



Template for additional funding ask for Local Growth Fund (LGF) projects

1. Project title

Airport Business Park Southend

2. Federated Board

Opportunity South Essex (OSE)

3. Project description

The project delivers a business park which will support the continued growth of the London Southend Airport and its associated activities as a key economic asset and also address the current lack of availability of high quality employment land and premises in the area. The park is a 55 acre greenfield site adjacent to airport operations and an existing industrial estate which is home to a number of aviation supply chain related businesses.

Phase 1 – Infrastructure Works

This included provision of both off-site and on-site infrastructure costs and a new rugby club house and pitches (including parking and access road). Moving the rugby club has freed up the site for development.

Phase 2: Development of the Airport Business Park Southend

The second phase includes construction of an Innovation Centre (The Launchpad), internal road construction, cycleway infrastructure, ground preparation and provision of site utilities.

4. What was the value of the Benefit Cost Ratio included in the original Business Case approved by SELEP?

In their assessment of the final business case the ITE calculated a CBR of 4.3:1. This was the basis of the approval by Accountability Board in September 2018.

5. Summary of project benefits

3,715 jobs. In addition 84,148sqm of commercial floorspace; 2km newly built roads; 2km new cycleways; and 19ha land reclaimed.

6. Existing LGF allocation

Existing LGF allocation is £23.09m out of a total project cost of £31.07m. The balance of funding is provided by Southend-on-Sea Borough Council.



7. LGF spent to date

To the end of September 2020 the project had spent £20,012,428 of the LGF allocation.

8. Additional LGF sought

We are seeking an additional contribution of £1.6m of LGF.

9. Why is additional LGF investment required?

The fundamentals of the project remain as relevant in today's Covid climate as they were at the time of the initial LGF 2018 award focused on utilising activity from London Southend Airport to deliver economic benefits for the South East Essex area. To help us to manage the impact of the pandemic and realise these benefits we are requesting an additional £1.6m of LGF funding to support the ABP project.

Recognising that LGF may be returned to SELEP in small tranches we have broken the 'ask' down into three packages. Obviously we would welcome funding for all three packages but these can be funded independently:

ABP A £600,000 - The ABP project includes the construction of an innovation centre, The Launchpad. This will provide high quality and environmental sustainable physical accommodation for new business start-ups and small businesses. SBC is currently looking to procure a contractor for the construction of The Launchpad and this presents an opportunity to respond to lessons learned during the pandemic and build in virus resilience measures which provide 'safe space' for SMEs to continue operations in future pandemic scenarios. These measures would allow The Launchpad to secure the WELL Building Standard which measures attributes of buildings that impact occupant health. This certification marks the centre as a really desirable location for businesses as they look to strengthen their COVID resilience going forward. The accreditation would be a significant tool in marketing the centre and in ensuring that the project benefits are realised. At present these additional measures are outside of the budget for the buildings construction and additional LGF would allow them to be implemented.

ABP B £500,000 - The fundamentals of the project remain as relevant in today's Covid climate as they were at the time of the initial LGF 2018 award. Greater knowledge of onplot costs related to ground conditions and site levels are impacting development viability (and severely restricting offices). The fall back position is SBC investment via reduction in land values.

ABP C £500k - Although the site remained open during the Q1 2020 national lockdown, the impact of Covid was felt throughout the enabling contractor's supply chain leading to delays and associated increased costs. The most visible onsite illustration of this is a borrow pit from which soil was removed for foundations of both the enabling works and the key Ipeco Holdings transaction, still awaiting soil imports from regional donor sites which have been closed due to the Covid pandemic.

10. Can the project proceed without the additional LGF allocation?

Yes.



11. What are the main project risks impacting the ability of the project to proceed?

The residual risk of the fully enabled site after the successful relocation of Westcliff Rugby Club (both made possible via the LGF 2018 award) is development viability at plot level mainly as a consequence of (i) ground conditions and (ii) site plots levels.

12. Have the project benefits changed since the original Business Case was approved by the Accountability Board?

If yes, please state the nature of these changes and the likely impact on the value for money case.

The project benefits have not changed and will be achieved. The impact of the COVID lockdown may delay the benefits being realised but will not prevent them being realised.

13. How can the project support the economic recovery?

With no significant development in the South East Essex area for over a decade and certainly none in Southend and surrounds for longer, the project provides occupiers an opportunity to upscale and modernise their real estate holdings. We are advised that most companies in the area are weathering the Covid pandemic storm resiliently and we forecast good interest from strong South East companies needing space at the park when stability returns to the region allowing Executives of those companies to make business decisions with confidence.

When relocating those companies will be vacating accommodation which will be suitable for others and stimulates activity in the local occupier market thus contributing to the economic recovery. Additionally the development of new accommodation is the core activity in the Construction Industry and the wide reaching supply chain that supports it.

The Launchpad will provide 'safe' workspace for SME's. It will also provide much needed shared space for people who previously commuted to the office but are now seeking a working environment closer to home. Potentially this will significantly help those who are either experiencing or are at risk of mental health issues. The centre will also provide a focus for support services seeking to promote innovation and growth as well as manage the impacts of the pandemic and Brexit.

14. If additional funding is awarded to the project, are there any remaining barriers to project delivery (for example: outstanding planning approvals, other Governance requirements, other funding sources awaiting confirmation)?

There are no barriers to project delivery. The enabling works at Airport Business Park Southend are almost complete and all permissions are in place.



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

Original funding breakdown (as per the original Business Case*) (£m)

Funding source	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024 onwards	Total
<i>LGF via SELEP</i>		2.366	2.076	4.471	11.642	2.535	-	-	-	-	23.090
<i>SBC match funding</i>		0.853	0.104	0.116	0.116	4.751	2.040	-	-	-	7.98
Total		3.219	2.180	4.587	11.758	7.286	2.040	-	-	-	31.070

* As per business case submitted July 2018. Project was approved in two phases.

Revised funding breakdown (£m)

Funding source	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024 onwards	Total
<i>LGF via SELEP</i>		2.366	2.076	4.127	10.234	4.687	1.200	-	-	-	24.690
<i>SBC match funding</i>		0.853	0.104	0.103	-	-	6.920	-	-	-	7.98
Total		3.219	2.180	4.230	10.234	4.687	8.12	-	-	-	32.670



Sign off of additional funding ask – required from lead County/Unitary Authority

Dear Colleague,

In submitting this project application for additional LGF, I confirm on behalf of *[Insert name of County or Unitary Authority]* that:

- The information presented in this application is accurate.
- The application states all substantial project risks known at the time of submission.
- The delivery body has considered the public sector equality duty and has had regard to the requirements under s.149 of the Equality Act 2010 throughout their decision making process. This should include the development of an Equality Impact Assessment which will remain as a live document through the projects development and delivery stages.
- The delivery body has access to the skills, expertise and resource to support the delivery of the project.
- Adequate revenue budget has been or will be allocated to support the post scheme completion monitoring and benefit realisation reporting.
- The project will be delivered under the conditions in the signed LGF Service Level Agreement with the SELEP Accountable Body and SELEP Ltd.

I note that the information presented in this application will be presented in the public domain as part of the Strategic Board's prioritisation of projects. Any information presented in this application which is considered commercially sensitive and confidential, has been highlighted as such within this application.

Yours Faithfully,

S151 Officer

Name	Joe Chesterton
Signature	
Date	29/10/20

Senior Responsible Officer

Name	Emma Cooney
Signature	
Date	29/10/20