

The template

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

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

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

Version control	
Document ID	001
Version	001
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Document status	Final
Authorised by	Sunny Ee
Date authorised	31 August 2023

1. PROJECT OVERVIEW

- 1.1. **Project name:**
Innovation Hub: Diversification of Chatham Town Centre
- 1.2. **Project type:**
Site development
- 1.3. **Federated Board Area:**
Kent & Medway
- 1.4. **Lead County Council / Unitary Authority:**
Medway Council
- 1.5. **Development location:**
Innovation Hub, Pentagon Shopping Centre (first floor), Chatham ME4 4HY
- 1.6. **Project Summary:**

This project seeks the investment of £300,000 of funding from the Getting Building Fund to unlock the delivery of an Innovation Hub in Chatham town centre, comprising 1,331 sqm GIA (14,325 sqft) of SME-focused employment workspace with business support services, in a highly accessible location. The Innovation Hub will deliver increased employment opportunities, the provision of space to allow local businesses to start and grow, increased economic output, and increased footfall and activation to support the diversification, vitality and viability of Chatham town centre.

The proposed Innovation Hub aligns with the objectives of the Getting Building Fund being that it comprises a 'shovel ready' project which will drive economic growth and create new jobs. The project is well developed to RIBA Stage 2 with commercial terms also agreed with an operator. RIBA Stage 3 and the procurement of a contractor will be complete by the end of the year and there are no significant outstanding barriers (land assembly, planning etc) to delivery.

The proposed GBF investment will support the delivery of an existing project to diversify the Pentagon Centre through the delivery of an Innovation Hub, for which Medway Council was granted [REDACTED] by DLUHC from the Future High Streets Fund (FHSF) in 2020. The proposed Innovation Hub is being delivered alongside a Healthy Living Centre, also partly funded by the FHSF, which will integrate community services in a visible, highly accessible location. Cumulatively these projects will diversify and drive footfall in Chatham town centre.

The original FHSF bid proposed the delivery of a 464 sqm (5,285 sqft) of Innovation Hub in a high street location. As the development of the project has progressed through RIBA stages 0 to 2, further soft market testing, demand assessment, and a formal operator procurement process have driven refinements to the project and the Preferred Option now comprises the delivery of 1,331 sqm GIA of space in the Council-owned Pentagon Shopping Centre rather than the 464 sqm originally envisaged on a nearby high street location (third party owned), in order to create a space capable of sustaining a viable operational model and deliver high quality office space with wrap around business support.

Medway Council has committed match funding which alongside the initial FHSF grant and the £300,000 GBF funding will allow for the delivery of the preferred option in July 2024.

1.7. Delivery partners:

Partner	Nature of involvement (financial, operational etc.)
Medway Council Regeneration Team (Lead Applicant)	Project delivery & funder (part)
Black Cat Building Consultancy	Project Manager
[CONFIDENTIAL] - has been procured but is, at this stage, confidential.	Operator
TBC – subject to competitive tender process	Contractor

1.8. Promoting Body:

Medway Council

1.9. Senior Responsible Owner (SRO):

Sunny Ee, Assistant Director of Regeneration.

[Sunny.ee@medway.gov.uk]

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1.10. Total project value and funding sources:

Funding source	Amount (£)	Constraints, dependencies or risks and mitigation
Future High Streets Fund (FHFSF)	██████████	██████████
Council commitment	██████████	██████████
Getting Building Fund	£300,000	Funding request
Total project value	██████████	

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

£300,000

Medway Council is satisfied that the funding complies with all Subsidy Control rules and guidance.

1.12. Exemptions:

As per the SELEP Assurance Framework 2020 (Section V3.3), and the guidance provided elsewhere in this document, it is considered that the Exemption 1 criteria are satisfied as set out below.

Exemption criteria	Rationale
(a) the project has a benefit to cost ratio greater than 1.5:1, or the project benefits are notoriously difficult to appraise in monetary terms	The Innovation Hub was part of a FHSF funded programme of works which generated a cumulative adjusted BCR of 2.5 demonstrating high value for money. In the context of the limited additional funding requested (£300,000) relative to the secured FHSF funding, and the significantly expanded scope of the proposed outputs relative to the original business case, it is not considered proportionate to revisit the BCR.
(b) the funding sought from the SELEP Ltd is less than £2m;	Funding sought from SELEP is less than £2m (£300,000).
(c) to conduct further quantified and monetised economic appraisal would be disproportionate to the LGF ask	The scale of funding sought - £300,000 – in addition to the funding already secured via the FHSF it is considered disproportionate to conduct further economic appraisal.
(d) there is an overwhelming strategic case (with minimal risk in the other cases of the business case)	The strategic case for this project is compelling, as evidenced in the previous approval in Spring 2021 of £9.5m of funding from the FHSF for a package of projects including this proposed Innovation Hub. The refinements to the Preferred Option made since funding was originally granted – principally to increase the size of the proposed innovation hub from c. 490 sqm (5,285 sqft) to c. 1,331 sqm (14,325 sqft) have been made in response to detailed feasibility and soft market testing to de-risk the deliverability of the proposals (also supported by additional Medway Council investment to support the delivery). Commercial terms have been agreed in principle with a proposed operator de-risking the operational stage. Since the granting of FHSF RIBA stages 0-2 have been completed to further de-risk the deliverability and risk profile of the construction stage, significantly improving cost certainty.
(e) there are qualitative benefits which, if monetised, would most likely increase the benefit-cost ratio above 2:1.	The proposed Innovation Hub at the point of the FHSF business case preparation and approval was earmarked for a high street location. Due to the costs and risks involved of potential site acquisition which emerged post-funding approval – and indeed the overall funding settlement being ultimately

	<p>lower than the original business case ‘ask’ to government – the Council pivoted and opted to locate the Innovation Hub in the Pentagon Centre alongside the proposed Healthy Living Centre, also partly funded by the FHSF. It is considered that the cumulative benefits of co-locating these uses in the Pentagon Centre will lead to significantly increased footfall to improve the vitality and viability of the shopping centre. These benefits were not captured to the same extent in the FHSF business case and it considered that concentrating the place-based impacts in the Pentagon Centre will likely have a disproportionately beneficial and transformational impact on the shopping centre, significantly addressing levels of vacancy and perceptions of place. These benefits, if monetised, would likely enhance the anticipated BCR of the project.</p>
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1.13. Key dates:

Commencement of GBF expenditure: April 2024
 Construction Start Date: January 2024 (start on site March 2024)
 Scheme completion date: July 2024

1.14. Project development stage:

For the avoidance of doubt, the proposed GBF funding will be drawn down to contribute towards construction mobilisation and start-on-site (Jan-Mar’ 24).

Project development stages completed to date			
Task	Description	Outputs achieved	Timescale
Option selection and outline business case	Options developed over time with initial work carried out in the context of Future High Streets Fund bid	Preferred option identified and additional funding sources identified	May 2020 to Feb 2023
Feasibility Study	Technical design and cost feasibility study	Detailed feasibility study completed	September 2022 to February 2023
Project development stages to be completed			
Task	Description	Timescale	
RIBA 3 – Developed design stage	Underway and progressing well. Target completion date expected to be met.	September 2023	

Procurement of principal contractor		October – December 2023
Mobilisation		January / February 2024
Start on site		March 2024
Construction works completion		June 2024
Handover		July 2024
Innovation Hub becomes operational		September 2024

1.15. Proposed completion of outputs:

Project completion is July 2024. The Innovation Hub will achieve Practical Completion in July 2024 ready for handover to the proposed operator. An operator has been secured with commercial terms agreed in principle.

Therefore the proposed principal output the GBF funding is contributing towards – 1,331 sqm of employment floorspace – will be delivered by July '24.

The target employment outcomes (see appended M&E plan) will be achieved within 12 months of the Innovation Hub being operational.

2. STRATEGIC CASE

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

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

2.1. Scope / Scheme Description:

Overview

The proposed workspace intervention in respect of which £300,000 of funding is sought from the GBF is an Innovation Hub which will be located at the first floor of the Pentagon Shopping Centre in Chatham town centre.

The Innovation Hub comprises a well-developed project concept which has been significantly progressed. A funding package is already in place for the majority of the scheme costs (c. 90% is in place), with funds already secured from the Future High Streets Fund (FHSF) and Medway Council. GBF funding is sought to address a viability gap of £0.3m. There are no significant barriers to delivery with vacant possession having been secured of the existing retail units (with the long leasehold owned by and in control of the Council); planning permission is not required for the change of use; a project team is already mobilised to deliver the FHSF package of projects; and an operator has already been procured. The project is very much 'shovel ready' and aligned with the objectives of the GBF to drive economic growth and create new jobs.

Background context: Future High Streets Fund award and subsequent scheme refinement

Medway Council secured £9.5m of funding from the FSHF in December 2020. The focus of the projects to be funded via the FHSF was twofold: (a) to diversify the retail-focused Chatham town centre in the face of structural challenges to the retail sector and (b) to support employment growth in key sectors, particularly the digital and creative industries¹.

One of the projects for which funding was secured [REDACTED] was a proposed 490 sqm (5,285 sq ft) Innovation Hub to be located on Chatham High Street. This would have entailed Medway Council acquiring vacant commercial premises to create a high street Innovation Hub. Following the award of funding Medway Council has undertaken a demand study, feasibility study, soft market testing for operators, detailed design and cost work (up to RIBA Stage 2; RIBA Stage 3 is underway) and successfully procured and agreed terms with a prospective operator for the Innovation Hub. This process has led to an evolution of the original Innovation Hub concept:

- (1) Firstly, the costs and complexity of acquiring a third-party high-street asset were deemed prohibitively high and risky so the Council identified an alternative location being the vacant first floor of the Pentagon Shopping Centre. The Pentagon Shopping Centre was acquired by Medway Council in 2019 to anchor the Council's strategic ambitions set out in the Chatham Town Centre Masterplan and its overarching regeneration strategy *Medway 2035* to reposition and diversify Chatham town centre, recognising its over-reliance on a declining

retail sector². This removed any risks and costs associated with site assembly and securing of vacant possession. Additionally, the location of the Innovation Hub in close proximity to a proposed NHS Healthy Living Centre (also located on the first floor of the Pentagon Shopping Centre and to be partly funded by the FHSF) will deliver cumulative benefits in terms of boosting footfall and enhancing the vibrancy and vitality of this key town centre asset.

- (2) Secondly, following extensive demand analysis and input from prospective operators during soft market testing it was concluded that an Innovation Hub of 490 sqm (5,285 sqft) would not be operationally viable or deliverable, and would not be attractive to any third-party operators. Consequently, the Council took the decision to increase the size of the proposed Innovation Hub to 1,331 sqm (14,325 sqft).

Significant work has been made to progress the scheme: design and costs have been progressed to RIBA Stage 2, there are no barriers regarding planning or site assembly and an operator has been procured to de-risk the operational stage.

However, there remains a viability gap of c. £0.3m for which GBF funding is sought.

Proposed Innovation Hub benefits

The proposed Innovation Hub will deliver significant benefits which will contribute towards the dual aims of supporting the diversification and resilience of Chatham town centre, in addition to delivering employment and economic outcomes focused on SMEs:

- a. **Job Creation:** The Innovation Hub is projected to generate a significant number of direct (242 on site; 100 net additional jobs in the first year of operation) and indirect jobs, including mentors, trainers, administrative staff, and support personnel.
- b. **Skills Development:** Through workshops, training programs, and collaborative projects, the hub will contribute to the upskilling and reskilling of the local workforce, aligning them with the demands of emerging industries.
- c. **Entrepreneurship Growth:** The support and resources provided by the Innovation Hub will lead to the establishment of new businesses through 1 to 1 expert advice, fostering innovation, and contributing to a vibrant entrepreneurial culture. A dedicated business advisor will be located on site, providing support to any Medway business or resident seeking advice. The advice will include access to grant opportunities, networking and pro bono support provided by local experts.
- d. **Community Engagement:** By hosting events, workshops, and meetups, the Hub will encourage community interaction, knowledge sharing, and the cultivation of lasting relationships.
- e. **Economic Boost:** The Innovation Hub's positive impact on businesses, footfall, and the local economy will translate into increased spending, further revitalising the area.

² See Medway Council (2023) Medway Town Centres Strategy
South East LEP Capital Project Business Case
Page 8 of 97

In delivering these benefits, Medway Council intends to work collaboratively with the local authorities of Gravesham, Maidstone and Tunbridge Wells to foster an entrepreneurial ecosystem in Kent which will be demonstrated through a series of strategic initiatives and coordinated actions – including joint entrepreneurial events and workshops, the delivery of complementary business support services, the creation of a regional investment network, opening up opportunities for collaborative research and innovation, joint policy advocacy, data sharing and insights and establishing unified branding and marketing. Their collective goal is to strengthen the innovation ecosystem in the region by promoting collaboration, networking, and complementary business support. This collaborative approach will result in the creation of an 'entrepreneurial crescent' spanning across north, middle, and south west Kent.

The Innovation Hub will form an important part of this innovation ecosystem, delivering significant benefits for Chatham town centre in terms of diversification and driving footfall in addition to supporting small businesses to start, grow and innovate to deliver economic growth.

2.2. Logic Map

See below for proposed logic map.

Inputs	Outputs	Outcomes	Impacts
<p>For all schemes:</p> <p>Take from section 1.10 / Financial Case</p> <p>Getting Building Fund £300,000</p> <p>Matched Contributions Spend ████████████████████</p> <p>Future High Streets Fund (FHSF) ██████████</p>	<p>For all schemes:</p> <p>Influenced by detail in section 3.2.</p> <p>Also refer to metrics output metrics within Appendix E</p> <ul style="list-style-type: none"> Proposed employment floorspace of 1,331 sqm (14,325 sq ft) 	<p>Influenced by details in sections 2.1, 2.11, 3.6 noting that as funding sought is <£2m, the only outcome captured in this logic model relates to proposed job creation.</p> <ul style="list-style-type: none"> 100 FTE jobs (net additional) created/retained in the first year of operation – funded by FHSF, Medway Council match funding and GBF funding NOTE – GBF funding will unlock 50 net additional FTE jobs created in the first year of operation, rising to 100 FTE jobs 	<p>For schemes of £2m of funding or less:</p> <ul style="list-style-type: none"> N/A as only £300,000 of funding from GBF is sought

2.3. Location description:

Chatham is the creative, waterfront, university city centre of Medway and is a key node within the creative and cultural ecosystem of the Thames Estuary. Together with Rochester, Gillingham, Strood and Rainham, the five towns form a large and growing urban conurbation, within Medway's unitary Local Authority.

Chatham is identified as a critical focus for the regeneration and growth of Medway. The Council and its partners are promoting Chatham's development and shaping its function as the 'city centre' of Medway. The revitalising and diversification of Chatham town centre is a strategic priority for Medway Council as defined in its overarching regeneration strategy, *Medway 2035*, the adopted *Chatham Town Centre Masterplan* (2019) and recently adopted *Medway Town Centres Strategy* (2023).

Situated in the heart of Chatham town centre, the Pentagon Shopping Centre was acquired by Medway Council in 2019. The Pentagon Shopping Centre comprises an enclosed, two storey shopping centre surrounding a covered five-sided atrium together with a 433 space decked car park. A 12-storey, vacant office building, Mountbatten House, is positioned above the Pentagon Shopping Centre and is also owned by the Council – it is the subject of a proposed conversion to residential units which will further diversify Chatham town centre. The Council justified the acquisition of the Pentagon recognising that the prominence of the building in the Chatham town centre and the impact it has on the wider street scape, make it of strategic significance in the regeneration of Chatham. The acquisition of the Pentagon provided the Council both with a source of investment income to support the delivery of other Council services and the opportunity to contribute directly to the rejuvenation of Medway town centre.

The Pentagon Centre is located in the heart of Chatham town centre, adjacent to the bus station and in close proximity from Chatham train station, a highly sustainable and accessible location for a workspace proposition.

The first floor of the Pentagon Centre has traded relatively poorly in recent years, exacerbated by the impact of Covid-19 and the wider shifts towards e-commerce and out-of-town retailing. Consequently the Council identified the first floor as being suitable for repurposing to accommodate alternative uses to diversify the tenant mix, drive footfall and boost the vitality of the Pentagon Centre and town centre as a whole. This includes both the proposed Innovation Hub and an adjacent Healthy Living Centre (bring together co-located community health services) – both projects are largely being partly funded by the Future High Streets Fund.

Access to the Innovation Hub will be from the central atrium of the Pentagon Centre (both stair and lift access is available) with secure access provided from street level during the shopping centre's operating hours.

A map is provided below (Figure 1) illustrating the Pentagon Centre's location within Chatham town centre.

Figure 1: Red line location plan of the Pentagon Centre, Chatham town centre

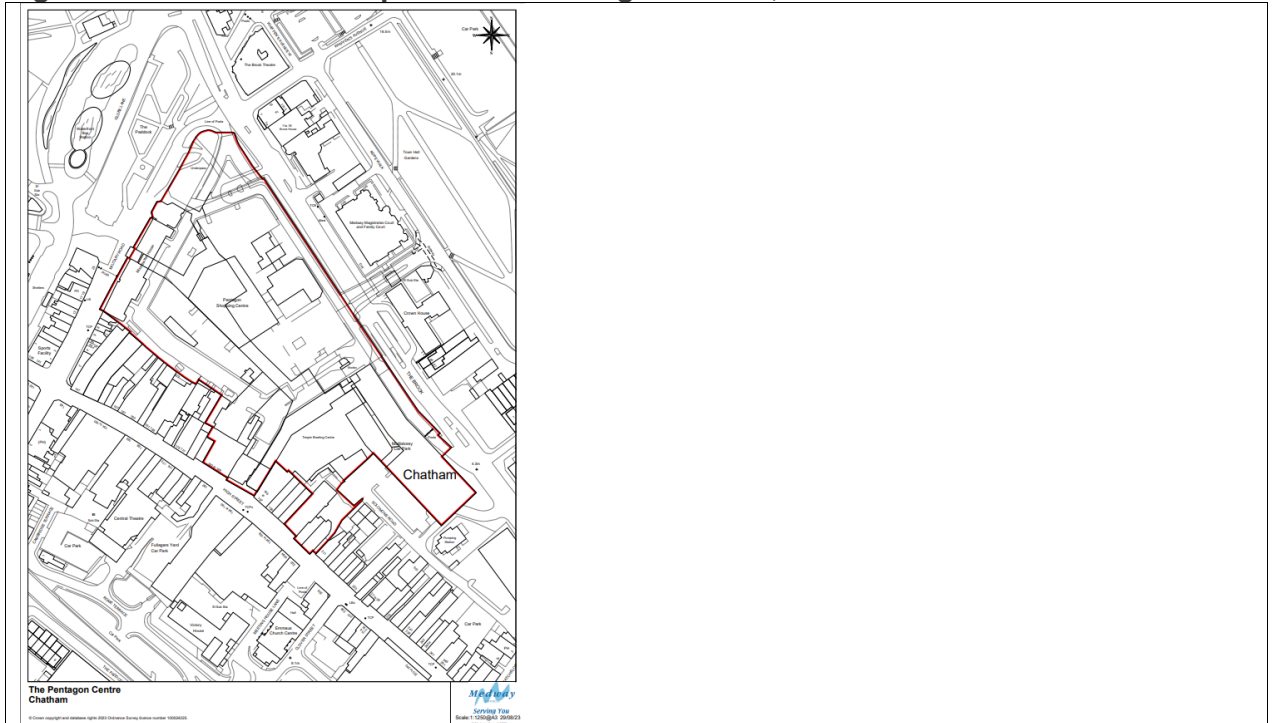
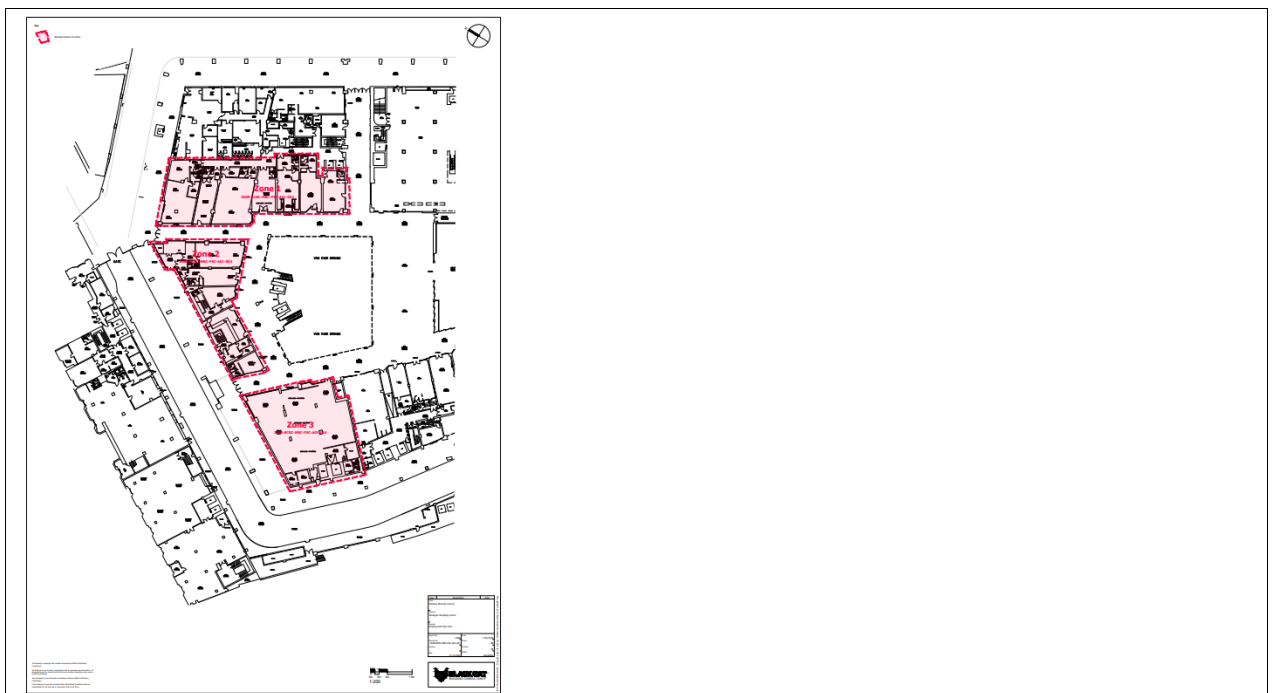


Figure 2 further illustrates the location of the existing vacant retail units at first floor level which will comprise the proposed Innovation Hub.

Figure 2: Proposed red line plan of the Proposed Innovation Hub



2.4. Policy context: Town centre revitalisation and diversification

The challenges facing town centres across the UK are acknowledged by national policy and explicit in the Government's range of funding programmes. Supporting and enhancing flexibility and diversification of town centres is a cross-cutting theme of the Government's vision for the future of the UK's high streets and town centres set out in *Build Back Better High Streets (July 2021)* and boosting 'pride in place', with a focus on improving satisfaction with town centres, is one of the key 12 missions set out in the Levelling Up White Paper³.

The proposed Innovation Hub formed part of a package of projects being delivered by Medway Council, with significant (£9.5m) of funding secured already from the FHSF, with a key objective being to diversify the town centre through the delivery of alternative commercial and civic uses. The proposed Innovation Hub is a core part of this programme of activity and is closely aligned with the national policy agenda.

Medway Council has developed and adopted a Town Centres Strategy which articulates a vision for all of its town centres which strongly promotes diversification, proposes a specific vision for Chatham town centre as a '*place of innovation*', and identifies diversification as one of its key overarching priorities which will underpin the implementation of the strategy⁴.

Reimagining town centres and high streets is also acknowledged as playing an important role in delivering on the ambitions of SELEP's *Economic Recovery and Renewal Strategy*⁵ (and GBF investment programme) recognising the role town centre projects can play in stimulating job creation and creating economic growth.

Supporting the creative and digital sectors in Medway: a key engine for economic growth

The proposed Innovation Hub will play an important role in supporting Medway's emerging creative and digital sectors, for which there is significant strategic policy support. In particular, the Innovation Hub will play a key role in providing space for start-ups and SMEs.

Chatham is the creative, waterfront, university city centre of Medway and is a key node within the creative and cultural ecosystem of the Thames Estuary. The vision and strategy for the Thames Estuary Production Corridor (TEPC) identifies the importance of Chatham within the proposed Estuary-wide, world-class centre for creative and cultural production, based on existing, identified strengths and clusters of industry, research, education and creativity. The strategy focuses on delivering the infrastructure and spaces necessary for the creative industries to flourish⁶.

The strategic prioritising of the creative industries and the development of appropriate physical spaces and infrastructure in key nodes, including Chatham, to catalyse and foster the growth and intensification of clusters and networks is further prioritised by the South East LEP (also key supporters of the TEPC) in its *Economic Recovery and Renewal Strategy*⁷.

³ Department for Levelling Up, Housing and Communities (2022) Levelling Up the United Kingdom White Paper

⁴ Medway Council (2023) Town Centres Strategy

⁵ South East LEP (2021) Economic Recovery and Renewal Strategy: Working together for a faster, smarter and more sustainable economic recovery

⁶ Mayor of London and SELEP (July 2020) Thames Estuary Production Corridor: The Case for Investment

⁷ SELEP (March 2021) Economic Recovery and Renewal Strategy

Medway Council's regeneration strategy, *Medway 2035*, positions Chatham acting as the 'city centre' for Medway⁸. The creative and digital sectors are front and centre of Medway Council's regeneration strategy for delivering future economic growth: the rapid local growth of these sectors in recent years is highlighted in the Council's Skills and Employability Plan⁹, and the need for the delivery of affordable workspace suitable for the creative and digital sectors to sustain this growth is also recognised in the Council's Cultural Strategy¹⁰. Medway's emerging draft Local Plan further emphasises the importance of the creative industries, recognising the existing clusters of creative and digital industries which are likely to drive, and be key components of, future economic opportunities, with growth in these sectors needing to be linked to key physical assets and opportunities¹¹.

2.5. Need for intervention:

Key challenges and opportunities

The need for intervention which underpins the proposed Innovation Hub project was defined in the business case which underpinned Medway Council's successful bid for Future High Streets Funding in 2020¹² (see Annex A).

Key challenges and opportunities identified at the time, which are still relevant now, are set out below:

- a) **Repositioning retail and diversifying town centre uses** – Chatham town centre is, like many town centres around the UK, facing significant challenges from macro-economic structural changes in retail and leisure consumption¹³ – including the growth of out-of-town retailing and e-commerce – which has been exacerbated by the impacts of Covid-19 and the cost of living crisis. Evidence underpinning the FHSF bid identified that Chatham town centre's over reliance on retail provision (55.3% of all town centre floorspace) and a relative undersupply of amenities, services and office floorspace (31.6% of total floorspace) compared to the UK average (47.2%) leaves it vulnerable to continued decline¹⁴. Since securing the FHSF allocation, Medway Council has since developed and adopted a Town Centres Strategy (2023)¹⁵ which identifies the diversification of its town centres as a strategic priority, noting that this priority is particularly acute for Chatham due to the size of the town centre and previous over-reliance on an outdated retail model. The Council's acquisition of the Pentagon Shopping Centre in 2019 and proposed creation of an NHS Healthy Living Centre and Innovation Hub on its first floor are an important part of the strategy to address vacancy and diversify the town centre away from retail through providing civic and employment uses.

⁸ Medway Council (2018) *Medway 2035*

⁹ Medway Council (2018) *Medway 2035*

¹⁰ Medway Council (2020) *Medway Cultural Strategy 2020-2030*

¹¹ Medway Council (2018) *Medway Council Local Plan 2012-2035, Regulation 18 Consultation Report*

¹² Stantec, on behalf of Medway Council (2020) *Transforming Chatham: Future High Streets Fund Application*

¹³ Stantec, on behalf of Medway Council (2020) *Transforming Chatham: Future High Streets Fund Application*

¹⁴ Ellandi, for Medway Council (2019) *Chatham High Level Centre Vision, supporting Research and Analysis*

¹⁵ Medway Council (2023) *Town Centres Strategy*

- b) **Supporting employment growth in key sectors** – the FHSF application made the case for investment to support a range of projects to support the growth particularly of the creative and digital sectors. Section 2.4 (above) highlights the strategic policy importance of supporting the growth of these burgeoning sectors in a Medway context. Whilst the demand study (see Annex B) undertaken to support the feasibility study for the Innovation Hub concluded that in order to optimise prospects for operational viability the potential tenant mix should not be solely restricted to creative and digital businesses, with a more general focus on supporting start-ups and SMEs, the proposed Innovation Hub will provide spaces and facilities which will likely be appealing to these sectors and it will play an important role in Medway’s ecosystem of commercial premises to support creative businesses in their early stages. Whilst the creative and digital sector alone grew by 38% over 2014-2019, supporting 4,000 jobs across 575 enterprises¹⁶, creative industries were impacted disproportionately by Covid-19¹⁷, further exacerbated by the recent cost of living and inflationary environment. The provision of affordable, bespoke spaces for creative and digital businesses – with access to business support – is particularly important in Chatham and Medway where the lack of supply and affordability of space is recognised as an acute challenge¹⁸.
- c) **Addressing barriers to entrepreneurship and innovation** – Fundamentally innovation is recognised at all policy levels as a key driver of increased economic productivity. Whilst Medway’s economic output per filled job has significantly increased over time and is close to the UK average (Medway GVA per filled job in 2021 was £57,245 relative to the UK average of £58,327)¹⁹, however GVA per resident population significantly lags the UK average (Medway GVA per resident population in 2021 was £22,440 relative to the UK Average of £30,443)²⁰. Creating opportunities for Medway residents to start, grow and innovate businesses – including free access to business support services - will play an important role in addressing the identified productivity gap. Medway Council has prepared a draft Innovation Strategy (pending adoption) which has identified key barriers to innovation in the UK including the lack of high-quality flexible workspace for start-ups, the provision of which is identified as a key priority for the Council in implementing its Innovation Strategy²¹.

The proposed Innovation Hub will respond to all of these identified needs by supporting the diversification of Chatham town centre, providing space to support Medway’s creative and digital sectors and supporting the start-up, growth and innovation of businesses in Medway to drive economic outcomes.

Market failures

Put simply, there is no market actor willing or able to viably intervene to deliver the proposed Innovation Hub – or indeed any of the other linked capital interventions in Chatham being funded by the Future High Streets Fund and Levelling Up Fund. The capital costs of intervention far outweighs the financial return which could be generated – due to constrained and relatively low land values in Chatham town centre - and there are no investors or development partners willing

¹⁶ Medway Council (2019) Skills and Employability Plan for Medway 2035

¹⁷ Creative Industries Federation (19 February 2021) Press Release: Creative Industries Federation warns of “crippling inequalities” unless government acts now to support the UK’s creative sector

¹⁸ Medway Council (2020) Medway Cultural Strategy 2020-2030

¹⁹ ONS (6 July 2022) Subregional productivity in the UK: July 2022

²⁰ ONS (25 April 2023) Regional GVA (balanced) per head and income components

²¹ Medway Council (2022) Medway Innovation Strategy

to absorb these costs. Medway Council is required to intervene to strategically re-position Chatham Town Centre to realise its wider placemaking and socio-economic ambitions.

The case made in the Future High Streets Fund bid regarding the identified market failure remains the case now: *“transformational investments in the town centre aimed at stimulating developer confidence and raising land values represent public goods. As benefits will be realised by multiple private sector investors, no single agent will capture all resulting land value uplift. This undermines the business case for a single agent to undertake such works.”*²²

The Council is able to prioritise achieving social and economic outcomes ahead of financial returns in the context of the Innovation Hub as it has already taken the strategic step of acquiring the Pentagon Shopping Centre (in 2019) and is able to secure income from other uses within the Centre, which has underpinned the basis of the proposed commercial terms agreed with the prospective operator which include a significant rent-free period in order to optimise the delivery of socio-economic outcomes including job creation, business start-ups and growth and economic productivity. Were the Council to act with a solely commercial focus and prioritise rental return it is unlikely that either (a) an operator would consider this to be a viable proposition or (b) that the desired socio-economic outcomes and benefits would be realised.

2.6. Sources of funding:

The funding package and financial case for the proposed Innovation Hub is well established. Funding has already been secured from the FHSF [REDACTED] for the Innovation Hub. However, it is important to note that the original funding ask of the FHSF business case cumulatively was £13.83m, and the final award was c. £9.5m. As a consequence the Council embarked on a process of seeking efficiencies in order to optimise potential outputs given the more constrained funding environment.

In developing the Innovation Hub concept Medway Council has sought to optimise both cost efficiency by locating the proposal in the Pentagon Shopping Centre which it already owns to mitigate land assembly costs, in addition to developing designs and costs through to RIBA Stage 2 in conjunction with soft market testing to identify a preferred operator to ensure the proposals represent a commercially viable and deliverable solution. Whilst this has increased the size of the proposed Innovation Hub, increasing costs, the Council has developed a robust financial proposition and is able to contribute [REDACTED] towards the funding, principally through accessing long-term PWLB borrowing, secured against the proposed revenue which will be generated via commercial lease terms agreed in principle with an identified operator.

There is, however a funding shortfall of c. £0.3m for which GBF investment is sought. This is driven in part by the increased proposed outputs (in order to be operationally viable) and also construction cost inflation which has been factored into account – and has been a serious driver of project cost inflation over the last two years.

The market failures identified in Section 2.5 highlight the need for intervention and investment: in isolation there are no commercial parties able or willing to invest the capital required to establish SME workspace in Medway. Whilst there are operators viably managing SME-focused workspace in Medway (i.e. Dragon Coworking), their operating models are only viable excluding the burden of the initial major capital investment required to create the built asset / convert the space.

The Council has secured the majority of funding required via grant funding (FHSF) and its own low-cost borrowing facility; it would be unable to secure private finance or a delivery partner at any more competitive rates (and the market failures identified preclude this as a viable option in any event). Accordingly it is robustly demonstrated that there is a clear need for public investment and funding to deliver the proposed Innovation Hub.

2.7. Impact of non-intervention (do nothing):

In the absence of the Council delivering this Innovation Hub it is clear that the Reference Case would be that an Innovation Hub would not be delivered due to the specific market failures detailed elsewhere in this business case (See Section 2.5). In the baseline Reference scenario there is a strong argument that not only would the identified socio-economic benefits and outcomes outlined in the original FHSF application (see Annex A) fail to materialise, but also that the decline of Chatham's town centre would continue and the catalytic impacts hoped for relating to town centre rejuvenation would not materialise.

The first floor of the Pentagon Centre has always been a challenging space to let and in the context of an over-supply of retail floorspace in Chatham as a whole (see FHSF business case), it is not considered likely that the vacant retail units which will comprise the proposed Innovation Hub would be likely to (a) be let to high street retailers or (b) be converted to a comparable workspace proposition.

Whilst the proposed Innovation Hub is being delivered in the context of a wider programme of Medway Council-led interventions funded through a mix of sources including the Future High Street Fund, the Levelling Up Fund and Medway Council's own capital and borrowing contributions, the failure to deliver an Innovation Hub would certainly limit the extent, breadth and pace of Chatham town centre's transformation.

The failure to find an operationally viable use for these vacant retail units would also, in the longer term, limit the availability of funds (via the service charge contribution) for the Council, as landowner, to invest in the repair and maintenance of this strategically important town centre asset.

The absence of innovative businesses and collaborative spaces could result in reduced tenant interest, leading to higher vacancy rates and decreased economic vibrancy within the Pentagon Centre. As businesses shift elsewhere, the Pentagon Centre may struggle to diversify its offerings, remaining predominantly reliant on the traditional retail sector (noting the macro-economic challenges for this sector).

The town centre's attractiveness as a destination for both business and leisure activities might also diminish, leading to reduced footfall in various commercial areas. This downturn could hinder the growth of local businesses and potentially result in an increase in vacancy rates across the town, amplifying the challenges faced by the retail sector.

The absence of dedicated spaces for SMEs, start-ups and freelancers could hinder their growth and potential contributions to the local economy. Existing and new businesses may also find themselves lacking tailored support services that could otherwise enable them to navigate challenges and grow more efficiently. Start-ups and innovative businesses are often drivers of job creation, and their absence might lead to a missed opportunity for substantial employment expansion.

2.8. Objectives of intervention:

Project Objectives

Objective 1: Support local businesses, start-ups and entrepreneurs to start, grow and innovate their businesses

This objective aligns with two of the principal identified priorities for intervention – addressing barriers to business growth and innovation, and supporting economic growth in key sectors (See Section 2.5). These needs will be addressed through the provision of affordable SME workspace with wrap-around, accessible business support services provided to all businesses based in the workspace. Cumulatively these addressed needs will satisfy this objective.

The business support service will provide support to 30 local businesses/start-ups in the first year.

Objective 2: Diversify Chatham town centre to support its viability, vitality and resilience.

The need to diversify Chatham's town centre away from retail use is both well-established in Section 2.5, and also as part of the business case which underpinned the successful bid for FHSF. An SME-focused workspace directly satisfy this objective.

Objective 3: Support employment Growth

The Innovation Hub will create 242 jobs within 3 years of operation at reaching capacity. 100 jobs will be created/retained in year 1, with 50 of these jobs directly supported by the GBF.

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

Problem / Opportunity 1: Problem 1: Lack of affordable business accommodation for SMEs to start, grow and innovate in Medway

This is evidenced in Section 2.5. The lack of flexible affordable workspaces for SMEs is recognised as a key barrier to innovation in Medway Council's Innovation Strategy (2022), and is a particular barrier for the cultural and creative industries as recognised in Medway Council's Cultural Strategy (2021). There is demonstrable market failure which prevents the market from delivering the spaces required without public sector intervention. This includes both the physical space and the business support services which start-ups and SMEs require to optimise their chances of survival and growth.

Problem 2: Chatham's declining town centre (e.g. lower footfall, declining environmental quality) with increasing levels of vacancy due to a historic over-reliance on a retail-centric model.

The challenges faced by town centres across the UK are well evidenced and recognised; the specific challenges facing Chatham town centre were evidenced in the successful Future High Street Fund application, and are also set out in Medway's Town Centres Strategy.

Opportunity 3: Medway has burgeoning creative and digital sectors which could generate significant economic growth and improved socio-economic outcomes

As established in Section 2.5, there is a well-evidenced case to support Medway’s creative and digital sectors which have been growing in recent years. The proximity of the University of Kent’s Institute of the Cultural and Creative Industries which will be occupying a new facility in Chatham Historic Dockyard (funded via the Levelling Up Fund) will play an important role in driving future demand

	Problems / opportunities identified in Need for Intervention section		
	<i>Problem 1: Lack of affordable business accommodation for SMEs to start, grow and innovate in Medway</i>	<i>Problem 2: Chatham’s declining town centre (e.g. lower footfall, declining environmental quality) with increasing levels of vacancy due a historic over-reliance on a retail-centric model.</i>	<i>Opportunity 3: Medway has burgeoning creative and digital sectors which could generate significant economic growth and improved socio-economic outcomes</i>
<i>Objective 1: Support local businesses, start-ups and entrepreneurs to start, grow and innovate their businesses</i>	✓✓✓	✓✓	✓✓✓
<i>Objective 2: Diversify Chatham town centre to support its viability, vitality and resilience.</i>	✓✓	✓✓✓	✓✓
<i>Objective 3: Support employment growth</i>	✓✓✓▪	✓✓✓▪	✓✓✓▪

2.9. Constraints:

There are very few constraints now impacting the suitability of the Preferred Option. The Preferred Option has been arrived at following two years of concept development, demand assessment, feasibility analysis, soft market testing, design and cost development. Accordingly, many of the key constraints have already been mitigated, as detailed below:

- **Operational viability** – the Preferred Option which originally formed part of the 2019 FHSF bid, and was subsequently relocated from the intended high street location to the Pentagon Centre was only c. 490 sqm (5,285 sq ft). A demand study and subsequent soft market testing identified that an Innovation Hub of this size would not be operationally viable which has informed the refined Preferred Option of 1,331 sqm (14,325 sq ft). This potential constraint has therefore been addressed.

- **Securing an operator** – a preferred operator has now been identified and commercial terms agreed in principle addressing a potential key constraint on achieving projected outputs and outcomes.
- **Ownership** – the location of the proposed Innovation Hub in the Pentagon Centre has removed any potential constraints around land ownership or land assembly on the basis that Medway Council acquired the long-leasehold of the Pentagon Centre in 2019 and have vacant possession of the proposed units which the Innovation Hub will occupy.
- **Planning** – planning permission is not required as the change of use can be secured by Permitted Development Rights, there is no outstanding planning permission to be sought to deliver the scheme.

2.10. Scheme dependencies:

Delivery

The principal dependency here relates to the construction stage - given that site assembly, feasibility, funding (subject to this GBF bid) and planning have been resolved - and the importance of securing a contractor able to deliver the required outputs and specification within the budget. Medway Council's extensive experience in delivering capital works projects and programmes coupled with the detailed feasibility work coordinated undertaken by their appointed third party project managers has informed a robust procurement strategy with a high degree of confidence that the proposed works package will be tendered on a basis which is (a) capable of being deliverable on time and within in budget and (b) attractive to the contractor market.

Operation

An operator with low covenant risk has been identified and commercial terms agreed following a competitive procurement process. The scoring of the procurement process placed emphasis on how the operator would work jointly with Medway Council to deliver outcomes relating to business support, GVA growth, workspace provision and increased footfall, with far less weight placed on commercial dimensions (e.g. the Council has agreed to a rent-free period to support an incentivise the operator to focus on achieving social and economic outcomes).

There is also a demand-side dependency: a demand study was commissioned by Medway Council (see Annex B which demonstrated the strength of existing and latent demand for SME workspace in Medway, including in the creative industries). The report advised that it would be prudent not to impose sector restrictions on the occupancy of the workspace to ensure that whilst creative and digital companies would be welcomed and encouraged, start-ups and SMEs in other sectors would not be excluded. This recommendation has been adopted by Medway Council and the prospective operator to mitigate demand-side risk.

2.11. Expected benefits:

The proposed Innovation Hub is expected to deliver the range of benefits identified below. It is important to note that this bid for GBF funding is to address an identified £300,000 viability gap which is only c. 10% of the overall project cost. It is not considered proportionate or realistic to apportion the specific benefits or outputs tied to this £300,000 funding ask as it forms part of the overall project costs. Instead, we are reporting the headline projected impacts the Innovation Hub will deliver. Importantly, these outputs are a significant increase beyond those outputs and outcomes which formed part of the FHSF business case economic appraisal, however the net additionality between the FHSF business case and this GBF business case is not solely linked to the GBF funding as the Preferred Option is also funded by Medway Council [REDACTED]

- f. **Job Creation:** The Innovation Hub is projected to generate a significant number of direct (242 on site – including 100 in the first year) and indirect jobs, including mentors, trainers, administrative staff, and support personnel.

- g. **Skills Development:** Through workshops, training programs, and collaborative projects, the hub will contribute to the upskilling and reskilling of the local workforce, aligning them with the demands of emerging industries.
- h. **Entrepreneurship Growth:** The support and resources provided by the Innovation Hub will lead to the establishment of new businesses, fostering innovation, and contributing to a vibrant entrepreneurial culture.
- i. **Community Engagement:** By hosting events, workshops, and meetups, the Hub will encourage community interaction, knowledge sharing, and the cultivation of lasting relationships.
- j. **Economic Boost:** The Innovation Hub's positive impact on businesses, footfall, and the local economy will translate into increased spending, further revitalising the area.

2.12. Key risks:

Key identified risks with the delivery of the Innovation Hub, which could potentially impact on the delivery of the principal output (1,331 sqm of workspace) include the following (see main risk register at Appendix C):

1. **Budget vs design intent** – Medway Council is closely overseeing design development to ensure the specification remains in accordance with the agreed budget whilst still capable of delivering high-quality outputs, imposing value engineering as appropriate.
2. **Marketplace and procurement** – the current contractor market is challenging (post-Brexit, post-Covid, cost inflationary pressures etc) so Medway Council is ensuring, via its project managers, to engage with prospective supply chain partners at an early opportunity to mitigate this risk.
3. **Budget & inflation** – recognising the significant cost pressures influencing the construction market and supply chains, Medway Council via its project managers has ensured that the cost plan is reviewed at each design stage with a robust contingency allowance in addition to the incorporation of an inflation allowance at the prevailing rate.
4. **Existing condition of the Pentagon Centre** – recognising the dated nature of the existing Pentagon Centre, allowance has been made for appropriate building and condition surveys to mitigate this risk.
5. **Programme** – whilst the proposed design and delivery programme is tight, Medway Council has experience of delivering major capital works programmes on time and within budget and the professional team is confident the defined programme is achievable.
6. **Lead-in times** – this has been identified as a risk regarding key items such as shop frontages and heat recovery ventilation units. Accordingly, these lead-in times have been identified and incorporated into the 'critical path' programme.
7. **Stakeholder awareness** – we have engaged the following;
 1. Kent Invicta Chamber Commerce
 2. Federation of small business
 3. The Institute of Directors
 4. Business for Medway
 5. Chatham Town Centre Forum (consists of local residents and businesses).

The stakeholders listed above are engaged quarterly, in person at relevant meetings, on the progress and principles of the project. As part of the engagement with stakeholders, Medway is committing to provide the 1 to 1 business support element, to help nurture and aid communication with local businesses.

A key risk in terms of delivering the identified outcomes (i.e. jobs) is linked to the identification of an operator: this has been mitigated by Medway Council having completed a competitive procurement process to identify an experienced operator which has also inputted to the design. The in-principle commercial terms agreed include a commitment to achieving KPIs relating to socio-economic benefits identified in this business case.

3. ECONOMIC CASE

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

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

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

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

3.1. Options assessment:

Long list of options considered

Options for intervention to deliver an Innovation Hub in Chatham town centre have evolved over several years, and through an iterative process of refining the business case through more detailed consideration of constraints and opportunities. Particular care has been taken in refining the business to (a) minimise and mitigate risks (b) optimise socio-economic outcomes whilst (c) ensuring commercial viability and deliverability.

In the context of the initial Future High Streets Fund application, prepared in May 2019, a process was undertaken to consider where investment was best directed in Chatham to deliver transformational change. Three broad areas of investment focus were considered, focusing on a Northern Fringe focus, which was discounted due to ongoing regeneration projects along the riverfront and it was concluded that interventions would not be as transformative as focus on other options. Another broad focus around concentrating public sector investment on High Street anchors was considered, but discounted on the basis that public investment would be more effective concentrated where land ownership was less fragmented, and where there was a clearer market failure.

This led to the conclusion that a concentrated approach on a 'High Street Gateway' focus, with investment focused on the town centre. This was considered the Preferred Option due to the 2019 acquisition by Medway Council, of the Pentagon Centre, a shopping centre that had been failing. Focusing public investment on the revitalisation of the Pentagon Centre and in bringing vacant High Street units in the surrounding streets into use was taken forward for shortlisting.

The specific project which is the subject of this business case emerged from this wider consideration of the long list of options for public intervention.

Options assessment

As part of the High Street Gateway focus that emerged from the initial long-listing exercise in relation to the Future High Streets Fund bid, the project to use public funding to deliver employment space and business support services at a location in the town centre was taken forward, and options refined during the development of the business case. In addition to the reference case, three principal options have been considered in relation to the delivery of co-working and incubator space in the town centre.

Reference Case – Do Nothing

In the absence of the Council delivering this Innovation Hub it is clear that the default position would be that an Innovation Hub would not be delivered due to the specific market failures detailed elsewhere in this business case (See Section 2.5). In a 'do nothing' scenario there is a strong argument that not only would the identified socio-economic benefits and outcomes outlined in the original FHSF application (see Annex A) fail to materialise, but also that the decline of Chatham's town centre would continue and the catalytic impacts hoped for relating to town centre rejuvenation would not materialise.

Option 1 – Acquire vacant retail units at 157-163 High Street from the private sector and convert units to provide 5,285 sq ft of workspace with business support services and convert upper floors to residential use

The first option considered was to acquire vacant retail units on Chatham High Street at 157-163 High Street from the private sector and undertake works to convert the ground floor to provide 5,285 sq ft of co-working and incubator space, which would also host a business support scheme administered by Medway Council. The upper floors would be converted to residential use and either sold or leased to cross-subsidise the business space element of the scheme. This option was discounted due to the greater complexity and costs involved with land assembly in this option compared to other options.

Option 2 – Convert vacant space within the Pentagon Centre to provide 650 sqm (c. 7,000 sq ft) of workspace with business support services

An alternative option was considered which was to convert space within the Pentagon Centre, a shopping centre in Chatham town centre, which had been acquired by Medway Council in 2019 from the private sector and is now in Council ownership. This option involved delivering the 650 sqm (c 7,000 sq ft) of co-working and incubator space, along with a business support scheme to be administered by the Council, as in Option 1, but without delivering the nine residential units.

The advantages of this option were firstly, that a slightly larger floorplate would be available within the Pentagon Centre thus increasing the potential benefits released and improving the commercial viability of the proposed use. Secondly, this option would not require land assembly as the space in which the Innovation Hub was to be located consists of vacant units within a property already in the ownership of the Council. Costs would therefore be limited to strip out and fit out works, making this option more favourable than Option 1. Thirdly, the Innovation Hub would be delivered adjacent to another FHSF project – a proposed Healthy Living Centre – cumulatively providing catalytic placemaking benefits.

However, further development of the project including a demand study followed by soft market testing of potential operators, and a competitive procurement process for appointing an operator, has provided feedback from the market that without the residential element, which in Option 1 provides the scheme with income to cross-subsidise the delivery of commercial space, the commercial attractiveness of an Innovation Hub comprising 650 sq m (c 7,000 sq ft) was limited – in isolation a scheme of this size was not considered to be commercially viable to any third party operator. This Option has therefore been discounted.

Option 3 [The preferred way forward] – Convert vacant space within the Pentagon Centre to provide 1,331 sqm GIA (14,325 sq ft) of workspace with business support services

The Preferred Option is to convert space – three vacant units - within the Pentagon Centre, on the first floor, delivering 1,331 sqm GIA (14,325 sq ft) workspace along with a business support scheme to be administered by the Council. Following soft market testing and a procurement exercise which was carried out in July 2022, an operator has been selected. Terms have been agreed with the operator under which they will enter into a 10-year lease managed by Ellandi and Workman LLP, who asset and property manage the Pentagon on behalf of the Council. The first three years will be rent and service charge free, with the operator paying all outgoing costs, business rates and insurance throughout the lease.

Key feedback from the operator during procurement was that an Innovation Hub of 1,331 sqm GIA (14,325 sq ft) would be operationally and commercially viable based on their experience from operating other workspace hubs.

As with Option 2, the advantage of this option is that it does not require land assembly as the space is located within already vacant units within the ownership of the Council. As an operator has been selected and commercial terms agreed, delivery risk is substantially mitigated and this option is considered the Preferred Option.

3.2. Preferred option:

Summary of Preferred Option

The Preferred Option comprises a proposed 1,331 sqm (14,325 sq ft) Innovation Hub located at the first floor of the Pentagon Shopping Centre - of which Medway Council is the landowner - in Chatham Town Centre. The proposals will entail the conversion of three vacant first floor shop units to create a flexible workspace, to include small offices, coworking space and flexible meeting and events space. This proposed Innovation Hub will be aimed at small businesses seeking to start, grow and innovate.

A specialist, third party operator has been procured – with commercial terms agreed. The commercial terms agreed have been designed to optimise the delivery of economic benefits rather than deliver a commercial return to the Council.

The added value of the Innovation Hub proposition will be the range of business support services which will be provided by Medway Council and available to all businesses locating in the space.

Alignment with objectives

The Preferred Option strongly aligns with the objectives defined in Section 2.8:

- a. **Objective 1: Support local businesses, start-ups and entrepreneurs to start, grow and innovate their businesses** – the Preferred Option represents a deliverable and viable proposition for an Innovation Hub which will provide a range of flexible workspaces (small offices of varying sizes, coworking spaces, meeting and event space) attractive to small and growing businesses, particularly those in the creative and digital sectors. These businesses will have access to a range of business support services and programmes run by Medway Council, together with partners, which help create an environment capable of supporting SMEs and delivering on this objective.
- b. **Objective 2: Diversify Chatham town centre to support its viability, vitality and resilience** – the Preferred Option will deliver on this objective through introducing a land use which will diversify Chatham town centre, which is currently over-reliant on a declining retail sector. The Innovation Hub will re-activate currently vacant retail units and

drive footfall, contributing to the creation of increased pride in place in the town centre as a whole.

- c. **Objective 3: Support employment growth** – The preferred option will create 242 jobs within 3 years of operation at reaching capacity. 100 jobs will be created/retained in year 1, with 50 of these jobs directly supported by the GBF.

Stakeholder support

Medway Council recognises that transformational change can only be achieved with the support of a wide range of stakeholders. It is noted that a Stakeholder Working Group worked together to develop the original package of FHSF projects (see Annex A for full details of stakeholder engagement).

There is significant support for the twin objectives of diversifying Chatham town centre, and supporting local businesses, start-ups and entrepreneurs: These objectives are closely aligned with *Medway 2035*, the Council's overarching regeneration strategy, Medway's adopted *Town Centres Strategy* and the *Medway Innovation Strategy*. Extensive consultation underpinned the processes of developing and adopting these strategies, demonstrating the extent of stakeholder support.

Medway Council further proposes to work in partnership with the local authorities of Gravesham, Maidstone and Tunbridge Wells to create an 'entrepreneurial crescent' through the delivery of joint strategic initiatives to support business growth and innovation. The Innovation Hub will form a key node in this network, demonstrating the alignment of this initiative with key strategic stakeholders.

3.3. Assessment approach:

Given the scale of the proposed project, which has a funding ask of under £2m, and a GBF funding requirement of £300,000, rather than undertaking a quantitative assessment of costs and benefits of the options, each option has been assessed qualitatively with consideration given to the alignment of each option with the objectives of the project, the transformative effect and value for money impact, supplier capacity, affordability, and delivery risk, in accordance with the critical success factors set out in DLUHC appraisal guidance.

The present funding requirement relates to a project which has evolved since 2019. An initial long-listing process considering effective options for catalytic public investment which would lead to the long-term renewal of Chatham. An initial consideration of broad spatial strategies for focusing public investment was carried out, identifying the central route into the town centre from Chatham Railway Station as the most transformative focus for investment in the context of the existing Chatham Town Centre Masterplan.

The case for public investment in the proposed Innovation Hub was made and demonstrated by the successful award of £9.5m of Future High Street Funding in 2020.

Within this focus, the objectives relevant to the present Innovation Hub scheme relate to the delivery of productive uses in the town centre, the diversification of uses within the town centre

away from retail, of which studies had shown there was an oversupply, supporting creative production and innovation, and providing an environment fit for growth.

The various options considered around the delivery of workspace and business support provision in the town centre have been assessed qualitatively on the basis of value for money impact, affordability and achievability specifically, with the preferred option representing the most transformative intervention that is achievable with the minimum delivery risk. The preferred option meets this criteria.

Options assessment has taken place on an iterative, evolving basis as the project has developed since the initial, successful Future High Street Fund application and has therefore benefitted from increasing levels of detail on the financial and commercial cases, helping to clarify some elements of delivery risk against which options have been assessed.

3.4. Economic appraisal assumptions:

N/A – funding sought is only £0.3m

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

3.5. Costs:

Project costs are set out in the Financial Case. The total cost of works to strip out the existing retail units, combine them into zones, remove asbestos, level the floors, replace shop fronts, removal of redundant drainage, making good the walls, installation of primary fresh air grilles, replacement of the electrical distribution system panels, replacement of fire alarm and basic lighting, and to install CAT A and CAT B fit out, and including fees, contractor's OHP, and contingency is estimated to be [REDACTED]

As set out in the Financial Case, this is to be funded by Medway Council, Future High Streets Fund, with the addition of £300,000 from the Getting Building Fund which is the subject of this application.

The proposed costs to the public sector are therefore as follows:

Future High Streets Fund Grant: [REDACTED]
Getting Building Fund: £0.3m
Medway Council Funding: [REDACTED]
Total: [REDACTED]

3.6. Benefits:

As per the guidance set out in this template, on the basis of the size of the project, for which less than £2m grant funding is sought, a quantified economic appraisal has not been undertaken. Instead, a qualitative Value for Money assessment has been considered and is set out here.

Recognising the disproportionately complex and onerous implications of quantifying initial and adjusted benefits, a qualitative description of the potential direct, indirect, immediate and wider benefits arising from the proposed scheme is set out below.

The proposed intervention is expected to realise the following benefits:

- **Job creation:** The Innovation Hub is projected to generate a significant number of direct (242 on site) and indirect jobs, including mentors, trainers, administrative staff, and support personnel. By supporting businesses and startups, the Hub is expected to facilitate the creation and retention of 100 new jobs, during the first year of deliverables. It is predicted that the jobs created will be as per the following, 100 FTE jobs after year 1, 170 FTE jobs by the end of year 2, and 242 by the end of year 3; GBF funding will unlock 50 **net additional FTE jobs**.
- **Skills development:** Through workshops, training programmes, and collaborative projects, the hub will contribute to the upskilling and reskilling of the local workforce, aligning them with the demands of emerging industries. It is expected that the Hub will upskill more than 300 individuals annually through workshops and training programmes.
- **Entrepreneurship growth:** The support and resources provided by the Innovation Hub will lead to the establishment of new businesses, fostering innovation, and contributing to a vibrant entrepreneurial culture. The Innovation Hub is expected to enable the establishment of at least 20 new start-ups per year, and provide non-financial support to 300 businesses. As well as workshops, a dedicated business advisor will be readily available to provide personalised 1-2-1 support to local businesses. **Digital and emerging industries, such as AI, will be key target sectors of the Innovation Hub.**
- **Community Engagement:** By hosting events, workshops, and meetups, the Hub will encourage community interaction, knowledge sharing, and the cultivation of lasting relationships. The Hub will host a minimum of 20 events, meet-ups and workshops, engaging with over 500 businesses and individuals in knowledge-sharing, networking and collaborative initiatives.
- **Economic Boost:** The Innovation Hub's positive impact on businesses, footfall, and the local economy will translate into increased spending, further revitalising the area. The Hub is expected to attract over 1,000 visitors per month to the Hub itself as well as to Chatham High Street and the Pentagon Shopping Centre, boosting footfall, and potentially stimulating the Town Centre.

3.7. Local impact:

Town centre impact

The proposed project will contribute to revitalising Chatham town centre, helping to drive increased footfall in the Pentagon Shopping Centre and to the town centre more widely. The project will also provide increased employment opportunities and opportunities for training and upskilling for local people.

The potential catalytic effect of this project is important. Chatham's town centre has been declining over a number of years and due to the extent of market failure Medway Council has been required to make strategic investments to re-position the town centre. This Innovation Hub will be delivered alongside a wider package of interventions including acquisition of the Pentagon Centre and subsequent diversification through the proposed delivery of the Innovation Hub and Healthy Living Centre, and residential conversion of the adjacent Mountbatten House, the delivery of a number of creative industries projects funded by the Levelling Up Fund (£14.4m), the delivery of the wider package of Future High Street Funded projects (£9.5m) and the direct delivery of other placemaking and residential developments in the town centre, including at Chatham Waterfront. Increasing the diversification, vitality, vibrancy and resilience of Chatham town centre is a strategic priority for the Council and will not be delivered by one project alone. The Innovation Hub will make an important contribution within this wider programme of interventions.

The Entrepreneurial Crescent

The proposed Innovation Hub will form an important node in a proposed 'entrepreneurial crescent': an entrepreneurial and innovation ecosystem spanning north, middle and south-west Kent, and inclusive of Medway. Without funding to deliver the Innovation Hub it will be challenging for Medway Council to deliver the range of collaborative initiatives planned in partnership with other local authorities. These initiatives will deliver benefits beyond the Innovation Hub.

Medway Council intends to work collaboratively with the local authorities of Gravesham, Maidstone and Tunbridge Wells to foster an entrepreneurial ecosystem in Kent which will be demonstrated through a series of strategic initiatives and coordinated actions. Their collective goal is to strengthen the innovation ecosystem in the region by promoting collaboration, networking, and complementary business support. This collaborative approach will result in the creation of an 'entrepreneurial crescent' spanning across north, middle, and south west Kent.

Specifically, the joint initiatives proposed across this 'entrepreneurial crescent' include:

1. **Joint Entrepreneurial Events and Workshops:** The local authorities will organise joint entrepreneurial events, workshops, and seminars that bring together startups, entrepreneurs, investors, and experts from different areas. These events will provide opportunities for networking, knowledge sharing, and collaboration among businesses from Gravesham, Maidstone, Tunbridge Wells and Medway.
2. **Complementary Business Support Services:** Each local authority will specialise in certain aspects of business support while complementing each other's offerings.
3. **Regional Investment Network:** The local authorities will create a regional investment network that connects local investors, venture capitalists, and angel investors with startups and innovative businesses from all four areas. This network will provide a broader pool of funding options for startups and facilitate cross-area investment.
4. **Collaborative Research and Innovation:** The authorities will encourage collaboration between businesses, universities, and research institutions across the different areas. Joint research projects and innovation initiatives will promote knowledge exchange and technological advancement.
5. **Unified Branding and Marketing:** The local authorities can work together to promote the entire 'entrepreneurial crescent' as a unified region with a vibrant innovation ecosystem. This coordinated branding and marketing effort will attract attention from potential investors, businesses, and talent.
6. **Joint Policy Advocacy:** Collaboration in advocating for policies that support innovation and entrepreneurship at the regional level can lead to more favourable regulatory environments and incentives for businesses in the 'entrepreneurial crescent.'
7. **Data Sharing and Insights:** By sharing data and insights on local business trends, challenges, and successes, the local authorities can make informed decisions and tailor their support services to the evolving needs of the entrepreneurial community.

3.8. Economic appraisal results:

The overall grant funding contribution for the proposed project is less than £2m, and consequently in accordance with the template guidance, a qualitative Value for Money rationale is provided in the absence of a quantified economic appraisal.

The proposed estimated project costs have been prepared on the basis of a detailed design and feasibility study prepared by experienced project managers. A contingency of 10% has been allowed reflecting the project managers' experience of planning, design, procurement and

delivery of similar schemes. Accordingly, subject to the receipt of ITT responses in line with estimates, the project costs are considered robust.

The funding request from the Getting Building Fund is £300,000 which will unlock the delivery of the preferred option, thus realising significant benefits as set out in Section 3.6 Benefits, above and in the Strategic Case. The benefits in terms of job creation, upskilling, and provision of space for businesses to grow are likely to generate significant monetisable benefits, while the scheme is also expected to lead to wider benefits of driving footfall in the town centre and aligning with wider objectives of regenerating Chatham town centre and supporting Chatham as the critical focus for growth in Medway in accordance with the vision for Chatham town centre: 'Chatham will be a vibrant, connected, revitalised regional destination; a productive, connected place where people want to live, work, learn and visit.'

The proposed grant of £300,000 to unlock the Innovation Hub will therefore contribute to the realisation of substantial economic and wider strategic benefits and constitute a compelling proposition from a Value for Money perspective.

The original FHSF funding package was secured on the basis of an overall BCR of 2.4 (encompassing all projects). The proposed Innovation Hub is now 3x the size of the original funding bid, with overall costs only 2x the original estimate, enabled in part because of the Council owning the vacant units now subject of the proposal. The projected benefits will be materially greater than those anticipated at the time of FHSF being granted for this project. Whilst a quantified BCR has not been calculated as this is disproportionate to the funding ask from the GBF (£0.3m), and the funding ask is to plug a viability gap so attributing specific benefits to the GBF funding separate to the FHSF or Medway Council contribution would be entirely arbitrary, it is considered that the overall projected economic outcomes will be significant and compelling relative to the overall funding ask.

The approval of FHSF funding for the Innovation Hub should provide confidence regarding the economic case for this project, particularly given the extent of scheme development and risk mitigation which has taken place since. It is likely that investment in the Innovation Hub will represent strong value for money.

4. COMMERCIAL CASE

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

4.1. Procurement options:

Options for procurement considered are set out below:

- **Option 1 – Do nothing:** This would prevent a contractor being appointed and the works not being able to progress. [REDACTED]
- **Option 2 – Utilise a framework:** A framework maybe used, however this would restrict tender submissions and provide a less competitive process to achieve best value for Medway Council.
- **Option 3 – Open market procurement:** An open tender process will help ensure that a contractor has the necessary skills and knowledge to complete the works is appointed while achieving best value for Medway Council.

Option 3 is the preferred option to ensure competitive tenders are received from suitable qualified suppliers. The competitive process will help ensure value for money is also achieved.

Open tender

Medway Council has taken steps to ensure that the bulk of procurement within Medway increases social value in accordance with the Social Value Act 2012. The Council asks all contractors to explain how they will support local companies, labour, and suppliers as a result of winning the Contract. Some examples may include training of local staff, apprenticeships or the use of local transport and businesses as part of the contract, sourcing of supplies or disposal of waste and recycling materials within the borough. Suppliers are asked to detail any apprenticeship programme they have and what benefits this will yield. The Council has a target to award 40% of its annual spend to local SME's.

4.2. Preferred procurement and contracting strategy:

The design of the proposed works to repurpose part of the first floor of the Pentagon Centre has been completed up to RIBA Stage 2 as part of the feasibility study prepared by Black Cat Building Consultancy (see Annex C). Costs have been estimated which reflect the project manager's inspection of the building and experience of delivering similar projects. A cost contingency of 10% has been allowed to accommodate cost overruns.

The Council is currently out to tender for a contractor for the strip out and demolition works to prepare the space for the procurement of a main contractor.

For the procurement of the main contractor to carry out fit out to shell and core and to CAT A and CAT B fit out, Option 3 – Open Tender, is the preferred option to ensure competitive tenders are received from suitable qualified suppliers. The competitive process will help ensure value for money is also achieved.

All procurement will be undertaken according to public procurement regulations. The principal works contractor will be appointed through an open procurement process. The project plan outlines the timescales that this will be undertaken to comply with timescales outlined in the Funding Agreement. As a summary, the process will take four months from approval to tender in September 2023 to approval to appoint a contractor in December 2023 with a four-week period to sign contracts for the enabling works following planning approval in February 2024.

The Council's Procurement Board consider submitted tenders and scrutinise outcomes. The Council's Chief Legal Officer will provide advice to ensure that the procurement process complies with the Council's processes and governance.

Evaluation Criteria

60:40 Quality/Price assessment is proposed to ensure that the best quality main contractor at their most competitive price is obtained. The project requires a technically competent main contractor due to the location of the project in a live shopping centre environment along with meeting the specification requirements for a high- quality Innovation Hub.

It is proposed that the contracting method for the main works is a single-stage JCT D&B contract. The advantages of design and build procurement are as follows:

- **Single point of responsibility:** If problems arise during the works, the Contractor is unable to place blame with the Employer's consultants and will be motivated toward the reduction of design problems and their mitigation when they arise.
- **Price certainty prior to construction:** Provided there are no post contract changes required by the Employer, a high level price certainty exists.
- **Reduced project duration:** This is made possible due to the overlap of design and construction. Construction is usually commenced before all design work is complete.
- **Improved degree of buildability.** The Contractor has a greater opportunity to influence the design to suit his preferred methods of construction.
- **Buying gain:** The Contractor may have favourable buying terms with certain suppliers or sub-contractors. As the Contractor can choose their own suppliers this may reduce his tender.

The principal risks of contracting via JCT Design & Build are:

- **Employer's reduced ability to control design:** It is important that the Employer's Requirements are thorough on elements of the work where design requirements are specific.
- **Commitment prior to full design:** The Employer enters into a contract to pay for works that are yet to be fully designed.
- **Difficulty in comparison of tenders:** Comparison of tenders needs to take account of the design alternatives submitted by tendering contractors and not just the tender prices.
- **Cost management difficulties:** A much reduced level of price information is available to the Employer and this can lead to significant cost management problems: The cost of post contract variations instructed by the Employer tends to be higher than when Bills of Quantities are available to the design team.
- **Quality of design:** It is often considered that the quality of projects procured on a design and build basis is poorer than with those procured on a traditional or management basis. Post contract, there can be pressure within the Contractors organisation to downgrade specification in order to reduce costs and increase their profit margin.

Medway Council has experience of managing Design & Build contracts successfully and is confident that the risks of this method of contracting can be mitigated for this project, and that this is the most effective route for the proposed project.

4.3. Procurement experience:

Medway Council's Category Management Team has a proven track record of successful project delivery, both in terms of quality and value for money. This was recognised in March 2014 at the Excellence in Public Procurement Awards 2014/15, where the team achieved the Highly Commended Award for Innovation or Initiative. In August 2014, the team were shortlisted for two major award categories in the CIPS Supply Management Awards 2014 and 2015, and for a further category in 2016.

Medway Council has extensive experience of delivering via all procurement options considered, with the open procurement approach being adopted for the direct appointment of a contractor to deliver the Chatham town centre public realm and route improvements project. This procurement exercise was a success and led to significant cost savings compared to if the Highways Infrastructure Contract had been used as a vehicle for delivering the works. The greatest lesson learnt through the procurement of the contractor for the Chatham town centre project was to make sure that the project is fully scoped, with a clear breakdown of all elements of the project which require delivery. A comprehensive pricing table was used which ensured consistency across all tenders received. This was essential in order to facilitate accurate comparison of the tenders submitted to ensure best value is achieved. A representative of the Category Management Team will attend Programme Steering Group meetings and will be aware of the procurement timetable for Getting Building Funding projects.

Projects that have recently been delivered by Medway Council include:

Chatham Regeneration: This £12.5m project consisted of elements which were delivered between 2007 and 2014. It consisted of: the conversion of Chatham ring road from one way to two-way traffic flow, demolition of Sir John Hawkins Way viaduct and a disused building to allow construction of a new bus route, and a re-alignment of Union Street at the junction with the A2 and Chatham Bus Station enabling works. As part of these improvements a new bus station was delivered. The project was built to programme and within budget, demonstrating the Council's experience of managing major town centre infrastructure projects.

Command of the Heights: A joint project between Medway Council and the Fort Amherst Heritage Trust and has been funded by Heritage Fund. The work started in 2018 and the final element of the works were completed in 2020. The project transformed areas of historic value including the restoration of previously closed areas of the fort, making them available for public access.

Chatham Town Centre Placemaking and Public Realm Package: This project was awarded £4.2m Local Growth Fund by South East Local Enterprise Partnership to deliver public realm and accessibility improvements between Chatham railway station and the town centre. Medway Council worked with Network Rail to deliver improvements to the station forecourt. This experience demonstrates Medway Council's approach to partnership working.

4.4. Competition issues:

Works are not overly complex, and in Medway Council's experience of recent similar projects, the market response to competition processes have been excellent with a high level of interest received. The Council does not expect to encounter competition issues but will fully engage with supply chains to ensure a high level of interest is generated. The Council's engagement of a third-party project manager from an early stage has provided insights regarding deliverability,

cost and specification which has guided the proposed procurement approach, in addition to ensuring that ultimately the principal works package is appealing to the contractor market.

From an operational perspective, the Council has already undertaken a competitive procurement process in July 2022 – following soft market testing – via the Kent Business Portal which led to submissions from three bidders. The winning bidder was selected following their high scoring against the selection criteria including past experience running workspaces and commitment to delivering socio-economic outcomes. The competitive nature of the tender with multiple bidders provides reassurance that there are no competition issues with the operational supply chain.

4.5. Human resources issues:

Human resource issues are not expected in the delivery of these works; Medway Council is fully resourced to deliver the Innovation Hub project. The Innovation Hub benefits from FHSF funding and the personnel already in place delivering this project and wider programme.

4.6. Risks and mitigation:

Medway Council, as scheme promoter will carry the commercial risk associated with this project. The risk will be managed through the procurement process. In order to qualify to undertake any work for Medway Council, suppliers are required to undergo a financial check. This ensures that suppliers used have a sound financial background with a lower risk of failure during their period of appointment. During the construction process, due to the chosen procurement route, the financial risk will pass to the contractor. The contractor will be presented with the full design at the start of the procurement exercise. This will allow the contractor to work out an accurate cost for delivering the scheme. Once the contract has been entered into the financial risk will be with the contractor as they will be required to deliver the scheme within the cost quoted, or be liable for the additional costs; this is based on the assumption that no further changes are made to the design post contractor procurement.

For the avoidance of doubt, it is considered that the allowed cost contingency of 10% is appropriate to mitigate against the risk of potential cost over-runs in the context of the present project and works proposed. Positive supply chain and contractor relationships and proactive project management will be implemented to mitigate the majority of these issues.

Operational risk will be borne by the selected operator under the terms agreed, by way of a 10 year lease, with the operator liable to pay an agreed rent, service charge, business rates, and insurance, with the first three years rent and service charge free.

4.7. Maximising social value:

Medway Council has taken steps to ensure the bulk of procurement within Medway increases social value in accordance with the Social Value Act 2012. The Council asks all contractors to explain how they will support local companies, labour and suppliers as a result of winning the Contract. Some examples may include training of local staff, apprenticeships or the use of local transport and businesses as part of the contract, sourcing of supplies or disposal of waste and recycling materials within the borough. Suppliers are asked to detail any apprenticeship

programme they have and what benefits this will yield. The Council has a target to award 40% of its annual spend to local SME's.

Social Value is an important outcome from Medway Council's procurement activities and as such, the Council has adopted the national TOMs (Themes, Outcomes and Measurements) from the Social Value Portal as the foundation for identifying and generating Social Value.

The TOMs are applied to all applicable tenders through consultation with the lead officer to ensure they are fit for purpose, appropriate as per the respective service plan, and manageable. At the point of contract award, the Measures are transposed into KPIs with the winning bidder's commitment being the indicator, and subsequently monitored through the duration of the contract.

Whilst the bedrock of the TOMs is a financial proxy, this approach allows officers to hold the contractor to account to ensure perceived and offered benefits are realised and delivered during the contract.

The TOMs will be applied to the procurement of a contractor to deliver the principal construction works package, having already been applied to the operator procurement exercise undertaken in July 2022, with the selected operator committing to a range of social value linked KPIs as per the TOMs framework.

5. FINANCIAL CASE

The Financial Case determines whether the scheme will result in a fundable and affordable Deal. It presents the funding sources and capital requirement by year, together with a Quantitative Risk Assessment (QRA), project and funding risks and constraints. All costs in the Financial Case should be in nominal values²³.

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

5.1. Total project value and funding sources:



Funding source	Amount (£)	Constraints, dependencies or risks and mitigation
Future High Streets Fund (FHSF)	[REDACTED]	[REDACTED]
Council commitment	[REDACTED]	[REDACTED]
Getting Building Fund	£300,000	Funding request
Total project value	[REDACTED]	

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

£300,000

Medway Council is satisfied that the funding complies with all Subsidy Control rules and guidance. All GBF funds will be spent by January 2025.

5.3. Costs by type:

Inflation – an inflation allowance has been incorporated into the cost plan, inclusive of both tender stage and construction allowances (see Feasibility Study at Annex C for further details). This is separate to the 10% inflation allowance (shown as QRA in the table below).

Optimism Bias – for the avoidance of doubt, Optimism Bias has not been applied in the Financial Case.

²³ Nominal values are expressed in terms of current prices or figures, without making allowance for changes over time and the effects of inflation.

Monitoring & Evaluation – all costs associated with M&E will be borne by existing Medway Council staffing resource due to the limited scale of the proposed funding request and scale of the obligations. The proposed third party operator will also report on project outcomes (e.g. job numbers) as part of the contractual terms agreed with Medway Council.

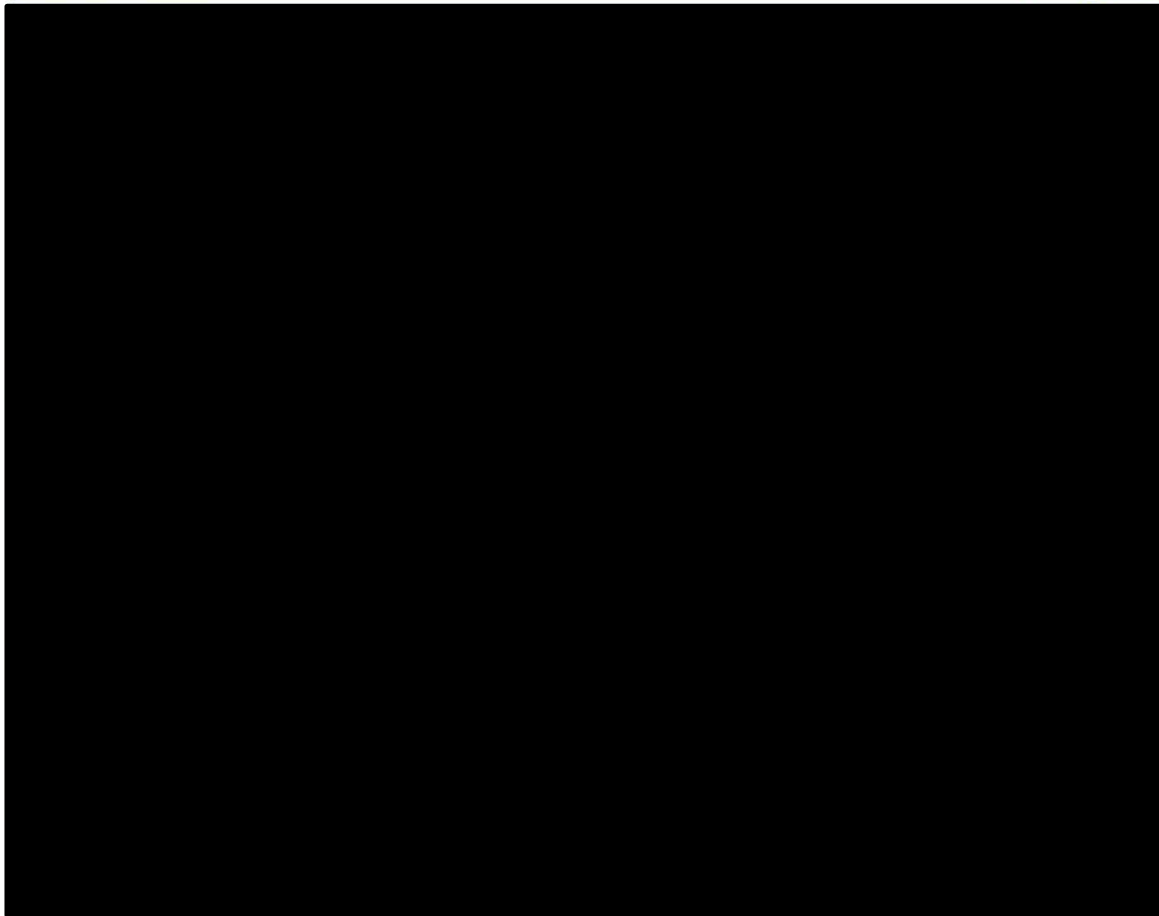
Cost type	Expenditure Forecast				
	22/23 £000	23/24 £000	24/25 £000	25/26 £000	Etc.
Capital	■	■	■	0	0
Non-capital					
QRA	■	■	■	0	0
Monitoring and Evaluation	Existing Council staff resource				
Total funding requirement	■	■	■	0	0
Inflation (%)	Allowance for cost inflation included in detailed cost plan				

5.4. Quantitative risk assessment (QRA):

The estimated costs for the project are as shown below. These costs have been calculated by project manager, Black Cat, having regard to previous experience of tender prices for similar works (with appropriate uplift where necessary), and by using various industry recognised Schedule of Rates, BCIS etc. As procurement of the principal contractor will commence in September 2023 and the works are scheduled for completion by June 2024, no additional inflationary uplift has been added beyond that considered proportionate and taken into consideration in the preparation of estimates for the cost plan by Black Cat (see Feasibility Study at Annex C for details).

A total contingency of 10% has been allowed for which is considered an appropriate reflection of the level of risk associated with this relatively straightforward package of works and in line with typical contingency allowances for comparable strip out and fit out works.

A detailed cost plan is annexed to this business case (see Annex D).



The table below shows the profile of capital expenditure by funding source annually. It should be noted that the figures are rounded.

Funding source	Expenditure Forecast					
	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000	27/28 £000
Future High Streets Fund	■	■	■			
Council commitment			■			
Getting Building Fund			■			
Non-capital	Operation of the Innovation Hub on completion of works will be passed to a private sector operator which will be responsible for staffing and revenue costs under the terms of a 10 year lease					
Total funding requirement	■	■	■			

6.1. Funding commitment:

Future High Streets Fund and Council Commitment to the project is secured.

Throughout the project programme Medway Council will continuously review the project budget and estimated costs to identify at the earliest opportunity any risk of cost overruns. Wherever

possible action will be taken to reduce or eliminate the cost overrun through various measures including value engineering. However, if it is not possible to deliver the scheme in accordance with the Business Case without a cost overrun Medway Council will be liable to cover the cost overrun.

A signed assurance from the Section 151 Officer is provided at Appendix B.

6.2. Risk and constraints:

Medway Council has considered project and funding risks and constraints in consultation with project managers, Black Cat. A Risk Management Strategy has been prepared and is set out in Appendix C below.

No major risks within the control of the delivery partners have been identified in relation to the project and contract delivery.

Funding from the Future High Streets Fund has already been committed, as has funding from Medway Council, leaving the greatest risk to delivery is attached to the requirement to secure Getting Building Fund investment of £300,000, which is the subject of this business case.

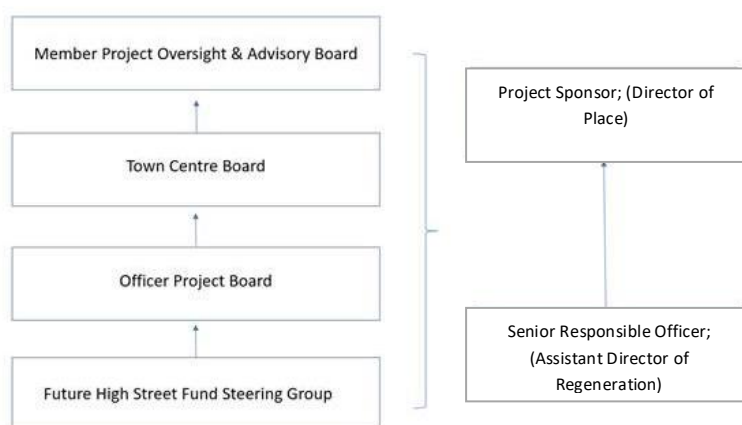
For the avoidance of doubt, operational risk has been mitigated through the completion of a competitive procurement process with commercial terms having been agreed with a preferred operator (a ten year lease including rent-free period and breaks).

7. MANAGEMENT CASE

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

7.1. Governance:

The Innovation Hub is held to the governance procedures Medway Council has established for capital projects, which is inclusive of GBF and FHSF governance requirements. The Senior Responsible Officer for this project is Sunny Ee, and the Project Sponsor is Adam Bryan.



At an operational level, the GBF and FHSF projects – which includes the Innovation Hub - have delivery meetings on a biweekly basis, with project managers, FHSF and GBF Programme and support officers, key stakeholders, and partners. These meetings facilitate detailed discussion on the delivery of individual projects, logistics and ensure governance procedures are adhered to.

An **Officer Steering Group** is also established (referred to as the FHSF Steering Group in the diagram above), all project leads attend along with the FHSF and GBF Programme manager and FHSF and GBF support officer and representatives from Procurement and Finance. The Officer Steering Group has a project Assurance Role, at this meeting project updates are shared including; programme, key risks and the timeline for internal / FHSF / GBF reporting. This group provides a platform to discuss interfaces between the projects, enabling a holistic and efficient approach to the delivery of the suite of projects.

Monthly **Officer Project Boards** are attended by senior council officers which include the S151 officer, the Senior Responsible Officer and Deputy Chief Executive, where project updates, key risks, programme and spend are presented.

On a quarterly basis the FHSF Programme Manager presents an update to the **Town Centre Board**, which is a Cabinet Advisory Board. This provides an opportunity for Councillors and Senior Officers to comment on the projects, while fulfilling a governance role.

The **Member Project Oversight and Advisory Board**, which consists of the Leader of the Council and relevant Portfolio Holders is also updated on a quarterly basis regarding project updates, key risks, programme and spend.

The FHSF Programme Manager also updates the **Chatham Town Centre Forum**, consisting of local stakeholders and businesses, on the progress for the projects which provides an outlet for local consultation.

As the Council has appointed an external operator, marketing of the space for commercial use will be undertaken by the operator. Currently, website and social media platforms are being created with Press Releases in draft for when design and build tender is complete. The Economic Development Team also get frequent enquiries for business and especially office space which can act as a referral for the space when nearing completion.

All governance procedures adhere to the Public Procurement Regulations and wider Council governance procedures. Procurement activities undergo a thorough process with Procurement, Finance, and Legal colleagues providing comments on the tender activity / return and designated boards for sign off (Directorate Management Meetings and Procurement Boards).

The Regeneration Service also has an **Overview & Scrutiny Committee**, which is cross party. The Committee's function is to discuss and make recommendations on council policies and hold the Leader of the Council and Cabinet Members to account. Where applicable papers for the individual projects will be submitted to the Committee.

7.2. Approvals and escalation procedures:

Project managers are expected to make day to day operational decisions in order to ensure project delivery. Any reported issues or risks that arise which might impact on the successful delivery of the project must be reported on the monthly project dashboard report. In addition, if the project manager is requesting a change to the project which will impact on budget, outcomes, outputs, delivery timetable, or will signify a change in project scope or delivery approach compared to that specified in the Business Case they are required to submit a change management request for consideration as part of the FHSF Programme Steering Group meeting. For the avoidance of doubt, the Innovation Hub project principally sits within the FHSF Programme, and this will be the principal forum for the project's ongoing governance; it will be reported on within the GBF Programme Steering Group for update purposes only, to avoid duplication of governance procedures.

At the FHSF Programme Steering Group meeting there will be discussion regarding the issues or risks flagged up by the project manager. Advice will be given regarding how to address the risks and issues, in order to minimise the impact on project delivery. As the attendees at the FHSF Programme Steering Group meeting include both Project Owners and Project Sponsors, the group is also able to consider the change management requests put forward by the project managers. If the change supported by the Steering Group is considered to be low risk and has no budgetary implications the project manager can implement the change without further approval required. However, if the change is considered to be medium or high risk or has budgetary implications, the change management request also needs to be presented to the Officer Project Board. The Officer Project Board is attended by senior council officers including the Director of Place. This Board has greater authority to approve changes which impact on the use of council resources, or which could significantly impact on project delivery. Any project changes that have been requested will be included on the dashboard reports that go to Member Project Oversight & Advisory Project Board. At this meeting, Members can challenge project progress and decisions that have been made.

If approval is needed for a change that will result in a significant change to the project Business Case the Portfolio Holder for Inward Investment, Strategic Regeneration and Partnerships, as the

Council's representative on the SELEP Accountability Board, will be involved in the approval process. The FHSF Programme Management team and the GBF Programme Management team will liaise to ensure that the SELEP change management process, as set out in the SELEP Assurance Framework, is followed where required. This process ensures that project changes are reported to Accountability Board. In situations where a significant change is proposed Medway Council is required to seek approval by Accountability Board before implementing the change.

7.3. Contract management:

For the principal works contract there will be one procurement exercise for a Principal Contractor to deliver the principal works via a Design & Build contract up to and including Cat B fit out (noting that the Council is currently out to tender for strip-out and demolition works separately and in advance of the principal works). This ensures one accountable body and removes interfaces with multiple contractors on site with H&S CDM requirements and assurances. The tender specification and subsequent contract will outline the works requirement, quality required, programme and budget. These elements will also be included within the contracts KPIs. The project manager will meet frequently with the team to review quality, programme, and scope.

7.4. Key stakeholders:

The Innovation Hub has been widely discussed among internal Council departments, with the proposed project receiving significant support at officer and member level. This is reflected in the original approval of the FHSF business case in 2020 which resulted in £9.5m of funding being awarded, and the Council making significant progress in seeking to deliver the funded projects. Internal Officer teams involved include Property, Town Centre Management, and Regeneration. Further support has been secured from the Leader, and Portfolio Holders for Inward Investment, Strategic Regeneration and Partnerships, and Planning, Economic Growth and Regulation. The Chatham Town Centre Forum meetings include a variety of local business representatives, Kent Policy, Medway Council's Chief Legal Officer as well as officers from Planning, Town Centre Management and Economic Development. These meetings are also attended by the Ward Councillors and Portfolio Holders for Town Centres and the Portfolio Holder for Regulatory Services. Ellandi as asset manager for the Pentagon Shopping Centre and Workman as property managers for the centre are also supportive of the proposed project and aware of progress. The selected operator is also a key stakeholder.

7.5. Equality Impact:

A full Diversity Impact Assessment has been carried out by Medway Council, which is appended to this business case (see Annex E). In summary, the assessment has found that the proposed intervention is likely to advance equality and foster good relations for the following protected characteristic groups as defined by the Equality Act 2010: age, disability, gender reassignment, marriage/civil partnership, pregnancy/maternity, race, religion/belief, sex, sexual orientation. The assessment also concludes that there will be no negative impacts to those within the protected characteristics, and separately, that specific accessibility considerations will be in place post-delivery of the works.

7.6. Risk management strategy:

A project risk assessment is attached at Appendix C having been prepared by Medway Council with project managers, Black Cat. The risk assessments do not identify any major risks to the delivery of the project.

A number of risks of potentially medium or high risk have been identified with full mitigation details provided in Appendix C.

Risk associated with the proposed cost of the project is considered to be low with appropriate, industry standard contingency allowance adopted for what is considered to be a relatively straightforward package of works.

Notwithstanding these delivery risks, which are not major risks to the delivery of the project, robust and proportionate mitigation measures have been proposed by Medway Council and the project managers with the benefit of significant relevant past experience and based on best practice approaches successfully employed elsewhere.

The project manager will be responsible for updating the risk register and flagging the risks at bi-weekly project meetings. The Risk Register is also submitted to Officer Project Boards and Member Project Boards, to raise any significant and immediate risks to the projects, a RAG rating is applied to the risks to identify the likelihood and the severity of impact. Risk mitigation measures will be identified and appropriate action taken, sign off procedure on the mitigation measure will be dependent on the tolerance threshold (relating to cost and programme) and will be escalated accordingly on this basis.

7.7. Work programme:

The work programme for this project is attached at Appendix D.

The critical path is as follows:

- Development design to be completed in September 2023
- Procurement of a principal contractor in October 2023 to December 2023
- Start on site in March 2024
- Completion of construction works in June 2024
- Handover in July 2024

A Project Management Plan will be drafted and will be a live document, upon appointment of the principal contractor, to ensure that key information is accessible to all parties, the Plan will include;

- o Project directory
- o Roles and responsibilities
- o Project definition and Specification of the works along with KPIs- assisting with quality assurance
- o Statement of objectives
- o Key milestones and programme
- o The key targets and outputs, these include the area floor space to be delivered, jobs facilitated post delivery, ventilation, lighting and broadband requirements.
- o Governance
- o Risk assessments
- o Methods statements

To ensure quality objectives are met, the Council and the appointed operator will review the designs, plans and specification with the project team. Case studies have been used to

benchmark the quality and aspiration required for the project. Key principles have been established for the design, which include, economic management and maintenance of the space post delivery, including the use of standard products over bespoke for longevity and a whole life cost assessment. Lessons learnt from previous projects include implementing cost effective maintenance options to reduce life cycle costs and ensure that a high quality standard can be maintained going forward.

7.8. Previous project experience:

Medway Council has significant experience of delivering regeneration projects on time and within budget, delivering on their originally agreed objectives:

Chatham Regeneration: This £12.5m project consisted of elements which were delivered between 2007 and 2014. It consisted of the conversion of Chatham ring road from one way to two-way traffic flow, demolition of Sir John Hawkins Way viaduct and a disused building to allow construction of a new bus route, and a re-alignment of Union Street at the junction with the A2 and Chatham Bus Station enabling works. As part of these improvements a new bus station was delivered. The project was built to programme and within budget, demonstrating the Council's experience of managing major town centre infrastructure projects.

Command of the Heights: A joint project between Medway Council and the Fort Amherst Heritage Trust and was funded by Heritage Fund. The work started in 2018 and the final element of the works were completed in 2020. The project transformed areas of historic value including the restoration of previously closed areas of the fort, making them available for public access.

Chatham Town Centre Placemaking and Public Realm Package: This project was awarded £4.2m Local Growth Fund by South East Local Enterprise Partnership to deliver public realm and accessibility improvements between Chatham railway station and the town centre. Medway Council worked with Network Rail to deliver improvements to the station forecourt. This experience demonstrates Medway Council's approach to partnership working, which it will take forward with its co-funding partners on FHSF and GBF funded projects.

Strood Riverside: An £11m transport and public realm improvement scheme for Strood, which was developed, designed and constructed within a three-year period.

Levelling Up Fund: Medway Council secured £14.4m from the Levelling Up Fund in 2021 to deliver three related town centre creative industries linked projects – the refurbishment of the Brook Theatre, the conversion of the Docking Station in partnership with the University of Kent to create a hybrid workspace and education facility for the creative industries, and the delivery of Phase 2 of the conversion of the Fitted Rigging House at the Historic Dockyard Chatham to deliver new SME workspace. This programme of activity is underway.

7.9. Monitoring and evaluation:

See 6.9.1 for completed Logic Map.

The Monitoring and Evaluation Report template and Baseline Report template has been completed at Appendix F.

6.9.1 Logic Map

Objectives	Inputs	Outputs	Outcomes	Impacts
<p>To deliver an Innovation Hub which achieves the following:</p> <p>Objective 1: Support local businesses, start-ups and entrepreneurs to start, grow and innovate their businesses</p> <p>Objective 2: Diversify Chatham town centre to support its viability, vitality and resilience.</p>	<p>For all schemes:</p> <p>Take from section 1.10 / Financial Case</p> <p>Getting Building Fund £300,000</p> <p>Matched Contributions Spend ██████████</p> <p>Future High Streets Fund (FHSF) ██████████</p>	<p>For all schemes:</p> <p>Influenced by detail in section 3.2.</p> <p>Also refer to metrics output metrics within Appendix E</p> <p>Proposed employment floorspace of 1,331 sqm (14,325 sqft)</p>	<p>Influenced by details in sections 2.1, 2.11, 3.6 noting that as funding sought is <£2m, the only outcome captured in this logic model relates to proposed job creation.</p> <ul style="list-style-type: none"> 100 FTE jobs (net additional) created/retained in the first year of operation – funded by FHSF, Medway Council match funding and GBF funding NOTE – GBF funding will unlock 50 net additional FTE jobs in the first year of operation, rising to 100 FTE jobs. 	<p>For schemes of £2m of funding or less:</p> <ul style="list-style-type: none"> N/A as only £300,000 of funding from GBF is sought

8. DECLARATIONS

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

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


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

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

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

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

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

<i>Signature of applicant</i>	
<i>Print full name</i>	Sunny Ee
<i>Designation</i>	Assistant Director Regeneration

9. APPENDIX A – ECONOMIC APPRAISAL ASSUMPTIONS

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

N/A – not required as funding requested is <£2m.

Appraisal Assumptions	Details
QRA and Risk allowance	
Real Growth	
Discounting	
Sensitivity Tests	
Additionality	
Administrative costs of regulation	
Appraisal period	
Distributional weights	
Employment	
External impacts of development	
GDP	
House price index	
Indirect taxation correction factor	
Inflation	
Land value uplift	
Learning rates	
Optimism bias	
Planning applications	
Present value year	
Private sector cost of capital	
Rebound effects	
Regulatory transition costs	

10. APPENDIX B - FUNDING COMMITMENT

Dear Colleague

In submitting this project Business Case, I confirm on behalf of Medway Council that:

- The information presented in this Business Case is accurate and correct as at the time of writing.*
- The funding has been identified to deliver the project and project benefits, as specified within the business case, subject to approval of the detailed business case by the Section 151 Officer in consultation with the Portfolio Holders.*
- The risk assessment included in the project Business Case identifies all substantial project risks known at the time of Business Case submission.*
- The delivery body has considered the public-sector equality duty and has had regard to the requirements under s.149 of the Equality Act 2010 throughout their decision-making process. This should include the development of an Equality Impact Assessment which will remain as a live document through the projects development and delivery stages.*
- The delivery body has access to the skills, expertise and resource to support the delivery of the project*
- Adequate revenue budget has been or will be allocated to support the post scheme completion monitoring and benefit realisation reporting*
- The project will be delivered under the conditions in the signed GBF Service Level Agreement or other grant agreement with the SELEP Accountable Body.*

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

Yours Sincerely,

SRO



Sunny Ee, Assistant Director Regeneration

S151 Officer



Phil Watts, Chief Operating Officer

11. APPENDIX C – RISK MANAGEMENT STRATEGY

Description of Risk	Impact of Risk	Risk Owner	Risk Manager	Likelihood of occurrence (Very Low/ Low/Med/ High/ Very High) (1/2/3/4/5) *	Impact (Very Low/ Low/ Med/ High/ Very High) (1/2/3/4/5) **	Risk Rating	Risk Mitigation	Residual Likelihood/Impact Scores
<p>Budget vs Design Intent – A budget has been secured to undertake the development of the scheme. As this budget is fixed it is important that the design is developed in line with this otherwise expectations around scope could be mismanaged.</p>	The scope exceeds the budget available for the scheme	Medway Council	Medway Council	High 4	Very High 5	20	Medway are to review if additional funding required is available; and work alongside the Operator and project team to minimise the risk of exceeding the budget by looking at alternative design solutions	LOW
<p>Marketplace and procurement - The post Brexit and Covid 19 marketplace is challenging and there is a shortage of labour and</p>	No tender submissions are received when procuring the works; and/or submissions	Project Manager	Medway Council	Medium 3	Medium 3	9	Agreement of a suitable procurement route to be agreed between Project Manager (Black Cat) & Medway; and early	LOW

materials. This could pose a procurement risk as contractors are more selective about the work they bid on.	exceed the budget available, potential for a rescoping exercise						engagement with supply chains	
Budget & Inflation – Inflation is currently running at a high level in 2023 and it is proving hard for cost consultants to predict how inflation will develop in 2023 and beyond. Risk that there may be a gap between the desired scope and the available budget.	Insufficient budget could stall the delivery of the scheme – potential rescoping exercise	Project Manager	Medway Council	Medium 3	High 4	12	Cost plan to be updated at the end of each design stage and approval to proceed gained. Allowance to be made in the forecast for inflation at the prevailing rate.	LOW
Existing Centre Condition – The Centre is now aged, along with its infrastructure. There is a risk that we need to invest significantly to upgrade (e.g. ventilation, electrics, drainage)	Potential for further costs to be incurred in the construction phase due to unknowns with the buildings condition	Project Manager	Medway Council	Medium 3	Medium 3	9	Validation surveys will be required to establish whether the existing centre infrastructure can be adapted.	LOW

<p>Programme – The design programme proposed is tight and required strong performance from the design team, plus adequate engagement and sign off's from Medway. There is a risk that if this cannot be followed then the grant funding expenditure by March 2024 could be at risk.</p>	<p>Impact to budget if funds cannot be spent within the financial year of 2022/23.</p>	<p>Project Manager</p>	<p>Medway Council</p>	<p>Very High 5</p>	<p>High 4</p>	<p>20</p>	<p>Cashflow have been produced to show monies will be spent within the funding deadlines</p>	<p>LOW</p>
<p>Long lead in items – Long lead in items, such as shop frontages and heat recovery ventilation units, will need to be ordered immediately once the construction contract is signed, or there could be a risk that the programme extends.</p>	<p>Delay to delivery which will therefore impact when the facility is opened – reputational impact</p>	<p>Project Manager</p>	<p>Medway Council</p>	<p>Medium 3</p>	<p>High 4</p>	<p>12</p>	<p>Identify long lead in items and obtain indicative long lead in items that are needed early on the construction critical path</p>	<p>LOW</p>

* Likelihood of occurrence scale: Very Low (1) more than 1 chance in 1000; Low (2) more than 1 chance in 100; Medium (3) more than 1 chance in 50; High (4) more than 1 chance in 25; Very High (5) more than 1 chance in 10.

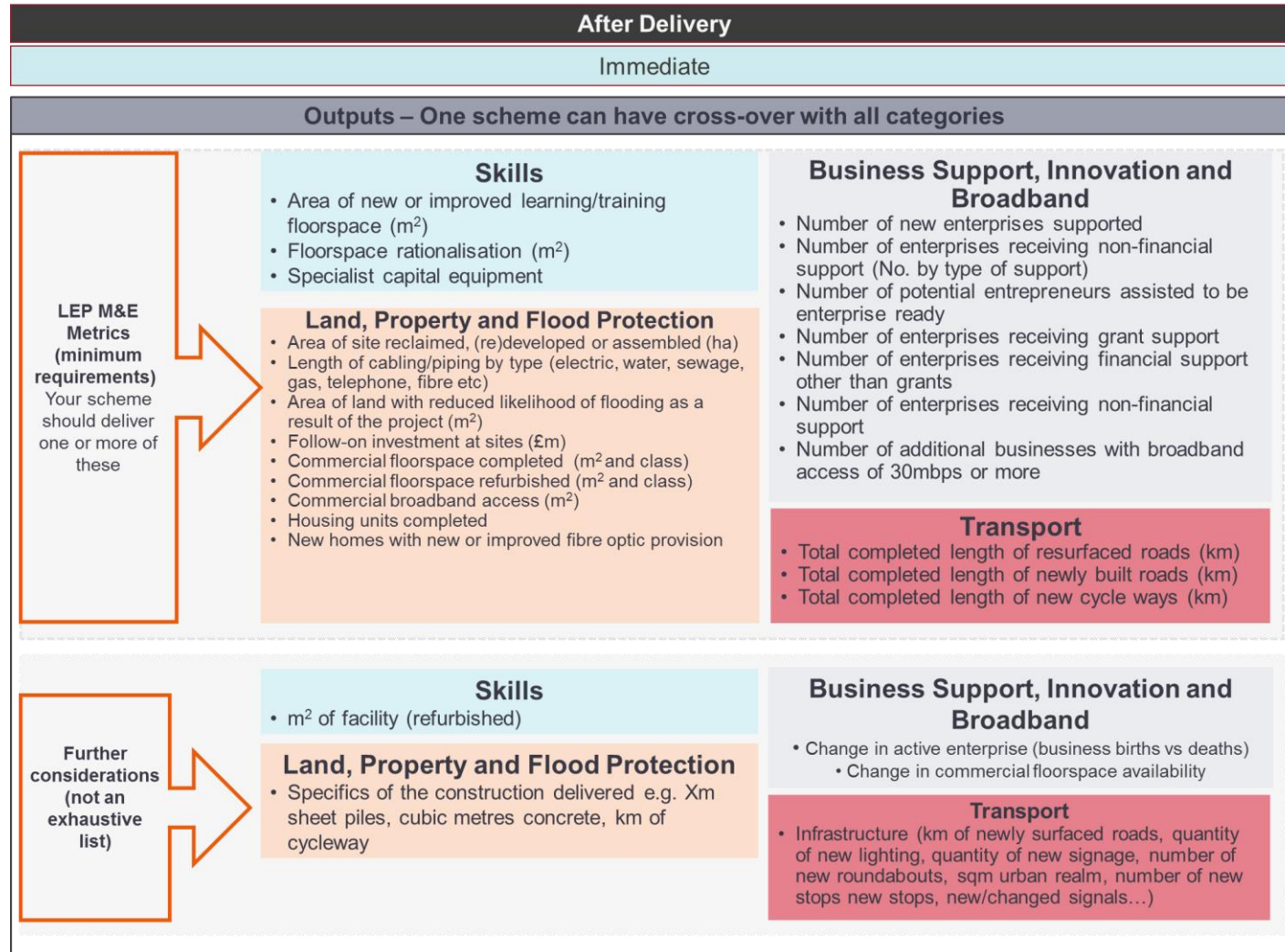
** Impact scale: Very Low (1) likely that impact could be resolved within 2 days; Low (2) potential for a few days' delay; Medium (3) potential for significant delay; High (4) potential for many weeks' delay; Very High (5) potential for many months' delay

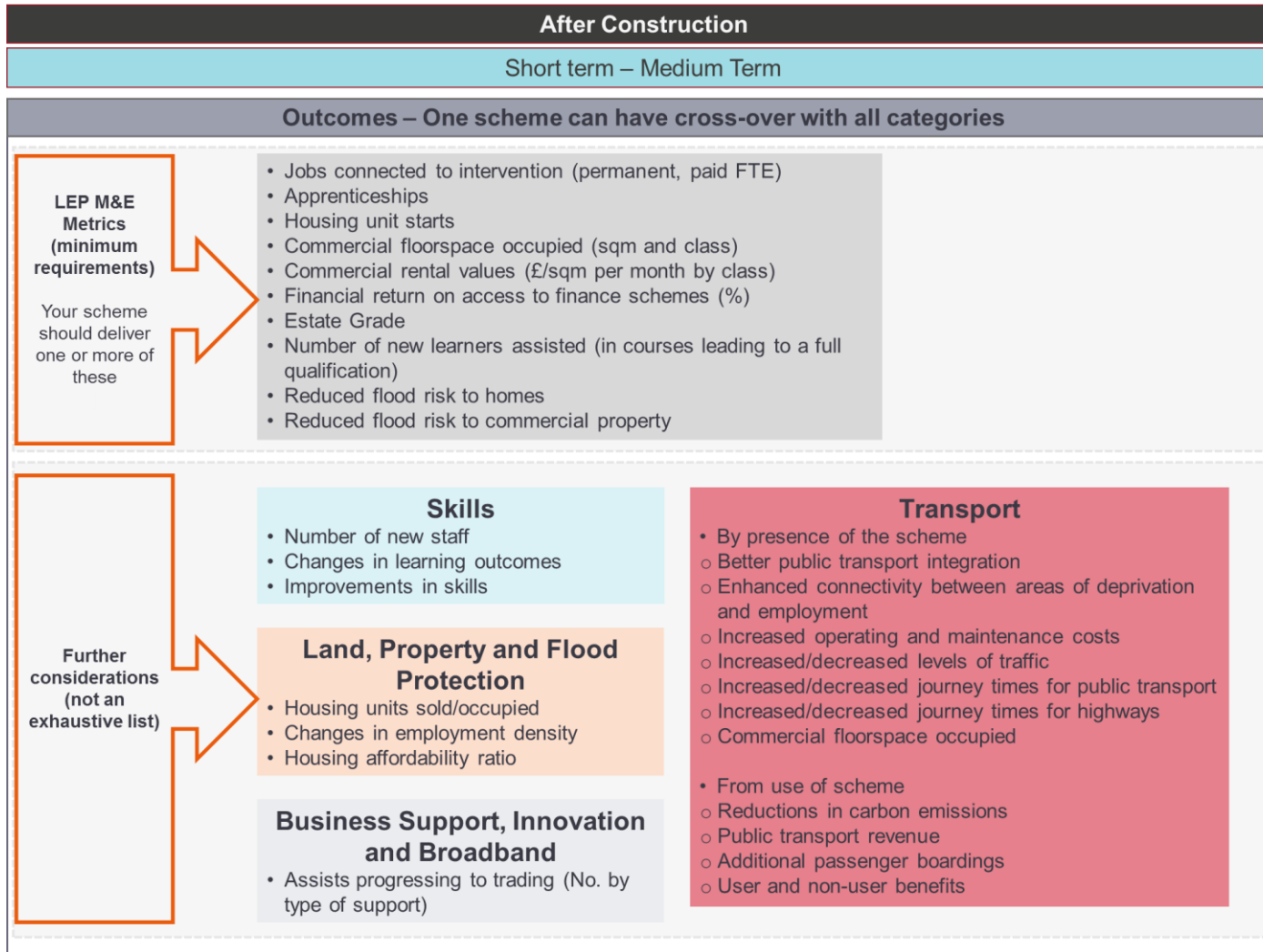
Please note, not all sections of the table may require completion.

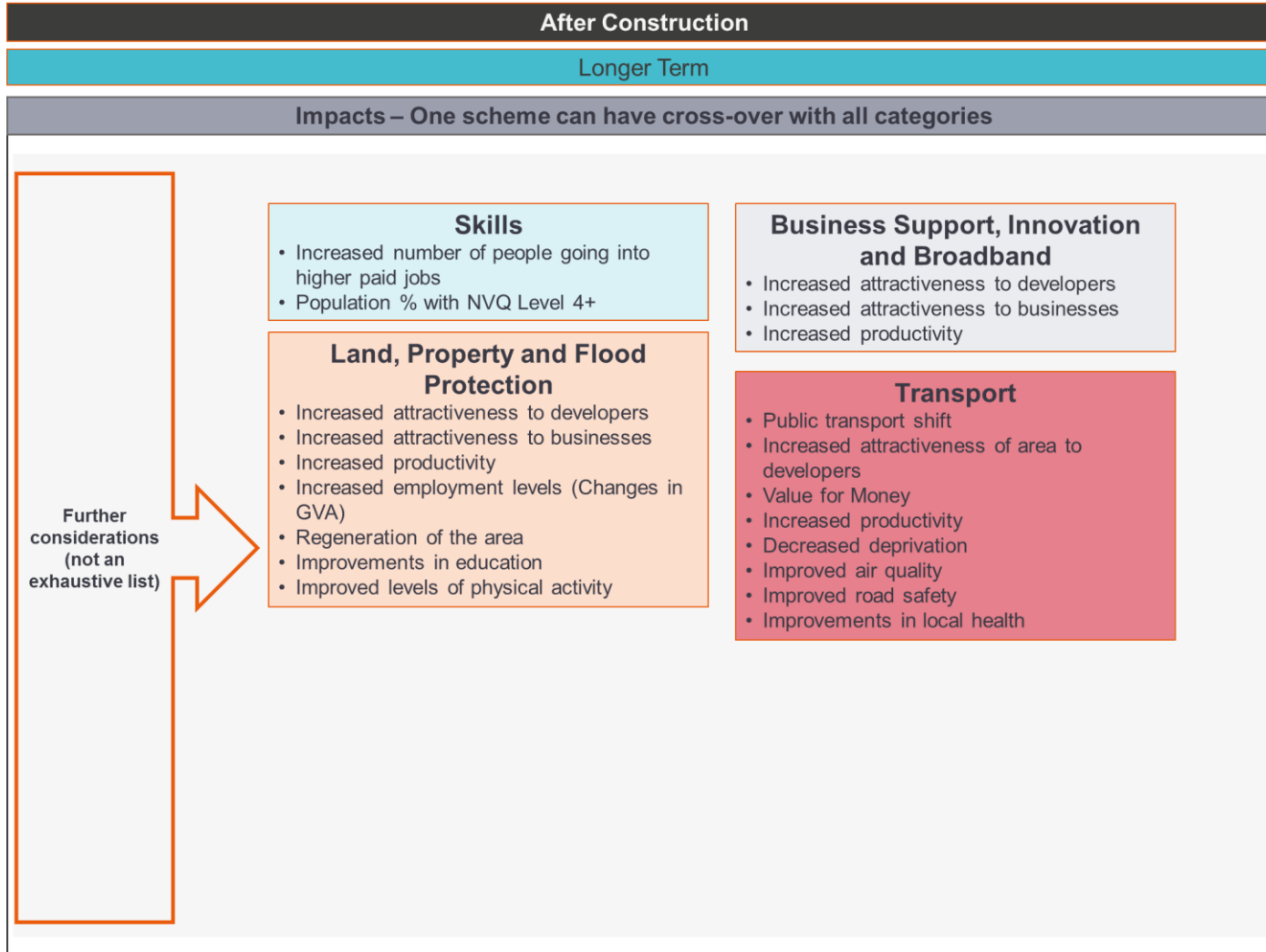
12. APPENDIX D – GANTT CHART

Tasks	Start date	Finish date	Completed	2022/2023							2023/2024			
				Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Option selection and outline business case	May-20	Feb-23												
Feasibility study	Sep-22	Feb-23												
RIBA Stage 3 - Developed design stage	Sep-23	Sep-23												
Procurement of principal contractor	Oct-23	Dec-23												
Mobilisation	Jan-24	Feb-24												
Start on site	Mar-24	Mar-24												
Construction works	Mar-24	Jun-24												
Handover	Jul-24	Jul-24												

13. APPENDIX E – MONITORING AND EVALUATION METRICS FOR LOGIC MAP









SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

14. APPENDIX F – MONITORING AND EVALUATION PLAN AND BASELINE REPORT TEMPLATES

MONITORING AND EVALUATION PLAN

PURPOSE

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

A NOTE ON COSTS

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

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

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



AN OVERVIEW TO THE MONITORING AND EVALUATION PROCESS

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



PROPORTIONATE APPROACH TO COMPLETING THE REPORT

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

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

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

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

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



			<p>considerations' section (see Appendix A supplied separately)</p> <p>Also include any additional outcomes that have a large or moderate benefit / disbenefit in the Business Case</p>	<p>Also include any additional impacts that have a large or moderate benefit / disbenefit in the Business Case</p>
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INNOVATION HUB: DIVERSIFICATION OF THE TOWN CENTRE

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

The objectives of the scheme are:

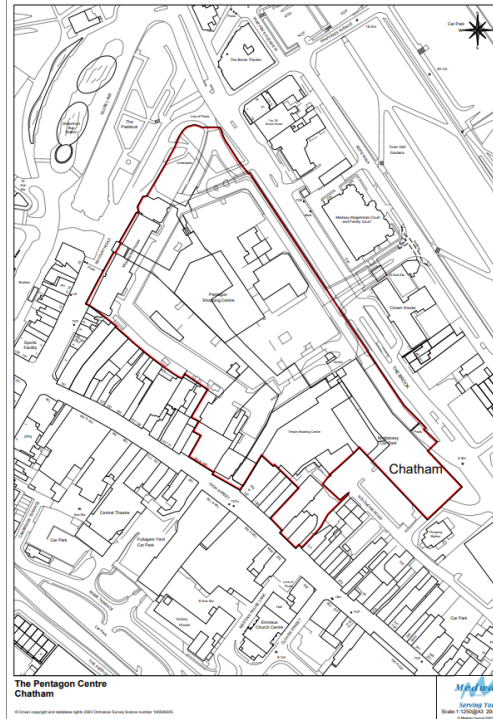
To deliver an Innovation Hub which achieves the following:

- **Objective 1:** Support local businesses, start-ups and entrepreneurs to start, grow and innovate their businesses
- **Objective 2:** Diversify Chatham town centre to support its viability, vitality and resilience.
- **Objective 3:** Support Employment growth

The geography of the scheme is shown in the map below



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP



INPUTS

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

- Update the table to include actual Financial Years for the period of delivery and approaches to monitor/track these values
- *Note – you may need to extend this table if the funding occurs in a period more than 3 years before your scheme opening date.*

ID	Input Description	Source of Value	Monitoring Approach	Frequency of Tracking	Source	[FY22/23]				[FY23/24]				[FY24/25]				
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
IN1	Grant Spend	Planned	Based on monthly contractor certificates and fee invoices – reported in monthly financial statement	Monthly	Planned									£300,000				
IN2	Matched Contributions Spend	Planned	Based on monthly contractor certificates and fee invoices – reported in monthly financial statement	Monthly	Planned													
IN3	Leveraged Funding	Planned	Based on monthly contractor certificates and fee invoices – reported in monthly financial statement	Monthly	Planned													

INPUT 4: PROJECT DELIVERY AND MILESTONES

- Please complete the table of planned Key Milestones

Milestone	Planned Date of Delivery
Start of project (start spending GBF or match funding)	May 2020 to February 2023
Detailed Design	September 2023
Full Planning Permission Granted	N/A
Site Mobilisation Works Commence	January 2024 to March 2024
Project handover	July 2024

INPUT 5: RISK MITIGATION

The risk register presented here is consistent with that provided in Appendix C.

Description of Risk	Impact of Risk	Risk Owner	Risk Manager	Likelihood of occurrence (Very Low/ Low/Med/ High/ Very High) (1/2/3/4/5) *	Impact (Very Low/ Low/ Med/ High/ Very High) (1/2/3/4/5) **	Risk Rating	Risk Mitigation	Residual Likelihood/Impact Scores
Budget vs Design Intent – A budget has been secured to undertake the development of the scheme. As this budget is fixed it is important that the design is developed in line with this otherwise expectations around scope	The scope exceeds the budget available for the scheme	Medway Council	Medway Council	High 4	Very High 5	20	Medway are to review if additional funding required is available; and work alongside the Operator and project team to minimise the risk of exceeding the budget by looking at alternative design solutions	LOW



could be mismanaged.								
<p>Marketplace and procurement -</p> <p>The post Brexit and Covid 19 marketplace is challenging and there is a shortage of labour and materials. This could pose a procurement risk as contractors are more selective about the work they bid on.</p>	<p>No tender submissions are received when procuring the works; and/or submissions exceed the budget available , potential for a rescoping exercise</p>	<p>Project Manager</p>	<p>Medway Council</p>	<p>Medium 3</p>	<p>Medium 3</p>	<p>9</p>	<p>Agreement of a suitable procurement route to be agreed between Project Manager (Black Cat) & Medway; and early engagement with supply chains</p>	<p>LOW</p>
<p>Budget & Inflation –</p> <p>Inflation is currently running at a high level in 2023 and it is proving hard for cost consultants to predict how inflation will develop in 2023 and beyond. Risk that there may be a gap between the desired scope and the available budget.</p>	<p>Insufficient budget could stall the delivery of the scheme – potential rescoping exercise</p>	<p>Project Manager</p>	<p>Medway Council</p>	<p>Medium 3</p>	<p>High 4</p>	<p>12</p>	<p>Cost plan to be updated at the end of each design stage and approval to proceed gained. Allowance to be made in the forecast for inflation at the prevailing rate.</p>	<p>LOW</p>
<p>Existing Centre Condition –</p>	<p>Potential for further</p>	<p>Project</p>	<p>Medway</p>	<p>Medium 3</p>	<p>Medium 3</p>	<p>9</p>	<p>Validation surveys will be required</p>	<p>LOW</p>



<p>The Centre is now aged, along with its infrastructure. There is a risk that we need to invest significantly to upgrade (e.g. ventilation, electrics, drainage)</p>	<p>costs to be incurred in the construction phase due to unknowns with the buildings condition</p>	<p>Manager</p>	<p>Council</p>				<p>to establish whether the existing centre infrastructure can be adapted.</p>	
<p>Programme – The design programme proposed is tight and required strong performance from the design team, plus adequate engagement and sign off's from Medway. There is a risk that if this cannot be followed then the grant funding expenditure by March 2024 could be at risk.</p>	<p>Impact to budget if funds cannot be spent within the financial year of 2022/23.</p>	<p>Project Manager</p>	<p>Medway Council</p>	<p>Very High 5</p>	<p>High 4</p>	<p>20</p>	<p>Cashflow have been produced to show monies will be spent within the funding deadlines</p>	<p>LOW</p>
<p>Long lead in items – Long lead in items, such as shop frontages and heat recovery ventilation units, will need to be ordered immediately once the construction contract is signed, or</p>	<p>Delay to delivery which will therefore impact when the facility is opened – reputational impact</p>	<p>Project Manager</p>	<p>Medway Council</p>	<p>Medium 3</p>	<p>High 4</p>	<p>12</p>	<p>Identify long lead in items and obtain indicative long lead in items that are needed early on the construction critical path</p>	<p>LOW</p>



there could be a risk that the programme extends.									
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OUTPUTS

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



EXAMPLE		
ID	Output Description	
OP1	Type of service improvement	Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring
		Value: 6 minutes from x to y by tram in the morning peak hour
		Source of Value: Full Business Case, p10
		Future Monitoring Approach: Through public timetable information from scheme opening (July 2021) for tram
		Frequency of tracking: Once after opening for One Year After Report
		Costs Allocated to Monitoring: Free- from public data source
		Details: Proposed Method of Collecting Baseline Information
Approach for Collection: Review of public transport timetable for equivalent bus route		
		Costs Allocated: Free- from public data source

COMPLETE AND REPEAT FOR ALL OUTPUTS

ID	Output Description	
OP1	1,331 sqft Innovation Hub comprising flexible workspace	<p>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</p> <p>Value: Employment floorspace (GIA)</p> <p>Source of Value: See Logic Map (2.2); See also Feasibility Study (Annex D)</p> <p>Future Monitoring Approach: the procured contractor (with procurement taking place later in 2023) will undertake the build and upon completion, Medway's Project Manager will sign off and confirm quality assurance of the facility.</p> <p>Frequency of tracking: Monthly reporting from the appointed contractor to Medway Council; propose a single point of reporting from Medway Council in line with targeted Practical Completion in July 2024. This can be more regular should SELEP require.</p> <p>Costs Allocated to Monitoring: N/A – Medway Council existing capital works team (delivering FHSF and GBF funded programmes) will report to SELEP on receipt of reporting from the appointed contractor.</p> <p>Details: Proposed Method of Collecting Baseline Information</p> <p>Approach for Collection: N/A - The baseline position is that an Innovation Hub does not currently exist so there is no data to collect.</p> <p>Costs Allocated: N/A – see above, existing resource will be utilised to complete the monitoring requirements.</p>

OUTCOMES

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



EXAMPLE		
ID	Outcome Description	
OC1	Jobs connected to the intervention	Details: Planned/Anticipated Outcome Value and Proposed Approach for Monitoring
		Value: 30 jobs – 15 from construction and 15 total FTE as a result of the scheme (5 additional jobs delivered in each year after opening for the first three years only)
		Source of Value: Full Business Case, p22
		Future Monitoring Approach: Construction jobs from contractor’s data. FTEs from surveying new businesses along the route of the tram with a short email questionnaire after scheme opening.
		Frequency of tracking: Once after opening and once for five years after opening report
		Costs Allocated to Monitoring: £450 for the email questionnaire to be externally delivered for each future report and 1 day of internal resource for mapping responses in GIS. In total £900 but with inflation, this is equivalent to £958+2days of internal resource for both the One Year After Opening Report and Five/Three Years After Opening Report
		Details: Proposed Method of Collecting Baseline Information
		Approach for Collection: There is one business in the impact area of the scheme on a small business park which is newly opened. This is a small accountancy firm. An email would be sent to this business to understand the number of people employed there.
		Costs Allocated: To send the email and interpret results- £0

COMPLETE AND REPEAT FOR ALL OUTCOMES

ID	Outcome Description	
OC1	Jobs created – 100 net jobs created following the first year of operation; 50 attributable to GBF funding (noting £0.3m GBF funding = 9% of total funding).	<p>Details: Planned/Anticipated Outcome Value and Proposed Approach for Monitoring</p>
		<p>Value: 50 net additional jobs created attributable to the GBF funding during the first year of operation.</p> <p>Source of Value: See Logic Map (2.2);</p> <p>Future Monitoring Approach: the selected operator (procurement completed in July 2022) will report regularly to Medway Council regarding employment outcomes and jobs created. The requirement for monitoring and reporting is to be embedded in contractual terms and was an important part of the tender process. Commercial terms are clearly conditional on the Innovation Hub being delivered and handed over (conditional on GBF funding). The operator will gather data from tenants regarding their operation size, number of employees origin (i.e. have they relocated from elsewhere), growth during occupation in order to establish additionality in terms of FTE job creation.</p> <p>Frequency of tracking: The operator will report on a quarterly basis to Medway Council regarding a range of metrics; these will feed into a one-year one monitoring report. Given the scale of proposed funding requested it is considered proportionate to limit monitoring of employment outcomes to one year on following opening.</p> <p>Costs Allocated to Monitoring: N/A – resourcing for both the operator and Medway Council is taken from existing or planned operational resourcing (i.e. no dedicated M&E resourcing specific to GBF).</p>
		<p>Details: Proposed Method of Collecting Baseline Information</p>
		<p>Approach for Collection: N/A – an Innovation Hub does not currently exist so the baseline position is that there are no SME jobs currently supported</p> <p>Costs Allocated: N/A – see above, existing resource will be utilised to complete the monitoring requirements.</p>

IMPACTS

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

EXAMPLE		
ID	Impact Description	
IM1	Improved road safety	Details: Planned/Anticipated Impact Value and Proposed Approach for Monitoring
		Value: General downwards trend in accidents
		Source of Value: Full Business Case, p42
		Future Monitoring Approach: STATS 19 (Road Accident Statistics)
		Frequency of tracking: Annually
		Costs Allocated to Monitoring: Free dataset from online but would require 1 day of GIS analysis from internal resource for each report
		Details: Proposed Method of Collecting Baseline Information

		<p>Approach for Collection: STATS 19 (Road Accident Statistics)</p> <p>Costs Allocated: Free dataset from online but would require 1 day of GIS analysis from internal resource</p>
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COMPLETE AND REPEAT FOR ALL IMPACTS

ID	Impact Description	
IM1	N/A – funding requested is <£2m	Details: Planned/Anticipated Impact Value and Proposed Approach for Monitoring
		<p>Value:</p> <p>Source of Value:</p> <p>Future Monitoring Approach:</p> <p>Frequency of tracking:</p> <p>Costs Allocated to Monitoring:</p>
		Details: Proposed Method of Collecting Baseline Information



		<p>Approach for Collection:</p> <p>Costs Allocated:</p>
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BASELINE REPORT

PURPOSE

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



AN OVERVIEW TO THE MONITORING AND EVALUATION PROCESS

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



PROPORTIONATE APPROACH TO COMPLETING THE REPORT

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

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

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

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

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



			<p>Appendix A supplied separately)</p> <p>Also include any additional outcomes that have a large or moderate benefit / disbenefit in the Business Case</p>	<p>Also include any additional impacts that have a large or moderate benefit / disbenefit in the Business Case</p>
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INNOVATION HUB: DIVERSIFICATION OF THE TOWN CENTRE

This Baseline Report provides the details of the inputs, outputs, outcomes and impacts of the proposed Innovation Hub from the period August 2023 to January 2024 before the scheme is constructed/delivered.

The objectives of the scheme are:

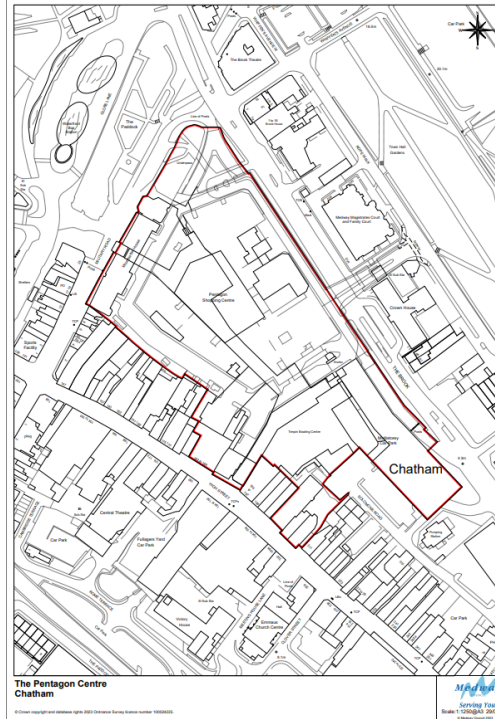
To deliver an Innovation Hub which achieves the following:

- **Objective 1:** Support local businesses, start-ups and entrepreneurs to start, grow and innovate their businesses
- **Objective 2:** Diversify Chatham town centre to support its viability, vitality and resilience.
- **Objective 3:** Support employment growth

The geography of the scheme is shown in the map below



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP



INPUTS

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

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

ID	Input Description	Source of Value	Monitoring Approach	Frequency of Tracking	Source	[FY22/23]				[FY23/24]				[FY24/25]			
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
IN1	Grant Spend	Planned	Based on monthly contractor certificates and fee invoices – reported in monthly financial statement	Monthly	Planned												
IN2	Matched Contributions Spend	Planned	Based on monthly contractor certificates and fee invoices – reported in monthly financial statement	Monthly	Planned												
IN3	Leveraged Funding	Planned	Based on monthly contractor certificates and fee invoices – reported in monthly financial statement	Monthly	Planned												



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

INPUT 4: PROJECT DELIVERY AND MILESTONES

- Please complete the table of planned Key Milestones

Milestone	Planned Date of Delivery
Start of project (start spending GBF or match funding)	May 2020
Public Consultation	May 2020 to February 2023
Detailed Design	September 2023
Full Planning Permission Granted	N/A
Site Mobilisation Works Commence	January 2024 to March 2024
Project Completion / Site Opening	July 2024

INPUT 5: RISK MITIGATION

Description of Risk	Impact of Risk	Risk Owner	Risk Manager	Likelihood of occurrence (Very Low/ Low/Med/ High/ Very High) (1/2/3/4/5) *	Impact (Very Low/ Low/ Med/ High/ Very High) (1/2/3/4/5) **	Risk Rating	Risk Mitigation	Residual Likelihood/Impact Scores
Budget vs Design Intent – A budget has been secured to undertake the development of the scheme. As this budget is fixed it is important that the design is developed in line with this otherwise expectations around scope	The scope exceeds the budget available for the scheme	Medway Council	Medway Council	High 4	Very High 5	20	Medway are to review if additional funding required is available; and work alongside the Operator and project team to minimise the risk of exceeding the budget by looking at alternative design solutions	LOW



could be mismanaged.								
<p>Marketplace and procurement -</p> <p>The post Brexit and Covid 19 marketplace is challenging and there is a shortage of labour and materials. This could pose a procurement risk as contractors are more selective about the work they bid on.</p>	<p>No tender submissions are received when procuring the works; and/or submissions exceed the budget available, potential for a rescoping exercise</p>	Project Manager	Medway Council	Medium 3	Medium 3	9	<p>Agreement of a suitable procurement route to be agreed between Project Manager (Black Cat) & Medway; and early engagement with supply chains</p>	LOW
<p>Budget & Inflation –</p> <p>Inflation is currently running at a high level in 2023 and it is proving hard for cost consultants to predict how inflation will develop in 2023 and beyond. Risk that there may be a gap between the desired scope and the available budget.</p>	<p>Insufficient budget could stall the delivery of the scheme – potential rescoping exercise</p>	Project Manager	Medway Council	Medium 3	High 4	12	<p>Cost plan to be updated at the end of each design stage and approval to proceed gained. Allowance to be made in the forecast for inflation at the prevailing rate.</p>	LOW
<p>Existing Centre Condition –</p>	<p>Potential for further</p>	Project	Medway	Medium 3	Medium 3	9	<p>Validation surveys will be required</p>	LOW



<p>The Centre is now aged, along with its infrastructure. There is a risk that we need to invest significantly to upgrade (e.g. ventilation, electrics, drainage)</p>	<p>costs to be incurred in the construction phase due to unknowns with the buildings condition</p>	<p>Manager</p>	<p>Council</p>				<p>to establish whether the existing centre infrastructure can be adapted.</p>	
<p>Programme – The design programme proposed is tight and required strong performance from the design team, plus adequate engagement and sign off's from Medway. There is a risk that if this cannot be followed then the grant funding expenditure by March 2024 could be at risk.</p>	<p>Impact to budget if funds cannot be spent within the financial year of 2022/23.</p>	<p>Project Manager</p>	<p>Medway Council</p>	<p>Very High 5</p>	<p>High 4</p>	<p>20</p>	<p>Cashflow have been produced to show monies will be spent within the funding deadlines</p>	<p>LOW</p>
<p>Long lead in items – Long lead in items, such as shop frontages and heat recovery ventilation units, will need to be ordered immediately once the construction contract is signed, or</p>	<p>Delay to delivery which will therefore impact when the facility is opened – reputational impact</p>	<p>Project Manager</p>	<p>Medway Council</p>	<p>Medium 3</p>	<p>High 4</p>	<p>12</p>	<p>Identify long lead in items and obtain indicative long lead in items that are needed early on the construction critical path</p>	<p>LOW</p>



there could be a risk that the programme extends.									
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OUTPUTS

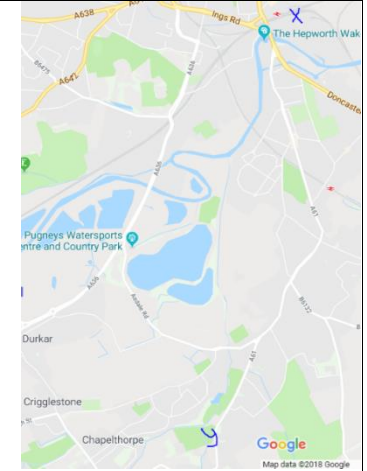
- Please provide information about:
 - what the baseline value is for each output and its source;
 - how the baseline value was measured;
 - what the planned/anticipated value is for the output and reference this source; and
 - how the value will be measured after the scheme opens.

EXAMPLE							
ID	Output Description		Value	Monitoring approach	Frequency of Tracking	Source	Date
OP1	Type of service improvement	Baseline	8 minutes from x to y by bus 11 in the morning peak hour	Through public timetable information	n/a	Timetable Bus 11 (March 2018)	March 2018
		Planned/ Anticipated	6 minutes from x to y by tram in the morning peak hour	Through public timetable information	Once after opening for One Year After Report	Full Business Case, p10	From scheme opening (July 2021)

Details: Method of Collecting Baseline Information

Public transport information from the latest bus timetable for service 11 was reviewed from stop X to Stop Y. The map shows where these locations are.

The cost of collecting this information was £0.



COMPLETE AND REPEAT FOR ALL OUTPUTS

ID	Output Description		Value	Monitoring approach	Frequency of Tracking	Source	Date
OP1	1,331 sq m of flexible employment workspace	Baseline	0 sq m of employment floorspace – currently vacant retail units	N/A – monitoring not required	N/A – monitoring not required	a measured survey has already been undertaken (see Feasibility Study at Annex D)	N/A
		Planned/ Anticipated	1,331 sq m	Contractor reporting - bi-weekly meetings with contractor and project team to ensure scope is delivered on time and to budget. Qualified professionals, including project manager and QS have been appointed_	Monthly contractor reporting to Medway Council.	Proposed procured contractor for principal works package. The Project Manager will sign off on the quantum and quality of floor space post completion of the works.	Jan – July 2024
Details: Method of Collecting Baseline Information							

OUTCOMES

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



EXAMPLE							
ID	Outcome Description		Value	Monitoring approach	Frequency of Tracking	Source	Date
OC1	Jobs connected to the intervention	Baseline	10 jobs from one business	Short email questionnaire	n/a	Email questionnaire before opening	2020
		Planned / Anticipated	30 jobs – 15 from construction and 15 total FTE as a result of the scheme (5 additional jobs delivered in each year after opening for the first three years only)	Construction jobs from contractors data. FTEs from surveying new businesses along the route of the tram with a short email questionnaire after scheme opening.	Once after opening and once for five years after opening report	Full Business Case, p22	After opening
Details: Method of Collecting Baseline Information There is one business in the impact area of the scheme on a small business park which is newly opened. This is a small accountancy firm. Through an email questionnaire before opening, we found that it employs 10 FTE. The cost of finding out this information was 1 day of internal resource.							

COMPLETE AND REPEAT FOR ALL OUTCOMES

	Outcome Description		Value	Monitoring approach	Frequency of Tracking	Source	Date
OC1	Proposed creation of 100 jobs within 1 year of opening; 50 attributable (pro rata) to GBF funding – only jobs created within 12 months of opening are being measured as this is proportionate to the funding request of £0.3m.	Baseline	N/A - only jobs directly attributed to the Innovation Hub are targeted as a measured outcome so the surrounding baseline is not being measured or monitored	N/A	N/A	N/A	N/A
		Planned/ Anticipated	Proposed creation of 100 jobs within 1 year of opening; 50 attributable (pro rata) to GBF funding	Operator survey monitoring of tenant occupiers and questionnaire at point of tenants commencing occupation of space	Quarterly operator reporting to Medway Council	Proposed operator	August '24 – July '25

Details: Method of Collecting Baseline Information

N/A – The proposed measured outcome is only associated with measuring the jobs directly associated with the Innovation Hub (e.g. operator staffing and business occupiers). The wider baseline is not being measured as broader job creation is not being measured given the funding request is <£2m.

IMPACTS

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

EXAMPLE							
ID	Impact Description		Value	Monitoring approach	Frequency of Tracking	Source	Date
IM1	Improved road safety	Baseline	14 slight 7 serious 2 killed	STATS 19 (Road Accident Statistics)	n/a	STATS 19	2020
		Planned/ Anticipated	General downwards trend in accidents	STATS 19 (Road Accident Statistics)	Annually	Full Business Case, p42	By 2026
Details: Method of Collecting Baseline Information Map STATS19 data and analyse results for key roads and junctions affected by reductions in traffic as a result of the scheme. This required 1 day of GIS time. STATS19 data was free to use.							

COMPLETE AND REPEAT FOR ALL IMPACTS

	Impact Description		Value	Monitoring approach	Frequency of Tracking	Source	Date
IM1	Increase in footfall to the Pentagon Shopping Centre	Baseline	In 2022 footfall was 6,341,441	Footfall counters	Quarterly reports are submitted	Pentagon Centre Asset Manager	2020
		Planned/ Anticipated	Yearly percentage increase in footfall in the Pentagon Shopping Centre	Footfall counters	Quarterly reports are submitted	Pentagon Centre Asset Manager	By 2026

Details: Method of Collecting Baseline Information

The Pentagon Centre Asset Manager's have footfall data collection in place



15. APPENDIX G - CATEGORIES OF EXEMPT INFORMATION

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

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

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

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

*Medway Council request that **all submitted Annexes** are considered as exempt information on the basis of the potential impact on commercial confidentiality.*

Annex A – Future High Street Fund application and business case

Annex B – [REDACTED]

Annex C – [REDACTED]

Annex D – [REDACTED]

Annex E – Innovation Hub Diversity Impact Assessment