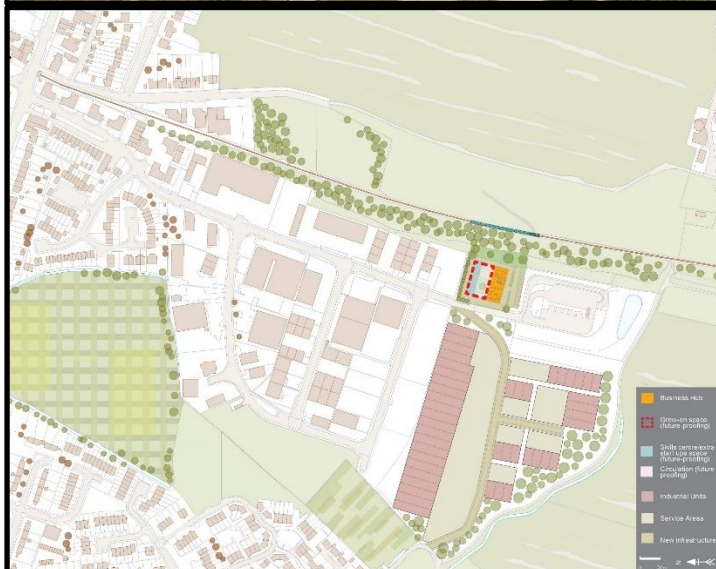


Getting Building Fund





SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP



HM Government

700 new jobs
for Folkestone and Hythe
from a new employment hub
in Romney Marsh

Find out more about our **Getting Building Fund**:
southeastlep.com/getting-building-fund

The Romney Marsh Employment Hub

Mountfield Road Industrial Estate, New Romney

Business Case for the Getting Building Fund (Gate 2 update: 9 October 2020)



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.

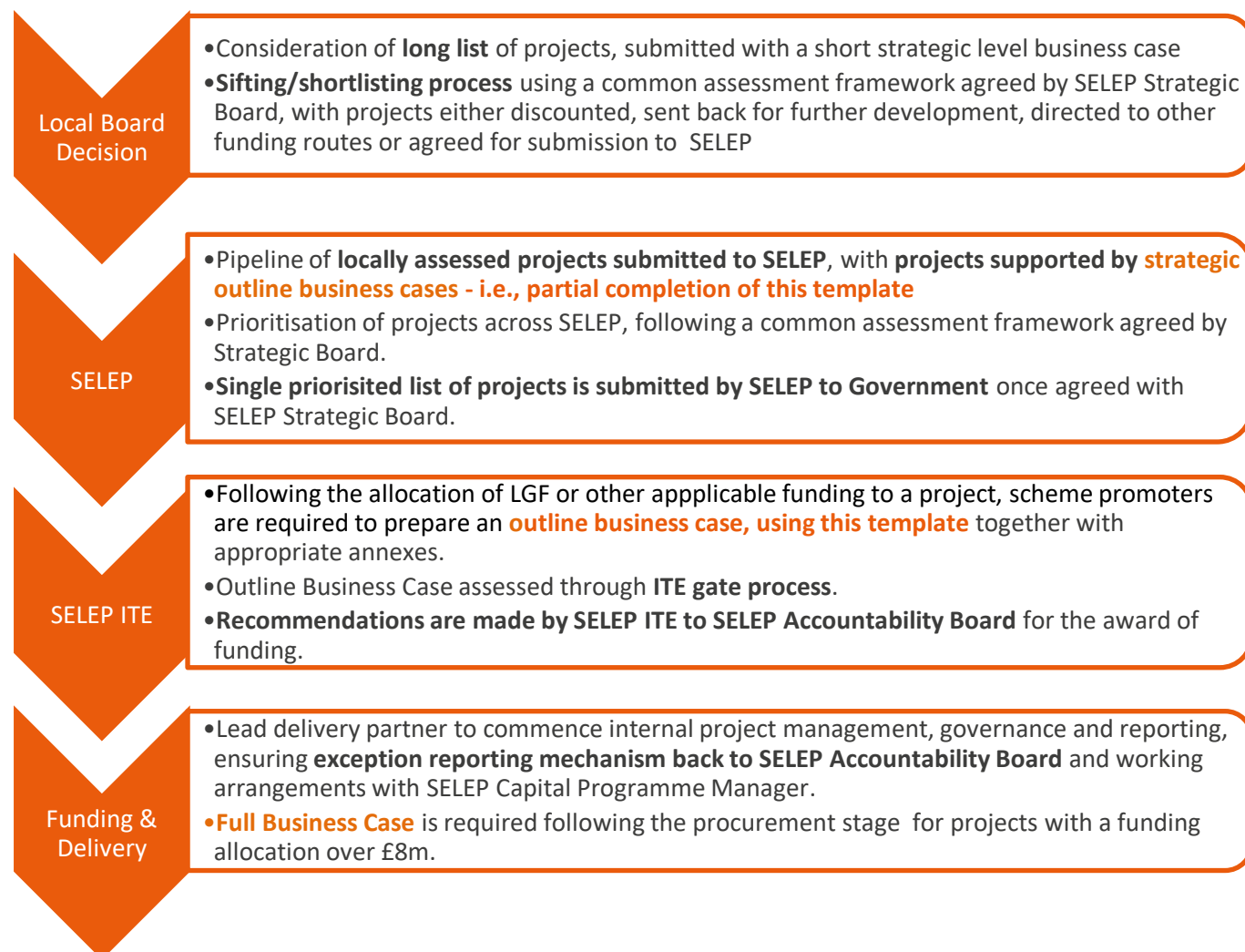
It is also designed to be applicable across all funding streams made available by Government through SELEP. It should be filled in by the scheme promoter – defined as the final beneficiary of funding. In most cases, this is the local authority; but in some cases the local authority acts as Accountable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

1. PROJECT OVERVIEW

1.1. **Project name:**
Romney Marsh Employment Hub at Mountfield Road Industrial Estate, New Romney

1.2. **Project type:**
Site Development

1.3. **Federated Board Area:**
Kent & Medway

1.4. **Lead County Council / Unitary Authority:**
Kent County Council

1.5. **Development location:**
Mountfield Road Industrial Estate, New Romney, TN28 8LD

1.6. **Project Summary:**
Folkestone & Hythe District Council (FHDC) covers a coastal area in Kent which includes Dungeness where the Magnox and EDF nuclear power stations are located. Dungeness lies within the Romney Marsh area which continues to be heavily reliant on the nuclear industry for jobs with 60% of employees living within the District and 90% within the District and its neighbouring local authority areas. This project seeks to diversify the economic base to create a more sustainable economic future for the area by providing a high quality business/skills hub and infrastructure to unlock the remaining undeveloped 6 hectares of employment land on the Mountfield Road Industrial Estate at New Romney.

Getting Building Fund (GBF) investment is being sought as part of a funding package to further develop the Mountfield Road Industrial Estate. This includes the development of a business hub of 751 sqm (8084 sqft) (GEA) divided into 14 rooms of varying sizes, with offices built for businesses that will range in size from 2-10 employees. The planned flexibility of the space within the business hub will mean that it could also lend itself to providing space for skills training. There is land within the hub site for the building to be further extended by 427 sq. m to provide either more business space or a more bespoke skills facility depending on demand.

The undeveloped 6 hectares on the industrial estate requires an access road and servicing. This would follow the masterplan for the site co-financed by Magnox/NDA and Folkestone & Hythe District Council. The Masterplan was completed in March 2018 and offered options for bringing forward the site.

Completing the development of the whole employment hub, including unlocking the remaining employment land, will enable up to 620 jobs to be created in the Romney Marsh area. However, it should be noted that as a result of COVID 19 and social distancing there may be some impacts on the jobs realisation in the short term.

This is a major opportunity to re-invigorate and diversify the economy of the Romney Marsh area and mitigate the loss of more than 1000 jobs arising from the closure of Dungeness A Nuclear Power Station and programmed closure of Dungeness B Power Station in 2028. The need for funding arises from the low investment returns currently being achieved in the Romney Marsh area and the failure of the market to deliver new high quality business space which recent studies indicate is needed; the demand has not been met elsewhere within the Romney Marsh Partnership area. This development will also provide an opportunity to attract new businesses into the Romney Marsh area to help diversify and grow the local economy.

The overall capital project cost is £7,081,466 and the GBF investment is requested to contribute £3,536,466.

1.7. Delivery partners:

Partner	Nature of involvement (financial, operational etc.)
Folkestone & Hythe District Council (Lead Applicant)	Financial and Operational
East Kent Spatial Delivery Development Company (Delivery Partner on Employment Hub Building)	Financial and Operational in terms of managing the Employment Hub Building
NDA	Financial

1.8. Promoting Body:
Folkestone & Hythe District Council

1.9. Senior Responsible Owner (SRO):

Ewan Green, Director – Place.
Email: ewan.green@folkestone-hythe.gov.uk
Tel: 01303 853503

1.10. Total project value and funding sources:

Funding source	Amount (£)	Constraints, dependencies or risks and mitigation
Applicant – FHDC	2,310,000	Fully Approved
East Kent Spatial Delivery Development Company	735,000	Approved for the Business Hub building
Other Public - NDA	500,000	Approved for the Business Hub building
GBF	3,536,466	To be confirmed
Total project value	7,081,466	

1.11. SELEP funding request, including type (LGF, GPF, GBF etc.):
GBF £3,536,466.

The promoter of the project and beneficiary of grant support is Folkestone & Hythe District Council which is a public organisation. The project would be exempt from State Aid under the GBER local infrastructure provisions (Section 13, Article 56). However, as the grant would exceed 500,000 euros there would be requirement to notify BEIS's State Aid department.

1.12. Exemptions:
FHDC is not aware that this business case is subject to any exemptions as per the SELEP Assurance Framework 2017.

1.13. Key dates:

Commencement of expenditure - September 2020
 Stage 1 - Business Hub building construction contract let - September 2020
 Stage 2 - Employment Hub road & services contract let - December 2020
 Stage 1 - Business hub building practical completion – September 2021
 Stage 2 – Employment hub road & services completion - Feb 2022
 PR for completed scheme – March 2022

1.14. Project development stage:

Project development stages completed to date			
Task	Description	Outputs achieved	Timescale
Masterplan	Completion of masterplan for whole site	Completed Masterplan	March 2018
Business hub design	Design reviewed and revised	Completed	June 2018
Access road requirements	Reviewed with KCC Highways and revised	Completed	August 2018
Costings in Masterplan checked	The costings for the project checked including value-engineered re-design	Completed costings checked including revising costs for re-designed business hub see appendices	August 2018
Business Hub Planning	Detailed consent for business hub building	Full consent Y18/0976/FH granted	27 September 2018
Infrastructure Planning	Planning permission for vehicular access to remainder of Mountfield Ind Est	Full consent Y19/0302/FH granted	7 May 2019
FHDC part-funding and land contribution secured	Approvals sought	Completed	September 2019
EKSDC funding secured for Stage 1	Board Approval	Confirmed	December 2019
NDA/Magnox grant approved for Stage 1	Approved	Approved	April 2020
Joint venture	Agreed between EKSDC and FHDC	Completed	August 2020
NDA Grant Offer acceptance by FHDC	Confirmed	Completed	August 2020

Tenders for design & build contract for Stage 1	Invitation Issued	Issued	August 2020
Red Book Valuations	Valuation of site as existing and post development GDV's	Report Issued by Savills	24 August 2020
Project development stages to be completed			
Task	Description		Timescale
Tenders received and evaluated for Stage 1	Currently being evaluated. Work has been commissioned since the Minister's announcement on 2 Aug 2020 to progress the project to a stage where it can be contracted immediately upon GBF approval.		8 September 2020
Design & build contract Stage 2 Infrastructure	Tenders received, evaluated and contractor appointment		8 December 2020
Practical completion for Stage 1 (Business Hub)			30 September 2021
Completion for Stage 2 (land infrastructure and servicing)			28 February 2022

1.15. Proposed completion of outputs:

The business hub is anticipated to move to full occupancy in the second year of operation (2023). Total job outputs, including the serviced land to be developed by businesses, will be aggregated over a ten year period.

There has been no previous SELEP funding for the construction of the building or site infrastructure on the application site or indeed earlier phases of development and therefore no 'double-counting' of the outputs proposed over this period.

2. STRATEGIC CASE

2.1. Scope / Scheme Description:

Folkestone & Hythe District Council covers a coastal area in Kent that borders East Sussex and includes Dungeness where the Magnox and EDF nuclear power stations are located.

Dungeness lies within the Romney Marsh area which continues to be heavily reliant on the nuclear industry for jobs with 60% of employees living within the District and 90% within the District and its neighbouring local authority areas. This project seeks to diversify the economic base to create a more sustainable future by providing a high quality business/skills hub and infrastructure to unlock the remaining undeveloped 6 hectares of employment land.

The project comprises the bringing forward of six hectares of land at Mountfield Road Industrial Estate, New Romney including a business hub that will create a new impetus to the diversification of employment opportunities in the area. The Stage 1 business hub will total 751 sq. metres (GEA) of workspace divided into 14 rooms of sizes able to accommodate businesses with between 2 -10 employees. The flexibility of the space will mean that it could also lend itself to providing space for skills training. The site for the business hub also allows for an extension of circa 427 sq. m to provide more business space or a bespoke skills facility depending on demand. Stage 2 relates to bringing forward the remaining five hectares by providing infrastructure and services to enable business investment and employment creation. This follows the masterplan for the site which was completed in March 2018 and offered options for developing out the site.

The project objective is to provide higher quality business accommodation and by unlocking employment land to diversify the local economy; together this will facilitate the creation of some 700 new jobs. This will help to mitigate the loss of more than 1000 jobs from the de-commissioning of Dungeness A and B nuclear power stations previously and anticipated over the next 20 years. The undeveloped 6 hectares that requires an access road and servicing is expected to be capable of delivering up to 15,000 sq. metres of industrial space. To uplift the employment offer locally, a 751sq.metre business/skills hub is proposed to create higher quality accommodation capable of meeting the demands of local growing enterprises (ie. 'grow-on' space for young businesses). This new development will foster future business expansion to improve employment opportunities and productivity in the Romney Marsh area. The hub will also set a new standard for the remainder of the estate.

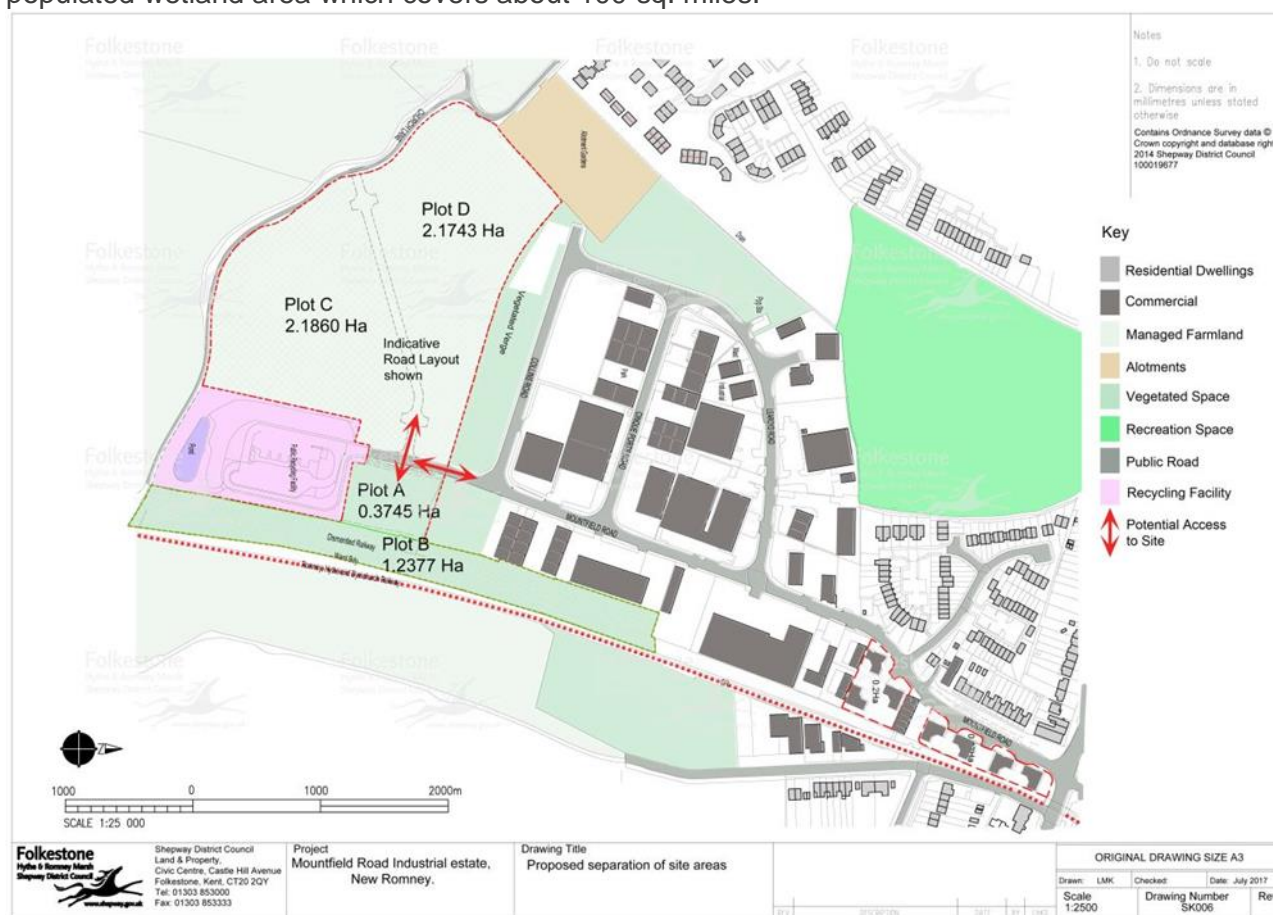
2.2. Logic Map

Inputs	Outputs	Outcomes	Impacts
<p>For all schemes:</p> <p>Take from section 1.10 / Financial Case</p> <p>Grant Spend £3,536,466m</p> <p>Matched Contributions Spend £3,545,000</p> <p>Leveraged Funding £0</p>	<p>For all schemes:</p> <p>Influenced by detail in section 3.2.</p> <p>Also refer to metrics output metrics within Appendix E</p> <ul style="list-style-type: none"> Commercial Floorspace Completed 751 sqm (offices in business hub) Area of site assembled and ready for development 9 hectares for B1, B2 or B8 use. 350 m of roads constructed 	<p>Influenced by details in sections 2.1, 3.4, 3.5, 3.10</p> <ul style="list-style-type: none"> 751 sqm B1 office space occupied 15,000sqm of commercial floorspace occupied by 2030 64 FTE jobs associated with business hub 556 FTE jobs on development delivered on serviced land by 2030 	<p>For schemes £2m-£8m:</p> <p>-Relevant impacts from Appendix E plus any moderate or large benefits/disbenefits which occur as part of section 3 in this template</p> <ul style="list-style-type: none"> Increased Attractiveness to business Occupiers Increased attractiveness to developers Increased employment levels (changes in GVA)

2.3. Location description:

Location

The Property is located in New Romney a small town on the edge of the Romney Marsh in south Kent. New Romney is located approximately 12 miles east of Rye, 15.5 miles south of Ashford and 9 miles west of Hythe. Folkestone is located beyond Hythe approximately 12 miles to the east and Maidstone is located 38 miles to the north-west beyond Ashford. The surrounding area is rural in nature comprising fertile agricultural land making up the Romney Marsh a sparsely populated wetland area which covers about 100 sq. miles.



The area is relatively well connected by road and rail although the local road network is predominantly made up of single narrow lanes. Junction 10 of the M20 is 14.6 miles to the north east, via the A259 and A2070, and Junction 13 approximately 12 miles to the east via the A259. In turn the M20 provides a link to the wider motorway network and the international airports of Gatwick and Heathrow via the M25.

The main line railway serving the area, known as the Marsh Link Line, is the Ashford to Hastings line, with stations at Hamstreet, Appledore, Rye and Winchelsea. Rail services to the continent are available from Ashford International via Eurostar services (although these have just been suspended temporarily until 2022). Domestic rail services from Ashford International to London go into St Pancras (38 minutes), Charing Cross (1 hour 24 minutes) and London Victoria (1 hour 45 minutes).

The site is irregular in shape although broadly rectangular extending in total to around 4.33 ha (10.7 acres). The land is broadly flat and is currently in agricultural use but is allocated for

employment development in the Local Plan. Land to the eastern boundary comprises an ecology corridor which cannot be developed.

Site layout

Outlined below is an indicative image of the preferred option which connects in to the existing Industrial Estate Road network. Subsequent requirements from KCC Highways has meant a slightly different road alignment to connect better with the existing Mountfield Road Industrial Estate but the overall project concept remains as shown below. Unit sizes range from 6,500 sqft to 15,000 sqft but retain flexibility for division should market demand require smaller units.



2.4. Policy context:

This project aligns with the Government's Industrial Strategy, SELEP & KMEP Strategies seeking to build the strength of the SE economy and increase productivity. This has been further re-inforced by the COVID 19 Economic Renewal & Recovery Plans which will seek to accelerate economic activity, as demonstrated by the launch of the Getting Building Fund to provide additional impetus to the construction sector which has traditionally led the economy out of recession. The policy context is considered further below.

National Industrial Strategy:

This project links with the Government's Industrial Strategy through providing and facilitating the development of new working space and opportunity for more connected work space to improve productivity. The 'Industrial Strategy – Building a Britain fit for the future' refers to the need to make both towns and rural areas more productive. The project will contribute to meeting the key founding principles of the Industrial Strategy by supporting the creation of new business ideas, improving earning power, providing more local infrastructure to support growth, creating a more supportive business environment (through building on the business base already clustering in the industrial estate) and supporting its future development. Mountfield Road Industrial Estate, New Romney is the key development opportunity within the Romney Marsh area for the expansion

and diversification of the local economy. It has the potential to make a significant contribution to the future prosperity of communities within the Romney Marsh area.

South East Local Enterprise Partnership (SELEP) Strategic Economic Plan:

This project aligns well with the objectives of the SELEP's Strategic Economic Plan. The main policy objectives this project will meet includes:

- Building Our Economic Strengths – it will deliver much needed grow-on business space required by local businesses to support their growth
- Boosting Productivity – it will provide quality business accommodation needed to attract new higher value added business inward investment

In addition, the project could help unlock land for more homes which will contribute to delivering another SELEP policy objective of 'Building More Houses'. The masterplan envisages the access road servicing the site could also provide an access to land with potential for 400 homes (subject to planning).

The Smarter, Faster, Together strategy also highlighted the need to create more flexible space which allowed greater networking. The Romney Marsh Employment Hub creates further opportunity to work with the existing business community and develop/promote programmes for accelerated growth as well as create the types of business space that encourage higher productivity.

Kent & Medway Economic Partnership

KMEP's Economic Renewal and Resilience Plan supports public sector action to bring forward opportunities for commercial investment and jobs. It emphasises the importance of local partnership in delivering projects.

The Plan also references Mountfield Road Industrial Estate, New Romney and the Getting Building Fund as a way to accelerate capital projects. This is not only a useful counter-recessionary measure, but also a way of stimulating economic activity and advancing investment for the long term.

Kent County Policies – Vision Kent:

The project fits with the ambitions set in 'Vision Kent' to support business growth and will also mitigate the potential for disadvantage in an area experiencing significant job losses.

Folkestone & Hythe District Council Economic Strategy 2015-2020:

The Folkestone & Hythe District Council Economic Strategy 2015-2020 evidences the need and objectives for bringing forward more business space: a priority is 'to improve the quality of commercial workspace available, including incubation, flexible entry and move-on space'. Another of the four priorities is to promote further investment through bringing forward sites that will encourage development of commercial premises to meet unsatisfied demand. However, it also recognises that, although there may be unmet demand, many commercial sites in the District (including Mountfield Road Industrial Estate, New Romney) are not commercially viable to bring forward without public sector investment. Therefore the Council is committed to using its land assets to leverage this investment.

The Council is also the Local Planning Authority and the final phase of Mountfield Road Industrial Estate, New Romney has been allocated for employment uses in the Local Plan since 2013 in recognition of the need to diversify the local employment base.

NDA/Magnox Strategy:

The proposal fits with national programmes relating to mitigating the impacts of de-commissioning nuclear power stations. There is a commitment on the part of Magnox Industries to support the communities affected by de-commissioning through a socio-economic programme applicable to all Magnox sites. The Nuclear Decommissioning Authority Economic Assessment of Magnox Sites (2018) indicates the Romney Marsh area has a high dependency on the nuclear industries and a weak local economy. This has led to the Romney Marsh area having a high priority for socio-economic funds which have been secured for Stage 1 of the project.

East Kent Growth Framework:

The project aligns directly with the priorities identified in the East Kent Growth Framework for maximising the economic growth potential of the area. The evidence base demonstrated a lack of high quality business accommodation throughout East Kent and need to initiate developments to attract more investment to meet the needs of both local business and prospective inward investors. Mountfield Road Industrial Estate, New Romney is a recognised business location which currently supports over 70 companies and organisations and where space for new ventures is very rarely available. Capacity Studies undertaken for the remaining 6.1 hectares of undeveloped land on the estate indicated that it could provide some 20,000 sq. m gross new business space, which could accommodate up to 700 jobs and house up to 40 businesses. There is evidence of demand from existing occupiers of earlier phases of the industrial estate's development for more grow-on space for expansion so there is confidence that serviced plots of land brought forward will be taken up quickly. This further development of the industrial estate will therefore make a significant contribution to facilitating the growth of business, job and skills opportunities on Romney Marsh and the wider East Kent area.

Romney Marsh Partnership Delivery Plan:

The project is a key priority in the Romney Marsh Partnership's Delivery Plan which is supported by a wide range of government, private and community partners including: the NDA/Magnox & EDF; Ashford Borough Council, Rother District Council, Folkestone & Hythe District /Council, Kent County Council and East Sussex County Council; Kent Invicta Chamber of Commerce; Lydd Airport; Brett Aggregates; The Marsh Academy; Romney Marsh Resource Centre; and Rural Kent. The Romney Marsh Partnership is a promoter of the project which is seen as a priority for creating employment and diversifying the employment base for the Romney Marsh area.

New Romney Coastal Community Team:

The New Romney Coastal Community Team Economic Plan has Mountfield Road Industrial Estate, New Romney as a key project to create and diversify employment. New Romney is seeking to further its ambitions to become more visible as 'the capital of the Marsh'. This includes becoming a centre of employment through the development of the Romney Marsh Employment Hub which is recognised as a key project to develop the Romney Marsh economy, in order to improve the area's sustainability and create new higher value opportunities for employment growth.

2.5. Need for intervention:

This project seeks to diversify the economic base to create a more sustainable future by providing a high quality business/skills hub and infrastructure to unlock the undeveloped 6 hectares of employment land. The business hub will comprise 751 sq. metres (GEA) divided into 14 rooms of varying sizes, with offices built for businesses that will range from 2-10 employees.

The need to support this activity is referenced in the above strategic policies and in particular Folkestone & Hythe District Council Economic Strategy 2015-2020 evidences the need and objectives for bringing forward more business space with a priority 'to improve the quality of

commercial workspace available, including incubation, flexible entry and move-on space' as well as the need to promote further investment through bringing forward sites that will encourage development of commercial premises to meet unsatisfied demand.

The need for the GBF funding is due to the funding gap which arises from the low investment returns currently being achieved in the Romney Marsh area and the failure of the market to deliver new high quality business space which recent studies indicate is needed. Savills Valuation Report (Appendix H) references relatively strong local occupier demand and little new stock coming to the market. They also value the office element of the scheme based on headline rents of £16 per sq.ft. and an end value of £650,000. This demonstrates there is a cost/value funding gap which means that the commercial development is unviable without some form of public sector support because it costs more to build than it is worth once completed.

Savills report also references local market employment land transactions which notes that "land values have increased in recent years but build cost inflation is keeping any growth to a muted level and are squeezing developers profit margins". If we add to the development equation the costs of servicing the land to provide smaller plots to match local market demand, this makes the financial viability for a developer even more difficult to achieve.

The Council can offer the land as serviced plots for development at a market value, not a price which is artificially high due to land owners aspirations for value. This will thereby bring much need serviced sites to the market for development by end users themselves or for developers to develop out. This demand has not been met elsewhere within the Romney Marsh area. This development will also provide an opportunity to attract new businesses into the Romney Marsh area to help diversify and grow the local economy.

2.6. Sources of funding:

Since 2013 when the site was allocated for employment uses, no developer came forward. In 2016 it was therefore decided to seek the support of Magnox/NDA to masterplan the site with a view to encouraging smaller scale development and more jobs. The Masterplan was completed in 2018 but there has been no further interest from commercial companies. The most commercial element was the business hub and it has been possible to engage East Kent Spatial Development Company (a local authority owned regeneration company) with this element which is also supported by Magnox/NDA grant funding.

There has been interest in the land by companies requiring 10,000 – 30,000 sq.ft, but this requires the service road and infrastructure to be provided first. The lack of infrastructure is a significant deterrent to private sector developers who will be attracted to sites with lower build costs and serviced sites in higher value locations closer to the motorway network in relative hotspots of the County such as Aylesford, Swanley and Dartford. Most land sales in recent years have been to owner occupiers who have a need to expand and are less incentivised by the return on property investment; these tend to be for smaller 1-2 acre plots in the locality. The economics for a private company to develop out a small site and take a large enabling cost for site access and servicing are just too high to make development viable for private businesses/developers.

The office component within the Business Hub does not have the same wider infrastructure implications as it is located at the end of current road network, but it still suffers from the disparity between the value of the completed scheme and the costs of development which makes development of offices totally unviable in this location for the private sector.

There is therefore a clear need for significant public sector assistance to bridge the gap between costs and values which the private sector is unable to do. With this in mind FHDC have sought a variety of different funding sources to bridge the gap. FHDC has successfully secured funding contributions from NDA of £500,000 and the East Kent Spatial Development Company is investing £735,000. It is committing £2,310,000 to the scheme from the Council's own resources. FHDC has also made a previously unsuccessful application to SELEP for LGF funding and to the Coastal Communities Fund.

Overall FHDC have successfully secured a financial commitment of 50% of the funding package to deliver part of the project - the business hub building, and have exhausted all other funding avenues available. If the GBF funding is approved this would be the final element of funding required to deliver the whole scheme which is 'shovel ready' with all land in the control of FHDC and detailed planning consents in place to deliver the scheme.

In the absence of any other form of public sector investment support, without the GBF it is considered that the whole project would be highly unlikely to be developed in the foreseeable future.

2.7. Impact of non-intervention (do nothing)

FHDC is seeking to deliver the whole project and without the GBF funding there are no other existing avenues of funding available for this.

In the absence of the GBF funding the scheme would reduce solely to the delivery of the Business Hub and all other outcomes and benefits of developing the wider site would be lost.

2.8. Objectives of intervention:

Project Objectives

Objective 1: Develop high quality business accommodation by unlocking 6 hectares of employment land for circa 15,000 sq metres of commercial floorspace

Objective 2: Develop a business/skills hub to meet demands of local growing enterprises.

Objective 3: Create/safeguard 620 jobs locally

Problems or opportunities the project is seeking to address

Problem / Opportunity 1: Reliance on nuclear power stations for jobs – need to diversify economy

Problem / Opportunity 2: Risk of unemployment from decommissioning of Dungeness A and B power stations.

Problem / Opportunity 3: problem that commercial development is not viable and therefore providing higher quality business accommodation creates the opportunity to attract high value inward investment

Problem / Opportunity 4: Problem from negative impact of COVID 19 on employment and delivery of infrastructure to support job creation

	Problems / opportunities identified in Need for Intervention section			
Objectives	Problem / Opportunity 1	Problem / Opportunity 2	Problem / Opportunity 3	Problem / Opportunity 4
Objective 1	✓✓✓	✓✓	✓✓✓	✓✓✓
Objective 2	✓✓✓	✓✓	✓✓✓	✓✓✓
Objective 3...	✓✓✓	✓✓	✓✓✓	✓✓✓

2.9. Constraints:

Land Ownership – the site is in the ownership of FHDC.

Highways Access – site access can connect into the existing adopted highway network

Planning – Detailed planning consent has been secured for the business hub building and the remaining site infrastructure

Site Services - mains services will be provided as part of the project

Site Conditions – detailed site investigations have been carried out for the hub building and high level desk top work has been undertaken for the remainder of the site.

Match Funding – funding from NDA, East Kent Spatial Development Company and FHBC is already approved.

Maintain Cost Envelope- Tender works for design and build Stage 1 (Business hub) due in September 2020, Stage 2 (site infrastructure and servicing) due December 2020. We can confirm that bids indicate the Stage 1 cost envelope can be maintained and the project is on budget.

2.10. Scheme dependencies:

The site is 'shovel ready' with the only major impediment to delivering the scheme being completion of the funding package which the GBF would address.

2.11. Expected benefits:

The primary benefit of the project will be to unlock the delivery of 6 hectares of employment land which is expected to be capable of delivering some 15,000 sq. metres of new Gross External Area industrial space at Mountfield Road Industrial Estate.

To uplift the employment offer locally, a 751sq.metre business/skills hub is proposed to initiate the creation of high quality accommodation capable of meeting the demands of local growing enterprises. The hub will be delivered irrespective of the GBF and so is treated as 'deadweight' within the economic case.

Modelling of economic benefits has identified potential for the GBF to support:

- 556 FTE Gross Jobs on developed land (plus 64 'deadweight' business hub FTEs)

- Net Land Value Uplift NPV of £1,067,476, achieved on the development land
- welfare-related impacts, estimated at £14.7m, or £11.4m at NPV. These GDP impacts are a mix of additional tax revenues and negated welfare payments nationally.

Alongside the monetised benefits, the project has the potential to bring a number of wider economic output, including potential to:

- Retain and attract inward investment in the County and the SELEP area
- Provide the opportunity for local companies to expand their operations within the area
- Support the delivery and attractiveness of the Mountfield Road Industrial Estate
- Provide quality business accommodation in Romney Marsh that can meet the needs of local employers

2.12. Key risks:

FHDC will adopt a strategic approach to risk management, integrating it into workflows and processes, in order to make better informed decisions. An issue log will be utilised to monitor changes and issues. The risk management strategy will be reviewed and updated as a live document at all stages throughout the life of the project. Risks will be reviewed at differing intervals according to net risk level:

- High Risk – Minimum monthly
- Medium Risk – Minimum quarterly
- Low Risk – Minimum six monthly

A detailed Risk Management Strategy is provided in Appendix R with the Council's own risk register at Appendix S. A risk register in accordance with business case format is provided at Appendix C.

3. ECONOMIC CASE

3.1. Options assessment:

Long list of options considered:

The masterplan (see appendix Q) completed in March 2018 outlined five main options for developing the site and these are indicated in Appendix 1 of the Masterplan. These comprised:

Option A: Develop the business hub on part of the site with access to services and the remainder being built out for office/light industrial uses.

Option B: The business hub as above but part of the remainder of the land being developed for live-work units.

Option C: The business hub being within the major part of the site which will require servicing before the hub can be operational.

Option D: A different configuration for the business hub which is also located within the major part of the site requiring to be serviced before it can operate.

Option E: The units at the head of the estate being re-developed for a business hub and the remaining land developed for industrial/office space.

Options assessment:

The masterplan of the site included as appendix Q sets out the long list options, provides more detailed analysis of each option and then summarises the relative benefits of each option at page 58 of the report. This analysis evaluated each option against the following criteria: access, transport, pedestrian, environment, sustainability, noise, future flexibility, net funding ceiling, opportunity for commercial return, decant and demolition requirements, construction programme, and infrastructure costs.

Option A was chosen as it offered all the components required and a stronger approach to delivery. It was considered that demand for the Option B proposals for live-work units was not as evidenced by the research as the type of business accommodation proposed in Option A. Options C & D were reliant on services being provided to bring forward further land which resulted in a later programme delivery timescale for the hub. Option E provided a good location for the business hub but involved additional costs of demolition and, given a building survey indicated the buildings were of good condition, would mean the hub replaced existing business space rather than providing additional space.

Short list of options:

Once the ideal configuration was identified via the long listing process the scheme was then considered in terms of different scales of investment as follows:

(a) Preferred Option - Masterplan Option A (all components):

This is the preferred option as it combines the business hub to meet identified demand for this type of space. The hub's high quality business space would also set a standard for developing out of the serviced land remaining. The hub will facilitate business growth and the servicing of land will allow successful businesses to remain in the area by providing 'grow-on space'. The serviced land also provides opportunities to attract inward investment to increase and diversify the local employment offer. It is estimated that the proposed infrastructure investment sought would enable some 15,000 sq metres to be developed out and the access road potentially open

up land for 400 homes (subject to planning). There is considerable interest from local businesses in the expansion opportunities offered by the land which is the last phase of the estate: conversion of all the current expressions of interests from local businesses for plots would result in 25% of the land being taken up immediately and there are further requests to safeguard another 35% for future expansion. The land remaining will then be available to meet either future local demand or potential new inward investment to Romney Marsh.

(b) Bring forward the development of the road and services infrastructure only:

This option provides for larger scale investment for self-build and inward investment. However, it also represents a lost opportunity to initiate provision of much needed high quality business accommodation necessary to support new small businesses on the Romney Marsh, particularly higher value and innovative businesses that will help to diversify and grow the local economy in a sustainable way. Research has shown this type of space is needed but absent from the Romney Marsh area and therefore is a priority in mitigating against the impact of the closure of the nuclear power stations. Expanding businesses at the business hub will generate some of the demand for space to be developed out on the remainder of the employment land at Mountfield Road Industrial Estate, New Romney.

(c) Bring forward the business hub only:

The business hub will provide the much needed quality business space in the area and seen as critical to meeting local business growth needs, as well as encouraging new inward investment to help diversify local employment opportunities. The type of space to be constructed will encourage more innovative and high-growth businesses to become established in the area. However, just developing this aspect of the project will mean a lost opportunity for bringing forward employment plots for businesses which require a different type of space to grow. There is already evidence of demand for grow-on space from existing businesses within the earlier phases of the Estate and wider Romney Marsh area for these employment plots. Not bringing forward the road infrastructure to unlock these plots would mean that these businesses, all of which employ local people, will have to relocate to continue to grow.

(d) Do nothing:

A failure to respond to the job losses arising from the closure of the Dungeness nuclear power stations will mean economic decline and associated employment losses to the area and the potential creation of an area of rural disadvantage. Timely intervention now can effect a better transitional arrangement to diversify the local economy which is a primary objective for the Romney Marsh Partnership and its private, public and community stakeholders. Without investment funding, it is envisaged the land would remain undeveloped or possibly used for sub-optimal economic purposes (eg. open storage).

3.2. Preferred option:

The preferred option fully aligns with the objectives of bringing forward modern quality business space into Romney Marsh at speed and within the potential cost envelope available. It is the only option which delivers the scale of development needed to address the scale of reliance on Dungeness A and B. The preferred option delivers the most outputs and is the only option that meets the aspirations of the masterplan which is based upon significant stakeholder engagement.

This stakeholder engagement was carried out as part of the overall masterplanning for the site (see appendix Q). From the very early stages the masterplan focused on site analysis and engagement with interested parties. Key groups and individuals included:

- Romney Marsh Partnership
- Magnox

- Creative Folkestone
- Romney Resource Centre
- New Romney Coastal Community Team
- EDF
- Chamber of Commerce
- Mountfield Road businesses
- Marsh Million recipients
- Local authority Councillors and Officers
(Folkestone & Hythe District Council, Kent County
Council and New Romney Town Council)
- Marsh Academy

Early drawn master plan ideas were developed in parallel with the above stakeholders. Once the information gathered from the stakeholder engagement workshops had been analysed, a clear picture of current supply and demand in the New Romney area emerged. This informed the development of spatial masterplan proposals which focused on the Employment Hub, its infrastructure and addressing the provision for future industrial units.

Each option was environmentally appraised against building performance, services, location of existing utilities and infrastructure, provision of new infrastructure, cost and financial viability in order to allow the selection of a preferred masterplan option.

The public engagement exercise culminated in a public event, which took place in the Romney Resource Centre with attendees invited to the event including, local councillors; existing estate businesses owners/managers; stakeholders from Folkestone Creative Foundation; interested parties from Marsh Academy; Romney Resource Centre contributors and collaborators.

The event proved to be very useful with information that became part of the design team consideration, further enabling the team to move forward to select the preferred option.

The preferred scheme has also been through a detailed planning consent process with the usual public consultation requirements

3.3. Assessment approach:

Without public sector funding the project would not be progressed due to the significant economic viability issues associated with developing the business hub and bringing forward employment land which is not serviced.

In terms of considering the need for GBF we have considered the status of other funding which has been secured for the scheme and on this basis we have assumed that the business hub building would proceed in the base case, as the funding already secured can deliver this element of the scheme. We have assumed that the additional land would only be delivered with GBF as this is essential to pump prime the opportunity so that it will appeal to local development and

inward investment. On this basis we have netted off LVU attributable to the business hub and any welfare-related impacts associated with this element.

In economic terms there are a range of local impacts associated with the preferred option project including:

- new employment opportunities supported through investment in construction works;
- a temporary boost to the GVA contribution of the local construction sector;
- direct uplifts in commercial Land Values (LVUs) achieved, the principles for which are established through HMT Green Book and the MHCLG Appraisal Guide;
- the resultant new Full Time Equivalent (FTE) office, manufacturing and ancillary production support jobs following the completion of the hub and development on the serviced sites;
- the resultant and longer term cumulative operational GVA that could generate within the SELEP economy; and,
- the effect of longer-term FTE job opportunities locally to help redress current imbalances in performance of the local labour market, thereby bringing about Labour Supply Impacts (LSI), the principles for which are established through both HMT Green Book and WebTAG.

3.4. Economic appraisal assumptions:

All costs and benefits are reported in 2020 values and terms. The overall appraisal period is 18 years (2020-2037), enabling 'one-off' uplifts in land values to be captured, alongside 10 years of operations for the follow-on development when at full capacity, expected by 2026.

A full breakdown of economic appraisal assumptions is provided at Appendix A

3.5. Costs:

Economic case costs are consistent with those presented in the financial case. Excluding land costs (reflected in the LVU calculations), the gross GBF cost is £3.536m, or £3.352m at NPV. A construction cost breakdown is provided at appendices M and N. Note that construction costs are reported in 2020 prices and historic sunk costs are excluded.

An allowance for optimism bias is included within the economic case costs, included within the central case and all sensitivities. Optimism bias has at this stage been set at 24% in line with upper end optimism bias for standard buildings included within HMT Green Book Supplementary Guidance (2018).

3.6. Benefits:

'Initial' Gross and Net LVU Impact

The site is currently a mix of low value agriculture and scrubland and estimates for current LV are based on Savills Valuation Report at Appendix H. Future land and property values are also based on Savills Valuation Report which shows the development land at £1.575 million and the Business Hub at £0.65million. These are profiled at Appendix J based upon take up estimates from Economic Model at Appendix I. Future land and property values are based on valuations provided by Savills and on this basis gross LVU is estimated at £2.028m and a prudent (25%) deduction has then been made to estimate net LVU at £1.46m across the sites. From this we have deducted LVU associated with the hub buildings as 'deadweight', as this will be achieved in the 'do minimum' counterfactual scenario. On this basis, the overall additionality of the GBF dependant land is estimated at £1.58m gross, £1.18m net, or £1.07m of net LVU at NPV.

The opening year for the highways infrastructure is 2021 and LVU is assessed at the point of follow-on development delivery (2021-2026).

'Adjusted' Gross and Net Labour Supply Impact

In providing an overall increase in job capacities and densities in the Romney Marsh area, the project has potential to help encourage greater take-up of job opportunities locally, thereby encouraging improved labour supply. At 18.1% (ONS, YE to March 2020), Kent and East Sussex have a marginally higher levels of economic inactivity compared to the wider South East average (17.7%) and in real terms redressing the 0.4pp deficit would require around 4,960 residents re-/engaging in employment. Given the shortfall in jobs locally, it is therefore not unreasonable to assume that around 10% of future gross FTE jobs supported on the plots of land would be filled by those re-/engaging in the labour force.

Based on estimates for 556 gross FTEs supported on the site (excluding a further 64 FTEs supported in the business hub, treated as 'deadweight') and the 10% estimate of workforce re-engagements, this equates to around 56 new workforce entrants. This is considered prudent given the likely adverse impacts on the local labour market arising from the current Covid-19 induced economic downturn.

Application of an ONS GDP per FTE job estimates for Kent and East Sussex (£61,870 per FTE) has been applied to determine the overall GDP generated by workforce re/entrants encouraged back into employment over the first 10 years, totalling £36.6m, or £28.5m at NPV.

In line with WebTAG Principles, 40% of GDP can be claimed in welfare-related impacts, estimated at £14.7m, or £11.3m at NPV. These GDP impacts are a mix of additional tax revenues and negated welfare payments nationally. See Appendix K Romney LSI Assessment.

3.7. Local impact:

The project has the potential to deliver significant local benefits as set out in the Strategic Case in terms of local employment opportunities. By facilitating the delivery of a major new employment development the investment will ensure that the local area has the assets and infrastructure necessary to address the major impact of the closure of the power station, creating new local job opportunities which are highly accessible to local communities and capable of addressing the jobs capacity deficit in the area. The combination of the employment opportunities through construction of the scheme and the operational jobs supported by new employment space will have a major effect on the local economy. As indicated above, as well as providing a major new source of local employment and attracting inward investment to the area, the scheme will create opportunities to re-engage local labour supply in the labour market in an area with a recognised shortfall in local employment opportunity.

In addition to the committed hub project in the reference case, the unlocked employment land has capacity for a mix of office, light industrial and distribution uses. The economic impact model (Appendix I) sets out the basis for calculating the gross and net jobs capacity of the site. The gross jobs capacity estimate of 556, based on average job densities across various employment uses, is profiled over a prudent 10 year take-up period to derive the first 10 year jobs impact of 3,314. Adjusted for leakage (10%), displacement (75%) and multiplier effects (1.29) this derives a net jobs capacity estimate of 960 net additional job years in the local economy over the first 10 years. This is projected to generate net additional gross value added in the local economy with a net present value estimated at around £40.70m up to 2028/29. This local impact would be further supported by temporary construction employment effects during the infrastructure and build-out phases of the scheme.

3.8. Economic appraisal results:

	DCLG Appraisal Sections	Option 1 relative to status quo (Do Something less Business Hub)
A	Present Value Benefits (Net LVU at NPV, £m)	£1,067,476
B	Present Value Costs including OB at +24% (£m)	£4,156,998
C	Present Value of other quantified impacts (Net LSI at NPV, £m)	£11,380,553
D	Net Present Public Value (£m) [A-B] or [A-B+C]	£8,291,031
E	'Initial' Benefit-Cost Ratio [A/B]	0.26 : 1
F	'Adjusted' Benefit Cost Ration [(A+C)/B]	2.99 : 1
G	Significant Non-monetised Impacts	15,000sqm commercial floorspace Job creation 566 FTE's £40.7m operational GVA (NPV)
H	Value for Money (VfM) Category	High /BCR >2
I	Switching Values & Rationale for VfM Category	The impacts on overall BCR results for 4 sensitivity tests are as follows: <ul style="list-style-type: none"> • Sensitivity 1: -20% Benefits – BCR = 2.40 : 1 • Sensitivity 2: +25% LVU displacement – BCR = 2.93 : 1 • Sensitivity 3: 3-year delay – BCR = 2.70 : 1 • 'Worst Case' Sensitivity 1,2 and 3 – BCR = 2.11
J	DCLG Financial Cost (£m)	£3.536m Grant (Gross)
K	Risks	Cost Risk (all land ownership and planning consents in place)
L	Other Issues	n/a

Attached at Appendix I is the original economic model based upon a GVA approach which includes original BCR information reported for shortlisting process.

At Appendix J is the Land Value Uplift Model which we have used which draws some key assumptions on land take up from the original model.

Attached at Appendix K is the Labour Supply Impacts Model which also draws key assumptions from the original model in terms of FTE job timing and quantum.

Appendix L is the summary of the BCR calculations drawn from appendix J and K (similar to the table above) together with the sensitivity analysis which is summarised above.

4. COMMERCIAL CASE

4.1. Procurement options:

Route	Description	Pros	Cons
Traditional	Full design from Client	Full control of design; greater cost certainty	Full liability for design cost; more lengthy design timescale; no incentive for contractor to be pro-active
Management fee/ Management contracting	Contractor manages, for a fee, a series of packages including tendering, design co-ordination, build	Allows faster procurement as packages can be tendered as design develops	Less cost certainty
Construction Management	Client tenders works packages and manages design and construction interfaces	Full control of design; saving on main contractor o/h and profit	Resource heavy on the Client organisation; Client team may not have appropriate skills to manage and co-ordinate
Target cost	Can be used in combination with a number of the other standard procurement options. The target is agreed and a mechanism established regarding the apportionment of cost savings or extras	Possibly increase incentive on contractor to cost effective solution	Less cost certainty; not suitable for projects that are not particularly novel or complex
Cost reimbursable	Costs of the works are reimbursable on the basis of actual costs incurred plus a pre-agreed percentage for on-costs (ie site running costs, overheads, profit	Allows a fast start on the construction phase through design not having to be completed and shorter tendering period	No cost certainty; possibly little control over design quality
Design & build	Design responsibility	Greater cost certainty possible,	Loss of quality control. Limited

	passed via the contract form to the contractor.	programmed savings as contract can be let without full design being completed.	scope for any contractor innovation if works are not novel, complex or subject to Highway Authority standards.
--	---	--	--

4.2. Preferred procurement and contracting strategy:

The proposed procurement route for the delivery of this project will be via two Design and Build Contracts, one for the business hub building and one for the site infrastructure. Tenders will be invited publically through the Kent Business Portal and require information to be provided about their track record for similar work and some examples. Although these Contractors may not always be local to the project, part of the evaluation process will include how they plan to engage with the local community, improving and enhancing social value through the supporting of local SME's, local supply chains and sub-contractors.

This process will be closely monitored against a pre-set of evaluation criteria to ensure compliance with expectations.

4.3. Procurement experience:

The Corporate Project team for the Romney Marsh Employment Hub comprises (in alphabetical order) includes expertise from the Council's Contracts & Procurement Team and Legal Services as below:

- [REDACTED] – Procurement Senior Specialist
- [REDACTED] – Principal Planning Officer
- [REDACTED] – Economic Development (Senior Specialist)
- [REDACTED] – Estates & Assets Lead Specialist
- [REDACTED] – Architect
- [REDACTED] – Legal Lead Specialist
- [REDACTED] – Capital & Treasury Senior Specialist

The project team has been in place since 2017 for the creation of the consultancy brief to masterplan the Mountfield Road Industrial Estate, New Romney site. It has steered this work and inputted into the subsequent development of the project both as a team and individually. These and others FHDC officers have procured large projects in the past, such as:

- Commissioning of Masterplans (e.g. Otterpool Park Garden Town)
- Environmental improvement schemes (e.g. Folkestone Coastal Park)
- Homes (Roman Way)
- Regeneration projects for town centres (pedestrianisation)
- ERDF/ESF/ESIF programmes (Folkestone Community Works CLLD programme)

4.4. Competition issues:

Once funding is agreed for a project, all contracts for both Stage 1 and Stage 2 will be awarded in accordance with the Council's Contract Standing Orders. Tender documentation is produced and publically advertised on the Kent Business Portal for about 4 weeks. All tenders are opened at an appointed time and then assessed in accordance with tendering procedures.

The 'Request to Quote' asks questions of tenderers and some of these are Yes/No about regulatory compliance and can lead to mandatory exclusion. Responses to technical questions and experience are scored. Prices submitted are assessed to ensure comparability. For those not subject to mandatory exclusion, the tenders are ranked according to price and responses to

technical questions. The weighting given to price and technical questions are pre-determined and will vary from project to project. This allows for some provision to be made for social value (e.g. local employment). A final decision is made on the award by technical advisers and project sponsors.

After going through this process, the Stage 1 contract for the Business Hub will be commissioned by EKSDC who will manage the construction phase with an Employer's Agent. Stage 2 will be contracted by the Council itself.

The procurement strategy is set out in 4.2 above. There are no specialist technical elements or materials in relation to the project that would restrict the market for contractors or sub-contractors. It is perceived therefore that there are no competition issues within the supply chain in relation to this project.

4.5. Human resources issues:

There are no significant HR issues. The Project Manager is the Economic Development (Senior Specialist) whose role has been to bring forward a masterplan for the site, ensuring preliminary action has been taken to achieve timelines required by the project promoter and funders and that claims for re-imbursement of project costs are submitted in a timely way to funders, such as the NDA and Getting Building Fund/SELEP.

The Project Manager will be assisted by a Civil Engineering consultant for the Stage 2 road and infrastructure works. The Stage 1 development of the Business Hub will be taken forward by EKSDC Chief Executive.

A full team of specialist external consultants is already in place and have taken the project through detailed planning consent through to preparation of tender for Stage 1. The same team will take the remaining Stage 2 forwards to completion.

FHDC recognises there is a demand for skills within the construction sector and a skills shortage in particular areas of the industry. There is a need to draw more people, particularly youngsters, into a career in construction. Contractor involvement with the Chartered Institute of Building (CIOB) and Construction Industry Training Board (CITB) will be welcomed.

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.]

Risk	Owner	Comment
Land assembly and provision	FHDC	Already Own Freehold
Planning Permission	FHDC	Detailed planning consents for both Stages 1 & 2 secured
Site conditions	FHDC	Full knowledge of site conditions for Business Hub building following site investigations. High level desktop assessments have been undertaken for the remaining site.
Costs	FHDC	Stage 1 package has been out to tender and the returns received in September 2020 show the budget envelope was satisfactory.
Ground Conditions	Contractor	Contract allocates this risk to the Contractor

Availability of materials to meet the programme	Contractor	Contract allocates this risk to the Contractor
Weather	Contractor	Contract allocates this risk to the Contractor unless exceptional circumstances
Subcontractor failure	Contractor	Contract allocates this risk to the Contractor

Mitigation by achieving best value will come through tendering and the form of construction contract used. A range of experienced consultants have been utilised to ensure maturity of design.

FHDC will adopt a strategic approach to risk management, integrating it into workflows and processes, in order to make better informed decisions. An issue log will be utilised to monitor changes and issues. The risk management strategy will be reviewed and updated as a live document at all stages throughout the life of the project. Risks will be reviewed at differing intervals according to net risk level:

- High Risk – Minimum monthly
- Medium Risk – Minimum quarterly
- Low Risk – Minimum six monthly

4.7. Maximising social value:

The Public Services (Social Value) Act 2012 will be considered in all relevant procurement processes.

Where possible, local contractors will be sought, subject to economic and procurement considerations. Additionally, where possible, contractors will be encouraged to consider local labour and training opportunities. Contractors will be needed to demonstrate relevant equality and diversity requirements are established. As part of the evaluation process, contractors will be asked to provide an indication of the percentage of employees and contracts which will be local and the number of apprenticeship schemes.

5. FINANCIAL CASE

5.1. Total project value and funding sources:

The expenditure shown in the Table below includes allowances for design and construction risk together with a contingency allowance. We have also included for construction inflation as part of this expenditure profile.

We have excluded all Monitoring and Evaluation costs as these small costs will be derived from the operation of the business hub and the wider land development will be subsumed within FHDC's usual operational budgets.

We enclose at Appendix T the revenue model for the business hub to demonstrate that the project is viable. This model includes assumptions in terms of ramping up occupancy over a 2 year period which is based on similar centres developed in the region.

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

We are seeking £3,536,466 from GBF

5.3. Costs by type:

Detail of cost estimates for the project by year as per the table below and indicates how the inclusion of the Quantitative Risk Assessment (QRA) and other overheads have been included. Inflation assumptions are included. The financial case does not include optimism bias.

Cost type	Expenditure Forecast (£)			
	2020/21	2021/22		Total
Capital				
Business Hub (Stage 1)				
Build Cost	1,606,936			1,606,936
Footpath (planning condition)		35,000		35,000
Inflation (5% pa)	163,569	0		163,569
Land Value (in kind)	164,500	0		164,500
Infrastructure and servicing (Stage 2)		0		
Service Road		642,331		642,331
Infrastructure	494,525	1,740,615		2,235,140
PC sum for breaking out existing bellmouth and re-providing (planning requirement)	119,470	0		119,470
Inflation (7.5% pa infrastructure)		539,525		539,525
Land Value	1,575,000	0		1,575,000
Total Capital	4,124,000	2,957,471		7,081,466
QRA				included
Monitoring and Evaluation				included
Total funding requirement	4,124,000	2,957,471		7,081,466

5.4. Quantitative risk assessment (QRA):

The projected capital build cost has been estimated at the masterplanning stage by the architectural consultants and their team, including a QS. Owing to the high costs, Stage 1 was re-designed and costed by Martello Building Consultancy which resulted in a 35% cost saving which made it more financially viable but not commercially viable because the return was less than 6%. Stage 2 costs were reviewed and re-affirmed the Masterplan estimates.

The 'reality-checking' by the Council in conjunction with Martello and their appointed independent external cost consultants, was based on their own experiences of recently tendered costs received for similar buildings and infrastructure and the latest industry indexes.

FHDC has its own in-house qualified and highly experienced project managers who will ensure that the project costs remain within budget. Martello have been employed as part of the Development Team, for external verification of costs. Tender returns for the Stage 1 design and build contract for Business Hub were received in September and give significant cost certainty.

5.5. Funding profile (capital and non-capital):

Funding source	Expenditure Forecast					Total
	19/20 £000	20/21 £000	21/22 £000	22/23 £000		
GBF...		1,564	1,972			3,536
FHDC...		1,860	450			2,310
NDA		400	100			500
Private EKSDC		300	435			735
Total funding requirement		4,124	2,957			7,081

It is expected that GBF funding drawdown for the capital costs will be at the point of expenditure demands and relate to the construction programme for the road and services. Funding commitments already in place have been related to the business hub to enable this to proceed immediately with a start on site expected in November. Consultancy costs are now being incurred to input to the tendering process for the road and infrastructure which is scheduled to take place in November.

Beyond capital costs, there are no significant revenue costs relating to the GBF funded highways infrastructure and minimal maintenance costs for the road are also expected. Maintenance of the highways infrastructure will be subject to usual contractual guarantees and maintenance and ultimately will become adopted highway. The budgets for the small road maintenance costs will either be subsumed into existing highways budgets locally or met through contractual terms with future tenant businesses among the follow-on development.

In terms of revenue costs these have not been shown as they are covered off in the revenue model for the hub which is included at appendix T. This shows a phase take up of the building and forecast income and revenue costs based upon the take up profile which is in line with similar office hubs locally. This demonstrates that the hub can cover its costs over a 10 year period. Development of the other plots for office or industrial use will be on commercial terms and will be covered by the private sector.

The revenue funding required for the scheme is part of the normal running costs of a business hub and a suitable revenue model has been produced taking into account voids and a suitable take-up profile for a new business centre. In addition, the NDA are also providing £205,238

revenue funding for a business adviser to be at the business hub for an initial four-year period from its opening in October 2021.

5.6. Funding commitment:

Please see Appendix B signed by the Council's Section 151 officer.

Funding has been committed for the project.

5.7. Risk and constraints:

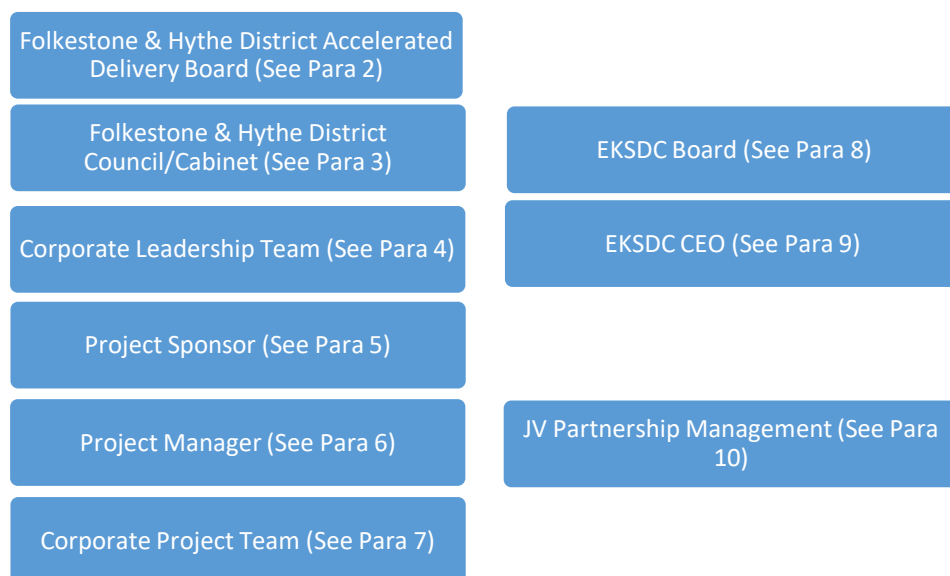
As previously stated the risk profile is generally low for this scheme as a result of progress achieved to date, which includes, site investigations, masterplanning, stakeholder engagement, securing detailed planning consent and use of a design and build procurement. Since all land is in the ownership of FHDC there are very few risks to delivery of this project.

The key outstanding issues are around cost risk which will be managed by use of design and build contracts which are being managed by a professional team. Tender returns for the Stage 1 design and build contract were received in September, are within budget and a contractor appointment is being finalised.

6. MANAGEMENT CASE

6.1. Governance:

6.1.1 Structure



6.1.2 Folkestone & Hythe District Accelerated Delivery Board

This is a Partnership organisation comprising different organisations able to support faster delivery across the District and is chaired by Damian Collins MP. In addition to Folkestone & Hythe District Council (FHDC), there is representation from Kent County Council, Kent & Medway Economic Partnership, Kent Invicta Chamber of Commerce and business organisations. This Board will be kept informed of the progress of the project and if there are any issues where partners have a role to play that can accelerate delivery, the Board can be a conduit for this. The FHADB has no formal decision-making role.

6.1.3 Folkestone & Hythe District Council

This is an organisation created by the Local Government Act 1972 and operates according its Constitution, including Contract Standing Orders and Codes of Conduct. The Council comprises thirty elected Councillors and operates a Cabinet system for decision-making. The Cabinet (collectively or delegated to individual members) can make decisions on projects led by the Council, including the acceptance of grant offers.

6.1.4 Corporate Leadership Team

The Corporate Leadership Team comprises the Head of Paid Services and three Directors of the paid Executive whose responsibilities include professional and management support for the Council in setting strategy, making effective use of resources and ensuring compliance with statutory requirements.

6.1.5 Project Sponsor

The Project Sponsor is the Director – Place, Ewan Green, whose role is to ensure the project remains aligned to its objectives, that resources are in place, promotes the project and ensures the anticipated benefits are realised. He is supported by the Chief Economic Development Officer, Katharine Harvey, who ensures resources are available for implementation and line manages the Project Manager.

6.1.6 Project Manager

The Project Manager is the Economic Development (Senior Specialist), Graham Hammond, whose role has been to bring forward a masterplan for the site (through leading the project team), ensuring preliminary action has been taken to achieve timelines required by the project promoter and funders and that claims for re-imburement of project costs are submitted in a timely way to funders, including Magnox/NDA and similarly for the Getting Building Fund (SELEP).

The Project Manager will be assisted by a Civil Engineering consultant for Stage 2 – the road and infrastructure works. The Stage 1 development of the Business Hub will be taken forward by EKSDC (see paras 6.1.8 -6.1.10 below).

6.1.7 Corporate Project Team

The FHDC project team for the Romney Marsh Employment Hub comprises (in alphabetical order):

- [REDACTED] – Procurement Senior Specialist
- [REDACTED] – Principal Planning Officer
- [REDACTED] – Economic Development (Senior Specialist)
- [REDACTED] – Estates & Assets Lead Specialist
- [REDACTED] – Architect
- [REDACTED] – Legal Lead Specialist
- [REDACTED] – Capital & Treasury Senior Specialist

The project team has been in place since 2017 for the creation of the consultancy brief to masterplan the Mountfield Road Industrial Estate, New Romney site. It has steered this work and inputted to the subsequent development of the project both as a team and individually.

The experience of the team encompasses:

- Innovation/business centres
- Road construction
- Site planning
- Environmental improvement schemes
- Homes
- Regeneration projects for town centres
- ERDF/ESF/ESIF programmes
- Government funding
- Procurement

6.1.8 EKSDC Board

EKSDC is a regeneration company owned by local authorities in East Kent. It is limited by guarantee i.e. its surpluses are re-invested in the area primarily through creation and management of business space. Its portfolio includes new build as well as conversions such as Canterbury Innovation Centre (at the University of Kent), Clover House (Whitstable) and Workshop Trust premises in Aylesham (former coalfield area).

Members of the EKSDC Board include Kent County Council, the East Kent districts of Canterbury, Dover, Folkestone & Hythe and Thanet, as well as the University of Kent and Locate in Kent. The current chair of the Board is Cllr David Monk, Leader of Folkestone & Hythe District Council.

EKSDC has entered into a Joint Venture (JV) with FHDC to build and operate the Business Hub at Mountfield Road Industrial Estate, New Romney – Stage 1 of this project.

6.1.9 EKSDC

The management of EKSDC is led by its CEO, Debbie Spalding, who has been with the company for 10 years. The role includes identifying opportunities for new business space and employment creation including innovation centres, industrial units and other types of workspace. Debbie oversees the EKSDC team which includes staff located at business/innovation centres operated and has led on delivering projects for the Board, including Canterbury Innovation Centre and Clover House. The team will be augmented by an Employer's Agent for the duration of the contracting and construction phase for the Stage 1 business hub.

6.1.10 JV Partnership Management

A JV Partnership was set up between EKSDC and FHDC for the Mountfield Road Industrial Estate, New Romney business hub (Stage 1 – Romney Marsh Employment Hub). The JV makes arrangements for the construction of the business hub and its management by EKSDC over the next 30 years.

The JV is governed by a requirement for a nominated representative from each organisation to meet at least quarterly. One meeting each year will be about the rolling business plan and another meeting will be to review performance.

EKSDC also has obligations to provide FHDC with details of tenants and number of employees for the monitoring purposes and sharing with the NDA as a funder.

6.1.11 Partnership working

In addition, the overall masterplan and emerging Romney Marsh Employment Hub project have been supported and promoted through local community partnerships. The project has received the support of the Romney Marsh Partnership (a partnership extending into East Sussex and including representation from schools, training organisations, businesses, Magnox as well as the five local authorities) and also by the New Romney Coastal Community Team (a local partnership of community groups, sports organisations, businesses, New Romney Town Council, RNLI, schools and others).

It is intended to keep the community informed about the project through these groups and other channels as it progresses.

6.2. Approvals and escalation procedures:

Financial transactions are regulated by the Council's Contract Standing Orders and Public Contracts Regulations 2015.

The Council's Contract Standing Orders requires the Council's Responsible Officer to consider the appropriate procurement process for each contract based on its value. All contracts up to a value of £9,999 may be entered into utilising Purchase Order Terms and Conditions, unless the contract is sufficiently complex so as to require specific Terms and Conditions in its own right.

All contracts of a value of £10,000 or more are made using either; a) The Council's current Standard Terms and Conditions of Contract, as maintained by Procurement and Legal Services; or b) Alternative Terms and Conditions specifically prepared by Legal Services (or their nominated representative) as a consequence of the type and/or circumstances of the procurement; or c) A standard form of contract (e.g. JCT, NEC, etc) to include special conditions, as maintained by Procurement and Legal Services; or d) The Terms and Conditions stipulated under any Procurement Scheme; or e) The suppliers Terms and Conditions, where the requirement is as such that these are deemed appropriate.

All such contracts (excluding purchase orders approved by the relevant Head of Service) shall include clauses which set out: a) The works, supplies (goods), services, material, matters and/or things to be carried out or supplied; b) The contract start date, end date and any capacity for extension; c) The price to be paid, the estimated price or the basis on which the price is to be calculated, and payment terms; d) Quality requirements and/or standards which must be met; e) Requirements of the contractor to hold and maintain appropriate insurance throughout the contract, for which advice may be sought from the Insurance department; f) What the consequences of the contractor failing to comply with its contractual obligations (in whole or in part) are; g) Requirements on the contractor to comply with all relevant equalities and health and safety legislation, and safeguarding (child protection) legislation; h) That the Council shall be entitled to cancel the contract and recover losses in the event that the contractor does anything improper to influence the Council to give the contractor any contract or commits an offence under the Bribery Act 2010 or s117(2) Local Government Act 1972.

Written contracts do not include non-commercial terms unless these are necessary to achieve best value for the Council and necessary to enable or facilitate the Council's compliance with public sector equality duty, social value or any duty imposed on it by the Equality Act 2010. All contracts shall include relevant specifications and/or briefs/technical requirements which are prepared taking into account the need for effectiveness of delivery, quality, sustainability and efficiency (as appropriate). All contracts of a value of £10,000 or more is subject to a written risk assessment, which is kept on the contract file with the Responsible officer.

All purchasing is conducted in accordance with regulatory provisions which are: a) All relevant statutory provisions; b) The relevant EU Rules and EC Treaty Principles which are defined in the Council's Procurement Guide; c) The Council's Constitution including the Contract Standing Orders, the Council's Financial Procedure Rules and Scheme of Delegation; d) The Council's Procurement Guide and other policies and procedures of the Council as appropriate. In the event of conflict between the above, the EU Rules will take precedence, followed by UK legislation, then the Council's Constitution, the Council's Procurement Guide and guidelines, policies and procedures.

Financial monitoring and management accounts are provided from a computer-based system with Heads of Service receiving an income and expenditure report. Details of progress including committed expenditure and final outcome are reported for each separately funded project. This system would provide such information to monitor expenditure on this project.

6.3. Contract management:

Responsibility for outputs lies with the Project Sponsor Ewan Green, whose role is to ensure the project remains aligned to its objectives, resources are in place, promotes the project and ensures the anticipated benefits are realised. He is supported by the Chief Economic Development Officer, Katharine Harvey, who ensures resources are available for implementation and line manages the Project Manager.

The Project Manager is the Economic Development (Senior Specialist) and his role is to ensure preliminary action has been taken to achieve timelines required by the project promoter and funders. Similarly that claims for re-imburement of project costs are submitted in a timely way to funders such as the NDA and Getting Building Fund/SELEP. The Project Manager will be assisted by a Civil Engineering consultant for the Stage 2 road and infrastructure works. The Stage 1 development (business hub) will be taken forward by EKSDC.

The FHDC Project Team will support the Project Manager and includes [REDACTED], Capital & Treasury Senior Specialist who is responsible for ensuring Council financial processes are aligned to support the Project Manager in claims to NDA and GBF.

The choice of the right contract is key, together with arrangements being flexible enough to accommodate change. The activities will cover three areas:

- Contract administration handles the formal governance of the contract and changes to the contract documentation. It includes contract maintenance and change control, cost monitoring, ordering and payment procedures and management reporting. Clear administrative procedures ensure that responsibilities of all parties are understood.
- Service delivery management ensures that the service is being delivered as agreed, to the required level of performance and quality. The contract will define the service levels required. Quality metrics will be created that allow performance and quality to be measured. Managing risk by identifying and controlling is also key.
- Relationship management keeps the relationship between the two parties open and constructive, aiming to resolve or ease tensions and identify problems early. Information flows and communication levels should be established at the start of the contract and maintained throughout its lifecycle. Set procedures will be defined for raising and handling problems.

6.4. Key stakeholders:

As outlined in section 3.2 there was significant stakeholder engagement carried out as part of the overall masterplanning process. Key groups and individuals include: Romney Marsh Partnership; Magnox; Folkestone Creative Foundation; Romney Resource Centre; New Romney Coastal Community Team; EDF; Chamber of Commerce; Mountfield Road businesses; Marsh Million recipients; Local authority Councillors and Officers; Folkestone & Hythe District Council, Kent County Council and New Romney Town Council) and the Marsh Academy

Each option was environmentally appraised against building performance, services, location of existing utilities and infrastructure, provision of new infrastructure, cost and financial viability in order to allow the selection of a preferred masterplan option.

A public engagement exercise culminated in a public event, which took place in the Romney Resource Centre with attendees invited to the event including: local councillors; existing estate businesses owners/managers; stakeholders from Folkestone Creative Foundation; interested parties from Marsh Academy; Romney Resource Centre contributors and collaborators.

Since that time the preferred scheme has also been through a detailed planning consent process with the usual public consultation requirements.

Many of these participants will remain involved in the project as outlined at 6.1 above and the EKSDC regeneration company is now part of a JV Partnership to contribute to delivery of the Business Hub.

It is intended to keep the community informed about the project through a number of the previous stakeholder groups including the Romney Marsh Partnership (a partnership extending into East Sussex and including representation from schools, training organisations, businesses, Magnox as well as the five local authorities), the New Romney Coastal Community Team (a local partnership of community groups, sports organisations, businesses, New Romney Town Council, RNLI, schools and others) and other channels as it progresses.

6.5. Equality Impact:

The design will meet the building regulations in relation to approved document M “Access and Use of Buildings”. Colour choices etc will meet the requirements of the equality act (previously DDA) which will enhance the experience of the building for the visually impaired. The building is single storey and will be highly accessible for wheelchair users.

6.6. Risk management strategy:

The focus of the Risk Management Strategy is to adopt a strategic approach to risk management, integrating it into workflows and processes, in order to make better informed decisions.

The objectives of the strategy will be met by:

- Maintaining a robust risk management approach that will identify and effectively manage risks at various levels
 - Focussing on key risks that because of the residual/likelihood scores make them priorities
 - Ensure roles for managing risk are clearly defined
 - Consideration of risk as an integral part of business processes
 - Definition of risks at different levels of delivery – Business, Contract, Project and Partnership
 - Reviewing risks at differing interval according to net risk level
- High Risk – As a minimum Monthly
 - Medium Risk – As a minimum Quarterly
 - Low Risk – As a minimum 6-monthly

Risk will be managed in one, or in a combination of the following ways:

- o Avoid – A decision is made not to take a risk
- o Accept - A decision is made to accept the risk
- o Transfer – All or part of the risk is transferred eg.to the contractor
- o Reduce – Action is implemented to reduce the risk further
- o Exploit – Risk mitigation is undertaken and a decision is taken to exploit, resulting in an opportunity

An issues log will be utilised to monitor changes and issues. The risk management strategy will be reviewed and updated as a live document throughout the project.

6.7. Work programme:

Key Milestones	Description	Indicative Date
Detailed Planning	Preparation and submission of detailed planning application	Completed 2019
Land Acquisition	Exercise option to acquire Highways land	July 2020
Pre-Development – RIBA Stages 0 - 3	Concept designs and budget costings	January – July 2020
Post Planning – RIBA Stage 4	Technical design and Tender	September – December 2020
Construction – RIBA Stage 5	Contractor to be appointed upon successful tender	January 2021
Handover and Close Out – RIBA Stage 6	Achieve Practical Completion, ready for handover	October 2021

In-Use – RIBA Stage 7	Potential new tenants begin occupation	Autumn 2021
Marketing	Contact with potential new tenants and advertising	November 2020

6.8. Previous project experience:

The project delivery team have been engaged in a number of capital projects previously. For example:

Folkestone & Hythe District Council (Lian Kaczykowski):

Project Name: New Affordable Housing – Roman Way (Land Adjacent Herne Court, Horn Street, Folkestone)

Purpose: Design & Build of new homes – 6 (x1 bedroom) flats inclusive of 2 wheelchair user complaint flats

Contract sum: [REDACTED]

Contract duration: 57 weeks after possession (12 wks design lead. followed by 47 wks construction)

Contract start and end date: 17-8/2017 - 20/8/2018

Delivered on time and to budget.

Graham Hammond (Project Sponsor)

Thames Innovation Centre

Purpose: incubator and grow-on space for growth businesses.

Size: 30,000 sq.ft

Contract sum: £8m

Contract duration: 15 months

Completion: 2006

Delivered on time and to budget

Grant funding from MHCLG Thames Gateway London fund and ERDF

Belvedere Business Centre

Purpose: conversion of vacant industrial space to small business units

Contract sum: £150,000

Contract duration: 3 months

Completion: 2001

Delivered on time and to budget

Thamesmead East Industrial Estate

Purpose: construction of road to open up land for business uses

Size of land serviced: 3 acres

Contract sum: £500,000

Contract duration: 12 months

Completed 2008

Grant funding from ERDF.

The Council and EKSDC are also employing consultants to provide technical input into the tendering documentation and act in an 'Employer's Agent' role for both Stage 1 & 2.

6.9. Monitoring and evaluation:

6.91 Logic Map

Objectives	Inputs	Outputs	Outcomes	Impacts
<p><i>Objective 1: Develop high quality business accommodation by unlocking 6 hectares of employment land for circa 15000 sq metres of commercial floorspace</i></p> <p><i>Objective 2: Develop a business/skills hub to meet demands of local growing enterprises.</i></p> <p><i>Objective 3: Create/safeguard 620 jobs locally</i></p>	<p><i>Grant Spend £3,536,466m</i></p> <p><i>Matched Contributions Spend £3,545,000</i></p> <p><i>Leveraged Funding £0</i></p>	<ul style="list-style-type: none"> <i>Commercial Floorspace Completed 751 sqm (offices in business hub)</i> <i>Area of site assembled and ready for development 9 hectares for B1, B2 or B8 use.</i> <i>350m of roads constructed</i> 	<ul style="list-style-type: none"> <i>751 sqm B1 office space occupied</i> <i>15,000sqm of commercial floorspace occupied by 2030</i> <i>64 FTE jobs associated with business hub</i> <i>556 FTE jobs on development delivered on serviced land by 2030</i> 	<ul style="list-style-type: none"> <i>Increased Attractiveness to business occupiers</i> <i>Increased attractiveness to developers</i> <i>Diversification of jobs in Romney Marsh</i>



<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>	Graham Hammond
<i>Designation</i>	Economic Development (Senior Specialist)