskin Theatre Hub.

Shortlist of options

From this initial assessment, there are two options that are viable (subject to funding) in current circumstances:

Option 1: Do minimum

This option would involve no new development. Instead, it would involve a rolling programme of repair and maintenance to continue the use of the existing facilities. Essentially, this is the 'status quo' option and represents the Reference Case.

This option would help to maintain existing provision, although there is no capacity within the existing estate to expand student numbers. It is also likely that student numbers will fall over time as rising maintenance and running costs mean that parts of the existing estate become increasingly costly to sustain and activity needs to be consolidated. For some subjects, this might mean the loss of provision altogether (for example, dance rehearsal

studios are currently provided in 15 year old portakabins: these have already exceeded their planned useful life and cannot be readily re-accommodated within existing buildings), and this would present risks to the sustainability of the College's provision.

This option is therefore likely to only be viable over the short-to-medium term: the existing facilities cannot be 'patched up' indefinitely and it would only partially meet the objectives set out in the Strategic Case. Effectively, it postpones longer term investment, although in the next few years could sustain provision at minimum levels and is the default if no capital investment is available.

Option 2: New Performing and Production Digital Arts Facility at Dartford

This is the preferred option. It is described in the Strategic Case, and in summary involves 2,836 sq m of new educational floorspace, including music performance spaces; dance studios; performance and rehearsal space; digital design classrooms, the re-provision of the Miskin Venue; and a new food court and social zone serving the whole campus. While there could be variants within this option, there are no real alternatives to substantial new build at this stage.

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.]

Option 2 is our preferred option, because:

- It meets the objectives identified in the Strategic Case
- It presents a long-term solution to the estate challenges on the Dartford campus and the economic and demographic drivers of future demand for digital and performing arts provision
- Of those options presented in the long list that involve rebuilding or comprehensive refurbishment, it is the only one that can be brought forward immediately and can be delivered by March 2022.

Stakeholder support

Community and stakeholder consultation took place in 2018 as part of the development of proposals for the new Facility. This included pre-application engagement with local elected members and community leaders and two public exhibitions to explain the proposals²¹. The *Statement of Community Involvement* submitted alongside the (subsequently approved) planning application noted that there is "a general understanding of the need for the college to invest in its facilities, and support for the college in its endeavour to continue to offer highly-regarded courses and apprenticeships"²².

More broadly, there is widespread strategic support for the new Facility. This is evidenced by the recognition of the quality and importance of the College's creative offer, set out in the Strategic Case. The project is also explicitly supported by Kent and Medway Economic

²¹ One of these also included the proposals advanced as part of the former Bellway scheme.

²² Tristan Fitzgerald Associates for North Kent College (2018), Statement of Community Involvement, p.6

Partnership, Dartford Borough Council and Kent County Council, and Thames Gateway Kent Partnership (the sub-regional economic partnership for North Kent) has provided practical support to the development of this Business Case.

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.]

Approach

The 'do nothing' scenario is set out in the long listing analysis above, and was rejected at that stage. The 'do minimum' scenario is set out as Option 1 above.

The approach taken to assessment was as follows:

- First, we developed a 'routes to impact' model, setting out the plausible logic chains between the activities that the new Facility will support in both the construction and operational phases, and the likely benefits that would be derived from them. A copy of the routes to impact model is attached as Annex I.
- Based on this, we identified those potential impacts that could plausibly be quantified and monetised and those that should be considered as 'narrative only'. In considering this, we drew on reports prepared for BEIS on valuing further education outcomes and the College's planning estimates for new student numbers and teaching requirements. However, there are some benefits (for example, those associated with business and community engagement and with the improved student experience) that are hard to monetise at this stage.
- In general, we have taken a conservative approach to assessment. For example, we have assumed that the 'do minimum' option enables student numbers at the minimum viable level in perpetuity (i.e. with ongoing repair and maintenance, a basic level of provision can be sustained). This means that the net benefits of the preferred option are those that exceed this minimum. However, 'do minimum' is highly likely to lead to a reduction in capacity over time – so the net benefits of the preferred option are likely to be greater.

Appraisal methodology

Conventionally, further education capital schemes are appraised using a methodology based on estate benefits and cost savings. This approach was set out in the 'toolkit' used by the (former) Skills Funding Agency and used for smaller-scale 'skills capital' schemes by LEPs. A similar approach is also used by the Welsh Government for its 21st Century Schools and Colleges programme.

In discussion with the Independent Technical Evaluator for SELEP's Getting Building Fund programme, it was agreed that the approach to appraisal should focus on the economic benefits of the scheme. We have therefore taken an approach which seeks to estimate the benefits in gross value added that the project will generate over time.

We have not considered it appropriate to use land value as a measurement of benefit. This is because the new Facility is located on the College campus and would not be suitable for any non-educational use.

All costs and benefits quantified in the Economic Case are set out in an accompanying Excel workbook.

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].

Key assumptions and parameters shaping the analysis of costs and benefits are as follows:

- An **appraisal period** of 30 years is used, starting in 2020/21. This reflects a 'standard' appraisal period for capital projects of this scale and type, although the new Facility would be expected to be operational (and deliver benefits) without major capital reinvestment beyond this period.
- We assume that all **benefits** are net of the status quo, and begin once the Facility opens in September 2022 (with the addition of appropriate lag times, as set out below).
- All costs and benefits are stated in **2020 prices**
- Costs are presented as **inclusive of VAT**, which the College is unable to reclaim
- **Discount rates** are applied, following HM Treasury's standard guidance, at 3.5% per annum on all costs and benefits, from a 2020/21 start year
- The **impact area** for quantifying the intervention is taken as the 'core catchment' area for North Kent College. As set out in the Strategic Case, we have approximately defined this as the local authority areas of Dartford, Gravesham, Sevenoaks, Medway, Bexley, Bromley, Greenwich and Lewisham.
- The extent to which outputs are additional and attributable is explored in detail, with deadweight, displacement, leakage and substitution all considered.

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](#).]

For the purposes of the economic appraisal, a funding profile is set out for the capital and ongoing repair and maintenance costs relating to the Reference Case and the preferred option.

Option 1: The Reference Case

In the 'do minimum' option, there are no initial capital costs. However, to maintain existing provision in 'steady state', there will be a significant need for ongoing maintenance.

Across the Dartford campus, around £2 million per year is spent on running costs – a substantially higher cost per student or per square metre than the DfE benchmark. Current performing and digital arts provision (and the refectory) is distributed across the campus, so it is not possible to provide a definitive running cost per square metre for the existing facilities alone. However, taking estimated running costs of £917 per student²³ and applying them to the minimum viable number of performing and digital arts students that could be accommodated in the existing buildings yields an annual running cost of £244k. This equates to £7.07 million over the appraisal period at 2020 prices, or a net present value of £4.25 million.

This estimate is likely to underestimate the actual running costs. First, the per student calculation underestimates the costs of maintaining the refectory, for which around £400k will be required in the next four years to replace kitchen equipment. Second, as set out earlier, the existing teaching facilities have outlived their economic life and will become increasingly challenging to maintain. However, the £244k annual cost provides a conservative guide to the basic costs of keeping the existing facilities going.

Option 2: The preferred option

Capital costs

The total capital costs of the new Facility are £13.981 million. These include £1.643 million in sunk costs incurred by North Kent College in the design phase. The remainder of the capital costs will be incurred in 2020/21 and 2021/22. Costs are based on estimates

²³ This is derived from the 2017 Joint Area Review estimate of running costs per student (£809 at 2016 prices), adjusted to 2020 prices.

prepared by AECOM using market prices (an explanation of how competition is used to ensure best value is set out in the Commercial Case).

Running costs

We assume for the purposes of appraisal that the running costs of the new Facility will be the same as the DfE benchmark of £67 per sq m²⁴. Actual costs may well be significantly lower, given higher standards of energy efficiency in the new building. This should therefore be regarded as a conservative estimate.

Applying this estimate gives an annual running cost in the new Facility of £190k, or £5.5 million over the appraisal period.

Total costs

Combining capital and running costs, total costs over the appraisal period are £19.479 million gross (or a net cost of £12.408 million once the Reference Case costs are subtracted).

Optimism bias

Guidance states that costs and benefits should be adjusted to account for optimism bias. We have adjusted the costs as follows:

- For the capital element, the risk of overspend is modest, given that the scheme is well advanced, a full cost plan is in place and key risks are mitigated. For 'non-standard buildings', the recommended adjustment range is between 4 and 51%²⁵: recognising relatively low risks, we have applied an adjustment of 10% to all capital costs (other than sunk costs)
- For running costs, the risk is potentially greater, given mixed evaluation evidence of running cost savings in FE new builds²⁶. We have applied a 25% adjustment to net running costs.

Bringing it together

Taking all these adjustments into account, the total net costs over 30 years are £16.557 million (or a net present value of £15.715 million):

Table 3-2: Costs for the preferred option

Cost item	£
Construction costs, inc. evaluation	12,337,797
Sunk costs to date	1,642,980
Running costs	5,498,255
LESS Reference Case running costs	(7,070,905)
Total costs	12,408,127
PLUS Optimism bias	4,148,920

²⁴ This is derived from the DfE benchmark of £59 per sq m at 2016 prices, adjusted to 2020 prices.

²⁵ HM Treasury (n.d.), Supplementary Green Book guidance on optimism bias

²⁶ Frontier Economics/ BMG for BIS (2012), Evaluation of the impact of capital expenditure in FE colleges

Cost item	£
Total costs, inc. optimism bias	16,557,047
NPV of costs	15,714,583

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](#).]

The basis for quantifying the impacts: Additional student numbers

The new Facility will provide capacity to enable the College to recruit additional students in Music, Dance and Digital Design. These additional student numbers provide the basis for quantifying and monetising the economic impact of the project.

Student numbers in the Reference Case

Currently, there are 390 students enrolled in Music, Dance and Digital Design. However, as set out in the Strategic Case, we expect these numbers to fall in the absence of new investment, given the anticipated need to consolidate activity as maintenance pressures grow and obsolescence increases.

In the Reference Case, we anticipate that student enrolments (at all levels) will fall to the minimum viable numbers to sustain provision: this equates to 266 in the year (roughly equivalent to the number enrolled in 2015, before the recent increase). We assume that this minimum viable number of enrolments represents the 'steady state' in the absence of capital investment, and that this persists across the appraisal period. This is likely to provide a conservative estimate of the additionality of further enrolments enabled by the new Facility, since it is highly probable that either maintenance will cease to be cost-effective in some premises, or maintaining the course offer at minimum viable numbers will over time have impacts on quality.

Student numbers in the Preferred Option

In the preferred option, there is capacity for student numbers to rise (note that the Strategic Case set out the evidence of rising demand for places which will facilitate this). We anticipate that with the additional capacity, student numbers will rise progressively to reach a 'steady state' of 530 in the year by 2026/27.

This means that the preferred option will enable 264 net additional student places per year once steady state is reached: we assume that this number is then maintained throughout the appraisal period. The additionality of student numbers in the preferred option over the Reference Case is set out in Table 3-3 below:

Table 3-3: Anticipated additional student numbers

Subject	2022/23	2023/24	2024/25	2025/26	2026/27
Reference Case (Do Minimum)					
Dance	75	75	75	75	75
Music	67	67	67	67	67
Digital Design	124	124	124	124	124
Total	266	266	266	266	266
Preferred Option					
Dance	144	148	148	148	164
Music	128	128	136	148	148
Digital Design	200	208	208	218	218
Total	472	484	492	514	530
Net additional enrolments in the Preferred Option					
Dance	69	73	73	73	89
Music	61	61	69	81	81
Digital Design	76	84	84	94	94
Total	206	218	226	248	264

Source: North Kent College

We have not assumed any benefits resulting from improved student retention, since retention rates in Dance, Music and Digital Design are around 97% anyway – so there is little capacity for improvement on what are already very strong figures.

Initial quantified benefits

This increase in student numbers will drive a series of economic benefits that can be quantified and monetised. We anticipate that the initial quantified benefits are:

- **Direct job impacts**, through additional teaching and non-teaching staff employed to support additional student numbers
- **Jobs safeguarded**, as the increased capacity prevents student numbers from falling to the minimum viable level
- **Student progression into employment**, and the consequential added value to the economy
- **Student progression into higher education**, also leading to added value in the economy.

In addition to these quantified benefits, there are several ‘non-quantified’ benefits in relation to the improved student experience, wider stakeholder relationships and environmental impacts that are set out later in this section.

Quantified Benefit 1: Direct job impacts

Route to impact

To support the additional student numbers, there will be an increase in teaching and support staff, over current levels.

Quantifying the impact

At present, there are 15.4 FTE teaching staff and 2 non-teaching staff supporting the Dance, Music and Digital Design educational offer. With increased student numbers, we anticipate that this will increase to 21.15 FTE teaching and 3 FTE non-teaching, from 2022, representing an additional 6.75 FTE additional jobs over the Reference Case.

We assume that each FTE job generates £52,340 GVA (the average GVA per filled job in Kent and Medway in 2018). Over the appraisal period, this represents total gross GVA of £10.25 million.

This estimate has been adjusted as follows:

- **Leakage:** Some jobs will be taken by people from outside the impact area defined in Section 2.4. We anticipate that this will be modest, given the extension of the College's catchment area into most of North Kent and Southeast London. We have assumed 10% leakage, equivalent to the lower estimate in the *Additionality Guide*.
- **Displacement:** Some displacement is likely, especially when the labour market recovers from recession – although in the short-term, displacement may be low given economic conditions. We assume displacement of 25%.
- **Deadweight:** As the additional jobs are net over the Reference Case, we do not assume any deadweight: there would clearly be no requirement for them were student enrolments not to increase beyond the minimum viable number.
- **Substitution:** There is no incentive for jobs to be created at North Kent College over some other workplace, so we assume no substitution.
- **Multiplier:** A composite Type II regional multiplier of 1.5 is applied in both cases. This is based on the 'medium' ready-reckoner multiplier quoted in the *Additionality Guide*²⁷.

Applying these factors gives net additional local impacts of £11.16 million in the Preferred Option, relative to the Reference Case over the appraisal period (or a net present value of £6.71 million).

In addition, some non-educational jobs will be created through extra refectory, caretaking and cleaning staff. These are estimated at 8.59 FTE. These jobs are likely to be relatively low-paid, so we have made an assumption that GVA per filled job will be 50% of the Kent and Medway average (i.e. £26,170). Displacement is also likely to be relatively high

²⁷ The Additionality Guide assumes average supply chain linkages and notes that most interventions will be in the Medium category. We note that multipliers can vary substantially, and the supporting workbook presents impacts including and excluding the multiplier

(although may be lower in the context of recession, especially given pressure on catering and hospitality jobs). We have assumed 50% displacement to reflect this.

With all other factors applied in the same way as for educational staff, the net additional impact of additional catering and cleaning staff is £4.726 million over 30 years (or a net present value of £2.852 million).

Combining all jobs created gives **net additional local impacts of £15.886 million (or a net present value of £9.562 million) over the appraisal period.**

Quantified Benefit 2: Safeguarded jobs

Route to impact

As indicated at the start of this section, we anticipate that current student numbers will fall in the 'do minimum' option. This will mean a lower staffing requirement, which would mean that an estimated five FTE teaching posts would be deleted if investment in the new Facility were not forthcoming.

Quantifying the impact

Monetising these posts in the same way as for jobs created results in a gross GVA benefit in the Preferred Option of £7.68 million over the appraisal period.

This estimate has been adjusted as follows:

- **Leakage:** We assume 10% leakage on the same basis as above.
- **Displacement:** Although the posts are existing (so logically, there is no displacement in respect of current post-holders), the same displacement factors should apply in the longer term as for jobs created. We therefore assume displacement of 25%.
- **Deadweight:** The posts are additional to the Reference Case. However, it is possible that some could be re-absorbed elsewhere in the College. Given that the additionality of safeguarded jobs is generally less clear than for new posts, we assume a relatively high deadweight adjustment of 50%.
- **Substitution:** As previously, we assume no substitution.
- **Multiplier:** A composite Type II regional multiplier of 1.5 is applied, on the same basis as for Quantified Benefit 1.

Applying these factors gives **net additional local impacts of £4.19 million in the Preferred Option, relative to the Reference Case over the appraisal period (or a net present value of £2.53 million).**

Quantified Benefit 3: Student progression to employment

Route to impact

The additional students enrolled at North Kent College as a result of the increased capacity enabled by the new Facility will enter employment. This will contribute to the growth of the

creative economy, and the skills developed at the College will mean that they are more productive and make a greater economic contribution than would otherwise be the case.

Quantifying the impact

To measure the potential impact from student progression to employment, we took the following steps:

- **Step 1:** We assume maximum additional student numbers over the Reference Case as set out earlier in this section (i.e. additional numbers rise to 264 net additional enrolments in the year by 2026/27)
- **Step 2:** To estimate the number that would be expected to enter employment in any given year, we take the four-year historical record for student destinations from Music, Dance and Digital Design. This indicates that an average of 13.7% of students enrolled entered employment or self-employment at the end of the year (adjusted to 12.4% to account for entry to full-time equivalent employment). Assuming that employment benefits have a 'lag' of one year from enrolment, this means that 24 net additional students will directly enter employment once numbers are in steady state from 2027/28.
- **Step 3:** Students will enter employment with different qualifications. Taking the College's forecast distribution of enrolments, we assume that 74% will be qualified to Level 3 or below, and 26% to Level 4.
- **Step 4:** We then apply the wage premia 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 salary²⁸. At 2020 prices, this equates to a wage premium of around £2,085 per individual entering employment²⁹.
 - Separately, the Graduate Labour Market Statistics (2018) estimate that around 60% of graduates enter 'high skilled' jobs and 40% 'lower skilled' employment³⁰. As a proxy for all those entering employment with Level 4 qualifications, we assume that these employment skill levels apply, and that those entering 'higher skilled' jobs command a £7,000 premium, and the remainder command the lower £2,085 premium.
- **Step 5:** 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.

Following all these steps results in a total gross wage premium resulting from net additional students of £27.51 million over the appraisal period. Converting to gross value added

²⁸ BIS (2014) Further Education Learners: Average earnings post-study

²⁹ BIS (2014), median wages inflated to 2020 prices

³⁰ BEIS, Graduate Labour Market Statistics

through an indicative multiplier of 1.8³¹ gives total gross GVA of £50.31 million over the period.

This estimate has been adjusted as follows:

This estimate has been adjusted as follows:

- **Leakage:** We assume 10% leakage on the same basis as above.
- **Displacement:** We assume no displacement, since the wage premia represent additional skills into the market, rather than additional jobs.
- **Substitution:** As previously, we assume no substitution.
- **Deadweight:** The wage premium calculations are all based on entrants to employment that are additional to the Reference Case. However, it is possible that in some cases, higher wages would have been commanded anyway. To adjust for this, we assume 25% deadweight.
- **Substitution:** As previously, we assume no substitution.
- **Multiplier:** A composite Type II regional multiplier of 1.5 is applied, on the same basis as for Quantified Benefit 1.

Applying these factors gives **net additional local impacts of £50.94 million in the Preferred Option, relative to the Reference Case over the appraisal period (or a net present value of £25.87 million).**

Quantified Benefit 4: Student progression to higher education

Route to impact

As well as progressing directly into employment, some students will enter higher education following their studies at North Kent College. During their time in higher education, we assume that there is no immediate economic benefit, but on graduation and entry to employment, the wage premia set out above should apply.

Quantifying the impact

To measure the potential benefit, we follow the same logic as for Quantified Benefit 3. This assumes that:

- Based on historical trend data, we anticipate that 18.4% of enrolled students will enter higher education
- We assume an average graduate employment rate of 87% (as reported in the 2018 GLMS)
- We assume a wage premium of £2,085, as for L2/L3 direct entrants to employment (the actual wage premium will of course be higher, but it is reasonable that only the 'FE' component of this is attributable to North Kent College)

³¹ PwC/ Market Research Society (2012), *The Business of Evidence*

- Benefits start to accrue after a four year lag (to allow for time in HE); and benefits decay at 5% per year after Year 5.

This results in a gross wage premium of £25.64 million over the appraisal period (roughly equivalent to £46.15 million GVA).

This estimate has been adjusted in the same way as progression to employment. Applying these factors gives **net additional local impacts of £46.73 million in the Preferred Option, relative to the Reference Case over the appraisal period (or a net present value of £22.81 million).**

Other quantified impacts

Quantified Benefit 5: Construction impacts

Route to impact

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.

Quantifying the impact

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 104 FTE job years, generating gross GVA of £5.435 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 50% displacement, given the large construction market in the South East.
- **Substitution:** As previously, we assume no substitution.
- **Deadweight:** We assume no deadweight, given that there is no prospect of construction coming forward at this stage in the absence of grant.
- **Multiplier:** A composite Type II regional multiplier of 1.5 is applied, on the same basis as for Quantified Benefit 1.

Applying these factors gives net additional local impacts of £2.038 million in the Preferred Option, relative to the Reference Case over the appraisal period (or a net present value of £1.981 million).

Optimism bias

The benefits described are obviously uncertain, and depend on a range of assumptions, some of which are hard to measure precisely (for example, wage premia estimates are derived from research evidence and would require primary evaluation evidence to 'prove'). However, our assumptions are generally conservative, and are derived only from the net additional student enrolments. To account for uncertainty, we have applied optimism bias of 10% on all benefits.

Bringing the quantified impacts together

Taking the 'initial quantified' impacts together with the construction impacts and applying optimism bias yields a **cumulative net benefit of £107.801 million over the appraisal period, or a net present value of £56.476 million:**

Table 3-4: Total quantified benefits (Preferred Option, net of Reference Case, £)

Benefit	Total net benefit	Net present value
Jobs created (educational)	11,160,589	6,709,980
Jobs created (non-educational)	4,725,674	2,852,143
Jobs safeguarded	4,186,546	2,528,927
Student progression to employment	50,942,312	25,871,025
Student progression to higher education	46,725,824	22,807,975
Total initial benefits	117,740,945	60,770,050
Total initial benefits less optimism bias	105,966,851	54,693,045
Construction impacts	2,038,205	1,981,059
Construction impacts less optimism bias	1,834,385	1,782,953
Total benefits	119,779,151	62,751,110
Total benefits less optimism bias	107,801,236	56,475,999

Non-quantified impacts

In addition to these benefits, the project will deliver a range of other impacts. These cannot be easily converted into monetary values, but will be important in meeting the objectives set out in the Strategic Case.

'Non-quantified' benefits include:

- **Enhancements to the student experience.** As set out in the Strategic Case, the current estate is in a poor physical state, with facilities that are unsuitable for modern teaching requirements and, in some cases, requiring inconvenient movement between blocks on different parts of the campus. The new Facility will provide a greatly enhanced experience for students. This will include benefits to all students at the Dartford campus, through the provision of the new Food Court replacing the current outdated refectory.
- **Greater teaching efficiency:** Alongside this improved experience, the better configuration of educational space will mean greater teaching efficiency as (for

example) classes in subject areas are consolidated in the same building, and equipment can be more readily shared.

- **Improved public access:** The Dartford campus is already an important public asset in the performing arts, through the Miskin Theatre, which is a high-quality venue attracting external audiences. The new Facility will enhance this role, by increasing public use of the Miskin Venue (currently provided in an older block with poor Reception access). This will be important in opening the work of the College to the general public, enhancing public appreciation of the role of the arts, and driving increased partnership with local arts organisations.
- **Environmental benefits:** The new Facility will be built to BREEAM Very Good standard, reducing energy consumption and making more efficient use of materials. Although not quantified for the purposes of this appraisal, this will reduce the College's overall carbon footprint.
- **Sustainability of North Kent College's role as a centre of excellence in performing and digital arts:** The College already has an enviable reputation in Music, Dance and Digital Design. The new Facility will safeguard and enhance this, enabling the College to build stronger partnerships with higher education, arts organisations and employers, and develop its significant regional role in the context of rising student demand.
- **Strategic economic benefits and contribution to the Thames Estuary Production Corridor:** Finally, bringing all of the above together, the Facility will help to drive forward the vision for the Thames Estuary Production Corridor, as a key creative asset in the region. This will help the local community take advantage of new developments, such as the proposed London Resort; measures to invest in the creative economy alongside the development of Ebbsfleet Valley; and the further growth of the creative industries to the east of central London.

3.7 Local impact

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

There are likely to be positive, although minor impacts on the immediate local community. The new Facility is within the existing College campus and the project does not propose any increase to the campus footprint – although it will provide an improved built environment. The existing facilities are already used by the wider community (for example, there are seven local dance groups that currently hire facilities on site). Existing community users will see improved amenity value, and there ought to be an opportunity to attract new users. The improved general environment should also attract more members of the community to the Miskin Theatre, which is already well used. More broadly, facilities on the wider campus are extensively used by the local community (for example, 11 sports groups regularly hire the Österberg Sports Centre): these users will experience a benefit from the improved environment.

Set against these benefits, there may be some marginal disbenefits as increased student numbers impact on road traffic. However, these are already mitigated by the public

transport strategy currently in place, and have been addressed through the planning process. They are likely to be trivial in comparison with the wider benefits described above.

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.]

Table 3-5: Appraisal Summary Table (£)

MHCLG appraisal sections	Preferred Option, net of Reference Case
A. Present value benefits	54,693,045
B. Present value costs	15,714,583
C. Present value other quantified impacts	1,752,953
D. Net present public value [A-B+C]	40,761,416
E. Initial Benefit: Cost Ratio [A/B]	3.48
F. Adjusted Benefit: Cost Ratio [(A+C)/B]	3.59
G. Significant non-monetised impacts	<ul style="list-style-type: none"> Significantly improved working and learning environment Greater environmental sustainability of College estate Consolidation of North Kent College as a centre of excellence in digital and performing arts Enhanced further education offer in context of rapid housing and population growth Contribution to growth of Thames Estuary Production Corridor and future growth in creative sector
H. Value for money category	High
I. Switching values and rationale for vfm category	<p>Sensitivity analysis has been carried out on five scenarios:</p> <ul style="list-style-type: none"> Lower enrolments: 10% reduction in enrolments reduces adjusted BCR to 3.05 Higher displacement: Increased displacement in job and future employment outcomes reduce BCR to 2.64 Reduced wage premia: Halving the estimated wage premia reduce BCR to 2.20 Increased running costs: 10% increase in running costs over 30 years reduces BCR to 3.56 <p>On all scenarios, the BCR is positive and greater than 2, with the greatest sensitivity to estimated wage premia</p>
J. Net financial cost, inc. optimism bias	<p>Capital: £13,980,777 (Capital) Revenue: £5,498,255</p>

MHCLG appraisal sections	Preferred Option, net of Reference Case
K. Risks	<ul style="list-style-type: none">• Delay in funding approval impacting on ability to meet capital spend deadline• Recessionary pressure on creative sector impacting future employment outcomes• Future revenue funding to meet enrolment targets
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.]

North Kent College has a Procurement Strategy, and is a member of the national Crescent Procurement Consortium. For the Performing and Production Digital Arts Facility, procurement options were limited by the strategy already adopted by the College, which follows national frameworks compliant with OJEU. This resulted in the approach set out below.

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.]

Contracting strategy

The contracting strategy to be deployed is the [New Engineering Contract](#) (NEC), which promotes a partnering and collaborative approach to construction. The contract will adopt a design and build approach alongside a detailed specification and drawing package, which will clearly set out the college requirements and objectives. The College has appointed AECOM as project managers, cost consultants and principal designers under NEC Professional Services Contracts.

Procurement strategy

The College has used the Major Works Framework for England managed by the Scape Group for the selection of the design and build contract for the new Facility. This Framework covers projects with value of £2m - £20m, is widely used by the education sector and is fully compliant with OJEU regulations.

Through the Framework, Willmott Dixon was appointed to develop the design and delivery programme, and to prepare tender documents for sub-contractors (all of which will be submitted on an open book basis to ensure that all elements of the build costs are validated by the College's cost consultants).

The key benefits of this approach are:

- Lower upfront design costs, reducing financial risk if the project is cancelled prior to construction (this has been a key concern, given that the previous funding strategy linked with residential enabling development proved not be viable)

- Opportunity to involve the contractor from the earlier stages of the scheme, with the benefit of its resources and wider team
- High level of cost certainty
- Ability to achieve a rapid start on site (especially important given the need for rapid delivery in the case of the GBF grant).

Set against these benefits, there are some disadvantages of the framework approach. These include a limited choice of main contractor, a potentially reduced 'College-led' design process, and the risk that tendered rates within the Framework may no longer offer value for money. However, the benefits of certainty, speed and early expert involvement greatly outweigh these disadvantages.

An independent project manager has been appointed. AECOM has also been appointed to provide cost advice and analysis, through the Perfect Circle framework operated by Scape. Other professional advisors (for example, structural engineers) form part of the Willmott Dixon design team.

Contractor expertise

The main contractor, Willmott Dixon, has extensive experience of delivering large projects to the education sector. These include (in the SELEP area) the University of Kent's new Kent and Medway Medical School building at Canterbury and Anglia Ruskin University's School of Medicine at Chelmsford. Especially relevant to this project, previous schemes also include the Performing Arts Centre at Bournemouth and Poole College (providing a theatre, rehearsal space and digital design laboratories); the Centre of Excellence for Creative and Digital Industries at Manchester College; and the Digital and Data Centre at Exeter College.

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.]

North Kent College has a history of successfully managing large capital projects on the Dartford campus, including the delivery of the Reception Building and the Österberg Sports Centre, both funded through the previous round of (LSC) capital investment on the site.

More broadly, the College is a member of the Crescent Purchasing Consortium (a national not-for-profit organisation managing procurement frameworks for the further education sector). The College's Deputy Chief Executive (also the Senior Responsible Officer for the Performing and Production Digital Arts Facility project) is a Director and Trustee of the Consortium.

4.4 Competition issues

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

As set out above, the College has used a procurement process which is designed to ensure competition within the OJEU rules. All subcontractors are required to demonstrate that they

have the capacity to deliver within the specified timetable, and Willmott Dixon is required to tender each package of works within the Scape framework.

We do not envisage any competition issues significantly impacting on delivery.

Market maturity

The facility construction is not complex and involves standard methods of construction and standard materials. The contracting team is well versed in construction of education buildings having been responsible for new facilities across Kent and the wider region.

The main contractor has wide access to a number of subcontractors; therefore market maturity issues are not considered to be an issue.

Market pricing

Appointment of the main contractor to undertake the building works has been undertaken through the SCAPE framework, an OJEU compliant process that achieves market pricing for public sector projects. In addition, through the NEC form of contract the main contractor is obligated to tender sub contract packages for the construction (for instance frame, groundworks, mechanical and electrical, roofing, etc) which will provide full market testing for capital costs, all of which will be verified and reviewed by the college appointed cost consultant, AECOM.

Other costs identified in the overall cost including enabling costs (demolition, site clearance, utility connection, etc) and equipment will be managed by the college, with works being tendered as appropriate and/or quotes sought to achieve best price.

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.]

Human resource issues relevant to the delivery of the project following completion are set out in the Management Case. With regard to the capital build phase, AECOM has been appointed as project manager and has extensive resources and international experience, and direct experience of working on this scheme over several years. The main contractor (Willmott Dixon) is also a national organisation, and is well-resourced, with robust package of contractors.

It should be noted that there is substantial construction and development work underway in North Kent, and pressures on labour supply in the construction workforce are frequently cited. These are not however anticipated to have a major impact on project delivery, and are anyway likely to be mitigated by the post-Covid economic downturn.

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 main risks identified in the project Risk Register that will have a bearing on the commercial viability of the project are summarised in the table below:

Table 4-1: Commercial risk summary

Risk	Likelihood/ impact	Mitigation
Late completion	Minimised through experience of main contractor and project manager.	AECOM to evaluate programme prior to commencement and regularly through the progress of works. Relevant conditions to be incorporated into contracts
Tender prices high	Limited risk as Stage 4 cost plan developed	AECOM and WD working to develop Stage 4 cost plan and reflect in contract.
Loss of knowledge and experience	Limited risk given scale and wide expertise of contractor and project manager	Records to be maintained of key decisions and sign-offs. Consultant teams to be supported by organisations
Lack of resources and/ or delay due to Covid-19	Risk of late completion through future lockdowns/ restrictions, potentially impacting on opening target and funding	Early discussion with funders on grant conditions in the event of future enforced delay. Access via PM and main contractor to a wide range of expertise.

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.]

Creating social value is part of North Kent College's core role: alongside its role as a learning provider, it has driven and participated in many projects designed to maximise local connections with employment opportunities, including (for example) the long-established Learning Shop at Bluewater. Especially relevant to this project, the College has a substantial presence in the construction sector, offered from the Gravesend campus.

The College is committed to maximising social value through the procurement process, and the main contractor and sub-contractors are required to maximise opportunities for local recruitment and training for young people and those that are unemployed, including by promoting and making available opportunities to College students. During the current Scape Framework, Willmott Dixon is committed to maximising procurement with supply chain partners based within 40 miles of the project.

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 values³².

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 value of the project is £13.981 million (including VAT), to be funded by Getting Building Fund (subject to approval) and by North Kent College. The funding profile is set out in Section 5.5.

Running costs

No GBF contribution is sought towards running costs. However, there will be an ongoing cost for maintenance and repair associated with the new Facility. These are set out in the Economic Case: in gross nominal terms, they amount to £5.498 million over the appraisal period, although are more than offset by savings on the existing buildings.

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.]

The project requests Getting Building Fund grant of £12.302 million.

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.]

³² Nominal values are expressed in terms of current prices or figures, without making allowance for changes over time and the effects of inflation.

Capital costs

The cost of the capital build of the new Facility is broken down in the table below. This is set out in the supporting workbook:

Table 5-1: Costs by type for the preferred option (£)

	Sunk costs	2020/21	2021/22	Future	Total
Willmott Dixon main contract	599,767	1802,662	9,235,449	0	11,637,878
Enabling works	682,931	0	0	0	682,931
Other costs	360,283	299,601	286,893	0	946,777
Equipment	0	0	677,191	0	677,191
Evaluation	0	0	0	36,000	36,000
Total	1,642,981	2,102,263	10,199,533	36,000	13,980,777
Inflation on sunk costs to 2020 prices	246,753				246,753
Inflation allowance		117,235	234,470	0	351,705
Total, 2020 prices, less inflation	1,889,735	1,985,028	9,965,064	36,000	13,875,826

Within the contract with the main contractor, inflation of £352k is applied within the fixed price. We have presented the table above in this way since inflation assumptions are already built into the 'real' contracted price (i.e. because the project is now so close to delivery, the inflation allowance on the main contract is not estimated or notional, but will be committed once funding is secured and the contract put in place).

Sunk costs have been incurred from 2015 to 2020: these have been inflated to 2020 prices as shown in the table above.

Optimism bias has not been included in the Financial Case.

Construction costs are based on tenders secured through the Scape Framework, as set out in the Commercial Case, independently reviewed by the College's cost consultants (AECOM). Equipment costs are based on College estimates, drawing on a range of quotes (see the justification of unit costs in the table below).

Any costs in excess of those set out above will be borne by North Kent College.

Overheads and uplifts

The main contractor has an overhead and profit element within its overall fixed price at £309k, which is at a level dictated by the SCAPE framework process. Due to the extensive work and technical studies undertaken by the College to date, there are limited requirements for provisional sums or contingencies.

A contingency of £183k is included within the cost plan for unforeseen elements

Running costs

Running costs are based on the DfE benchmark of £67 per sq m (inflated from the published 2016 estimate of £59 per sq m) per annum. In practice, the annual running costs

are likely to be lower than this, given the greater efficiency of the building; however, they are included here as a conservative estimate for the purposes of the Economic Case.

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.]

Unit costs

The table below sets out the rationale for the costs set out in Table 5-1.

Table 5-2: Justification of unit costs

Cost item	Justification
Willmott Dixon main contract	Based on AECOM Stage 4 cost plan and Willmott Dixon tender price through Scape Framework
Enabling works and demolition	Based on College estimates. Note that these costs have now been mostly incurred and funds spent.
Initial design costs and fees	Based on AECOM Stage 4 cost plan
Equipment	Based on College estimates, drawing on a range of quotes
Evaluation	Estimated cost based on a proportionate evaluation for a project of this scale. This will be subject to competitive quotes.

Quantitative Risk Assessment

A contingency of £183,000 is included within the cost plan. At this stage of project development, risks are relatively low. However, for a conservative estimate, we have adjusted:

- overall construction costs that are yet to be incurred by 5% (since construction will be to a fixed price)
- equipment costs by 10%, (as equipment costs will be more uncertain at this point).

This provides a further risk allowance of £649k, as set out below. This risk (and any further risk of overspend) will be borne by the College.

Table 5-3: Quantitative Risk Assessment for the preferred option (£, 2020 prices)

	2020/21	2021/22	Total
Construction	105,113	476,117	581,230
Equipment	0	67,719	67,719
Total	105,113	543,836	648,949

It should be noted that this is a flat uplift across all costs, rather than a QRA as such. However, we believe that this is justifiable given that the scheme is very close to delivery.

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.]

The funding profile is set out below:

Table 5-4: Funding profile

	Sunk costs	2020/21	2021/22	2022+	Total
North Kent College	1,642,981			36,000	1,678,981
Getting Building Fund	0	2,102,263	10,199,533	0	12,301,796
Total	1,642,981	2,102,263	10,199,533	36,000	13,980,777
QRA (borne by NKC)		105,113	543,836		648,949

All local contributions are set out in the table above, and relate to North Kent College's investment.

Given the need to ensure full Getting Building Fund spend by March 2022, there is no flexibility in this funding profile (which is set out quarterly in the supporting workbook and in the Monitoring and Evaluation Plan).

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 discussed with the Section 151 officer at Kent County Council at the expression of interest stage. Confirmation of assurance from the s151 will follow prior to decision by the SELEP Accountability Board.

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 are summarised in the table below:

Table 5-5: Financial risk summary

Risk	Likelihood/ impact	Mitigation
Abnormal construction costs	Very low likelihood at this stage	Already mitigated through preliminary work, now completed
Increased costs arising from delay (due to Covid-19, other external factors)	Main risk is delay in completion, which could jeopardise the GBF funding	Substantial preliminary work complete. Revised cost plan and programme prepared and risks allocated to contractor
Delay in securing GBF funding	Delay in approval will mean that funds will not be spent by March 2022	Main contractor appointed and initial work proceeding at risk to the College
Lower than anticipated student numbers	Risk to future viability of provision at the Facility	Significant excess of applications over enrolments and high quality of provision in high demand

The key financial risks relating to **Covid-19** relate to delays in completion (which could impact the GBF funding) and potentially incur higher costs.

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.]

Capital delivery

The Project Sponsor for this project is David Glead, Principal of North Kent College.

The Senior Responsible Officer is Lawrence Jenkins, Deputy Chief Executive.

The Project Manager (AECOM) will report to the SRO on a day-to-day basis, and will be responsible for managing the contract with Willmott Dixon (the main contractor) and all other suppliers.

Within the College governance structure, the delivery of the project will be overseen by the **Estates Working Group**, which will act as the Project Board for the purposes of this project. The Estates Working Group consists of Senior Management Team and Corporation Board members, and considers all aspects of the estates strategy, including the delivery of major capital projects. During the delivery phase of this project, the Estates Working Group will meet monthly to review progress and to maintain strategic ownership of the project risk register.

The Estates Working Group reports into the North Kent College **Corporation Board**. The Corporation Board consists of 16 non-executive governors, and meets regularly to review the College mission, consider strategic developments, systematically monitor College and management performance, review and monitor the implementation of a range of College policies, and ensure compliance with statutory requirements at all times. The Corporation Board meets nine times a year on average, and will receive a report on progress and budget in relation to this project at all meetings during the delivery phase.

Ongoing management

Once complete, the new Facility will be managed as an integral part of the College estate.

6.2 Approvals and escalation procedures

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

Approvals and escalation procedures reflect the governance structure outlined above. Operational management of the project will be the responsibility of the Vice Principal, Finance and Resources, with oversight through the Estates Working Group.

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.]

The project management and governance processes set out in section 6.1 above will be used to ensure that project outputs are delivered to scope, timescale and quality.

The main contractor will be managed by AECOM, appointed via the Scape Group Perfect Circle framework. AECOM will in turn be managed within the College by the Deputy Chief Executive (the SRO for this project).

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.]

There has been extensive engagement with stakeholders in the development of this project, over many years. This has included:

- Teaching staff within performing and digital arts, who have been involved in the design of the Facility, with the aim of ensuring maximum efficiency and synergy
- Current students at North Kent College, who have been regularly surveyed and asked to contribute to the emerging plans for the Facility. This has extended beyond those students involved in performing and digital arts, given the ‘campus—wide’ role of the Facility in providing the new food court and social area
- Local residents, through the planning process (this included wider consultation and engagement, including through a public exhibition as part of the previous Bellway scheme, as set out in the Strategic Case)
- Dartford Borough Council
- Key partner organisations, including local creative industry bodies, partners such as University of the Arts London (which accredits degree provision at the College and is an important student destination), and strategic partners such as Thames Gateway Kent Partnership (which has contributed to the development of this Business Case) and the wider Thames Estuary Production Corridor partnership.

A Stakeholder Management and Engagement Plan is attached at Annex H.

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.]

The College's approach to equalities impact assessment is set out in the Equalities and Diversity Policy, which sets out the College's full responsibilities under the Equality Act 2010 and the Public Sector Equalities Duty.

In this context, the College's Equality and Diversity Objectives 2019-22 identify three objectives which are regularly reported on. These are:

- Objective 1: Continue to identify, prioritise, address and reduce any significant gaps in retention, achievement, progression and destination between groups of learners
- Objective 2: Continue to develop and promote a socially inclusive and accessible College for the recruitment of staff and students, by in-year and end of year analysis and targeting of potentially disadvantaged/ under-represented groups
- Objective 3: Ensure Equality and Diversity and Fundamental British Values continue to be fully and explicitly developed within the curriculum and that all discrimination, bullying or harassment is challenged appropriately.

These will obviously be mostly delivered through teaching and support activity. But Objectives 1 and 2 are relevant to the capital development of the new Facility, given that the Facility provides capacity to increase enrolments, and acts as a prominent symbol of the College's offer, playing an important role in attracting new students. As new students are recruited, efforts will therefore be made, working with schools, local authorities and community and arts organisations to recruit students from diverse backgrounds, including those that are currently under-represented or disadvantaged.

As the new Facility is a 'replacement' of existing provision, there was no requirement to prepare an Equalities Impact Assessment. However, in line with the Equalities and Diversity Policy, equalities issues will be reported annually, for the College as a whole.

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.]

The risk register for the scheme is attached in Appendix C. This risk register is kept 'live' and is regularly updated by the Project Manager, and is used the basis for weekly discussion with the main contractor.

A summary of key risks is considered by the Estates Working Group and Senior Leadership Team, in line with the management and escalation procedures set out above.

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.]

The high-level work programme for the scheme is set out in the table and Gantt chart in Appendix D.

In summary the key milestones are:

Table 6-1: Key milestones

Key milestone/ deliverable	Start	Finish
Stage 4 design	21 Sep 2020	18 Dec 2020
Contract agreement and award	12 Oct 2020	23 Nov 2020
Enabling works by North Kent College	23 Nov 2020	4 Dec 2020
Statutory supplies	23 Nov 2020	5 Jul 2021
Discharge of pre-commencement conditions	21 Aug 2020	18 Dec 2020
Construction programme start	23 Nov 2020	28 Feb 2022
Contract completion	28 Feb 2022	28 Feb 2022
FFE fitout	28 Feb 2022	26 Apr 2022
Opening date	27 Apr 2022	27 Apr 2022

Resource issues

We are not anticipating any human resource issues that will significantly impact this project. Project management resources are in place, and as the scheme is well advanced, work can start again quickly (and is already being progressed).

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 College has a successful track record of capital project delivery. This includes the successful delivery of the Österberg sports centre, the Reception Block and the Misken Theatre, all of which were taken forward as the first phase of the Dartford Campus redevelopment. In recent years, the College has also successfully managed the existing, complex, estate, including investing in the refectory to ensure that it remains fit for purpose pending the development of the new Facility, and decanting and consolidating services from existing blocks. This has involved the complex management of repair and maintenance and smaller capital projects over many years.

It should also be noted that the College's performance in recent years is reflected in its recent acquisition of parts of Hadlow College and West Kent College.

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 along with the M&E Plan template and Baseline Report template.

As well as monitoring the delivery of the outputs of the capital project, we have budgeted for evaluation following completion. This will seek to understand the extent to which outcomes and impacts have been realised, linked with the educational and employment benefits that are identified in the Economic Case and the widening participation aims set out in relation to the equalities strategy outlined above.

The evaluation will be independently commissioned and will be funded by North Kent College.

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 educational floorspace	Delivery by: Contractor Managed by: Project Manager Overseen by: Deputy CX, NKC	Delivery by contractor as procured through Scape process	Completion in Feb 2022 to open in April.
OP2: Improved quality facilities	Delivery by: Contractor Managed by: Project Manager; NKC Overseen by: Deputy CX, NKC	Delivery by contractor as procured through Scape process	Completion in Feb 2022 to open in April.
OP3: Increased capacity to expand student numbers	Delivery by: Contractor Managed by: Project Manager; NKC Overseen by: Deputy CX, NKC	Delivery by contractor as procured through Scape process	Completion in Feb 2022 to open in April.
OC1: Retention/ safeguarding of existing course offer	Delivery by: NKC Management Team Managed by: Principal, NKC Overseen by: Board of Governors	Delivered by expansion of provision to meet demand (including through expansion of staff/	From September 2022, with marketing to prospective additional intake in preceding year

Output/ outcome	Delivery responsibility	Delivery process	Delivery timescale
		revenue resource as appropriate)	
OC2: Expansion of student numbers at all levels	Delivery by: NKC Management Team Managed by: Principal, NKC Overseen by: Board of Governors	Delivered by expansion of provision to meet demand (including through expansion of staff/ revenue resource as appropriate)	From September 2022, with marketing to prospective additional intake in preceding year
OC3: Expansion of curriculum offer	Delivery by: NKC Management Team Managed by: Principal, NKC Overseen by: Board of Governors	Delivered by expansion of course/ curriculum offer to meet student demand and opportunity	From September 2022 and building up over time
OC4: Increased efficiency of educational provision	Delivery by: NKC Management Team Managed by: Principal, NKC Overseen by: Board of Governors	Delivered through changes in timetabling and location of activities enabled by new provision	From April 2022
OC5: Increased attractiveness of North Kent College	Delivery by: NKC Management Team Managed by: Principal, NKC Overseen by: Board of Governors	Delivered as a direct result of new facility, wider incremental improvements to the estate and the development of course provision	From April 2022 (although prospect of new facilities could encourage earlier achievement)
OC6: Reduced running costs	Managed by: Estates team Overseen by: Deputy CX, NKC	Delivered as a direct result of new facility	From April 2022
OC7: Improved energy efficiency and environmental sustainability	Managed by: Estates team Overseen by: Deputy CX, NKC	Delivered as a direct result of new facility	From April 2022
IM: Social/ economic impacts	Wider impacts addressed through evaluation	As set out in Strategic/ Economic Case	Ongoing, from September 2022

Source:

6.10 Logic map

Table 6-3: Performing and Production Digital Arts Facility: Logic map

Inputs	Outputs	Outcomes	Impacts
<p><u>Capital</u></p> <ul style="list-style-type: none"> Getting Building Fund: £1.302 million North Kent College: £1.679 million <p><u>Revenue</u></p> <ul style="list-style-type: none"> Non-capitalised strategic management costs associated with the new development Ongoing maintenance and repair of the new Facility over 30 years Earlier investment in design and development (not included in the Economic Case) 	<ul style="list-style-type: none"> 2,836 sq m of educational floorspace Better quality facilities Increased capacity to expand student numbers 	<ul style="list-style-type: none"> Retention/ safeguarding of existing course offer Expansion of student numbers at all levels Expansion of curriculum offer Increased efficiency of educational provision, as facilities consolidated and use of equipment and deployment of teaching staff optimised Increased attractiveness of North Kent College (specifically in performing and digital arts and more broadly) Reduced running costs, yielding savings on current estate Improved energy efficiency and environmental sustainability 	<ul style="list-style-type: none"> Increased and enhanced educational support to the creative industries sector, including through the development of new partnerships and employer relationships Greater understanding of opportunities in the sector, through increased public interaction with the facilities on the Dartford campus Enhancement of North Kent College's position as a nationally leading further education institution in performing and production digital arts The development of Dartford (and the Thames Estuary more generally) as an important centre for the creative industries, linked with the area's growth agenda and with the opportunities associated with the Thames Estuary Production Corridor Strengthened employment outcomes

7. Declarations

<i>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?</i>	No
<i>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?</i>	No
<i>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?</i>	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.

<i>Signature of applicant</i>	
<i>Print full name</i>	
<i>Designation</i>	

Annex A: Economic appraisal assumptions

[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; 10% for equipment costs, explained in the Financial case
Real Growth	All prices quoted at 2020 values
Discounting	3.5%
Sensitivity Tests	Applied in relation to: lower enrolments; higher displacement; reduced wage premia; reduced jobs created/ safeguarded; and higher operational costs. Results set out in Economic Case and presented in supporting workbook
Additionality	Adjustments made for displacement, deadweight, substitution and leakage
Administrative costs of regulation	N/A
Appraisal period	30 years from 2020/21
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
Indirect taxation correction factor	N/A
Inflation	Applied at rate calculated within cost plan. Sunk costs inflated to 2020 values according to AECOM Tender Price Index
Land value uplift	N/A
Learning rates	N/A
Optimism bias	10% on benefits and costs.
Planning applications	N/A – Full planning consent granted
Present value year	2020
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

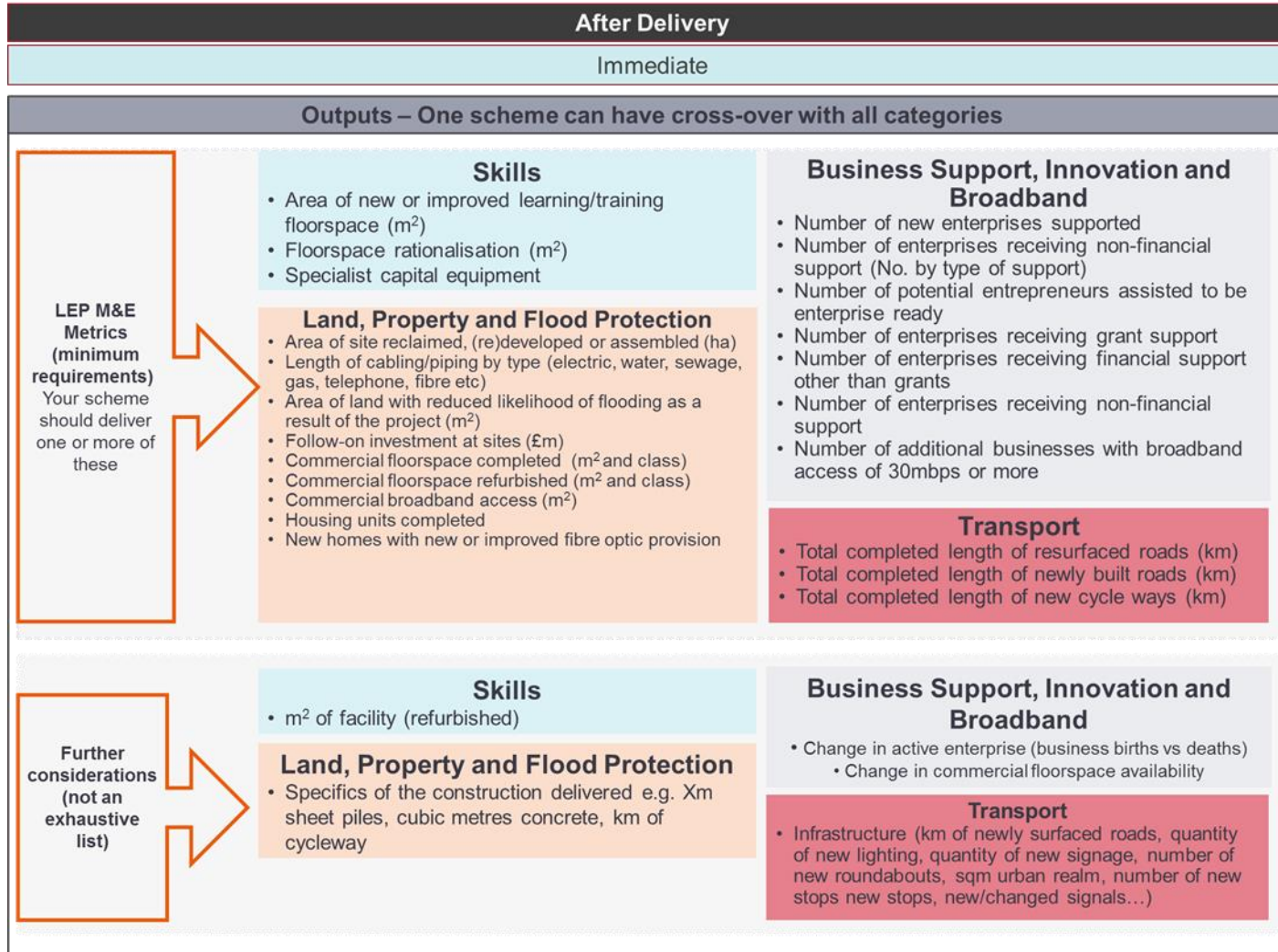
Annex C: Risk management strategy

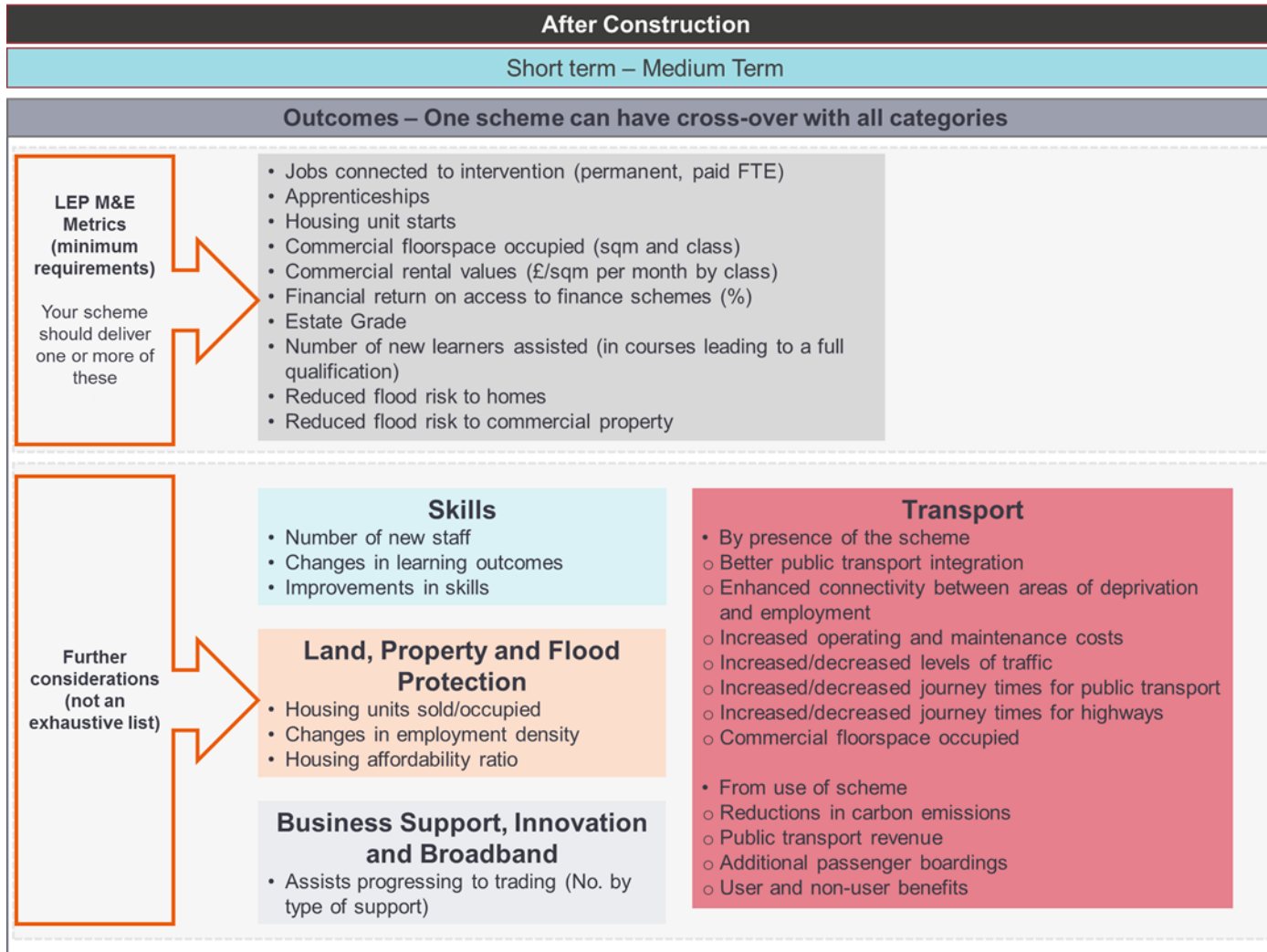
- C.1 A comprehensive risk register has been prepared for the capital build phase of the project. This has been supplemented with an additional analysis of risks to benefits realisation, considering the risks associated with lower than anticipated student demand and employment levels (especially in the context of Covid-19).
- C.2 The risk register is set out in Excel form as a separate attachment. Key risks are highlighted where appropriate in the main part of this business case.

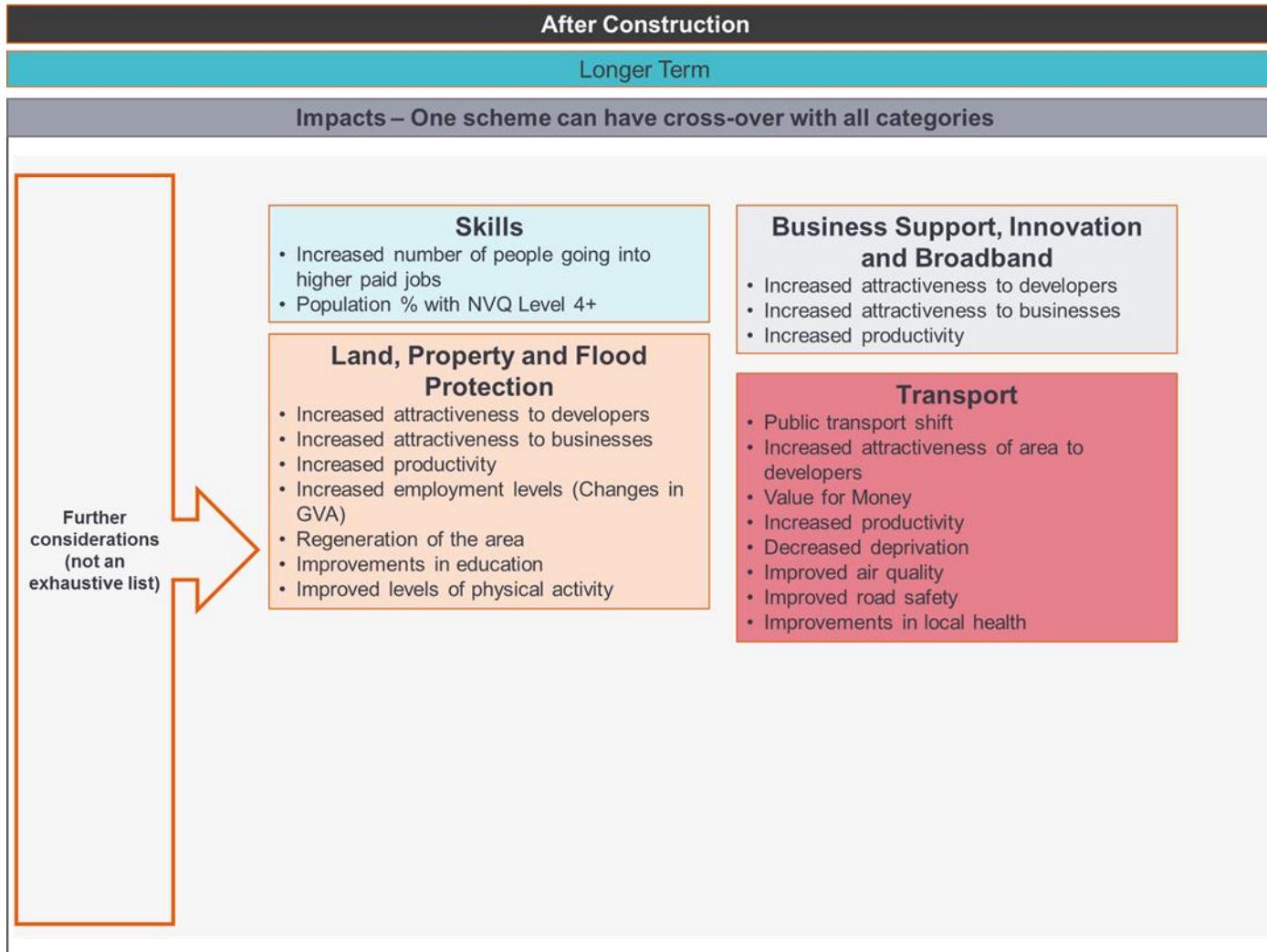
Annex D: Gantt chart

- D.1 A detailed Gantt chart for the construction phase is attached as a separate document.

Annex E: Monitoring and evaluation metrics for logic map







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.



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

New Performing and Production Digital Arts Facility

This Monitoring and Evaluation Plan provides the details of the inputs, outputs, outcomes and impacts of the Performing and Production Digital Arts Facility 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

The project will provide a new **Performing and Production Digital Arts Facility** at North Kent College's Dartford campus. This will enable the College to maintain and develop its established strengths in performing arts and digital design, respond to growing student demand and contribute to the long-term growth of the creative and cultural sector.

Specifically, it will involve the construction of a new, high-quality two-storey building containing 2,836 sq m (c. 30,500 sq ft) of educational floorspace, including a performance venue, dance studios, music performance spaces, digital design classrooms and workshops, and a new food court and social zone serving the whole College campus.

The new facility will consolidate the College's digital design and performing arts facilities, enabling it to grow provision by 264 net new enrolments per year by 2026/27.

Project objectives

The project objectives are to:

- Objective 1: To support the growth of the creative economy by developing talent and building a skilled workforce
- Objective 2: To sustain and enhance North Kent College's position as a leading centre for performing and digital arts
- Objective 3: To ensure a sustainable further education offer in Dartford, in the context of rapid population growth

Project location

The project is located at North Kent College's Dartford Campus, at Oakfield Lane, Dartford DA1 2JT.

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 spend	Planned	Defrayal of spend on build of new facility	Monthly, update to LEP quarterly	Planned/ Forecast Spend Profile	Q3: £301,787 Q4: £1,800,475 Total: £2,102,263				Q1: £2,788,195 Q2: £3,557,187 Q3: £3,013,925 Q4: £840,226 Total: £10,199,533							
IN2	North Kent College matched spend	Actual	Invoice records (and planned spend for evaluation)	At start of project	Records of spend	£1,642,981 (already incurred)								£36,000			
IN3	Non-capitalised strategic management costs	Not currently costed	Not proposed that these are monitored, as form part of overall College management	N/A	N/A	N/A				N/A				N/A			
IN4	Ongoing maintenance and repair	Forecast	Actual cost data, reported at evaluation stage	Through evaluation	Actual spend	Estimated £189.5k gross				Estimated £189.5k gross				Estimated £189.5k gross			

Project delivery and milestones

- Please complete the table of planned Key Milestones

Milestone	Planned Date of Delivery
Contract agreement and award	23 November 2020
Construction project start	23 November 2020
Enabling works complete	4 December 2020
Construction start on site	4 January 2020
Construction end	28 February 2020
Fit-out complete	26 April 2022
Facility open	27 April 2022
First additional students start	September 2022

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 educational floorspace	Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring
		Value: 2,836 sq m new educational floorspace
		Source of Value: Full Business Case, Project Overview
		Future Monitoring Approach: Through confirmation of completion of works
		Frequency of tracking: Delivery progress monthly, reported to LEP quarterly, final output on completion of works
		Costs Allocated to Monitoring: Incorporated in North Kent College management costs
		Details: Proposed Method of Collecting Baseline Information
		Approach for Collection: Via regular reporting from contractor/ project manager and on completion
		Costs Allocated: Incorporated in management costs.

ID	Output Description	
OP2	Improved quality facilities	<p>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</p> <p>Value: Improved teaching and learning environment. Unquantified</p> <p>Source of Value: Full Business Case, Strategic Case</p> <p>Future Monitoring Approach: Sequential to delivery of new facility. Explored in evaluation</p> <p>Frequency of tracking: Through evaluation only</p> <p>Costs Allocated to Monitoring: £36k allocated to evaluation</p> <p>Details: Proposed Method of Collecting Baseline Information</p> <p>Approach for Collection: Existing data regarding current estate condition – summarised in Strategic Case</p> <p>Costs Allocated: Incorporated in management costs.</p>

ID	Output Description	
OP3	Increased capacity to expand student numbers	<p>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</p> <p>Value: As OP1</p> <p>Source of Value: Full Business Case, Strategic Case</p> <p>Future Monitoring Approach: Sequential to delivery of new facility. Explored in evaluation</p> <p>Frequency of tracking: Through evaluation only</p> <p>Costs Allocated to Monitoring: £36k allocated to evaluation</p> <p>Details: Proposed Method of Collecting Baseline Information</p> <p>Approach for Collection: Existing data regarding current student numbers – summarised in Strategic Case</p> <p>Costs Allocated: Incorporated in management costs.</p>

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	
OC1	Retention/ safeguarding of existing course offer	Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring
		<p>Value: Maintenance and growth in range of courses offered</p> <p>Source of Value: Full Business Case, Strategic Case</p> <p>Future Monitoring Approach: Monitoring of evolution of course offer over time</p> <p>Frequency of tracking: Once on completion of physical build, focused on 2022/23 start, and at Three/ Five Year stage.</p> <p>Costs Allocated to Monitoring: Included within £36k evaluation budget.</p>
		Details: Proposed Method of Collecting Baseline Information
		<p>Approach for Collection: Review of course offer, discussion with staff</p> <p>Costs Allocated: Included within evaluation budget</p>

ID	Output Description	
OC2	Expansion of student numbers at all levels	Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring
		<p>Value: Increase in student numbers</p> <p>Source of Value: Full Business Case, Strategic Case/ Economic Case</p> <p>Future Monitoring Approach: Monitoring of student enrolments over time</p> <p>Frequency of tracking: Once on completion of physical build, focused on 2022/23 start, and at Three/ Five Year stage.</p>

		<p>Costs Allocated to Monitoring: Included within £36k evaluation budget.</p> <p>Details: Proposed Method of Collecting Baseline Information</p> <p>Approach for Collection: Review of actual numbers by level, discussion with staff</p> <p>Costs Allocated: Included within evaluation budget</p>
--	--	---

ID	Output Description	
OC3	Expansion of curriculum offer	<p>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</p> <p>Value: Expansion of curriculum offer within course provision</p> <p>Source of Value: Full Business Case, Strategic Case</p> <p>Future Monitoring Approach: Monitoring of evolution of course offer over time</p> <p>Frequency of tracking: Once on completion of physical build, focused on 2022/23 start, and at Three/ Five Year stage.</p> <p>Costs Allocated to Monitoring: Included within £36k evaluation budget.</p> <p>Details: Proposed Method of Collecting Baseline Information</p> <p>Approach for Collection: Review of course offer, discussion with staff</p> <p>Costs Allocated: Included within evaluation budget</p>

ID	Output Description	
OC4		Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring

	Increased efficiency of educational provision	<p>Value: Increased efficiency as facilities consolidated and use of equipment and deployment of teaching staff optimised.</p> <p>Source of Value: Full Business Case, Strategic Case</p> <p>Future Monitoring Approach: Through evaluation</p> <p>Frequency of tracking: Once at One Year and at Three Year stage.</p> <p>Costs Allocated to Monitoring: Included within £36k evaluation budget.</p> <p>Details: Proposed Method of Collecting Baseline Information</p> <p>Approach for Collection: Review of course offer, discussion with staff</p> <p>Costs Allocated: Included within evaluation budget</p>
--	---	--

ID	Output Description	
OC5	Increased attractiveness of North Kent College (especially in performing and digital arts)	<p>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</p> <p>Value: Increased applications, increase in positive perceptions</p> <p>Source of Value: Full Business Case, Strategic Case, Economic Case</p> <p>Future Monitoring Approach: Monitoring of applications and through evaluation</p> <p>Frequency of tracking: Once at One Year and Three Year stage</p> <p>Costs Allocated to Monitoring: Included within £36k evaluation budget.</p> <p>Details: Proposed Method of Collecting Baseline Information</p> <p>Approach for Collection: Review of applications data; interviews with staff, students and stakeholders</p> <p>Costs Allocated: Included within evaluation budget</p>

ID	Output Description	
OC6	Reduced running costs	Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring
		<p>Value: Running costs relative to baseline</p> <p>Source of Value: Full Business Case, Strategic Case, Economic Case</p> <p>Future Monitoring Approach: Evidence of costs offer over time</p> <p>Frequency of tracking: Once at One Year and Three Year stage.</p> <p>Costs Allocated to Monitoring: Included within £36k evaluation budget.</p>
		Details: Proposed Method of Collecting Baseline Information
		<p>Approach for Collection: Review of course offer, discussion with staff</p> <p>Costs Allocated: Included within evaluation budget</p>

ID	Output Description	
OC7	Improved energy efficiency and environmental sustainability	Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring
		<p>Value: Reduced expenditure; increased efficiency</p> <p>Source of Value: Full Business Case, Strategic Case</p> <p>Future Monitoring Approach: Review of costs (links to OC6)</p> <p>Frequency of tracking: Once on completion of physical build (anticipated costs and actual standards), and at Three/ Five Year stage.</p>

		<p>Costs Allocated to Monitoring: Included within £36k evaluation budget.</p> <p>Details: Proposed Method of Collecting Baseline Information</p> <p>Approach for Collection: Review of costs, discussion with staff</p> <p>Costs Allocated: Included within evaluation budget</p>
--	--	---

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

ID	Output Description	
IM1	Social and educational impacts	<p>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</p>
		<p>Value: There are a range of social, educational and strategic impacts set out in the Full Business Case. These include:</p>
		<ul style="list-style-type: none"> • Increased and enhanced educational support to the creative industries sector, including through the development of new partnerships and employer relationships • Greater understanding of opportunities in the sector, through increased public interaction with the facilities on the Dartford campus • Enhancement of North Kent College's position as a nationally leading further education institution in performing and production digital arts • The development of Dartford (and the Thames Estuary more generally) as an important centre for the creative industries, linked with the area's growth agenda and with the opportunities associated with the Thames Estuary Production Corridor • Strengthened employment outcomes
		<p>Source of Value: Full Business Case, Strategic Case</p>
		<p>Future Monitoring Approach: Via evaluation.</p>
<p>Frequency of tracking: To be determined within evaluation plan</p>		
<p>Costs Allocated to Monitoring: Within evaluation budget</p>		
<p>Details: Proposed Method of Collecting Baseline Information</p>		
<p>Approach for Collection: See above</p>		
<p>Costs Allocated: See above</p>		

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.



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

New Performing and Production Digital Arts Facility

This Baseline Report provides the details of the proposed inputs, outputs, outcomes and impacts of the New Performing and Production Digital Arts Facility, before the scheme is constructed/delivered.

Project description

The project will provide a new **Performing and Production Digital Arts Facility** at North Kent College's Dartford campus. This will enable the College to maintain and develop its established strengths in performing arts and digital design, respond to growing student demand and contribute to the long-term growth of the creative and cultural sector.

Specifically, it will involve the construction of a new, high-quality two-storey building containing 2,836 sq m (c. 30,500 sq ft) of educational floorspace, including a performance venue, dance studios, music performance spaces, digital design classrooms and workshops, and a new food court and social zone serving the whole College campus.

The new facility will consolidate the College's digital design and performing arts facilities, enabling it to grow provision by 264 net new enrolments per year by 2026/27.

Project objectives

The project objectives are to:

- Objective 1: To support the growth of the creative economy by developing talent and building a skilled workforce
- Objective 2: To sustain and enhance North Kent College's position as a leading centre for performing and digital arts
- Objective 3: To ensure a sustainable further education offer in Dartford, in the context of rapid population growth

Project location

The project is located at North Kent College's Dartford Campus, at Oakfield Lane, Dartford DA1 2JT.

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.

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 spend	Planned	Defrayal of spend on build of new facility	Monthly, update to LEP quarterly	Planned/ Forecast Spend Profile	Q3: £301,787 Q4: £1,800,475 Total: £2,010,263				Q1: £2,788,195 Q2: £3,557,187 Q3: £3,013,925 Q4: £840,226 Total: £10,199,533							
IN2	North Kent College matched spend	Actual	Invoice records (and planned spend for evaluation)	At start of project	Records of spend	£1,642,981 (already incurred)								£36,000			
IN3	Non-capitalised strategic management costs	Not currently costed	Not proposed that these are monitored, as form part of overall College management	N/A	N/A	N/A				N/A				N/A			

IN4	Ongoing maintenance and repair	Forecast		Actual cost data, reported at evaluation stage	Through evaluation	Actual spend	Estimated £189.5k gross	Estimated £189.5k gross	Estimated £189.5k gross
-----	--------------------------------	----------	--	--	--------------------	--------------	--------------------------------	--------------------------------	-------------------------

Project delivery and milestones

- Please complete the table of planned Key Milestones

Milestone	Planned Date of Delivery
Contract agreement and award	23 November 2020
Construction project start	23 November 2020
Enabling works complete	4 December 2020
Construction start on site	4 January 2020
Construction end	28 February 2020
Fit-out complete	26 April 2022
Facility open	27 April 2022
First additional students start	September 2022

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:
 - 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 educational floorspace	Baseline	Zero	n/a	n/a	n/a	n/a
		Planned/ Anticipated	2,836 sq m	Through delivery of capital build	Once on completion	Full Business Case – Strategic Case	February 2022

Details: Method of Collecting Baseline Information

There is no baseline information to collect as the building is new and on a cleared site.

ID	Output Description		Value	Monitoring approach	Frequency of Tracking	Source	Date
OP2	Better quality facilities	Baseline	Current conditions as set out in Full Business Case	n/a	n/a	n/a	n/a

		Planned/ Anticipated	Within new delivery	Through delivery of capital build	Once on completion and at One Year Report stage	Full Business Case – Strategic Case	February 2020
Details: Method of Collecting Baseline Information							
This is already summarised within the business case, which draws on previous estate conditions information.							

OP3 (Increased capacity to expand student provision) is already covered in OP1.

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:

- Retention/ safeguarding of existing course offer
- Expansion of student numbers at all levels
- Expansion of curriculum offer
- Increased efficiency of educational provision, as facilities consolidated and use of equipment and deployment of teaching staff optimised
- Increased attractiveness of North Kent College (specifically in performing and digital arts and more broadly)
- Reduced running costs, yielding savings on current estate
- Improved energy efficiency and environmental sustainability

Some of these will be quantitatively measurable, although some (such as the increased attractiveness of the College and some educational efficiency impacts) will require a qualitative review of stakeholder perceptions and experiences. At this stage, we cannot add to the information set out in the Evaluation Plan, although as set out in the Full Business Case, we intend to commission an evaluation of the project, looking at wider outcomes and impacts. We anticipate that the Baseline Report will be completed at the start of this commission.

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: Stakeholder Engagement Plan

Stakeholder Group	Stakeholder interests	Proposed engagement approach
Current students	<ul style="list-style-type: none"> Understanding future opportunities Impacts on current environment and facilities in construction phase 	<ul style="list-style-type: none"> Continuous engagement through existing channels
Future students	<ul style="list-style-type: none"> Opportunities at NKC, linked with quality of the offer 	<ul style="list-style-type: none"> Awareness-raising, locally and across NKC catchment area
NKC staff	<ul style="list-style-type: none"> Understanding future opportunities Impacts on current environment and facilities in construction phase 	<ul style="list-style-type: none"> Continuous engagement through existing channels
Local authority and elected representatives	<ul style="list-style-type: none"> Opportunities for local skills and talent development and economic impact Interest in community benefits 	<ul style="list-style-type: none"> Regular dialogue and briefing
Higher education institutions	<ul style="list-style-type: none"> Progression route for NKC students 	<ul style="list-style-type: none"> Keep informed of progress. New facility an opportunity to raise further awareness
Schools	<ul style="list-style-type: none"> Interested in the progression opportunities for those leaving school 	<ul style="list-style-type: none"> Highlight scale of opportunity and the high reputation and excellent progression outcomes at NKC
Other further education colleges	<ul style="list-style-type: none"> Interested in opportunities for collaboration/ complementarity 	<ul style="list-style-type: none"> Regular dialogue to avoid duplication/ competition
Employers	<ul style="list-style-type: none"> Interested in routes to future employees 	<ul style="list-style-type: none"> Active promotion in light of expansion; via normal employer engagement channels
Arts organisations/ cultural institutions	<ul style="list-style-type: none"> Opportunities for employment, collaboration and use of facilities 	<ul style="list-style-type: none"> Active promotion in light of expansion
Media	<ul style="list-style-type: none"> Interested in seeing the opportunity for the area and promoting a significant local asset 	<ul style="list-style-type: none"> Proactive engagement to ensure positive publicity (linked with student recruitment)
Local community organisations	<ul style="list-style-type: none"> Interested in using and connecting with the facility 	<ul style="list-style-type: none"> Active promotion
Local/ regional strategic organisations (e.g. Thames Estuary Production Corridor/ TGKP)	<ul style="list-style-type: none"> Interested in long-term economic opportunity, especially linked with sector development 	<ul style="list-style-type: none"> Regular dialogue and briefing and links with other initiatives

Annex I: Routes to impact



North Kent College
New Performing and Production Digital Arts Facility

Routes to economic impact

August 2020

1

Background

- Historically, business cases for capital investment in further education focused on long-term cost savings, the resilience of the estate and learner outcomes. This was reflected in the 'toolkit' previously used by the SFA, and in some earlier projects that received investment from the Local Growth Fund.
- However, the preferred approach taken by the Getting Building Fund is to demonstrate quantifiable economic benefits, with all schemes needing to demonstrate a benefit: cost ratio of greater than 2:1. This will need to be set out in the Economic Case for the project.
- This paper sets out the potential 'routes to economic impact' that could be supported by investment in the Performing and Production Digital Arts Facility, identifying where these can be quantified and potentially monetised.



What the literature says...

- Capital investment leads to a wide range of benefits. However, these are frequently under-counted, given that the primary rationale for investment is often estate renewal rather than expansion:
 - Research for BEIS (Frontier Economics, 2012) found that every £1 million of capital expenditure in the FE sector is associated with 62-86 additional learners. This is higher when the investment is 'just in time' to prevent a reduction in numbers due to an urgent need for estate renewal
 - Other benefits identified include economic regeneration (direct/ indirect jobs and supporting business investment); environmental sustainability; greater industry relevance (by matching the capital stock to employer need); better estate utilisation; staff recruitment and retention and reduced maintenance costs
 - Generally, the additionality of FE capital investment is high
- Participation in further education leads to increased earnings and higher productivity:
 - Research for BEIS (2014) estimated 3-5 year average earnings returns of between 8% and 11% for achievers leaving college in England
 - Strathclyde University (2017) identified long-term productivity gains at the level of the economy overall from participation in further education

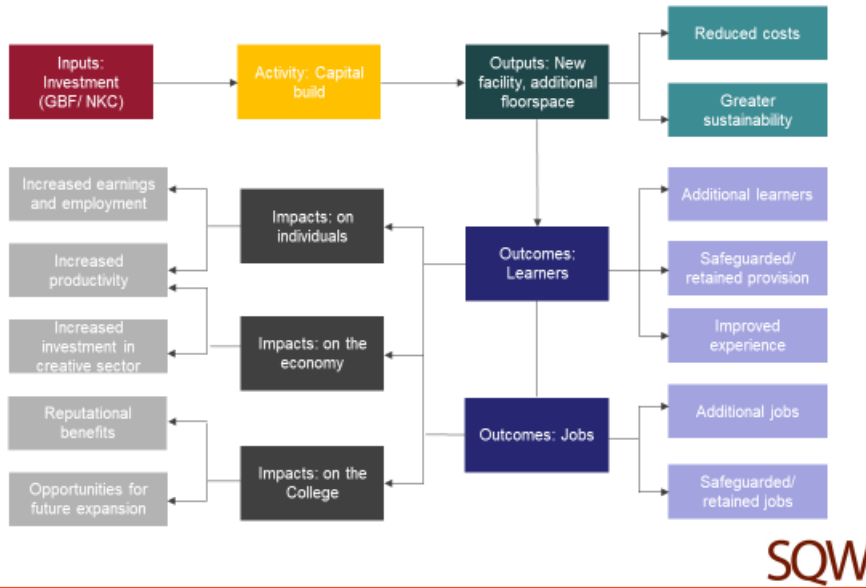
SQW

Benefits identified in the expression of interest

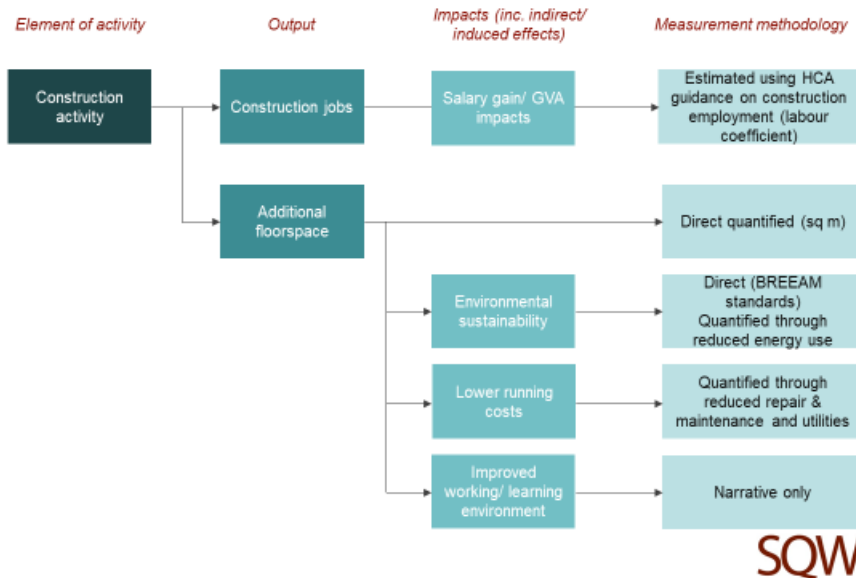
- Quantified benefits stated (as gross and indicative):
 - 2,826 sq m additional educational floorspace
 - 400 additional students to the College
 - 35 additional jobs due to increased student recruitment
 - 28 'safeguarded' jobs through course retention
 - 100 construction jobs
- Other benefits:
 - Contribution to the growth of the cultural and creative economy
 - Retention and enhancement of centre of excellence for performing and digital arts
 - Improved student experience
 - Resilience and sustainability of the wider North Kent College estate

SQW

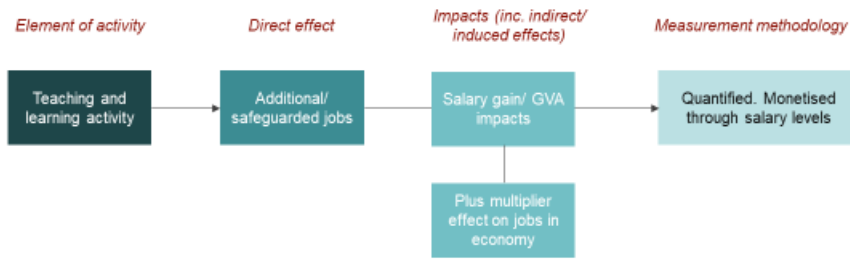
Headline logic model



Identifying routes to impact: Capital phase

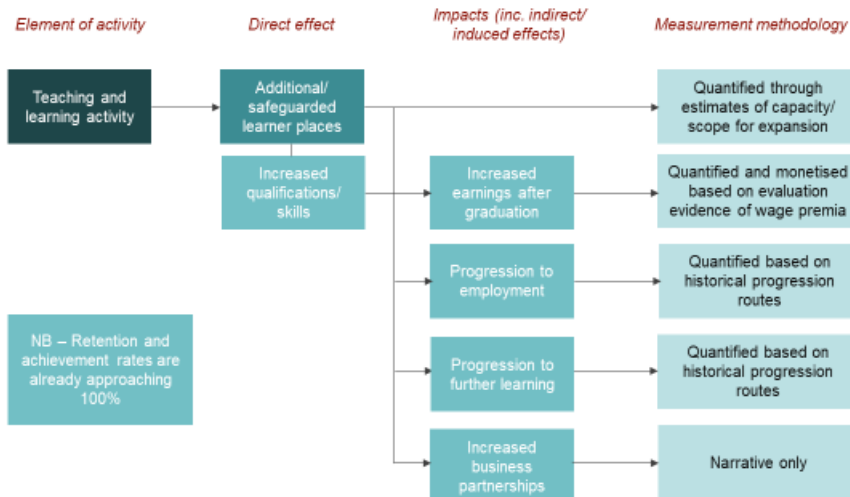


Identifying routes to impact: Employment



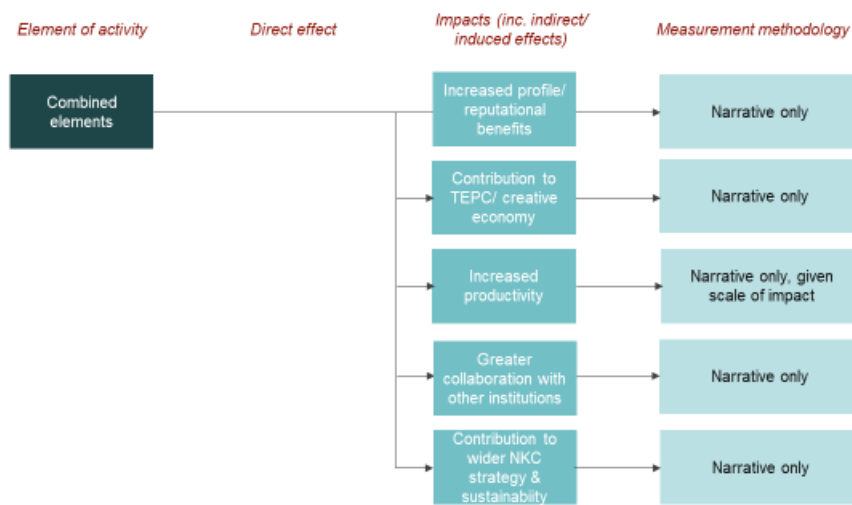
SQW

Identifying routes to impact: Learner impacts



SQW

Identifying routes to impact: Other benefits



SQW

Some questions to consider...

- Do the 'routes to impact' on the preceding slides capture all the benefits we might anticipate arising from the new Facility
 - Is anything missing?
 - Is there anything that shouldn't apply?
- Some benefits are identified as 'narrative only' (i.e. we can describe the benefit, but we don't have robust data to quantify it). Do you agree – if not, do you have access to relevant data?
 - Quantifiable benefits are helpful, since they can be inputted into the benefit: cost ratio (which isn't everything, but is quite important)

SQW