

# Summary of Growing Places Fund Business Case submissions

**This document was created prior to the onset of the COVID-19 pandemic and therefore some of the information including project milestones, spend profiles and expected outcomes may be subject to review and change once the full impact of COVID-19 is understood.**

This document provides an overview of all 18 Growing Places Fund project submissions that will be considered by the SELEP Investment Panel on 17<sup>th</sup> April 2020. The report also sets out the outcome of the Independent Technical Review of each Business Case, as conducted by SELEP's Independent Technical Evaluator, Steer.

A RAG (Red-Amber-Green) rating system is used during the Independent Technical Review to identify how strongly the project aligns with a number of key criteria. For all criteria, other than Expected Benefits, the standard three-point rating system is used.

The Growing Places Fund project submissions offer a variety of benefits, ranging from construction of new homes and commercial workspace to delivery of new primary health care provision and environmental benefits realised through carbon savings. The wide spectrum of outcomes realised through the delivery of these projects makes it very difficult to assess, compare and rate the benefits using the standard three-point system.

All projects submitted for consideration offer benefits upon completion, and therefore the use of the Red rating does not accurately reflect the position. However, it is acknowledged that there is a range in the scale of benefits offered by the different projects and therefore, an Amber-Green rating has been introduced when considering the Expected Benefits. This allows the ratings to reflect the varying scale of outcomes, whilst also demonstrating that all projects do offer valuable benefits upon completion.

**Project name:** Wine Innovation Centre (East Malling Trust/NIAB EMR), East Malling Estate, Kent  
**GPF ask:** £600,000

**Federated Board Strategic Priority Ranking:** Kent and Medway Economic Partnership

**Strategic Priority:** 1

**Project description:** The project will deliver a Wine Innovation Centre at the East Malling Estate. The project complements NIAB EMR's investment in the only UK research vineyard to support Kent's wine sector to develop as global leaders in innovation. Whilst viticulture is the fastest growing agriculture sector in the UK, the industry is not yet profitable due to adverse climate conditions and the lack of suitable bespoke agronomy approaches which have a direct impact on crop yields. The Wine Innovation Centre will build on the success of Kent's wine industry and will generate upwards of £1m (over 5 years) in additional annual R&D spend in the region. Accelerating investment at the site is a priority to ensure that NIAB EMR and its partners remain at the cutting edge of research and innovation and are able to secure future public and private sector funding.

**Project benefits:** The project will generate upwards of £1m in additional annual R&D spend in the region. A de-risked environment will be created which will unlock follow-on private sector investment that is needed to deliver further R&D facilities. The project will seek to secure NIAB EMR's position at the cutting edge of research and innovation and will assist in attracting and retaining high-calibre staff, providing the 'know-how' that is needed by industry to deliver sustainable growth and productivity gains, ensuring that the SELEP area is established as a world-class leader in wine making innovation. Longer term benefits include more sustainable resource use in research, innovation and production; growth in the regions horticultural supply chains; economic uplift in the regions economy; and productivity gains in UK horticulture.

|                   | Outcomes            | 2021/22 | 2022/23   | 2023/24 | 2024/25 | 2025/26 | 2026/27 onwards | Total     |
|-------------------|---------------------|---------|-----------|---------|---------|---------|-----------------|-----------|
| Direct Outcomes   | Jobs created        | 1       | 5         | 4       | 5       | -       | -               | 15        |
|                   | Additional learners | -       | -         | 10      | 10      | 10      | 10              | 40        |
|                   | Commercial space    | -       | 1,000 sqm | -       | -       | -       | -               | 1,000 sqm |
| Indirect Outcomes | Jobs created        | -       | -         | 10      | 10      | 10      | 5               | 35        |
|                   | Additional learners | -       | -         | 10      | 10      | 10      | 10              | 40        |
|                   | Commercial space    | -       | -         | -       | -       | 250 sqm | 250 sqm         | 500 sqm   |

**Key milestones**

| Milestone  | Date                  |
|--|-----------------------|
| Appointment of architect and planning consultant                                       | January 2020          |
| Completion of design work and submission of planning application                       | May 2020              |
| Planning approval  | September 2020        |
| Procurement of construction contractor   | November 2020         |
| Levelling of land, building foundations and installation of utilities and services     | August 2021           |
| Construction of building   | December 2021         |
| Fit out of building, offices and laboratories and installation of specialist equipment | January to March 2022 |
| Opening of the Wine Innovation Centre  | April 2022            |

## Spend profile

| Funding Source               | 2020/21  | 2021/22  | 2022/23  | 2023/24  | 2024/25 | 2025/26 | Total      |
|------------------------------|----------|----------|----------|----------|---------|---------|------------|
| Growing Places Fund          | £10,000  | £500,000 | £90,000  | -        | -       | -       | £600,000   |
| NIAB EMR (capital)           | -        | £20,000  | £40,000  | £20,000  | £20,000 | -       | £100,000   |
| East Malling Trust (revenue) | £50,000  | -        | -        | -        | -       | -       | £50,000    |
| NIAB EMR (revenue)           | £80,000  | £160,000 | £240,000 | £320,000 | -       | -       | £800,000   |
| <b>Total</b>                 | £140,000 | £680,000 | £370,000 | £340,000 | £20,000 | -       | £1,550,000 |

**Security of funding sources:** The NIAB EMR/East Malling Trust partnership have indicated a commitment to provide a substantial match contribution to cover the operational and equipment costs.

**Flexibility in Growing Places Fund ask:** There is limited opportunity to adjust the Growing Places Fund spend profile as the loan is being used to fund a significant proportion of the capital costs in relation to the construction of the facility. The timing of the opportunity to work with partners in the region is very tight and therefore the project needs to come forward in line with the stated programme.

## Repayment

**Repayment mechanism:** The loan will be repaid over a three year period once the Wine Innovation Centre is completed. Repayments are phased to increase over the final three years of the project period, as the Centre increases the delivery of its research and commercialisation activity and generates additional income streams. Surpluses from these activities and other organisation revenue generating activities will be used for repayment of the loan. Any gap between the repayment schedule and income streams will be bridged through the sale of land for residential development.

| Repayment schedule |          |          |          |         |          |
|--------------------|----------|----------|----------|---------|----------|
| 2021/22            | 2022/23  | 2023/24  | 2024/25  | 2025/26 | Total    |
| -                  | £100,000 | £200,000 | £300,000 | -       | £600,000 |

## Outcome of ITE technical assessment

| Criteria          | Need for intervention | Viability | Deliverability | Expected benefits | Pace of benefit realisation | Contribution to revolving fund |
|-------------------|-----------------------|-----------|----------------|-------------------|-----------------------------|--------------------------------|
| <b>RAG rating</b> | Green                 | Green     | Green          | Amber             | Green                       | Green                          |

## Explanation for RAG ratings

**Need for intervention:** Currently viticulture research and development services in the UK are being consumed at a rate below what would be expected under usual market conditions. This is primarily because the supply of these services is constrained by a lack of facilities/infrastructure. To meet the needs of the UK's growing wine industry construction of new research and development facilities is needed and without this, expansion, productivity and sustainability of the industry will be constrained. Funding is required because: the UK wine industry does not currently produce sufficient revenue to fund the development of such facilities; East Malling Trust and NIAB EMR are already investing in equipment and do not have further financial resource for the additional investment required; and funding viticulture is currently not a priority of funding bodies providing public sector grants to the agriculture sector.

**Viability:** The majority of the capital funding for this project will be provided by the Growing Places Fund. £100,000 of capital funding is being provided by East Malling Trust and NIAB EMR to cover the purchase of laboratory equipment. The Growing Places Fund funding only has an initial dependency on the planning application and QRA costs being covered (totalling £70,000). No indication is provided as to how secure the East Malling Trust/NIAB EMR funding is. However, the overall quantum is relatively small. In addition to the capital funding a further £850,000 of revenue funding is required to meet the staff/monitoring and evaluation costs for the project. These costs will be met by an existing £150,000 per year income from the industry and a further £100,000 income from the industry yet to be secured, however, East Malling Trust are confident that this income will be forthcoming.

**Deliverability:** There are no property ownership issues as the East Malling Trust is the freeholder of the land on which the facility will be constructed, and they will grant NIAB EMR a long lease on the land. The project is yet to receive planning permission but has had a positive reception at pre-app meetings and aligns with the national and regional planning policies.

**Expected benefits:** A net total of 15 jobs will be created directly by the project in addition to safeguarding a further 9 jobs. These jobs are assumed to be additional as the facility is providing a step-change in the capability of the viticulture research and development sub-sector in the UK where few people are currently employed. The jobs created by this facility will be highly specialised, technical positions requiring retraining or migration of workers from outside the UK. Through collaboration with local and national Further Education and Higher Education institutions the facility will directly support the enrolment of 40 additional learners in viticulture courses. The facility is expected to unlock follow on investment which will support, in net terms, 35 additional indirect jobs and 40 additional indirect learners.

**Pace of benefit realisation:** The additional direct jobs will be created between 2021/22 and 2024/25, with the direct jobs safeguarded during the same period. 10 additional learners will be directly created each year from 2023/24 to 2026/27. The additional indirect jobs will be created between 2023/24 and 2026/27. 10 additional learners will be indirectly created each year from 2023/24 and 2026/27.

**Contribution to revolving fund:** Full repayment will be made by the end of 2024/25. Loan repayments are expected to be covered by revenue generated from charging commercial businesses to use the facility.

**Project name:** Herne Relief Road – Bullockstone Road Improvement Scheme, Herne Bay, Kent  
**GPF ask:** £3,500,000

**Federated Board Strategic Priority Ranking:** Kent and Medway Economic Partnership  
**Strategic Priority:** 2

**Project description:** Bullockstone Road provides access from the south towards Herne Bay town centre and provides a route which avoids the busy Canterbury Road/A299 junction. Bullockstone Road is a weight restricted narrow single carriageway route, which is regularly used as a “rat run” between the Greenhill area of Herne Bay and the A291 to Canterbury. The A291 which travels through the centre of Herne village is a key corridor in the area as it provides access between the A299 and the A28 and further afield. The strategic importance of the A291 results in this route and the village of Herne being subject to large volumes of traffic. The project will deliver widening of Bullockstone Road, provision of pedestrian and cycling facilities between A291 Canterbury Road and Lower Herne Village, improvements to drainage and the construction of new roundabout junctions at Lower Herne Village and A291 Canterbury Road. This will reduce congestion and traffic volumes in Herne, whilst also providing the infrastructure required to support construction of new homes in the area.

**Project benefits:** The project will reduce congestion and traffic volumes in Herne village and will provide infrastructure that supports the construction of around 2,500 new homes, 41,000 sqm of new commercial and 10,000 sqm of new community floorspace, alongside a new 2 form entry primary school. The project will also provide walking and cycling routes and easier access to bus routes. Use of the Growing Places Fund funding to deliver the project will enable the improvements to be delivered in a single phase, rather than multiple phases, thereby minimising the ongoing disruption during the construction period.

|                          | Outcomes               | 2021/22                   | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 onwards | Total  |
|--------------------------|------------------------|---------------------------|---------|---------|---------|---------|-----------------|--------|
| <b>Direct Outcomes</b>   | Jobs created           | -                         | -       | -       | -       | -       | -               | -      |
|                          | Homes built            | -                         | -       | -       | -       | -       | -               | -      |
|                          | Commercial space       | -                         | -       | -       | -       | -       | -               | -      |
| <b>Indirect Outcomes</b> | Jobs created           | 94                        | 129     | 122     | 96      | 103     | 1,879           | 2,423  |
|                          | Homes built            | 180 (+ 250 already built) | 180     | 322     | 220     | 220     | 1,080           | 2,452  |
|                          | Commercial space (sqm) | -                         | 1,508   | 1,700   | 1,700   | 1,700   | 33,000          | 39,608 |

## Key milestones

| Milestone  | Date          |
|--|---------------|
| Submission of a revised planning application as a result of changes to the design following consultation | February 2020 |
| Procurement of contractor  | November 2020 |
| Consultation – provision of information on timeline and construction process                             | Autumn 2020   |
| Construction commences onsite  | Spring 2021   |
| Project completion   | Spring 2022   |

## Spend profile

| Funding Source                 | 2020/21  | 2021/22    | 2022/23  | 2023/24 | 2024/25 | 2025/26 | Total      |
|--------------------------------|----------|------------|----------|---------|---------|---------|------------|
| Growing Places Fund            | -        | £3,500,000 | -        | -       | -       | -       | £3,500,000 |
| Herne Bay Golf Club (S106)     | £750,000 | £2,361,200 | -        | -       | -       | -       | £3,111,200 |
| KCC revenue funding            | -        | -          | -        | £7,500  | £7,500  | -       | £15,000    |
| KCC internal revenue borrowing | -        | -          | £790,000 | -       | -       | -       | £790,000   |
| <b>Total</b>                   | £750,000 | £5,861,200 | £790,000 | £7,500  | £7,500  | -       | £7,416,200 |

**Security of funding sources:** The S106 funding contribution in relation to the Herne Bay Golf Club has been secured through a S106 agreement and is available for drawdown. This funding must be claimed by September 2021 and spent within 5 years of drawdown or it will be lost. The KCC funding sources have been identified but have not yet been secured.

**Flexibility in Growing Places Fund ask:** There is the possibility of some flexibility in the timing of the Growing Places Fund funding, but no flexibility in the amount requested. There is potential for some flexibility as part of the funding could be brought forward to fund early utility diversion before the main construction work commences. There is also the potential that the start of construction could be delayed to suit the Growing Places Fund programme.

## Repayment

**Repayment mechanism:** The Growing Places Fund loan will be repaid through receipt of the S106 developer contributions in relation to the Lower Herne Village and Hillborough developments. A signed S106 agreement is in place in relation to the Lower Herne Village development, with the developer contribution available on occupation of the 250th house which is expected to be during the 2025/26 financial year. There is not yet a S106 agreement in place for the Hillborough development, however, it is expected that the developer contributions will come forward in a similar timeframe as those for the Lower Herne Village development.

| Repayment schedule |         |         |         |            |             |
|--------------------|---------|---------|---------|------------|-------------|
| 2021/22            | 2022/23 | 2023/24 | 2024/25 | 2025/26    | Total       |
| -                  | -       | -       | -       | £3,590,032 | £3,590,032* |

\* Assumes interest at 0.64%

## Outcome of ITE technical assessment

| Criteria          | Need for intervention | Viability | Deliverability | Expected benefits | Pace of benefit realisation | Contribution to revolving fund |
|-------------------|-----------------------|-----------|----------------|-------------------|-----------------------------|--------------------------------|
| <b>RAG rating</b> | Green                 | Green     | Green          | Green             | Green                       | Green                          |

## Explanation for RAG ratings

**Need for intervention:** The Herne Relief Road is needed to address the issue of congestion around the village of Herne and will: improve safety (through reducing traffic - particularly HGVs); improve air quality (Herne is in an Air Quality Management Area); increase levels of walking and cycling; and unlock new housing development (without the scheme planned development will be in breach of planning conditions). The Growing Places Fund is being used to accelerate the programme for the Bullockstone Road improvements. Without this funding the project will have to be constructed in phases which will delay the delivery of housing, cause significant disruption and increased congestion in Herne for an extended period of time.

**Viability:** The scheme has been through preliminary and early detailed design. Initial discussions have also taken place with utility companies to identify the impacts and potential costs of the scheme. The majority of the capital funding for the project is being received through S106 payments. £3.1m of this has been secured with some of the funding having already been received. Two further S106 funding contributions have been set out in the Business Case – the first for £2.3m has been committed and the second for £2.2m has been identified but not yet secured. Kent County Council are contributing £805,000 of revenue funding, £790,000 of this is through internal borrowing. This funding has not yet been secured but it is considered highly likely that this funding will be forthcoming.

**Deliverability:** The land required for the scheme is either owned by Kent County Council or agreements are in place with the landowners for voluntary acquisition (although purchase is yet to be completed). These landowners have direct links to developments which are dependent on the Herne Relief Road. Planning permission for the original road scheme has been granted but, following public consultation, an update to the planning permission is required due to design changes. Environmental assessments and an ecological mitigation strategy have been put in place. Early engagement with utility providers to outline the impact of the scheme has also taken place.

**Expected benefits:** The Business Case does not explicitly identify any direct benefits of the scheme. However, identified in other areas of the Business Case are reduced congestion, air quality and safety improvements and walking and cycling benefits. These benefits have not been quantified in the Business Case. The main benefits identified are related to the development that is unlocked by the scheme. This includes a total of 2,452 residential units (of which 544 are affordable homes), 39,608 sqm of commercial floor space, 1,700 sqm of retail floorspace, 9,930 sqm of community floorspace, a primary school and 2,432 jobs (although it is unclear as to what sector these jobs come from). No evidence as to the level of displacement has been provided. However, given that this is a market led delivery and that housing supply in the South East is constrained, it could be expected that displacement would be low. The Growing Places Fund itself is being used to accelerate the delivery of the Herne Relief Road to bring forward these benefits.

**Pace of benefit realisation:** Approximately half the housing, retail and community floor space will be delivered by 2025/26. The remainder of this development, along with the majority of the commercial space will be delivered from 2026 onwards.

**Contribution to revolving fund:** The total repayment will be made in 2025/26. The repayments will be made from S106 contributions from the Lower Herne Village and Hillborough developments.

**Project name:** Swanley Town Centre Regeneration Programme, Kent

**GPF ask:** £1,490,000

**Federated Board Strategic Priority Ranking:** Kent and Medway Economic Partnership

**Strategic Priority:** 3

**Project description:** The overall regeneration programme will deliver a business hub, a replacement leisure centre and direct housing delivery across five Sevenoaks District Council owned sites in Swanley, which in turn will provide a catalyst for further private sector development. The regeneration programme by Sevenoaks District Council is engineered to generate confidence and interest in investing in Swanley with other private sector led initiatives expected to follow. The Growing Places Fund funding will be used to create a Business Hub in Swanley High Street. The Business Hub will provide a mix of collaboration space and individual meeting room/office suites to cater for start-up and young companies seeking to secure office space. This space will be available on flexible terms allowing occupation in accordance with individual needs. Above the Business Hub, 17 residential units will be developed.

**Project benefits:** The regeneration programme will act as a catalyst to revitalise stalled private sector development within the town centre. In addition, once completed the programme will accommodate up to 376 FTE employees across a spectrum of health, leisure, hospitality, office and creative industry sectors. The completed developments will deliver additional business rates and council tax, as well as health and fitness benefits to residents of Swanley and the surrounding area who utilise the facilities at the new leisure centre.

|                   | Outcomes         | 2020/21 | 2021/22 | 2022/23 | 2023/24   | 2024/25 | 2025/26 | Total     |
|-------------------|------------------|---------|---------|---------|-----------|---------|---------|-----------|
| Direct Outcomes   | Jobs created     | 55      | 28      | -       | -         | -       | -       | 83        |
|                   | Homes built      | 38      | 72      | 41      | -         | -       | -       | 151       |
|                   | Commercial space | 250 sqm | -       | -       | -         | -       | -       | 250 sqm   |
| Indirect Outcomes | Jobs created     | -       | -       | 285     | 8         | -       | -       | 293       |
|                   | Homes built      | -       | -       | 303     | 850       | -       | -       | 1,153     |
|                   | Commercial space | -       | -       | -       | 1,080 sqm | -       | -       | 1,080 sqm |

## Key milestones

| Milestone   | Date       |
|---|------------|
| Determination of planning application for High Street, Swanley site | April 2020 |
| Appointment of construction contractor                              | June 2020  |
| Works commence onsite   | July 2020  |
| Business Hub opens  | March 2021 |



## Spend profile (to be confirmed)

| Funding Source | 2020/21   | 2021/22   | 2022/23   | 2023/24   | 2024/25   | 2025/26   | Total     |
|----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Type here      | Type here | Type here | Type here | Type here | Type here | Type here | Type here |
| Type here      | Type here | Type here | Type here | Type here | Type here | Type here | Type here |
| Type here      | Type here | Type here | Type here | Type here | Type here | Type here | Type here |
| Type here      | Type here | Type here | Type here | Type here | Type here | Type here | Type here |
| <b>Total</b>   | Type here | Type here | Type here | Type here | Type here | Type here | Type here |

**Security of funding sources:** To be confirmed

**Flexibility in Growing Places Fund ask:** There is no flexibility in the amount of Growing Places Fund requested, or the timing of the drawdown of the funding.

## Repayment

**Repayment mechanism:** The Growing Places Fund loan will be repaid through future revenue streams from the commercial and job creating elements of the wider regeneration scheme, which will potentially include a new hotel and restaurant.

| Repayment schedule |         |          |          |          |            |
|--------------------|---------|----------|----------|----------|------------|
| 2021/22            | 2022/23 | 2023/24  | 2024/25  | 2025/26  | Total      |
| -                  | -       | £500,000 | £500,000 | £490,000 | £1,490,000 |

## Outcome of ITE technical assessment

| Criteria          | Need for intervention | Viability | Deliverability | Expected benefits | Pace of benefit realisation | Contribution to revolving fund |
|-------------------|-----------------------|-----------|----------------|-------------------|-----------------------------|--------------------------------|
| <b>RAG rating</b> | Green                 | Amber     | Amber          | Green             | Green                       | Green                          |

## Explanation for RAG ratings

**Need for intervention:** A clear need for intervention has not been well articulated. The proposal argues that there is a market failure as there is lack of high-quality business space despite evidence of latent demand. The Growing Places Fund is needed to bring forward this new commercial space, which will allow further funding sources to be unlocked to progress with the remainder of the Swanley Town regeneration programme. However, why these other sources of funding are dependent on the development of new commercial space wasn't clearly established in the Business Case. The regeneration scheme is intended to catalyse follow on private sector investment in the continued regeneration of Swanley. It was subsequently made clear by the scheme promoter that while Sevenoaks District Council are able to match revenue spend to service delivery needs, there are no surplus assets within the Swanley area that could be vacated and disposed of to provide the level of capital receipts needed. Growing Places Fund will provide the initial funding to stimulate development of many interdependent projects.

**Viability:** The current spend profile suggests that costs significantly exceed identified funding sources in 2020/21 which raises concerns regarding the viability of the project. Clarification has been sought from Sevenoaks District Council.

**Deliverability:** The freehold to land at all five sites is currently owned by Sevenoaks District Council. Planning applications have been submitted for four of the sites. The benefits that are attributed to this scheme are for the entire regeneration programme. Delivery of the entire programme involves several complex, interdependent projects. The funding of each component is linked to the successful delivery of the previous component. This complexity presents a risk to delivery of the entire programme and realisation of the stated benefits.

**Expected benefits:** The project will deliver 4,896sqm of leisure space, 151 new homes and will support 83 new jobs. Assuming a significant number of these jobs are located in the leisure facility, a significant deadweight of existing employment at the site would be expected. Indirectly 293 jobs will be created, 1,153 new homes and 1,080 sqm of commercial floor space. This will be developed by a private developer and will be unlocked by the Swanley Town Centre Regeneration Programme.

**Pace of benefit realisation:** The jobs directly created as a result of the project are due to be generated in 2020/21 and 2021/22. Given the delivery programme for the Business Hub and Leisure Centre, which are creating the jobs, it is questionable whether the jobs outcomes can be realised that quickly. The directly created new housing units will be delivered between 2020/21 and 2022/23. The indirect benefits are realised between 2022/23 and 2023/24.

**Contribution to revolving fund:** Full repayment will be made by the end of 2025/26. The loan repayment is expected to be covered by rents charged on the commercial aspects of the project.

**Project name:** No Use Empty Commercial Phase II, Kent wide

**GPF ask:** £2,000,000

**Federated Board Strategic Priority Ranking:** Kent and Medway Economic Partnership

**Strategic Priority:** 4

**Project description:** Kent County Council received £1m from round 2 of the Growing Places Fund to deliver the No Use Empty Commercial project. Phase II of the project will enable Kent County Council to build on the success of Phase I and continue to provide short term-secured loans to bring empty commercial properties back into use for alternative commercial, residential or mixed-use purposes. The project will continue to focus on town centres (particularly in coastal areas), where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes.

**Project benefits:** The project will support economic growth through new commercial activity: attracting new business rates and creating/or safeguarding jobs; increase the number of new homes available as a result of mixed-use development: generating new council tax receipts and attracting the Government New Homes Bonus (subject to its continuation); return 18 empty commercial units back into use and will create 36 new residential homes. No Use Empty Commercial Phase II will make a positive impact on the community, improving the neighbourhood and the environment, which will increase both resident and business confidence and will generate economic growth.

|                   | Outcomes                                  | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | Total |
|-------------------|---|---------|---------|---------|---------|---------|---------|-------|
| Direct Outcomes   | Jobs created (construction)               | 10      | 10      | 10      | 10      | -       | -       | 40    |
|                   | Homes built                               | -       | 14      | 14      | 8       | -       | -       | 36    |
|                   | Commercial units returned to use          | -       | 7       | 7       | 4       | -       | -       | 18    |
| Indirect Outcomes | Jobs created (construction)               | 8       | 8       | 8       | 8       | -       | -       | 32    |
|                   | No of people housed                       | -       | 28      | 28      | 16      | -       | -       | 72    |
|                   | Jobs created through new commercial space | -       | 14      | 14      | 8       | -       | -       | 36    |

## Key milestones

| Milestone   | Date                   |
|---|------------------------|
| Launch No Use Empty Commercial Phase II               | May/June 2020          |
| Projects apply for funding                            | June/July 2020 onwards |
| Initial loans approved                                | August 2020 onwards    |
| Recovery of loans in line with contractual agreements | January 2024/2025/2026 |

## Spend profile

| Funding Source                                | 2020/21           | 2021/22           | 2022/23           | 2023/24  | 2024/25  | 2025/26  | Total             |
|---|-------------------|-------------------|-------------------|----------|----------|----------|-------------------|
| Growing Places Fund                           | £750,000          | £750,000          | £500,000          | -        | -        | -        | £2,000,000        |
| Kent County Council (capital)                 | £200,000          | £200,000          | £100,000          | -        | -        | -        | £500,000          |
| Private sector contributions                  | £750,000          | £750,000          | £500,000          | -        | -        | -        | £2,000,000        |
| Kent County Council (revenue operating costs) | £30,000           | £30,000           | £30,000           | -        | -        | -        | £90,000           |
| <b>Total</b>                                  | <b>£1,730,000</b> | <b>£1,730,000</b> | <b>£1,130,000</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>£4,590,000</b> |

**Security of funding sources:** The Kent County Council financial contributions, both in terms of capital and operational costs, have been committed. The private sector funding contributions stated are estimates based on previous experience, as it will not be possible to confirm these contributions until projects are submitted for consideration for funding through the No Use Empty Commercial Phase II project.

**Flexibility in Growing Places Fund ask:** The No Use Empty model can be scaled up or down depending upon demand. If there is sufficient demand, the drawdown of Growing Places Fund funding could be accelerated. Should the demand be less than anticipated the Growing Places Fund ask could be reduced, allowing funds to be returned for reallocation to other projects

## Repayment

**Repayment mechanism:** The project will offer secured loans using Growing Places Fund funds which will be repayable on an agreed date (with a maximum loan term of 3 years) which will be written into the Loan Agreement between Kent County Council and the property owner. Loans awarded in 2020/21 will commence repayment in 2023/24, loans awarded in 2021/22 will commence repayment in 2024/25 and loans awarded in 2022/23 will be repaid in 2025/26 in line with Growing Places Fund repayment requirements. No Use Empty has a proven track record and has operated a recycling loan fund for 15 years. In that time, it has successfully recovered £17.6m of loans.

| Repayment schedule |         |          |          |          |            |
|--------------------|---------|----------|----------|----------|------------|
| 2021/22            | 2022/23 | 2023/24  | 2024/25  | 2025/26  | Total      |
| -                  | -       | £750,000 | £750,000 | £500,000 | £2,000,000 |

## Outcome of ITE technical assessment

| Criteria          | Need for intervention | Viability | Deliverability | Expected benefits | Pace of benefit realisation | Contribution to revolving fund |
|-------------------|-----------------------|-----------|----------------|-------------------|-----------------------------|--------------------------------|
| <b>RAG rating</b> | Green                 | Green     | Green          | Amber             | Green                       | Green                          |

## Explanation for RAG ratings

**Need for intervention:** A good case for the need for intervention and the presence of market failure have been articulated. Kent County Council argues that the presence of empty and dilapidated secondary retail units is negatively impacting town centres and neighbouring retailers. Negatively impacting footfall and retail demand in these centres. This results in established businesses continuing to fail due to falling revenues and an uncertain investment environment for lenders to support new businesses. Overall this generates a downward spiral of more empty units, leading to ever greater lending risk. Therefore, intervention is needed to break this cycle. The wider market failure argument is that, although private investment is occurring in larger commercial and retail regeneration schemes, the same level of investment is not being provided for smaller secondary retail. To properly realise the benefits of regeneration, all retail in these town centres needs to be regenerated. The Growing Places Fund is being sought to finance the commercial aspects of the redevelopment schemes. Kent County Council have confirmed that other private and public funding sources are not available.

**Viability:** The Growing Places Fund ask has been calculated on the basis of delivering a total of 43 units, with each unit requiring, on average, £23,000 of the Growing Places Fund. Although Kent County Council clearly has experience of the quantum of financing required for each project and the potential uptake of the loans, more evidence could be provided as to how figures were derived. The capital (£0.5m) and revenue (£90,000) funding from Kent County Council have both been committed. The £2m that is expected to be provided by property owners for residential aspects of projects will be confirmed on a building by building basis as the project progresses.

**Deliverability:** As the No Use Empty project is focused on specific developments, the status of planning applications and land ownership are not directly relevant. Experience from the first phase of the No Use Empty project indicates there are sufficient viable schemes that would require No Use Empty finance.

**Expected benefits:** The project is expected to directly deliver 36 new homes (which will house 72 people) and 18 new commercial units with a total floor space of 1,589sqm. The benefits attributable to the Growing Places Fund will be primarily related to projects that deliver commercial or mixed used units, as opposed to purely residential units. The redevelopment of these sites is expected to support 40 jobs, although these will be in construction and therefore only temporary. Indirectly the redevelopment is expected to support a further 36 jobs. The commercial floorspace is considered additional as, although replacing existing, these are long-term empty units. The housing is considered additional; however, consideration needs to be given to displacement from the wider region.

**Pace of benefit realisation:** The housing and commercial units will be delivered between 2021/22 and 2023/24, with the jobs being created between 2020/21 and 2023/24.

**Contribution to revolving fund:** The Growing Places Fund loan will be repaid through the recovery of the No Use Empty loans from property owners after a period of 3 years. Kent County Council has a successful record of recovering loans and the first phase of No Use Empty had a default rate of below 0.5%. Kent County Council has indicated in the risk register that it would commit to underwriting the No Use Empty loans to secure against bad debt.

**Project name:** Green Hydrogen Generation Facility, Herne Bay, Kent

**GPF ask:** £3,470,000

**Federated Board Strategic Priority Ranking:** Kent and Medway Economic Partnership

**Strategic Priority:** 5

**Project description:** The project involves the installation of the UK's largest zero carbon hydrogen production system near Herne Bay. The system will be powered by way of a direct connection to the on-land substation for the existing Vattenfall offshore windfarms. The project will demonstrate the economic and practical viability of generating hydrogen from wind energy to produce hydrogen on a bulk scale to be used in zero emission transport solutions. The hydrogen produced will be used to fuel fleets of hydrogen buses in the South East. The hydrogen supply will eventually expand to serve fleets of lorries, taxis and trains.

**Project benefits:** This project will demonstrate a valid pathway to 100% renewable hydrogen at an affordable price. Furthermore, it will illustrate how hydrogen can offer a secure market for the output from a wind farm, which in turn can be used to help to stimulate renewable energy deployment and in so doing help the UK and the SELEP region meet its renewable energy and carbon reduction commitments. The project will lead to zero local pollutant emissions from the buses powered by the hydrogen fuel, whilst demand growth for hydrogen fuel and zero emission transport modes will provide a huge impetus to businesses involved in the supply chain. The project will also stimulate new opportunities for learning, including working with local universities to study and look to optimise the wind hydrogen production process.

|                   | Outcomes                          | 2021/22       | 2022/23       | 2023/24       | 2024/25       | 2025/26        | 2026/27 onwards  | Total            |
|-------------------|-----------------------------------|---------------|---------------|---------------|---------------|----------------|------------------|------------------|
| Direct Outcomes   | Jobs created                      | 8             | 4             | 4             | -             | -              | -                | 16               |
|                   | Carbon savings (tonnes per annum) | 3,172         | 4,758         | 9,516         | 17,466        | 39,650         | 396,438          | 471,000          |
|                   | Air Pollution emission savings    | 11 tonnes NOx | 17 tonnes NOx | 34 tonnes NOx | 62 tonnes NOx | 141 tonnes NOx | 1,420 tonnes NOx | 1,685 tonnes NOx |
| Indirect Outcomes | Jobs created                      | -             | -             | 15            | 8             | 8              | 9                | 40               |
|                   | Homes built                       | -             | -             | -             | -             | -              | -                | -                |
|                   | Commercial space                  | -             | -             | -             | 4,890 sqm     | -              | -                | 4,890 sqm        |

## Key milestones

| Milestone  | Date                       |
|--|----------------------------|
| Planning permission process including hazardous substances consent | July 2019 to April 2020    |
| Design process   | September 2019 to May 2020 |
| Construction contractor procurement                                | January to July 2020       |
| Construction works onsite  | March 2020 to May 2021     |
| Start of commercial operations onsite                              | May 2021                   |

## Spend profile

| Funding Source                                | 2020/21        | 2021/22       | 2022/23        | 2023/24        | 2024/25        | 2025/26        | Total           |
|---|----------------|---------------|----------------|----------------|----------------|----------------|-----------------|
| Growing Places Fund                           | £3.47m         | -             | -              | -              | -              | -              | £3.47m          |
| Sponsor Equity and other investment partners  | £5.339m        | -             | £1.258m        | £3.252m        | -              | -              | £9.849m         |
| Asset finance                                 | -              | -             | -              | £1.0m          | £1.258m        | £0.943m        | £3.201m         |
| Project revenue                               | -              | £2.36m        | £3.506m        | £4.17m         | £3.996m        | £5.151m        | £19.183m        |
| Shareholder loans and other support (revenue) | £1.15m         | -             | -              | -              | -              | -              | £1.15m          |
| <b>Total</b>                                  | <b>£9.959m</b> | <b>£2.36m</b> | <b>£4.764m</b> | <b>£8.422m</b> | <b>£5.254m</b> | <b>£6.094m</b> | <b>£36.853m</b> |

**Security of funding sources:** Written commitment has been provided in relation to the initial Sponsor Equity, and other investors have shown an interest in participating after the initial development and production milestones have been successfully accomplished in the initial years of the project. In relation to the Asset finance indicative term sheets are in place and disbursement is subject to further due diligence. Initial project revenue has been secured through a contract to provide hydrogen fuel to run a fleet of buses. There are other ongoing negotiations with prospective customers in the Kent area for hydrogen supply contracts lasting 10 to 15 years. Shareholder loans and other support has been secured for the first year of the project to cover any shortfall in operating cashflow. As the project matures, it is expected that the project will be self-funding.

**Flexibility in Growing Places Fund ask:** The Growing Places Fund drawdown is designed to maximise production based on demand forecasts for hydrogen. If demand is below that expected from forecasts, the drawdown of the Growing Places Fund could be flexed and reviewed.

## Repayment

**Repayment mechanism:** The Growing Places Fund loan will be repaid from the income generated from the sale of hydrogen fuel for zero emission transport applications. Over the term of the loan it is expected that cashflow available from project operations will be more than sufficient to meet the repayment schedule. In addition, long term fuel supply contracts with public transport authorities will ensure viability of cashflows throughout the loan period.

| Repayment schedule |         |         |          |            |            |
|--------------------|---------|---------|----------|------------|------------|
| 2021/22            | 2022/23 | 2023/24 | 2024/25  | 2025/26    | Total      |
| -                  | -       | -       | £350,000 | £3,120,000 | £3,470,000 |

## Outcome of ITE technical assessment

| Criteria          | Need for intervention | Viability | Deliverability | Expected benefits | Pace of benefit realisation | Contribution to revolving fund |
|-------------------|-----------------------|-----------|----------------|-------------------|-----------------------------|--------------------------------|
| <b>RAG rating</b> | Green                 | Green     | Green          | Amber/Green       | Green                       | Green                          |

## Explanation for RAG ratings

**Need for intervention:** The Growing Places Fund is being sought to accelerate and scale up the size of the facility being developed. The smaller facility that would be developed without Growing Places Fund would constrain supply to only meet current demand levels and would limit the ability to meet the increased levels of hydrogen demand that are expected to occur as a result of the agenda to decarbonise transport. This will also impact on the economies of scale of production meaning the price of hydrogen would remain at current levels rather than reducing to a price per mile that is comparable to current diesel prices. As a result, the capacity to decarbonise transport will be limited due to the constraints of both availability and price. Hydrogen supply may be met by alternative "brown" sources derived from fossil fuels, but this will limit the decarbonisation effect of using hydrogen vehicles. If the scalability of production is not delivered through the larger facility unlocked by Growing Places Fund funding, this will also affect the commercial viability of hydrogen through electrolysis. Alternative sources of funding been investigated but none have proved viable.

**Viability:** Initial surveys and site designs have been completed and detail the costs of the development and the equipment required to deliver the facility. The £13m of private sector funding will be used for the main sites and facilities development. The Growing Places Fund will be used to increase the scale and capacity of the facility from producing 2,000kg per day to 4,000kg per day. With this expansion the facility will then subsequently be able to expand production to 50,000kg per day when demand is sufficient. There is £10m of committed equity from partners in the scheme. Of this £6.5m will be spent alongside the Growing Places Fund, with the remaining £3.5m becoming available for the scale up of the site once the first phase is complete. For on-going expansion after this asset finance is expected to become available.

**Deliverability:** A lease option agreement has been secured by the scheme promoter allowing access to the land for 25 years. A planning decision is pending but significant engagement has been undertaken with the local planning authority, along with extensive wider community and stakeholder engagement.

**Expected benefits:** The larger facility, unlocked by the Growing Places Fund, will directly deliver 16 to 25 new permanent staff and 16 temporary staff during construction. It will support 6 PhD students and 29 industrial placements and will develop 2,130 sqm of new industrial floor space at the plant. All of these are considered net additional jobs as they are in a growing industrial sector. There will also be carbon savings and air quality benefits that will be unlocked by the new facility through providing a fuel for new zero emissions vehicles. The emissions reductions are reported to be 471,000 tonnes of CO<sub>2</sub>e, 1,685 tonnes of NO<sub>x</sub>, 21 tonnes of PM<sub>2.5</sub> and 414 tonnes of hydrocarbons in the period to 2035. The indirect benefits generated by the follow-on expansion of the facility include 40 permanent jobs, 16 constructions jobs and 4,890 sqm of commercial floorspace.

**Pace of benefit realisation:** The direct jobs will be delivered between 2021/22 and 2023/24. New commercial floor space will be delivered in 2021/22. Additional learners (PhD/Industrial Placement) will be supported every year through to 2026 and beyond. The emissions reduction benefits are accumulated every year and their benefits measure up to 2035. The scale of these benefits ramps up from 2021/22 as production output increases. The indirect benefits are incurred from 2023/24.

**Contribution to revolving fund:** Repayments will be made in 2024/25 and 2025/26. The repayments will be made from revenue generated by the site. The scheme promoter is confident in the security of this revenue given existing and forecast demand for hydrogen, particularly from bus operators. Supply contracts for hydrogen are normally provided for a period of 5 to 10 years providing security of revenue streams.



**Project name:** No Use Empty Homes Initiative, Kent wide

**GPF ask:** £2,500,000

**Federated Board Strategic Priority Ranking:** Kent and Medway Economic Partnership

**Strategic Priority:** 6

**Project description:** The project aims to improve the physical urban environment in Kent by bringing empty properties back into use as quality housing accommodation. The project also raises awareness of the issues surrounding empty properties, highlighting the problems they cause to local communities. This approach is intended to provide pan-Kent benefits, with property owners from across the 12 Kent districts able to apply for a short term secured loan to enable works to be undertaken to bring their properties back into effective use as quality housing.

**Project benefits:** The project will support SME's; create and safeguard jobs; create new residential accommodation; generate new Council Tax receipts through conversion of large buildings into multiple units and contribute to the regeneration of the local area. The project will make a positive impact on the community through returning 100 empty properties to use, improving the neighbourhood and the environment, which will increase both resident and business confidence and generate economic growth.

|                   | Outcomes                    | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 onwards | Total |
|-------------------|-----------------------------|---------|---------|---------|---------|---------|-----------------|-------|
| Direct Outcomes   | Jobs created (construction) | -       | 20      | 20      | 10      | -       | -               | 50    |
|                   | Empty homes returned to use | -       | 40      | 40      | 20      | -       | -               | 100   |
|                   | Commercial space            | -       | -       | -       | -       | -       | -               | -     |
| Indirect Outcomes | Jobs created (construction) | -       | 16      | 16      | 8       | -       | -               | 40    |
|                   | No of people housed         | -       | 80      | 80      | 40      | -       | -               | 200   |
|                   | Commercial space            | -       | -       | -       | -       | -       | -               | -     |

## Key milestones

| Milestone   | Date                   |
|---|------------------------|
| Launch No Use Empty Homes Initiative                  | May/June 2020          |
| Projects apply for funding                            | June/July 2020 onwards |
| Initial loans approved                                | August 2020 onwards    |
| Recovery of loans in line with contractual agreements | January 2024/2025/2026 |

## Spend profile

| Funding Source                                | 2020/21           | 2021/22           | 2022/23           | 2023/24  | 2024/25  | 2025/26  | Total             |
|---|-------------------|-------------------|-------------------|----------|----------|----------|-------------------|
| Growing Places Fund                           | £1,000,000        | £1,000,000        | £500,000          | -        | -        | -        | £2,500,000        |
| Kent County Council (capital)                 | £1,000,000        | £1,000,000        | £500,000          | -        | -        | -        | £2,500,000        |
| Private sector funding contributions          | £1,000,000        | £1,000,000        | £500,000          | -        | -        | -        | £2,500,000        |
| Kent County Council (revenue operating costs) | £30,000           | £30,000           | £30,000           | -        | -        | -        | £90,000           |
| <b>Total</b>                                  | <b>£3,030,000</b> | <b>£3,030,000</b> | <b>£1,530,000</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>£7,590,000</b> |

**Security of funding sources:** The Kent County Council financial contributions, both in terms of capital and operational costs, have been committed. The private sector funding contributions stated are estimates based on previous experience, as it will not be possible to confirm these contributions until projects are submitted for consideration for funding through the No Use Empty Homes initiative.

**Flexibility in Growing Places Fund ask:** The No Use Empty model can be scaled up or down depending upon demand. If there is sufficient demand, the drawdown of Growing Places Fund funding could be accelerated. Should the demand be less than anticipated the Growing Places Fund ask could be reduced, allowing funds to be returned for reallocation to other projects.

## Repayment

**Repayment mechanism:** The project will offer secured loans using Growing Places Fund funding which will be repayable on an agreed date (with a maximum loan term of 3 years) which will be written into the Loan Agreement between Kent County Council and the property owner. Loans awarded in 2020/21 will commence repayment in 2023/24, loans awarded in 2021/22 will commence repayment in 2024/25 and loans awarded in 2022/23 will be repaid in 2025/26 in line with Growing Places Fund repayment requirements. No Use Empty has a proven track record and has operated a recycling loan fund for 15 years. In that time, it has successfully recovered £17.6m of loans.

| Repayment schedule |         |            |            |          |            |
|--------------------|---------|------------|------------|----------|------------|
| 2021/22            | 2022/23 | 2023/24    | 2024/25    | 2025/26  | Total      |
| -                  | -       | £1,000,000 | £1,000,000 | £500,000 | £2,500,000 |

## Outcome of ITE technical assessment

| Criteria          | Need for intervention | Viability | Deliverability | Expected benefits | Pace of benefit realisation | Contribution to revolving fund |
|-------------------|-----------------------|-----------|----------------|-------------------|-----------------------------|--------------------------------|
| <b>RAG rating</b> | Green                 | Green     | Green          | Amber             | Green                       | Green                          |

## Explanation for RAG ratings

**Need for intervention:** Kent and Medway have over 6,000 long-term empty properties, whilst nationally there is a shortage of housing. Returning existing housing stock to use is far more cost and resource efficient than developing new build properties. However, there is a shortage of traditional sources of borrowing that are willing to finance renovation of existing properties due to perceived risk and uncertainty.

**Viability:** The Growing Places Fund ask has been calculated based on the renovation of 100 properties each requiring an average loan of £25,000. Although Kent County Council clearly has experience of the quantum of financing required for each project and the potential uptake of the loans, more evidence could be provided as to how the figures were derived. The capital (£2.5m) and revenue (£90,000) funding from Kent County Council are both committed. The £2.5m that is expected to be provided by property owners will be confirmed on a project by project basis.

**Deliverability:** As the No Use Empty project is focused on specific developments, the status of planning applications and land ownership are not directly relevant. Experience from the first phase of the No Use Empty project indicates there are sufficient viable schemes that require No Use Empty finance.

**Expected benefits:** The project is expected to create 100 new homes. These homes will house an estimated 200 people. Related to this, 50 construction jobs will be created (although these will be temporary). This quantum of construction jobs has been calculated based on National Housing Strategy figures. Indirectly a further 40 jobs will be created in the wider economy. No evidence or discussion has been provided relating to the potential displacement of homes and jobs. There will also be further social benefits coming from the improved urban environment.

**Pace of benefit realisation:** All home and jobs benefits will occur in the years between 2022/23 and 2024/25. The social benefits of an improved urban environment will continue beyond this.

**Contribution to revolving fund:** The Growing Places Fund will be repaid by the recovery of the No Use Empty loans from the property owners after a period of 3 years. Kent County Council has a successful record of recovering loans and the first phase of No Use Empty had a default rate of below 0.5%. Kent County Council has indicated in the risk register that it would commit to underwriting the No Use Empty loans to secure against bad debt.

**Project name:** Coombe Valley, Dover

**GPF ask:** £1,000,000

**Federated Board Strategic Priority Ranking:** Kent and Medway Economic Partnership

**Strategic Priority:** 7

**Project description:** The project will bring forward a new-build housing scheme providing 26 flats and 4 houses, all of which will be affordable. These units will be sold to Dover District Council housing association (subject to agreement). The land is currently being purchased via a Subject to Planning agreement and the Growing Places Fund will be used to fund this land acquisition.

**Project benefits:** The project will bring forward a wholly affordable housing scheme, in one of Dover's most deprived wards. As the housing will be purchased by the Local Authority, the affordable nature of the housing will be protected. The project will demonstrate that wholly affordable housing schemes are possible, whilst still delivering market margins to the developer. It is anticipated that the housing tenants will be employed in the local area, therefore also benefiting the local economy.

|                          | Outcomes         | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 onwards | Total |
|--------------------------|------------------|---------|---------|---------|---------|---------|-----------------|-------|
| <b>Direct Outcomes</b>   | Jobs created     | 6       | -       | -       | -       | -       | -               | 6     |
|                          | Homes built      | -       | 30      | -       | -       | -       | -               | 30    |
|                          | Commercial space | -       | -       | -       | -       | -       | -               | -     |
| <b>Indirect Outcomes</b> | Jobs created     | -       | -       | 24      | 24      | 24      | -               | 72    |
|                          | Homes built      | -       | -       | -       | 30      | -       | -               | 30    |
|                          | Commercial space | -       | -       | -       | -       | -       | -               | -     |

## Key milestones

| Milestone  | Date                   |
|--|------------------------|
| Site purchase agreed                                       | November 2019          |
| Site exchange and planning pre-app advice                  | March 2020             |
| Planning application prepared for submission               | April 2020             |
| Heads of Terms agreed with the Local Authority             | April to May 2020      |
| Planning application submission                            | June 2020              |
| Completion of planning process and site purchase           | February to April 2021 |
| Exchange of contracts for off plan sale to Local Authority | April 2021             |
| Construction onsite  | June 2021 to June 2023 |
| Completion of sale to Local Authority                      | July 2023              |

## Spend profile

| Funding Source                              | 2020/21         | 2021/22           | 2022/23           | 2023/24  | 2024/25  | 2025/26  | Total             |
|---|-----------------|-------------------|-------------------|----------|----------|----------|-------------------|
| Growing Places Fund                         | -               | £1,000,000        | -                 | -        | -        | -        | £1,000,000        |
| Alliance Building Company (capital)         | £50,000         | -                 | -                 | -        | -        | -        | £50,000           |
| Local Authority off-plan purchase income    | -               | £500,000          | £1,600,000        | -        | -        | -        | £2,100,000        |
| Alliance Building Company (revenue)         | £50,000         | -                 | -                 | -        | -        | -        | £50,000           |
| Local Authority off-plan purchase (revenue) | -               | £500,000          | -                 | -        | -        | -        | £500,000          |
| <b>Total</b>                                | <b>£100,000</b> | <b>£2,000,000</b> | <b>£1,600,000</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>£3,700,000</b> |

**Security of funding sources:** The financial contributions, both revenue and capital, from Alliance Building Company have been committed. The income from the off plan purchase of the housing units by the Local Authority housing association is dependent upon agreement being reached with the Local Authority and contracts being exchanged.

**Flexibility in Growing Places Fund ask:** There is some flexibility to reduce the total Growing Places Fund ask. Discussions are at an early stage regarding the off plan purchase of the housing units by Dover District Council housing association. The Growing Places Fund ask is based on a forecast deposit from Dover District Council, the actual deposit provided may be higher than forecast which would enable the Growing Places Fund ask to be reduced.

## Repayment

**Repayment mechanism:** The Growing Places Fund loan will be repaid as the housing units are sold to Dover District Council's housing association. Initial repayments will be made from the deposit paid as the scheme exchanges off plan. Contracts will be exchanged with the housing association before any Growing Places Fund funding is drawn down.

| Repayment schedule |          |          |         |         |            |
|--------------------|----------|----------|---------|---------|------------|
| 2021/22            | 2022/23  | 2023/24  | 2024/25 | 2025/26 | Total      |
| £100,000           | £700,000 | £200,000 | -       | -       | £1,000,000 |

## Outcome of ITE technical assessment

| Criteria          | Need for intervention | Viability | Deliverability | Expected benefits | Pace of benefit realisation | Contribution to revolving fund |
|-------------------|-----------------------|-----------|----------------|-------------------|-----------------------------|--------------------------------|
| <b>RAG rating</b> | Green                 | Green     | Amber          | Amber             | Green                       | Green                          |

### Explanation for RAG ratings

|  |
|--|
| <b>Need for intervention:</b> Since the planned project is to deliver a site with 100% affordable housing, the expected return on these units is unacceptable to private lenders. Instead of following the usual open market process where units are sold on completion, Dover District Council have agreed to purchase the units off plan. The purchase will involve an initial deposit being put down at design stage and a follow up payment being made on completion of the housing units. The Growing Places Fund will be used to fund the initial purchase of the land for development. The construction costs will be met by the deposit from Dover District Council. |
| <b>Viability:</b> The Growing Places Fund requested is to cover the purchase of the site. Details have been provided around the additional funding sources, which has given greater certainty of the viability of the project.   |
| <b>Deliverability:</b> Pre-app planning assessments have not yet been undertaken. The planning application will not be submitted until June 2020 which would result in potential approval by February 2021. The early stage in the planning approval process at which this project sits raises uncertainty around the deliverability of the scheme.  |
| <b>Expected benefits:</b> The project is expected to deliver 30 residential units. There is also expected to be job creation as a result of the construction. The calculation of job creation and indirect benefits appears confused. No consideration has been given to displacement.   |
| <b>Pace of benefit realisation:</b> All homes are expected to be delivered in 2022/23.   |
| <b>Contribution to revolving fund:</b> Full repayment of the loan will be made by 2023/24. The loan will be repaid once the final payment for the housing units, from Dover District Council, is made.   |

**Project name:** Hatchery at Preston Farm, Sevenoaks

**GPF ask:** £1,000,000

**Federated Board Strategic Priority Ranking:** Kent and Medway Economic Partnership

**Strategic Priority:** 8

**Project description:** The project will create 20,000 sqft of exceptional, flexible workspace aimed at helping small businesses grow faster. Preston Farm, a former farm, will be redeveloped into an innovative new work and community hub hosting approximately 250 workers, alongside spaces that will be made available to the local community and visitors for education, recreation and social uses. The business hub will serve a number of different customer groups, but with a particular focus on SME businesses and freelancers. The project will see co-working space, marker space, private offices, meeting rooms and events space developed across the site. Easy-in/easy-out terms will be offered, as well as grow-on space for small businesses.

**Project benefits:** The project will create a market-leading work environment, built around user experience and wellbeing, enabling the Hatchery to become a centre for innovators. Through the project jobs will be created which are closer to home, reducing commuting distances and keeping people rooted in their local community. The site will also provide amenities for local residents and visitors, providing valuable infrastructure in the form of meeting and events space, a café and fitness facilities. Wider placemaking initiatives will be incorporated, including links and partnerships with neighbouring and nearby businesses and public attractions. Development of the site has the potential to increase visits to the area. The site will become a venue for education programmes, including STEM, AgriTech, sustainability and food production.

|                   | Outcomes         | 2021/22     | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 onwards | Total       |
|-------------------|------------------|-------------|---------|---------|---------|---------|-----------------|-------------|
| Direct Outcomes   | Jobs created     | 5           | -       | -       | -       | -       | -               | 5           |
|                   | Homes built      | -           | -       | -       | -       | -       | -               | -           |
|                   | Commercial space | 20,000 sqft | -       | -       | -       | -       | -               | 20,000 sqft |
| Indirect Outcomes | Jobs created     | 74          | 32      | -       | -       | -       | -               | 106         |
|                   | Homes built      | -           | -       | -       | -       | -       | -               | -           |
|                   | Commercial space | -           | -       | -       | -       | -       | -               | -           |

## Key milestones

| Milestone   | Date                      |
|---|---------------------------|
| Appointment of planning consultants and architect | Spring to December 2019   |
| Planning application to be submitted              | May 2020                  |
| Outcome of planning process                       | July 2020                 |
| Private loan agreement signed                     | July 2020                 |
| Procurement process to appoint contractor         | March to Summer 2020      |
| Phase 1 construction onsite                       | Summer 2020 to April 2021 |
| Phase 2 construction onsite                       | October 2020 to June 2021 |
| Site at target occupancy                          | April 2022                |

## Spend profile

| Funding Source                      | 2020/21           | 2021/22  | 2022/23  | 2023/24  | 2024/25  | 2025/26  | Total             |
|-------------------------------------|-------------------|----------|----------|----------|----------|----------|-------------------|
| Growing Places Fund                 | £1,000,000        | -        | -        | -        | -        | -        | £1,000,000        |
| Private loan funding                | £1,200,000        | -        | -        | -        | -        | -        | £1,200,000        |
| Preston Farm Shoreham Ltd (revenue) | £200,000          | -        | -        | -        | -        | -        | £200,000          |
| <b>Total</b>                        | <b>£2,400,000</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>£2,400,000</b> |

**Certainty of scheme costs:** The scheme is currently at an early stage of development and scoping of scheme components has been undertaken at a high level. This has raised uncertainty as to the accuracy of the cost estimates.

**Flexibility in Growing Places Fund ask:** There is limited scope to change the timing of the Growing Places Fund drawdown, as development work is expected to commence and be substantially completed during 2020/21.

## Repayment

**Repayment mechanism:** The Growing Places Fund loan will be repaid through the refinancing of the project at the end of Growing Places Fund loan term. This will enable the loan to be repaid in one lump sum. It is expected that at this point in 2025/26, with three years trading history, that the property will be valued significantly above the cost of acquisition and redevelopment.

| Repayment schedule |         |         |         |            |            |
|--------------------|---------|---------|---------|------------|------------|
| 2021/22            | 2022/23 | 2023/24 | 2024/25 | 2025/26    | Total      |
| -                  | -       | -       | -       | £1,000,000 | £1,000,000 |

## Outcome of ITE technical assessment

| Criteria          | Need for intervention | Viability | Deliverability | Expected benefits | Pace of benefit realisation | Contribution to revolving fund |
|-------------------|-----------------------|-----------|----------------|-------------------|-----------------------------|--------------------------------|
| <b>RAG rating</b> | Green                 | Amber     | Green          | Amber             | Green                       | Green                          |



## Explanation for RAG ratings

|  |
|--|
| <b>Need for intervention:</b> The market failure is reasonably well evidenced. There is a clear trend of a reduction in office space and corresponding increases in commercial rents. There is evidence provided that shows that the Sevenoaks area has high rates of self-employment (however, this evidence is based on 2011 census data which may no longer be relevant). On a more macro-level there is a continued growth in supply of flexible/co-working spaces in major urban centres, but this trend is not reflected in rural areas. The project is using Growing Places Fund to accelerate and scale up the size of the project. The Kent and Medway Business Fund is an alternative source of finance, but this will be half the size. |
| <b>Viability:</b> Only very high-level designs have been completed for the site, therefore, further clarification as to how the costs are calculated is needed. Commentary has been provided as to how the build costs will be kept to the budgeted £2.4m. Despite this the fact that there are currently no plans or detailed costs around the fit out raises uncertainty around the viability of the project.  |
| <b>Deliverability:</b> The freehold to the site is owned by the scheme promoter. A planning application is still to be submitted but significant pre-app engagement has taken place with the planning authority to ensure designs meet the local planning criteria including falling within the existing footprint of the existing buildings.  |
| <b>Expected benefits:</b> The project will deliver 1,800 sqm of commercial floor space which will support 250 workers at the site. After considering displacement, the net new jobs created is expected to be 106. The site itself will directly employ five people to run the facility.   |
| <b>Pace of benefit realisation:</b> The direct benefits are all expected to be realised by 2022/23.  |
| <b>Contribution to revolving fund:</b> Full repayment will be made in 2025/26. Repayment will be made through rents charged to people using the sites.   |

**Project name:** Leigh Port Quay Wall (Cockle Wharf), Southend

**GPF ask:** £3,500,000

**Federated Board Strategic Priority Ranking:** Opportunity South Essex Strategic Priority: 1

**Project description:** The project will involve construction of a new quay wall frontage, improvements to site access and re-surfacing of the wharf to make the port a safe place to work and visit. Leigh Port is a small expanse of land (c.7,500 sqm) at the opening of the River Thames, spanning roughly 180m of the Southend coastline. The reclaimed area provides boat access, as well as housing the 16 cockle sheds where cockles are cooked, processed and sold, as well as a small amount of light industry. Maintaining the viability of these cockle sheds and their business is central to the objectives of this project.

**Project benefits:** The project will safeguard the cockle industry in Leigh on Sea; protect the wider economic benefits that stem from the cockle industry; and lead to the creation of 23 new direct jobs (net) and 144 new indirect jobs (net).

|                          | Outcomes         | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 onwards | Total |
|--------------------------|------------------|---------|---------|---------|---------|---------|-----------------|-------|
| <b>Direct Outcomes</b>   | Jobs created     | -       | 23      | -       | -       | -       | -               | 23    |
|                          | Homes built      | -       | -       | -       | -       | -       | -               | -     |
|                          | Commercial space | -       | -       | -       | -       | -       | -               | -     |
| <b>Indirect Outcomes</b> | Jobs created     | -       | -       | 48      | 48      | 48      | -               | 144   |
|                          | Homes built      | -       | -       | -       | -       | -       | -               | -     |
|                          | Commercial space | -       | -       | -       | -       | -       | -               | -     |

## Key milestones

| Milestone  | Date          |
|--|---------------|
| Procurement start date – Commence procurement of necessary resources and contractors needed to deliver the project | January 2021  |
| Accountability Board funding decision  | February 2021 |
| Procurement process complete   | March 2021    |
| Construction commences onsite  | April 2021    |
| Construction complete onsite   | October 2021  |

## Spend profile

| Funding Source  | 2020/21 | 2021/22    | 2022/23 | 2023/24 | 2024/25 | 2025/26 | Total      |
|---|---------|------------|---------|---------|---------|---------|------------|
| Growing Places Fund                                     | -       | £3,500,000 | -       | -       | -       | -       | £3,500,000 |
| Southend Borough Council capital programme              | -       | £4,254,000 | -       | -       | -       | -       | £4,254,000 |
| Southend Borough Council treasury revenue funding (M&E) | -       | -          | £20,000 | -       | -       | -       | £20,000    |
| <b>Total</b>  | -       | £7,754,000 | £20,000 | -       | -       | -       | £7,774,000 |

**Security of funding sources:** Funding from the Southend Borough Council capital programme and from the Council treasury has been identified but not yet secured. To formally secure the funding, standard Council approval processes will need to be completed.

**Flexibility in Growing Places Fund ask:** The level of Growing Places Fund funding sought is highly dependent upon the conservative risk contingency assumption of 60% in the financial model developed to assess the viability of this project. The risk register, within the Business Case, highlights a number of key risks for the project that should be mitigated as further design work is undertaken. If the risks can be mitigated this will enable the total amount of Growing Places Fund sought to be reduced.

## Repayment

**Repayment mechanism:** The Growing Places Fund loan will be repaid using the revenue collected from charging cockle shed businesses, who are the main beneficiaries of the project. This revenue will be in the form of a monthly fee of £300, which will grow with inflation. This revenue stream will not be sufficient to repay the Growing Places Fund loan in full by the March 2026 deadline and it is expected that an outstanding balance of £3.4m will exist in March 2026. The balance will be repaid in full by the end of March 2026, through a loan from the Southend Borough Council Capital Programme Pot which will be lent at an interest rate of 0%.

### Repayment schedule

| 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26    | Total       |
|---------|---------|---------|---------|------------|-------------|
| -       | -       | £62,348 | £63,595 | £3,401,688 | £3,527,631* |

\* Assumes interest rate of 0.2% on the Growing Places Fund loan

## Outcome of ITE technical assessment

| Criteria   | Need for intervention | Viability | Deliverability | Expected benefits | Pace of benefit realisation | Contribution to revolving fund |
|------------|-----------------------|-----------|----------------|-------------------|-----------------------------|--------------------------------|
| RAG rating | Green                 | Amber     | Amber          | Amber/Green       | Green                       | Green                          |

## Explanation for RAG ratings

**Need for intervention:** By not addressing the issues at Cockle Wharf, there is a risk that an active port and a cultural site will be lost, along with the cockle industry which contributes to food tourism in Leigh-on-Sea. Given the time pressure as a result of the risk of quay wall collapse, it is essential that capital is obtained in a timely manner to align with the detailed design programme (to be completed March 2021). Issues around co-ordination and ownership are preventing successful intervention from the private sector. Leaseholders are on short term leases (until 2023) so will only deliver repairs for the short-term. Leaseholders have different uses for the site, and it is considered that if they were to complete any long-term repairs, it would be a disjointed effort and long-term repairs to access routes and surfacing would still be neglected. Beyond consideration of leaseholders (who are believed to have limited capital for the long-term improvements), no alternative funding sources are mentioned.

**Viability:** The total cost of the project is £7.8m, including 60% risk contingency. £3.5m is sought from Growing Places Fund with the remaining £4.3m from the Southend Borough Council Capital Programme Pot. There is currently no provision in the Council's capital programme for these works as the extent and cost of the works has been emerging during the Growing Places Fund process, but necessary approvals will be sought prior to the final Growing Places Fund funding decision. Also included is a Southend-on-Sea Borough Council loan (£3,336,897) to refinance the outstanding balance of the Growing Places Fund loan by 31st March 2026. This loan is less than the Growing Places Fund loan as some will have already been repaid from the £300 per month tenant charge which will grow with inflation (there are currently 16 tenants). This loan has not been secured.

**Deliverability:** The scheme is taking place on land that is owned by Southend-on-Sea Borough Council but is currently partially leased by Essex Wildlife Trust as an important bird habitat. If the proposed scheme requires changes to the lease with Essex Wildlife Trust, it will need to be negotiated by Southend-on-Sea Borough Council to enable the scheme to progress. If these negotiations are not successful, this is likely to present a barrier to the scheme being delivered. Asbestos and other contaminants have been found which may present a barrier to delivery.

**Expected benefits:** 144 new jobs will be created in 2022/23. £2.3m increase in GVA will be supported by direct activities at Cockle Wharf (including indirect and induced effects, 5,483 visitor economy jobs and c.£240m of GVA supported in Southend from day visitor spend). There is a query over the scale/timescale of impacts and the level of displacement applied to the benefits stated.

**Pace of benefit realisation:** All direct benefits will be realised by 2023/24, with indirect benefits being realised between 2022/23 and 2025/26.

**Contribution to revolving fund:** Reference is made to a Southend-on-Sea Borough Council loan (£3,336,897) to refinance the outstanding balance on the Growing Places Fund loan by 31st March 2026. This loan is less than the Growing Places Fund loan as initial repayments will be made using income from as new £300 per month tenant charge which will grow with inflation. The loan will be sought in the year before repayment of the Growing Places Fund becomes due.

**Project name:** No Use Empty Commercial, South Essex

**GPF ask:** £1,000,000

**Federated Board Strategic Priority Ranking:** Opportunity South Essex Strategic Priority: 2

**Project description:** The project will return long-term empty commercial properties back into use, for residential, alternative commercial or mixed-use purposes through the provision of short-term secured loans to property owners. The focus will be on secondary retail and other commercial premises which have been significantly impacted by changing consumer demand and which may have been impacted by larger regeneration schemes. The project will use the same operating model as the already established No Use Empty Initiative in Kent.

**Project benefits:** The project will support economic growth through new commercial activity: attracting new business rates, and creating/safeguarding jobs; increase the number of new homes available as a result of mixed use development: generating new council tax receipts and attracting the Government New Homes Bonus (subject to its continuation); return 8 empty commercial units back into use and will create 28 new residential homes. The project will support wider regeneration, improving the viability of existing commercial areas, improving the quality of the local environment, complementing wider regeneration activities and supporting community safety and cohesion.

|                   | Outcomes         | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 onwards | Total   |
|-------------------|------------------|---------|---------|---------|---------|---------|-----------------|---------|
| Direct Outcomes   | Jobs created     | -       | 9       | 9       | -       | -       | -               | 18      |
|                   | Homes built      | -       | 14      | 14      | -       | -       | -               | 28      |
|                   | Commercial space | -       | 353 sqm | 353 sqm | -       | -       | -               | 706 sqm |
| Indirect Outcomes | Jobs created     | -       | -       | -       | -       | -       | -               | -       |
|                   | Homes built      | -       | -       | -       | -       | -       | -               | -       |
|                   | Commercial space | -       | -       | -       | -       | -       | -               | -       |

## Key milestones

| Milestone   | Date                                 |
|---|--------------------------------------|
| Site identification – identify 4 to 5 potential sites to take forward through the project | June 2020                            |
| Launch of No Use Empty Commercial (South Essex)   | June 2020                            |
| Assessment of applications and approval of loans  | Ongoing from June 2020 to March 2022 |
| Recovery of loans in line with contractual agreements                                     | March 2024/2025                      |

## Spend profile

| Funding Source                       | 2020/21           | 2021/22           | 2022/23  | 2023/24  | 2024/25  | 2025/26  | Total             |
|--------------------------------------|-------------------|-------------------|----------|----------|----------|----------|-------------------|
| Growing Places Fund                  | £400,000          | £600,000          | -        | -        | -        | -        | £1,000,000        |
| South Essex Local Authorities        | £120,000          | £180,000          | -        | -        | -        | -        | £300,000          |
| Private sector funding contributions | £540,000          | £810,000          | -        | -        | -        | -        | £1,350,000        |
| <b>Total</b>                         | <b>£1,060,000</b> | <b>£1,590,000</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>£2,650,000</b> |

**Security of funding sources:** The Local Authority financial contributions have been approved in principle; however, formal approval will be sought prior to a Growing Places Fund funding decision. The private sector funding contributions stated are estimates based on previous experience in Kent, as it will not be possible to confirm these contributions until projects are submitted for consideration for funding through the No Use Empty Commercial project.

**Flexibility in Growing Places Fund ask:** There is the possibility of an extension to the project if additional funds are available and the project is on track in terms of outputs and outcomes. There is also the possibility of accelerated drawdown of the 2021/22 Growing Places Fund allocation if the project is progressing well and is ahead of schedule.

## Repayment

**Repayment mechanism:** The project will offer secured loans using Growing Places Fund funding which will be repayable on an agreed date which will be written into the Loan Agreement with the property owner. Loans awarded in 2020/21 will be repaid in 2023/24 and loans awarded in 2021/22 will be repaid in 2024/25. The project team will be drawing on the expertise and experience of Kent County Council officers who are involved in the original No Use Empty Initiative, which has a proven track record and has operated a recycling loan fund for 15 years recovering £17.6m of loans.

### Repayment schedule

| 2021/22 | 2022/23 | 2023/24  | 2024/25  | 2025/26 | Total      |
|---------|---------|----------|----------|---------|------------|
| -       | -       | £400,000 | £600,000 | -       | £1,000,000 |

## Outcome of ITE technical assessment

| Criteria   | Need for intervention | Viability | Deliverability | Expected benefits | Pace of benefit realisation | Contribution to revolving fund |
|------------|-----------------------|-----------|----------------|-------------------|-----------------------------|--------------------------------|
| RAG rating | Green                 | Green     | Green          | Amber             | Green                       | Green                          |

## Explanation for RAG ratings

**Need for intervention:** The number of long-term empty offices and retail units has been provided as evidence of local market failures. The Business Case indicates that, at the national level, the case for intervention is supported through Nationwide Foundation's report 'Affordable Homes from Empty Commercial Spaces'. There are no alternatives to the Growing Places Fund to support the No Use Empty scheme in South Essex. Alternative funding sources from both the public and private sector have been considered.

**Viability:** The project cost is consistent with the experience gained through the operation of the Kent No Use Empty programme. The Local Authority contribution of £300,000 is approved in principle, with formal approval expected prior to a Growing Places Fund funding decision. Private sector funds of £1,350,000 from property owners will be confirmed as loans are approved.

**Deliverability:** All properties are yet to be identified and therefore deliverability cannot be certain. The Business Case indicates that prior to projects being approved for No Use Empty loans, confirmation will be sought from the relevant local planning authority as to whether planning permission is required. If planning permission is needed, this must be granted before the No Use Empty loan can be awarded.

**Expected benefits:** Benefits relate to supporting economic growth through new commercial activity, increasing the number of new homes available as a result of mixed use development and supporting wider regeneration, in particular assisting the vitality and viability of existing commercial areas, improving the quality of the local environment, complementing wider regeneration activities and supporting community safety and cohesion. These benefits are not as significant as other projects which are also bidding for funding.

**Pace of benefit realisation:** The project benefits are expected to be realised in 2022/23 and 2023/24. Without Growing Places Fund funding the empty properties will remain empty and the anticipated benefits and outcomes will not be realised.

**Contribution to revolving fund:** The Growing Places Fund will be repaid by the recovery of the No Use Empty loans from the property owners after a period of 3 years. The repayment schedule for the project has been based on Kent County Council experience of operating the No Use Empty scheme locally.

**Project name:** South Essex Productivity Investment Fund

**GPF ask:** £3,000,000

**Federated Board Strategic Priority Ranking:** Opportunity South Essex Strategic Priority: 3

**Project description:** The project will offer a new source of business finance. It will encourage small and medium-sized enterprises in South Essex to adopt and adapt to new technology, with the aim of incentivising business investment, driving long-term productivity growth and increasing the resilience of the local economy. The South Essex Productivity Investment Fund will offer loans to businesses on “market” terms (suggested as 6% above the Growing Places Fund borrowing rate), linked with specific investment proposals that will lead to productivity improvements. The project will fund a maximum of 50% of eligible project costs, with the recipient business providing the balance through its own resources, debt or equity investments. It is envisaged that loans will range from £50,000 to £250,000 in value, with an estimated average of £150,000 and it is therefore expected that the Fund will support around 20 businesses in total.

**Project benefits:** Delivery of the project will lead to an increase in business adoption of new technology and the systems and processes needed to use it. It is also anticipated that the South Essex Productivity Investment Fund should have a ‘demonstrator’ effect, encouraging adoption within firms that have not themselves directly benefited from the project. It is expected that there will be consequential productivity gains within those firms directly benefiting from the fund and in South Essex more generally. There will also be workforce benefits through the creation of more highly skilled employment, either through new job creation or the upskilling of existing staff, and consequential additional skills demand. The project will also offer increased resilience for the South Essex economy in the light of technology-driven change.

|                          | Outcomes         | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 onwards | Total |
|--------------------------|------------------|---------|---------|---------|---------|---------|-----------------|-------|
| <b>Direct Outcomes</b>   | Jobs created     | 3       | 15      | -       | -       | -       | -               | 18    |
|                          | Homes built      | -       | -       | -       | -       | -       | -               | -     |
|                          | Commercial space | -       | -       | -       | -       | -       | -               | -     |
| <b>Indirect Outcomes</b> | Jobs created     | 1       | 3       | -       | -       | -       | -               | 4     |
|                          | Homes built      | -       | -       | -       | -       | -       | -               | -     |
|                          | Commercial space | -       | -       | -       | -       | -       | -               | -     |

## Key milestones

| Milestone                                     | Date                   |
|---|------------------------|
| Establishment of SEPIF Advisory Panel         | July 2020              |
| Agreement of final SEPIF Prospectus           | August 2020            |
| Marketing of fund and receipt of applications | September 2020 onwards |
| First round of loan allocations drawn down    | January 2021           |
| Scheme closes to applicants                   | September 2021         |
| Final repayments                              | 2025/26                |



## Spend profile

| Funding Source                         | 2020/21  | 2021/22    | 2022/23 | 2023/24 | 2024/25 | 2025/26 | Total      |
|--|----------|------------|---------|---------|---------|---------|------------|
| Growing Places Fund                    | £500,000 | £2,500,000 | -       | -       | -       | -       | £3,000,000 |
| Income from arrangement fees (revenue) | £25,000  | £125,000   | -       | -       | -       | -       | £150,000   |
| <b>Total</b>                           | £525,000 | £2,625,000 | -       | -       | -       | -       | £3,150,000 |

**Security of funding sources:** The income from arrangement fees charged on loans issued under the South Essex Productivity Investment Fund cannot be secured until the Fund is operational and applications for funding have been approved.

**Flexibility in Growing Places Fund ask:** There is flexibility in terms of the level and timing of the Growing Places Fund funding, although a minimum level of £1,000,000 will be required to ensure that the scheme is viable.

## Repayment

**Repayment mechanism:** The Growing Places Fund loan will be repaid using repayments made against the loans awarded through the South Essex Productivity Investment Fund. The Business Cases identifies a potential default rate of 7% on the Investment Fund loans, meaning that there may be a shortfall in repayment of the Growing Places Fund funding.

| Repayment schedule |            |            |          |         |             |
|--------------------|------------|------------|----------|---------|-------------|
| 2020/21            | 2021/22    | 2022/23    | 2023/24  | 2024/25 | Total       |
| £60,795            | £1,631,763 | £1,065,068 | £175,873 | -       | £2,933,499* |

\* Assumes default rate of 7% on SEPIF loans

## Outcome of ITE technical assessment

| Criteria          | Need for intervention | Viability | Deliverability | Expected benefits | Pace of benefit realisation | Contribution to revolving fund |
|-------------------|-----------------------|-----------|----------------|-------------------|-----------------------------|--------------------------------|
| <b>RAG rating</b> | Green                 | Amber     | Amber          | Amber             | Green                       | Amber                          |

### Explanation for RAG ratings

|  |
|--|
| <b>Need for intervention:</b> A strong case for the need for intervention with the presence of market failure has been made. The key issue that the South Essex Productivity Investment Fund seeks to address is the need to encourage greater investment by SME's in measures that will enhance long-term productivity improvement.   |
| <b>Viability:</b> It is proposed that interest will be charged at 6% above the Growing Places Fund interest rate, alongside a 5% arrangement fee which raises concerns regarding the uptake and viability of the fund.   |
| <b>Deliverability:</b> The delivery partners cannot cover the full operating costs of the fund and are deferring identification of the means by which these costs will be covered until the Full Business Case stage. Not having a clear approach to funding the project's operating cost raises uncertainty around the viability and deliverability of the scheme.                  |
| <b>Expected benefits:</b> 18 net direct jobs will be created and an increase of £4.8m net GVA. The Business Case also identifies non-quantified benefits including an increase in business adoption of new technology, consequential productivity gains, workforce benefits through creation of more highly skilled employment and increased resilience for the South Essex economy. |
| <b>Pace of benefit realisation:</b> Jobs benefits will be realised in 2020/21 and 2021/22, whilst the GVA benefits will come forward between 2021/22 and 2027/28.  |
| <b>Contribution to revolving fund:</b> It is implied in the Business Case that the repayments made by loan recipients will be used to repay the Growing Places Fund, however, there is a risk of default meaning there is low certainty around security of their repayment.  |

**Project name:** North Essex Garden Communities, North Essex

**GPF ask:** £3,500,000

**Federated Board Strategic Priority Ranking:** Success Essex Strategic Priority: 1

**Project description:** The project will seek to set up a new publicly led delivery vehicle that will lead the development of three proposed new garden communities across North Essex. Both the new proposed garden communities and the delivery vehicle to develop them are viewed at a national level by Government and by the industry as the leading edge of how new homes and new jobs together with associated local and social infrastructure will be provided in the future.

**Project benefits:** Establishment of the publicly led delivery vehicle will bring forward the three proposed garden communities across North Essex. These garden communities will aim to deliver around 41,000 new homes, 41,000 new jobs and 100 hectares of employment land (650,000 sqm of employment floorspace), as well as supporting and/or delivering associated local and social infrastructure for the benefit of both the proposed garden communities and the existing neighbouring communities. The outcomes stated below set out the expected position at the point of full delivery of the Garden Communities, and do not directly reflect the outcomes realised as a result of the establishment of the publicly led delivery vehicle. The assessment undertaken by Steer considers the benefits delivered to the end of 2025/26, which include 198 direct jobs, 550 homes (direct) and 48 indirect jobs.

|                          | Outcomes         | 2021/22 | 2022/23 | 2023/24 | 2024/25   | 2025/26   | 2026/27 onwards | Total       |
|--------------------------|------------------|---------|---------|---------|-----------|-----------|-----------------|-------------|
| <b>Direct Outcomes</b>   | Jobs created     | -       | -       | -       | 72        | 126       | 14,562          | 14,760      |
|                          | Homes built      | -       | -       | -       | 200       | 350       | 40,450          | 41,000      |
|                          | Commercial space | -       | -       | -       | 1,527 sqm | 2,673 sqm | 309,000 sqm     | 313,200 sqm |
| <b>Indirect Outcomes</b> | Jobs created     | -       | -       | -       | 17        | 31        | 131             | 179         |
|                          | Homes built      | -       | -       | -       | -         | -         | -               | -           |
|                          | Commercial space | -       | -       | -       | -         | -         | -               | -           |

## Key milestones

| Milestone   | Date               |
|---|--------------------|
| Delivery vehicle – formal agreement by the Local Authorities for the public private delivery vehicle that North Essex Garden Communities Ltd. will set up | Q1 2020/21         |
| Local Plan Section 1 formal adoption  | Q3 2020/21         |
| Land acquisition  | 2021/22 to 2022/23 |
| Production of Development Plan Documents and Local Development Orders   | 2020/21 to 2022/23 |
| Infrastructure and utilities – surveys, design work and commercial agreements with providers  | 2020/21 to 2022/23 |
| Long term finance – establishment of funding to repay the Growing Places Fund loan  | 2021/22            |
| Start of site – enabling infrastructure and initial houses and commercial assets  | 2022/23 to 2023/24 |

## Spend profile

| Funding Source                       | 2020/21           | 2021/22           | 2022/23  | 2023/24  | 2024/25  | 2025/26  | Total              |
|--------------------------------------|-------------------|-------------------|----------|----------|----------|----------|--------------------|
| Growing Places Fund                  | £1,600,000        | £1,900,000        | -        | -        | -        | -        | £3,500,000         |
| Other public sector (capital)        | £4,700,000        | £5,300,000        | -        | -        | -        | -        | £10,000,000        |
| MHCLG New Development Corporate Fund | £1,400,000        | £1,000,000        | -        | -        | -        | -        | £2,400,000         |
| Other public sector (revenue)        | £700,000          | £1,400,000        | -        | -        | -        | -        | £2,100,000         |
| <b>Total</b>                         | <b>£8,400,000</b> | <b>£9,600,000</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>£18,000,000</b> |

**Security of funding sources:** All funding will be finalised and confirmed on receipt of the Planning Inspectors letter regarding approval of Section 1 of the North Essex Local Plan.

**Flexibility in Growing Places Fund ask:** There is no flexibility in the Growing Places Fund ask for the project.

## Repayment

**Repayment mechanism:** North Essex Garden Communities Ltd and Homes England recently began a joint initiative to set up a long-term infrastructure fund comprising of pension/life assurance finance supported by Government finance and/or guarantees. This fund would be applicable for other large-scale housing and employment projects across the country and has Government backing. This fund will be used to repay the Growing Places Fund in line with the required repayment period. If there is a delay in establishing the long-term infrastructure fund it is intended that planning permission will be sought for the Tendring Colchester Borders site, and the value of this land will then be used as security to facilitate further external funding which will enable the repayment of the Growing Places Fund loan.

| Repayment schedule |         |         |         |            |            |
|--------------------|---------|---------|---------|------------|------------|
| 2021/22            | 2022/23 | 2023/24 | 2024/25 | 2025/26    | Total      |
| -                  | -       | -       | -       | £3,500,000 | £3,500,000 |

## Outcome of ITE technical assessment

| Criteria          | Need for intervention | Viability | Deliverability | Expected benefits | Pace of benefit realisation | Contribution to revolving fund |
|-------------------|-----------------------|-----------|----------------|-------------------|-----------------------------|--------------------------------|
| <b>RAG rating</b> | Green                 | Green     | Amber          | Green             | Amber                       | Green                          |

## Explanation for RAG ratings

|  |
|--|
| <b>Need for intervention:</b> There is a need to obtain land ownership of the Garden Communities sites. At present ownership is dispersed among a number of parties and lacks coordination. There is a need to ensure that supporting infrastructure for the whole site is well planned and can be delivered at the same time. This will enable progress for holistic master planning and infrastructure planning across all three Garden Community sites.   |
| <b>Viability:</b> Funding to be split across 2020/21 (£1.6m) and 2021/22 (£1.9m). There are no funding interdependencies.  |
| <b>Deliverability:</b> For the project to move to the next stage of development a positive response must be received from the Planning Inspector on Section 1 of the North Essex Local Plan. There remains a risk that this section is not judged as being deliverable by the Planning Inspector. In addition to this the benefits that are attributed to this scheme are for the partial build out of the development, but the funding is to cover development costs. There remains doubt around whether the development phase will be implemented. For these reasons there is some risk around the deliverability of the project.  |
| <b>Expected benefits:</b> The establishment of the delivery vehicle is expected to lead to the delivery of 41,000 homes and 41,000 new jobs, as well as providing 870,000 sqm of commercial floorspace (gross). This will be achieved in a 30 to 50 year period, starting in 2023. It is forecast that the scheme will generate 550 homes direct (gross), 198 jobs direct (net) and 48 jobs indirect (net) to March 2026.  |
| <b>Pace of benefit realisation:</b> Without Growing Places Fund support, the Business Case states, it is highly likely that the scheme would proceed at a slower rate with fewer benefits realised. The Business Case states that the realisation of benefits from 2022/23 onwards is contingent on securing long-term infrastructure funding. This raises uncertainty around the pace of benefits realisation.  |
| <b>Contribution to revolving fund:</b> The intention is to repay the Growing Places Fund loan during 2025/26. The identified repayment mechanism is through a recent joint initiative by NEGC Ltd and Homes England, in the form of a long-term infrastructure fund comprising of pension/life assurance finance, which is supported by Government finance and/or guarantees. As an alternative repayment mechanism, the market value of the land with outline planning consent is expected to be approximately £42m which is an increase of £26m over the £16m cost of land acquisition. The value of the land with outline planning permission could be used as security to facilitate further external funding to enable repayment of the Growing Places Fund loan. |

**Project name:** Barnhorn Green Commercial and Health Development, Bexhill, East Sussex

**GPF ask:** £3,500,000

**Federated Board Strategic Priority Ranking:** Team East Sussex Strategic Priority: 1

**Project description:** Barnhorn Green is an allocated employment and health zone adjacent to a large housing development in Bexhill. Development of the site is required to ensure that housing growth in the area is sustainable through the provision of jobs and primary healthcare. The site has been purchased by Rother District Council after a lack of interest from the private commercial development sector in the area. The scheme has outline planning permission for 2,750 sqm of office accommodation, 750 sqm of light industrial workspace and 700 sqm for a GP surgery. Rother District Council are looking to deliver the entirety of the site with the commercial elements to be built speculatively.

**Project benefits:** Delivery of the proposed GP surgery is required to enable the delivery of the remaining 430 housing units proposed in West Bexhill. In addition, the construction of the surgery will enable a number of other housing sites in the West Bexhill area to obtain planning permission, bringing forward much needed new housing. The delivery of speculative development is being used as a means to address long standing viability challenges for commercial development in the Bexhill area. The project will also bring forward new employment opportunities in office, manufacturing and health care sectors and a direct uplift in commercial land values on the site.

|                   | Outcomes               | 2020/21 | 2021/22   | 2022/23 | 2023/24 | 2024/25 | 2025/26 onwards | Total     |
|-------------------|------------------------|---------|-----------|---------|---------|---------|-----------------|-----------|
| Direct Outcomes   | Construction job years | 8       | 22        | -       | -       | -       | -               | 30        |
|                   | Homes built            | -       | -         | -       | -       | -       | -               | -         |
|                   | Commercial space       | -       | 3,570 sqm | -       | -       | -       | -               | 3,570 sqm |
| Indirect Outcomes | Jobs created           | -       | -         | 74      | 59      | -       | -               | 133       |
|                   | Homes built            | -       | -         | 43      | 43      | 43      | 300             | 429       |
|                   | Commercial space       | -       | -         | -       | -       | -       | -               | -         |

## Key milestones

| Milestone  | Date                             |
|--|----------------------------------|
| Acquisition of land at Barnhorn Green  | July 2019                        |
| Appointment of Primary Healthcare Consultant and architect                             | March to April 2020              |
| GP/NHS staged business case and funding agreement approval regarding operational costs | May to October 2020              |
| Planning process (Full planning permission)  | December 2020 to May 2021        |
| Construction contractor appointment  | May to August 2021               |
| Construction onsite  | September 2021 to September 2022 |
| Units occupied   | October 2022                     |

## Spend profile

| Funding Source      | 2020/21  | 2021/22    | 2022/23    | 2023/24 | 2024/25 | 2025/26 | Total       |
|---------------------|----------|------------|------------|---------|---------|---------|-------------|
| Growing Places Fund | -        | £3,500,000 | -          | -       | -       | -       | £3,500,000  |
| PWLB borrowing      | £500,000 | £2,900,000 | £3,100,000 | -       | -       | -       | £6,500,000  |
| <b>Total</b>        | £500,000 | £6,400,000 | £3,100,000 | -       | -       | -       | £10,000,000 |

**Security of funding sources:** Rother District Council Cabinet has approved the allocation of £10m towards this project within the capital programme. However, this is based upon borrowing for the scheme being achieved at a certain overall percentage rate. Due to recent increases in the PWLB interest rate, the Growing Places Fund funding is now a critical factor in achieving the required overall interest rate to ensure viability of the development.

**Flexibility in Growing Places Fund ask:** If the Growing Places Fund funding requested was not wholly available in 2021/22, it may be possible to rearrange the project cashflow, but this would have an impact on the overall affordability of the scheme.

## Repayment

**Repayment mechanism:** It is expected that the likely marketplace for standalone office accommodation will be from potential owner/occupiers. The Growing Places Fund loan will therefore be repaid through the sale of the new office accommodation. If this approach does not generate the income required to repay the loan, Rother District Council will seek to refinance the Growing Places Fund portion of the loan to a longer-term form of borrowing once the development is complete and fully tenanted.

| Repayment schedule |         |         |            |            |            |
|--------------------|---------|---------|------------|------------|------------|
| 2021/22            | 2022/23 | 2023/24 | 2024/25    | 2025/26    | Total      |
| -                  | -       | -       | £1,000,000 | £2,500,000 | £3,500,000 |

## Outcome of ITE technical assessment

| Criteria          | Need for intervention | Viability | Deliverability | Expected benefits | Pace of benefit realisation | Contribution to revolving fund |
|-------------------|-----------------------|-----------|----------------|-------------------|-----------------------------|--------------------------------|
| <b>RAG rating</b> | Green                 | Green     | Green          | Green             | Green                       | Green                          |

## Explanation for RAG ratings

|  |
|--|
| <b>Need for intervention:</b> The Business Case identified the need for intervention. Housing delivery is limited by the Primary Health Care provision in the area. Also, due to high land values it is difficult to secure finance for commercial development as residential development is deemed more viable.   |
| <b>Viability:</b> No delays are anticipated in realising the additional funding sources stated in the Business Case. The £6.5m of council borrowing is committed, subject to the Growing Places Fund loan being secured at a lower interest rate.  |
| <b>Deliverability:</b> Outline planning permission for office space, light industrial units and the GP surgery has been granted with an architect's specification having been drawn up. Rother District Council acquired the land freehold in May 2019 and therefore there are no property ownership issues.   |
| <b>Expected benefits:</b> The expected benefits of the project are 133 new net operational FTE jobs by 2023/24 and a net GVA of £63.2m over 10 years. A deduction of 15% accounts for underoccupancy in the commercial development, 10% for leakage and 25% for displacement. OSN GVA per job benchmarks used are appropriate and in line with expectations. SELEP benefits by 2032/33 are predicted to be £65.9m in net GVA.                                    |
| <b>Pace of benefit realisation:</b> Full occupation of the light industrial units is expected within 12 months of opening, with full occupation of the office space within 18 months of completion. The GP Surgery is expected to create 20 FTE jobs within the first 12 months and 30 FTE jobs after 24 months.   |
| <b>Contribution to revolving fund:</b> The repayment profile starts in 2024/25, two years after construction has been completed, with repayments being made through the sale of the office space delivered as part of the project. If it is not possible to repay the Growing Places Fund in the anticipated way, Rother District Council will seek to refinance the loan through PWLB borrowing. Therefore, there is low risk attached to the repayment method. |



**Project name:** Observer Building, Hastings

**GPF ask:** £3,366,500

**Federated Board Strategic Priority Ranking:** Team East Sussex Strategic Priority: 2/3

**Project description:** The project will support the full redevelopment of the 4,000 sqm Observer Building in Hastings, which has been empty and increasingly derelict for 35 years, into a highly productive mixed-use building, creating new homes, jobs, enterprise space and support. The Observer Building will include leisure and retail uses on the lower three floors, a wide range of workspaces including studios, offices and open space, 16 capped-rent flats and a public roof terrace and bar with sea, castle and town views. The scale, ambition and connectivity of this community-led local redevelopment will help to transform the fortunes of the immediate area and the wider Hastings town centre.

**Project benefits:** The project will provide affordable accommodation for businesses and residents, which is targeted at some of the hardest to reach economically deprived communities in Hastings. The redevelopment of the Observer Building will extend and complement the offer of the recently completed Rock House building by bringing a further derelict building back into functional use, whilst helping to catalyse the wider revitalisation of Hastings Town Centre. The project will improve the viability for 'follow on' private-led investment in delivering the upper floor housing and roof terrace proposals for the Observer Building, as well as bringing forward catalytic effects on surrounding development.

|                   | Outcomes         | 2021/22 | 2022/23         | 2023/24 | 2024/25 | 2025/26 | 2026/27 onwards | Total           |
|-------------------|------------------|---------|-----------------|---------|---------|---------|-----------------|-----------------|
| Direct Outcomes   | Jobs created     | -       | -               | 37      | 37      | -       | -               | 74              |
|                   | Homes built      | -       | -               | -       | -       | -       | -               | -               |
|                   | Commercial space | -       | 2,000 sqm (GIA) | -       | -       | -       | -               | 2,000 sqm (GIA) |
| Indirect Outcomes | Jobs created     | -       | -               | -       | -       | -       | -               | -               |
|                   | Homes built      | -       | -               | 8       | 8       | -       | -               | 16              |
|                   | Commercial space | -       | -               | -       | -       | -       | -               | -               |

## Key milestones

| Milestone  | Date                      |
|--|---------------------------|
| Acquisition of Observer Building                             | February 2019             |
| Safeguarding works   | September 2019            |
| Appointment of professional team and construction contractor | January to May 2020       |
| Outcome of planning process                                  | June 2020                 |
| Construction works onsite                                    | May 2020 to December 2021 |
| Growing Places Fund project completion                       | March 2022                |

## Spend profile

| Funding Source                                      | 2020/21           | 2021/22           | 2022/23         | 2023/24         | 2024/25         | 2025/26         | Total             |
|---|-------------------|-------------------|-----------------|-----------------|-----------------|-----------------|-------------------|
| Growing Places Fund                                 | £2,500,000        | £866,500          | -               | -               | -               | -               | £3,366,500        |
| Community Housing Fund                              | £112,450          | -                 | -               | -               | -               | -               | £112,450          |
| CHART/HAZ   | £800,000          | -                 | -               | -               | -               | -               | £800,000          |
| Lease for housing                                   | -                 | £880,000          | -               | -               | -               | -               | £880,000          |
| Financing for roof redevelopment                    | -                 | -                 | £250,000        | -               | -               | -               | £250,000          |
| WRNV reserves (revenue)                             | £100,290          | -                 | -               | -               | -               | -               | £100,290          |
| Earned income – rents and service charges (revenue) | £66,823           | £156,084          | £311,434        | £374,824        | £432,275        | £440,921        | £1,782,361        |
| <b>Total</b>  | <b>£3,579,563</b> | <b>£1,902,584</b> | <b>£561,434</b> | <b>£374,824</b> | <b>£432,275</b> | <b>£440,921</b> | <b>£7,291,601</b> |

**Security of funding sources:** The financial contributions from the Community Housing Fund and WRNV reserves have been secured. The CHART/HAZ funding is currently at the final stage of approvals and final confirmation of the timing of the funding is expected in March 2020. There are ongoing discussions with the Heart of Hastings CLT in regard to the lease for housing, and therefore this funding is not currently committed. The source of funding for the roof development is still to be confirmed and the earned income figures are estimates based on valuations and market demand.

**Flexibility in Growing Places Fund ask:** If the full amount of Growing Places Fund funding is not available, the scheme promoter will need to pay higher interest rates on private debt finance to fill the funding gap which would put more pressure on the business plan, slow down the process of redevelopment and reduce the resources available to focus on enterprise and workforce development. It would be possible to slow down works to reduce the total required in 2020/21 to around £1.5m, but this would impact on the achievement of benefits, slow down tenancies and add risks to the financial viability of the project.

## Repayment

**Repayment mechanism:** The Growing Places Fund loan will be repaid through refinancing the Observer Building in 2025/26 when it has reached a steady state. Repayment will comprise £2m long-term mortgage debt and £1.3665m of equity raised through a community share issue at 2.5% interest based on similar community share offers elsewhere in the country.

| Repayment schedule |         |         |         |            |            |
|--------------------|---------|---------|---------|------------|------------|
| 2021/22            | 2022/23 | 2023/24 | 2024/25 | 2025/26    | Total      |
| -                  | -       | -       | -       | £3,366,500 | £3,366,500 |

## Outcome of ITE technical assessment

| Criteria   | Need for intervention | Viability | Deliverability | Expected benefits | Pace of benefit realisation | Contribution to revolving fund |
|------------|-----------------------|-----------|----------------|-------------------|-----------------------------|--------------------------------|
| RAG rating | Green                 | Green     | Green          | Amber/Green       | Green                       | Green                          |

### Explanation for RAG ratings

|   |
|---|
| <p><b>Need for intervention:</b> The site has been subject to three main market failures which have not been overcome in 35 years. The Observer Building has had 13 owners in this time with most making a profit on the building but none of the owners have made any repairs. The need for intervention from public funding is necessary following consistent market failure from private sources. The funds in this case are designated to repairs and making the space a viable profit making scheme through delivering workspace and leisure facilities.</p>   |
| <p><b>Viability:</b> The scheme is supported by an in-depth financial appraisal at project level, and at Growing Places Fund level. CHART/HAZ funding of £800,000 is likely to be confirmed in March 2020, while £212,000 from the Community Housing Fund and from the scheme promoters' reserves has already been secured.</p>   |
| <p><b>Deliverability:</b> The scheme promoter owns the freehold title of the Observer Building and a full set of RIBA Stage 3 documentation was submitted to Hastings Borough Council in December 2019, with constructive and supportive pre-application discussions between Hastings Borough Council and the scheme promoter. The project is argued to lack "controversial" factors and no issues are anticipated following review of the submitted documentation. A full management team is also in place to bring forward the delivery of the project.</p>   |
| <p><b>Expected benefits:</b> The direct benefits of the project include 5 FTE net construction job years by the end of 2022/23. Following construction, 74 FTE net operational jobs are predicted in office and retail sectors. Leakage at 10% and displacement at 25% have been applied. A total £45.9m of net operational GVA is predicted by 2033/34. Without the Growing Places Fund loan £18.7m of net GVA is predicted, highlighting the importance and value of the Growing Places Fund funding. £2.1m residential Land Value Uplift (net) will be generated through the delivery of the scheme.</p> |
| <p><b>Pace of benefit realisation:</b> Benefits are anticipated in the first financial year of the project (2020/21) in the form of earned income from rents and service charges. By the point of repayment in 2025/26, these earnings are expected to be £440,000 per year. Benefits are expected to be realised in 2023/24 with 37 new net FTE jobs, 18 net workforce re-entrants and 8 new housing units being delivered. These impacts are repeated in 2024/25.</p>   |
| <p><b>Contribution to revolving fund:</b> Full repayment is anticipated to be made in 2025/26 through a combination of long-term mortgage debt of £2m and £1.36m of equity raised through a community share issue. The scheme promoters have established mortgage rates at 4% for previous projects. However, should this not be possible the scheme promoter has indicated that based on previous experience, the community share issue could raise an extra £1.4m.</p>  |

**Project name:** Fast Track Business Solutions for the Hastings Manufacturing Sector, St. Leonards on Sea

**GPF ask:** £3,500,000

**Federated Board Strategic Priority Ranking:** Team East Sussex Strategic Priority: 2/3

**Project description:** The project will deliver 4,000 sqm (gross internal area) of Class B1 and B2 business accommodation at North Queensway Innovation Park. Hastings currently has one of the highest concentrations of manufacturing employment in East Sussex, however, many local high value production businesses are now operating from out-dated and increasingly redundant forms of accommodation built in the 1970's. This is resulting in some high-tech companies leaving the area due to a lack of suitable premises. To address this issue an urgent need to increase the supply of manufacturing space locally has been identified and this project seeks to provide some of the manufacturing space required.

**Project benefits:** Delivery of the project will strengthen Hastings' business infrastructure, addressing a proven need for modern high quality and flexible industrial space that will meet the needs of the high-tech and manufacturing sectors. The project will also accelerate economic development in a deprived coastal area, extending existing employment opportunities in the town by attracting and retaining high value businesses.

|                   | Outcomes               | 2020/21 | 2021/22       | 2022/23 | 2023/24 | 2024/25 | 2025/26 onwards | Total         |
|-------------------|------------------------|---------|---------------|---------|---------|---------|-----------------|---------------|
| Direct Outcomes   | Construction job years | 1       | 11            | -       | -       | -       | -               | 12            |
|                   | Homes built            | -       | -             | -       | -       | -       | -               | -             |
|                   | Commercial space       | -       | 3,995 sqm NIA | -       | -       | -       | -               | 3,995 sqm NIA |
| Indirect Outcomes | Jobs created           | -       | -             | 21      | 21      | 21      | -               | 63            |
|                   | Homes built            | -       | -             | -       | -       | -       | -               | -             |
|                   | Commercial space       | -       | -             | -       | -       | -       | -               | -             |

## Key milestones

| Milestone   | Date    |
|---|---------|
| Land acquisition – exercise option to acquire Highways land | 2020    |
| Receipt of full planning permission                         | 2020    |
| Construction onsite   | 2021/22 |
| Initial occupation of manufacturing space                   | 2022    |
| Full occupation of manufacturing space                      | 2025/26 |

## Spend profile

| Funding Source                    | 2020/21  | 2021/22    | 2022/23 | 2023/24 | 2024/25 | 2025/26 | Total      |
|-----------------------------------|----------|------------|---------|---------|---------|---------|------------|
| Growing Places Fund               | £250,000 | £3,250,000 | -       | -       | -       | -       | £3,500,000 |
| Sea Change Sussex operating funds | £650,000 | £350,000   | -       | -       | -       | -       | £1,000,000 |
| <b>Total</b>                      | £900,000 | £3,600,000 | -       | -       | -       | -       | £4,500,000 |

**Security of funding sources:** Board approval for the contribution from Sea Change Sussex operating funds will be sought once planning permission has been obtained. Sea Change Sussex have invested funds in earlier phases of the project, including utility enabling works onsite.

**Flexibility in Growing Places Fund ask:** Any flexibility available would be achieved by reducing the scale of the project, which would make it financially unviable due to the loss of economies of scale. In addition, reducing the scale of the project would adversely affect the benefits from the investment already made in the site.

## Repayment

**Repayment mechanism:** It is intended that the Growing Places Fund loan will be repaid through the rental income generated from letting the 4,000 sqm (gross internal area) of industrial units delivered through the project. There is also the option to sell the industrial units once they are completed and let to enable repayment of the Growing Places Fund.

### Repayment schedule

| 2021/22 | 2022/23 | 2023/24  | 2024/25  | 2025/26    | Total      |
|---------|---------|----------|----------|------------|------------|
| -       | £86,000 | £172,000 | £258,000 | £2,984,000 | £3,500,000 |

## Outcome of ITE technical assessment

| Criteria   | Need for intervention | Viability | Deliverability | Expected benefits | Pace of benefit realisation | Contribution to revolving fund |
|------------|-----------------------|-----------|----------------|-------------------|-----------------------------|--------------------------------|
| RAG rating | Green                 | Green     | Green          | Amber/Green       | Green                       | Green                          |

## Explanation for RAG ratings

**Need for intervention:** The market failure behind the promotion of this project is the financial viability challenges of investing in coastal towns and cities. Due to the typical macro-economic market conditions, there are too many planning challenges that would allow private developers to secure and deliver infrastructure. Growing Places Fund funding is sought as receiving a grant would have tax implications with regards to re-financing the property at the end of the Growing Places Fund project period.

**Viability:** The construction cost totals £4.5m, of which £1m has been secured from Sea Change Sussex. Sea Change Sussex are progressing services and utilities work at the North Queensway Innovation Park which are expected to begin in April 2020. This project will happen regardless of the Growing Places Fund funding being allocated. Loan repayment is reliant on rental income from the units delivered. More information with regards to how many units, rental rates and anticipated unit take up would be beneficial.

**Deliverability:** The scheme promoter currently owns, or has options to acquire, the entire site upon which the proposed development is located. A small piece of land nearby requires transfer from the local Highways Authority, but no issues are anticipated in this regard. Meetings have been held with local planning officers and no issues are currently reported.

**Expected benefits:** Direct impacts take the form of £3.3m of Land Value Uplift (net). Indirect impacts are 63 new net FTE jobs and £43.9m net of GVA increase. Private and public sector Benefit Cost Ratios are both predicted to offer excellent Value for Money. Appropriate sector based ONS GVA per job benchmark data has been applied to respective jobs directly or indirectly brought about by the proposed development. The proposed site is deemed as greenfield and therefore deadweight has not been considered within the benefits appraisal. Leakage is estimated to be -10% and displacement is at -25%.

**Pace of benefit realisation:** Net operational jobs benefits are expected to be seen from 2022/23 onwards following completion of the construction.

**Contribution to revolving fund:** Full repayment of the Growing Places Fund loan is expected by 2025/26, with initial repayments being made from the rental income generated from letting the units constructed through the project. Once the units are complete, the scheme promoter will be able to refinance the loan facilitating full repayment of the Growing Places Fund loan. The scheme promoter has a strong track record of Growing Places Fund loan repayment totalling approximately £14m.

**Project name:** North East Bexhill Urban Extension – Accelerated Strategic Drainage Infrastructure, Bexhill

**GPF ask:** £3,000,000

**Federated Board Strategic Priority Ranking:** Team East Sussex Strategic Priority: 4

**Project description:** The project seeks to accelerate the delivery of strategic foul sewerage infrastructure which is required to serve the urban extension in North East Bexhill. Delivery of this infrastructure will unlock the delivery of housing and employment allocations in the area, which are approaching a stalling point due to the absence of sewerage capacity to support the delivery of these allocations. The water company does not have the capacity to deliver this infrastructure immediately, hence the proposed project, however, the water company does have the ability to purchase a developer led scheme which provides the required infrastructure.

**Project benefits:** Delivery of the project enables a number of housing developers to progress with their projects which are currently at risk of stalling. This risk is currently threatening the delivery of the majority of the allocated 1,500 homes in the urban extension. The project is also critical as there is a pressing need for new commercial space locally in order to be able to accommodate the required relocation of a major employer in the Bexhill area. There are no alternative premises available locally which can accommodate the needs of the business and there is a real risk that the employer could be forced to relocate its operations elsewhere outside the SELEP area, unless the sewerage infrastructure is delivered allowing the acceleration of planned commercial development. Delivery of the project is therefore also likely to safeguard up to 1,500 existing jobs.

|                   | Outcomes               | 2020/21 | 2021/22 | 2022/23    | 2023/24   | 2024/25   | 2025/26 onwards | Total      |
|-------------------|------------------------|---------|---------|------------|-----------|-----------|-----------------|------------|
| Direct Outcomes   | Construction job years | 6       | 6       | -          | -         | -         | -               | 12         |
|                   | Homes built            | -       | -       | -          | -         | -         | -               | -          |
|                   | Commercial space       | -       | -       | -          | -         | -         | -               | -          |
| Indirect Outcomes | Jobs created           | -       | -       | 1,350      | 294       | 303       | 294             | 2,241      |
|                   | Homes built            | -       | -       | 380        | 380       | 380       | 380             | 1,520      |
|                   | Commercial space (NIA) | -       | -       | 32,222 sqm | 9,360 sqm | 9,644 sqm | 9,360 sqm       | 60,586 sqm |

## Key milestones

| Milestone   | Date    |
|---|---------|
| Agreement in principle with other developers to contribute to the forward funding of the sewer subject to repayment terms to be agreed with the water company | 2020/21 |
| Agreement of commercial terms with Southern Water   | 2020/21 |
| Agreement in principle over access to land and easements  | 2020/21 |
| Tender for works and appointment of contractor  | 2020/21 |
| Construction works onsite   | 2021/22 |
| Adoption of sewerage infrastructure by Southern Water   | 2022/23 |

## Spend profile

| Funding Source                    | 2020/21           | 2021/22  | 2022/23  | 2023/24  | 2024/25  | 2025/26  | Total             |
|-----------------------------------|-------------------|----------|----------|----------|----------|----------|-------------------|
| Growing Places Fund               | £3,000,000        | -        | -        | -        | -        | -        | £3,000,000        |
| Landowner/developer contributions | £1,300,000        | -        | -        | -        | -        | -        | £1,300,000        |
| <b>Total</b>                      | <b>£4,300,000</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>£4,300,000</b> |

**Security of funding sources:** The landowner and developer contributions have been secured.

**Flexibility in Growing Places Fund ask:** There is limited flexibility on profile and cost requirements for the project as there is an immediate need to progress the infrastructure works in order to ensure the efficient delivery of the NE Bexhill opportunity.

## Repayment

**Repayment mechanism:** The Growing Places Fund loan will be repaid through the adoption of the completed infrastructure by Southern Water or another statutory undertaker. The adoption process will require repayment of the costs incurred in constructing the infrastructure on behalf of the statutory undertaker. The Growing Places Fund loan will not be drawn down until a contractual agreement has been secured with the statutory undertaker for their repayment of the costs incurred in delivering the asset.

| Repayment schedule |            |         |         |         |            |
|--------------------|------------|---------|---------|---------|------------|
| 2021/22            | 2022/23    | 2023/24 | 2024/25 | 2025/26 | Total      |
| -                  | £3,000,000 | -       | -       | -       | £3,000,000 |

## Outcome of ITE technical assessment

| Criteria          | Need for intervention | Viability | Deliverability | Expected benefits | Pace of benefit realisation | Contribution to revolving fund |
|-------------------|-----------------------|-----------|----------------|-------------------|-----------------------------|--------------------------------|
| <b>RAG rating</b> | Green                 | Green     | Green          | Green             | Amber                       | Green                          |



## Explanation for RAG ratings

**Need for intervention:** The statutory undertaker has not provided adequate sewerage infrastructure to serve the NE Bexhill Urban Extension and is unlikely to be in a position to do so before 2022/23. The project will bring forward the delivery of this infrastructure to enable the development of the Urban Extension.

**Viability:** The project costs are provided and are justifiable in the context of the overall scheme in order to accelerate a significant development site. Funds beyond the Growing Places Fund ask will come from a range of sources including developers and landowners. Clarification on the security of these funding sources has provided certainty around the viability of the project.

**Deliverability:** Initial discussions regarding the scheme have been conducted, however, a detailed planning application cannot be submitted until the final scheme has been agreed with the statutory undertaker. The scheme promoter has provided assurance that this dependency will not delay the overall project delivery programme and there is confidence that planning permission will be given.

**Expected benefits:** The Business Case states that there will be 12 net direct construction job years from 2020 to 2022 with a net GVA increase of £1m. Indirect impacts are anticipated to be much larger with the intervention unlocking £748m GVA. Deadweight has been excluded from the appraisal with -10% leakage and -25% displacement applied.

**Pace of benefit realisation:** The Business Case indicates that commercial space and housing delivery benefits are expected from 2025/26 through the acceleration of the NE Bexhill development following intervention.

**Contribution to revolving fund:** Full repayment is expected in 2022/23. The Growing Places Fund loan will be repaid through payment from the statutory undertaker upon adoption of the asset. Prior to drawdown of the Growing Places Fund a contract securing repayment of funds will be agreed with the statutory undertaker.

**Project name:** Professional fee support to enable the sale of surplus College land to build houses, create one new and one refurbished College facilities, create jobs and unlock economic growth, East Sussex College Group

**GPF ask:** £1,750,000

**Federated Board Strategic Priority Ranking:** Team East Sussex Strategic Priority: 5

**Project description:** Delivery of the project will enable the East Sussex College Group to secure planning permission on surplus land at its Eastbourne and Lewes sites. This will unlock 9.15 hectares of brownfield land which will be sold to allow the construction of 467 new homes. The proceeds from the sale will be invested in the creation of a new College of further and higher education in Lewes and a refurbished College in Eastbourne. Securing planning consent for the residential development will increase the value of the existing land from £23.8m to £43m, enabling the College to invest £49m in upgrading its further and higher education facilities to ensure that they reflect the future needs and demands of learners and businesses.

**Project benefits:** Delivery of the project will enable delivery of improved facilities at the Eastbourne and Lewes Campuses. The improved facilities will enable the College to increase industry relevant qualifications for all ages, particularly at higher and degree level; support the SELEP Skills Strategy five year plan to increase the take-up of apprenticeships; and make it easier for employers to engage with the range of qualifications on offer, including the Government's new T-levels from 2020. The project will safeguard existing local jobs at the College and will create additional employment opportunities, particularly in construction. The project will unlock two sites that will deliver 467 new homes, which will provide a much needed boost to housing supply in both Lewes and Eastbourne.

|                          | Outcomes         | 2021/22 | 2022/23 | 2023/24 | 2024/25   | 2025/26 | 2026/27 onwards | Total     |
|--------------------------|------------------|---------|---------|---------|-----------|---------|-----------------|-----------|
| <b>Direct Outcomes</b>   | Jobs safeguarded | -       | 315     | -       | -         | -       | -               | 315       |
|                          | Homes built      | -       | -       | -       | -         | 224     | -               | 224       |
|                          | Academic space   | -       | -       | -       | 6,040 sqm | -       | -               | 6,040 sqm |
| <b>Indirect Outcomes</b> | Jobs safeguarded | -       | -       | -       | -         | -       | -               | -         |
|                          | Homes built      | -       | -       | -       | -         | -       | -               | -         |
|                          | Academic space   | -       | -       | -       | -         | -       | -               | -         |

## Key milestones

| Milestone  | Date                             |
|--|----------------------------------|
| Pre-application preparation and discussions                                  | December 2019 to March 2020      |
| Land assembly and planning process for new college and college refurbishment | March 2020 to March 2021         |
| Construction of new college and college refurbishment                        | September 2021 to September 2023 |
| Planning process for construction of new homes                               | September 2020 to March 2021     |
| Construction of new homes  | August 2022 to September 2025    |

## Spend profile

| Funding Source                      | 2020/21           | 2021/22         | 2022/23         | 2023/24  | 2024/25  | 2025/26  | Total             |
|-------------------------------------|-------------------|-----------------|-----------------|----------|----------|----------|-------------------|
| Growing Places Fund                 | £1,501,000        | £166,000        | £83,000         | -        | -        | -        | £1,750,000        |
| East Sussex College Group (revenue) | £80,000           | £80,000         | £40,000         | -        | -        | -        | £200,000          |
| Wilmott Dixon contribution          | £20,000           | £20,000         | £10,000         | -        | -        | -        | £50,000           |
| <b>Total</b>                        | <b>£1,601,000</b> | <b>£266,000</b> | <b>£133,000</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>£2,000,000</b> |

**Security of funding sources:** The financial contribution from the East Sussex College Group has been secured, however, it should be noted that the College is currently subject to a Financial Notice to Improve from the Further Education Commissioner.

**Flexibility in Growing Places Fund ask:** Any reduction in the amount of Growing Places Fund requested would weaken the college's position and would negatively affect the overall land receipts, impacting on the funding available to deliver improvements to the college. Therefore, there is no flexibility in the Growing Places Fund ask.

## Repayment

**Repayment mechanism:** The preferred repayment mechanism for the Growing Places Fund loan is via the developer contributions that will be achieved through the disposal of the land. This funding will be available when the new College in Lewes has been constructed and completed and the refurbishment of the college in Eastbourne has been completed. As the planning applications are not due to be submitted until September 2020, there are not yet agreements in place with developers to secure the funding to repay the loan. Should development not be forthcoming on the surplus college land, repayment of the Growing Places Fund funding will be made through the sale of the land (with or without planning permission).

| Repayment schedule |         |          |          |            |            |
|--------------------|---------|----------|----------|------------|------------|
| 2021/22            | 2022/23 | 2023/24  | 2024/25  | 2025/26    | Total      |
| -                  | -       | £250,000 | £500,000 | £1,000,000 | £1,750,000 |

## Outcome of ITE technical assessment

| Criteria          | Need for intervention | Viability | Deliverability | Expected benefits | Pace of benefit realisation | Contribution to revolving fund |
|-------------------|-----------------------|-----------|----------------|-------------------|-----------------------------|--------------------------------|
| <b>RAG rating</b> | Green                 | Green     | Amber          | Green             | Amber                       | Green                          |

## Explanation for RAG ratings

**Need for intervention:** The need for intervention stems from the East Sussex College Group having a role in improving the skills of the current and future workforce and in turn, meeting the economic objectives of SELEP. Current facilities are argued to be outdated and no longer fit for purpose meaning that training needs are not being met. Without intervention, the college is at risk of being unable to attract talent to serve the wider community. Further to this, the College is also aware of competition from other institutions which is impacting on revenue. The East Sussex College Group is currently cash poor and is aiming to raise capital through releasing land for residential development and passing on this capital for College-specific projects. The College is unable to extend bank loan arrangements and has tested the private sector to no avail, hence the reliance on Growing Places Fund funding

**Viability:** The financial costs of the scheme have been produced by the College's architects and a lead development partner. A detailed breakdown of cost items per College site has been provided. A £200,000 contribution from the East Sussex College Group is secure, while £50,000 from the development partner is subject to a successful Business Case.

**Deliverability:** Planning proposals are at RIBA Stage 2 and individual applications for each campus are to be submitted in September 2020. Hybrid planning applications with residential developments are also being drawn up. It would be expected that the development of this scheme would be at a more advanced stage. South Downs National Park could raise issues regarding habitats and traffic impacts associated with the Lewes site, and in Eastbourne, the development could require transport infrastructure to accommodate increases in travel demand.

**Expected benefits:** The Business Case states that a total of 840 net construction job years and 315 safeguarded jobs are expected as a result of the project. 467 new homes are proposed to be built on the existing College brownfield sites.

**Pace of benefit realisation:** Completion of the new build college at Lewes and the refurbishment of the Eastbourne site is due in September 2023 following a two-year construction period. Learner and homes impacts will be realised from 2024/25 which is towards the back-end of the time horizon, with risk of delay.

**Contribution to revolving fund:** The repayment mechanism put forward by the scheme promoter is via developer contributions at the time of the transfer of land titles. Currently there is no draft S106 agreement in place. However, the scheme promoter has indicated that without planning permission the land can still be sold at an estimated value of £23.8m. This alternative option for repayment provides greater certainty of the ability to repay.

**Project name:** Centre Court, Devonshire Park, Eastbourne

**GPF ask:** £3,500,000

**Federated Board Strategic Priority Ranking:** Team East Sussex Strategic Priority: 6

**Project description:** The project includes the demolition of an existing 1980's office building of 330 sqm (net internal area) and the construction of a replacement building offering 1,165 sqm (net internal area) of new office space at Devonshire Park. The existing 1980's building does not meet the requirements of modern businesses and offers very little useful office space. The new Centre Court building will offer the space, flexibility and facilities expected by businesses today. The project is seeking to address the immediate need for modern office accommodation in Eastbourne town centre, which has arisen as a result of prior approvals for 14,133sqm of office space to be converted to residential use under Permitted Development Rights.

**Project benefits:** The delivery of the project will bring early economic development to a sustainable town centre location and will complement the economic success of Devonshire Park ensuring future employment opportunities within the town. The project will also offer the opportunity to attract dynamic businesses wishing to relocate to a coastal town that already offers an excellent living experience.

|                   | Outcomes                   | 2020/21 | 2021/22 | 2022/23       | 2023/24 | 2024/25 | 2025/26 onwards | Total         |
|-------------------|----------------------------|---------|---------|---------------|---------|---------|-----------------|---------------|
| Direct Outcomes   | Net construction job years | 5       | 5       | 1             | -       | -       | -               | 11            |
|                   | Homes built                | -       | -       | -             | -       | -       | -               | -             |
|                   | Commercial space           | -       | -       | 1,165 sqm NIA | -       | -       | -               | 1,165 sqm NIA |
| Indirect Outcomes | Jobs created               | -       | -       | 20            | 20      | 16      | -               | 56            |
|                   | Homes built                | -       | -       | -             | -       | -       | -               | -             |
|                   | Commercial space           | -       | -       | -             | -       | -       | -               | -             |

## Key milestones

| Milestone                                      | Date    |
|--|---------|
| Acquisition of the existing The Point building | 2020    |
| Receipt of full planning permission            | 2020    |
| Construction of new Centre Court building      | 2021/22 |
| Initial occupation of Centre Court building    | 2022    |
| Full occupation of Centre Court building       | 2024/25 |

## Spend profile

| Funding Source      | 2020/21    | 2021/22    | 2022/23  | 2023/24 | 2024/25 | 2025/26 | Total      |
|---------------------|------------|------------|----------|---------|---------|---------|------------|
| Growing Places Fund | £1,750,000 | £1,500,000 | £250,000 | -       | -       | -       | £3,500,000 |
| Total               | £1,750,000 | £1,500,000 | £250,000 | -       | -       | -       | £3,500,000 |

**Security of funding sources:** This project will be entirely funded through the Growing Places Fund.

**Flexibility in Growing Places Fund ask:** Any flexibility available would be achieved by reducing the scale of the project, however, this would make the project financially unviable.

## Repayment

**Repayment mechanism:** The Growing Places Fund loan will be repaid from the rental income generated through letting the office space within the new Centre Court building. If required, the building can be sold once completed and fully let to facilitate repayment of the remaining loan.

### Repayment schedule

| 2021/22 | 2022/23 | 2023/24  | 2024/25  | 2025/26    | Total      |
|---------|---------|----------|----------|------------|------------|
| -       | £62,000 | £124,000 | £186,000 | £3,128,000 | £3,500,000 |

## Outcome of ITE technical assessment

| Criteria   | Need for intervention | Viability | Deliverability | Expected benefits | Pace of benefit realisation | Contribution to revolving fund |
|------------|-----------------------|-----------|----------------|-------------------|-----------------------------|--------------------------------|
| RAG rating | Green                 | Green     | Green          | Amber/Green       | Green                       | Green                          |

## Explanation for RAG ratings

**Need for intervention:** There has been a large loss of commercial premises due to the introduction of Permitted Development Rights in 2013. Residential use overtook business premises in Eastbourne town centre meaning there is a shortfall in quality office space and business needs are not currently being met. Private developers perceive coastal towns as financially risky and sufficient benefits cannot be determined for investment. This market failure underpins the reason for intervention. Growing Places Fund funding is sought as receiving a grant would have tax implications with regards to re-financing the property at the end of the Growing Places Fund project period.

**Viability:** The scheme is entirely reliant on the £3.5m Growing Places Fund funding sought. An expenditure profile has been provided with predevelopment and development costs set out at a high-level. Risk and contingency have been included within these calculations. The Business Case also indicates that local funding contributions can be called upon but these are likely to be provided by the scheme promoters operating funds.

**Deliverability:** Planning permission has not been granted but there is strong support from Eastbourne Borough Council who own the land.

**Expected benefits:** The project offers direct impacts in terms of new employment opportunities through construction works and, as a result, a local GVA increase as well as commercial Land Value Uplift benefits. Follow on impacts are expected to result in 56 new FTE net operational jobs, £27.0m net GVA and 8 new workforce entrants. Appropriate sector based ONS GVA per job benchmark data has been applied to respective jobs directly or indirectly brought about by the proposed development. The proposed site is deemed as greenfield and therefore deadweight has not been considered within the benefits appraisal. Leakage is estimated to be -10% and displacement is at -25%.

**Pace of benefit realisation:** Net operational jobs benefits are expected to be seen from 2022/23 following completion of construction of the building.

**Contribution to revolving fund:** The loan will be fully repaid by the end of 2025/26, with initial repayments being made from the rental income generated from letting the office space delivered by the project. Once the project is complete and the units have been let, the scheme promoter will be able to refinance the loan to facilitate full repayment of the Growing Places Fund funding. The scheme promoter has a strong track record of Growing Places Fund loan repayment totalling approximately £14m.