

SELEP Growing Places Fund Prioritisation

1. Purpose

1.1 The purpose of this report is to provide the Strategic Board (the Board) with an update on the technical prioritisation exercise which has been completed in relation to recycling Growing Places Fund (GPF) and for the Board to agree the prioritised projects to be funded through the GPF opportunity.

2. Recommendations

2.1 The Board is asked to:

2.1.1 **Agree** to prioritise the six projects identified in Table Two for GPF investment, based on their Red Amber Green (RAG) assessment against the assessment criteria (listed in alphabetical order), namely:

2.1.1.1 Colchester Northern Gateway (£2.000m GPF);

2.1.1.2 Eastbourne Fisherman (£1.150m GPF);

2.1.1.3 Fitted Rigging House (£0.800m GPF);

2.1.1.4 Innovation Park Medway (£0.650m GPF);

2.1.1.5 No Use Empty (£1.000m GPF); and

2.1.1.6 South Essex College Centre for Advance Automotive and Process Engineering (£2.000m GPF)

2.1.2 **Agree** to the prioritisation of a further two schemes identified in Table Three to utilise the remaining GPF available, based on their RAG Assessment against the assessment criteria and available GPF, namely:

2.1.2.1 Charleston Centenary (£0.120m GPF); and

2.1.2.2 Javelin Way Development (£1.597m GPF).

2.1.3 **Note** that the agreed prioritised projects will be required to complete the necessary Independent Technical Evaluator process before formal approval of funding is given by the Accountability Board.

2.1.4 **Note** that loan funding will only be transferred to support the delivery of new GPF projects where it is available following repayment from existing GPF projects. In the first instance, priority will be given to existing GPF projects where project delivery is already being progressed.

3. Background

3.1 The South East Local Enterprise Partnership (SELEP) has a total GPF fund of £49.210m, of which £48.705m GPF has been allocated to date. These allocations include loan investments in 13 original GPF capital infrastructure projects. A small proportion of GPF revenue funding was allocated to Harlow Enterprise Zone (£1.244m) and the remaining proportion was ring-fenced to support the activities of SELEP's Sector Groups; as agreed by the Board.

3.2 Repayments under the loan agreements are now being received on these initial loan investments, which provides the opportunity for the SELEP to recycle the returned GPF payment in new GPF projects.

- 3.3 On the 9th June 2017 the Board agreed the approach to the re-investment of GPF, and this is set out in Appendix 1. This approach was based on a three stages to the consideration of projects, namely:
- 3.3.1 Stage 1: The identification of projects by Federated Boards;
 - 3.3.2 Stage 2: The prioritisation of project for GPF across SELEP; and
 - 3.3.3 Stage 3: The award of funding by the Accountability Board.
- 3.4 The Board agreed that any GPF awarded through this process would be as a Capital Loan, with interest being charged at two percent below the Public Works Loan Board (PWLB) Fixed Maturity Rate, or zero, whichever is higher at the point of the Loan Agreement being signed.
- 3.5 The Board had intended that an Investment Panel would be established, as a subcommittee of the SELEP Strategic Board, to discuss and agree the prioritisation; enabling a quicker process for agreeing GPF priorities. However, the Governance arrangements for the Investment Panel are still being agreed, and local partners' availability means that its establishment has been delayed. Unfortunately the prioritisation of projects remains pressing and is therefore reverting back to the Board for a decision.

4. Growing Places Fund available

- 4.1 The availability of GPF for reinvestment through this next round of prioritisation and award is based on the agreed repayment schedule for SELEP's existing GPF investments. The availability of GPF has been summarised in Table 1 below.

Table 1 GPF available for investment

	2017/18	2018/19	2019/20	Total
GPF available	£2,673,000	£3,190,000	£3,454,000	£9,317,000

- 4.2 Whilst a level of contingency has been included within the available GPF, if existing GPF projects fail to make repayments as per the agreed schedule then this will impact upon the amount of GPF available to re-investment.
- 4.3 All awards of funding by SELEP Accountability Board, through Stage 3, will be subject to sufficient GPF being available through the repayment of current investments. Payments to existing GPF projects, still due to draw-down GPF will be prioritised over the GPF projects identified through this latest prioritisation exercise.

5. Stage 1 – Expressions of Interest Sifting

- 5.1 Through the first stage of the assessment each Federated Area led a process to nominate projects for the GPF opportunity through the completion of an Expression of Interest (EoI). The projects were required to comply with the eligibility criteria set out in Appendix 1.
- 5.2 All projects required Federated Board endorsement and each Federated Board was invited to nominate projects with a total GPF ask of up to 50% of the total GPF amount available over the next three years (£9.317m).

5.3 Through this initial process, a total of 12 projects were identified by the Federated Boards, with a total original GPF ask of £15,945,000 as set out in Appendix 2.

6. Stage 2 – Scheme prioritisation by SELEP

6.1 For each of the projects identified through Stage 1, a Strategic Outline Business Case has been developed by scheme promoters to support a technical assessment by SELEP's Independent Technical Evaluator (ITE).

6.2 The ITE's technical assessment is presented in Appendix 3, to help support the consideration of projects by the Board.

6.3 A Red Amber Green (RAG) assessment has been completed for each project against the GPF eligibility criteria and the assessment criteria agreed by the Board in June 2017. This assessment has been completed by the ITE based on the information contained within the Strategic Outline Business Case and any supplementary information provided in response to the ITE's clarification questions.

6.4 The outcome of this assessment is summarised in Appendix 4 and the ITE's comments in relation to each project are summarised in Appendix 2.

Summary of ITE findings

6.5 The ITE identified the Fitted Rigging House, Medway and Eastbourne Fishermen's Projects as particularly strong projects.

6.6 A further eight projects were identified by the ITE as fitting with the project eligibility criteria, set out in Appendix 1, but with an Amber rating for one or more of the assessment criteria. This amber RAG indicates a project issue or risk to the GPF investment and that further work would be required to develop the Business Case in advance of final funding award by SELEP Accountability Board.

6.7 The University of Essex, Parkside Phase 3 project was identified as non-compliant with the GPF eligibility criteria as the draw-down and repayment profile extended beyond the maximum period agreed with the Board for repayment of the GPF award by March 2022.

6.8 To maximise investment based on the GPF available, discussions have been held with scheme promoters to consider options to reduce the amount of GPF sought or to adjust the phasing of the draw-down for certain projects. These discussions have been summarised in Appendix 3. The outcomes of these discussions have been taken into account in presenting the final outcome of the ITE's technical assessment.

7. Recommendations to the Board

- 7.1 Based on the RAG assessment of projects against the agreed assessment criteria and the amount of GPF available between 2017/18 and 2019/20, the following six schemes have been identified as having the strongest fit with the assessment criteria (listed in alphabetical order):
- 7.1.1.1 Colchester Northern Gateway (£2.000m GPF);
 - 7.1.1.2 Eastbourne Fisherman (£1.150m GPF);
 - 7.1.1.3 Fitted Rigging House (£0.800m GPF);
 - 7.1.1.4 Innovation Park Medway (£0.650m GPF);
 - 7.1.1.5 No Use Empty (£1.000m GPF);
 - 7.1.1.6 South Essex College Centre for Advance Automotive and Process Engineering (£2.000m GPF)
- 7.2 In total, these six projects seek £7.6m of GPF. Should the Board wish to prioritise these six projects for funding, this would leave a remaining £0.173m GPF available for investment in 2017/18 and a further £1.804m GPF available in 2019/20, as set out in Table 2 below.
- 7.3 In 2018/19 the amount of GPF sought exceeds the amount available by £260,000. If the Board wish to prioritise the six projects listed above, this will reduce the amount of contingency available in 2018/19 in case of non –repayment. However, the remaining contingency is considered sufficient to mitigate minor short-term slippages of repayments of existing loans.
- 7.4 When taking into account the over-profiling in 2018/19 of £0.260m and the under-profiling in 2017/18 of £0.173m and 2019/20 of £1.804m, the total amount still available for investment over the three years totals £1.717m, as shown in Table 2 below.

Table 2 Initial list of GPF priorities

Scheme name	Federated Area	Evaluation	2017/18	2018/19	2019/20	Total
Colchester Northern Gateway	Essex		-	£1,350,000	£650,000	£2,000,000
Eastbourne Fishermen's	East Sussex		£500,000	£650,000	-	£1,150,000
Centre for Advanced Automotive and Process Engineering	South Essex		£2,000,000	-	-	£2,000,000
Innovation Park Medway	KMEP		-	£400,000	£250,000	£650,000
Fitted Rigging House	KMEP			550,000	250,000	£800,000
NUE Commercial	KMEP		-	£500,000	£500,000	£1,000,000
Sub Total			£2,500,000	£3,450,000	£1,650,000	£7,600,000
GPF available			£2,673,000	£3,190,000	£3,454,000	£9,317,000
Remaining GPF available			£173,000	-£260,000	£1,804,000	£1,717,000

7.5 In addition to the six projects listed above, the Board is also asked to consider allocating the remaining GPF available in 2017/18 and 2019/20.

7.6 Accordingly, the remaining projects have been considered as part of the ITE assessment, and the following consideration has been given to the remaining six GPF projects:

7.6.1 Charleston Centenary (£0.120m in 2017/18)

The project demonstrated alignment with SELEP's strategic priorities in supporting the creative, cultural, media sector and the visitor economy. Further detail is required in relation to the projects risks. However the Business Case confirms that the project has secured planning permission and that the works have been tendered.

The £120,000 investment in the Charleston Centenary café-restaurant is part of the £7.6m multi-year scheme, the Centenary Project, which aims to transform the operations of the Charleston farmhouse museum and support the visitor economy in. The Business Case states that only 8 gross jobs will be created through the investment, but the ITE has commented that a conservative approach has been applied to the assessment.

The project seeks £120,000 in 2017/18 and is therefore eligible to utilise the GPF available in 2017/18.

7.6.2 Javelin Way Development (£1.597m GPF ask in 2019/20)

There is a strong strategic case for this scheme, which will see the construction of 29 industrial units and the construction of a new creative 'dance' laboratory. The industrial units will be for sale and/or lease, suitable for the general market, as well as for additional creative businesses. Creating increased employment opportunities by building out commercial space is a key SELEP priority. The creative laboratory aligns with SELEP's strategic priority to support the creative, cultural, media sector and the visitor economy.

The GPF loan is required to secure a time-limited grant of £3m that is being offered by the Arts Council England to part-fund the development of the Creative Laboratory.

The ITE has identified risk to the repayment of GPF as the repayments are based on the sale of the industrial units. In addition, as the project has to secure planning consent. This presents a project risk. The project is, however, the Creative Laboratory is one of Ashford Borough Council's 'Big 8' priorities. .

The scheme promoters has reduced the GPF ask from £2m to £1.597m in 2019/20. This project is therefore eligible to utilise the GPF available in 2019/20.

7.6.3 Newhaven Eastside Business Park (£0.300m in 2017/18 & 1.675m 2018/19)

The project will support the delivery of new employment space at Newhaven Enterprise Zone. The ITE assessment has identified a risk of the GPF not being repaid within the time limits, as GPF repayments will be made through re-financing once the employment space has been delivered. In addition, alternative options for self-financing have not been exhausted and in the ITE's view there was insufficient evidence of a market failure to justify public sector investment being required.

In addition, the project seeks GPF in 2017/18 (£300,000) and 2018/19 (£1,675,000). This exceeds the remaining amount of GPF available and no flexibility has been identified by the scheme promoter to amend the GPF draw-down profile.

7.6.4 North Hastings (Haylands) (£0.750m in 2018/19 and £0.250m in 2019/20)

The project responds to the need to deliver new commercial space in coastal communities. The ITE assessment has identified a risk of the GPF not being repaid within the time limits, as repayment will be financed by commercial bank loans which will be achievable once the blocks are fully let. In addition, alternative options for self-financing have not been exhausted and in the ITE's view there was insufficient evidence of a market failure to justify public sector investment being required.

Furthermore the project seeks GPF in 2018/19 (£750,000) and 2019/20 (£250,000). No flexibility has been identified by scheme promoters to adjust the GPF draw-down timescales, as such, it is not possible for the project to draw-down the remaining GPF available.

7.6.5 University of Essex Parkside Phase 2 (£2.000m GPF ask in 2018/19)

There is a strong strategic case for the project and a track record of successful project delivery, with GPF having been invested in the University of Essex Parkside Phase 1 project. However, information provided by the scheme promoter has indicated that the GPF is required in 2018/19 and as such it will not be possible to draw down the GPF available in 2017/18 or 2019/20.

Currently there is insufficient evidence has been provided to give certainty of the economic impacts of the scheme. Greater consideration is required to the displacement of jobs as a result of the project and the demand for the small business units.

7.6.6 University of Essex Parkside Phase 3 (£2m in 2020/21)

The University of Essex Parkside Phase 3 has not been considered further as the Project fails to meet the GPF eligibility criteria.

- 7.7 Based on the RAG assessment and the amount of GPF available relative to the draw-down profile it is recommended that only two projects should be prioritised to utilise the remaining available GPF. The Charleston Centenary is recommended for prioritisation to utilise £120,000 available GPF in 2017/18 and the Javelin Way scheme is also recommended for prioritisation for the remaining £1.717m in 2019/20. Table 3 sets out the summary position if these recommendations are agreed by the Board.
- 7.8 In considering the prioritisation of the Charleston Centenary project the Board should consider the relatively low stated benefits of this project in terms of direct job creation. Although wider benefits are expected in terms of the project supporting the larger Centenary Project and the visitor economy. For the project to complete Stage 3, the project will need to demonstrate high value for money.
- 7.9 In considering the prioritisation of the Javelin Way Project, the Board is asked to consider the risk to the repayment of the GPF if the industrial units are not delivered and sold within the five year timeframe. Should this risk materialise, it has the potential to erode the size of the GPF pot, available for reinvestment.

Table 3 Summary list of GPF priorities

		Funding Ask (£)				
	Scheme name	Federated Area	2017/18	2018/19	2019/20	Total (£)
Schemes recommended for further development	Colchester Northern Gateway	Essex	-	1,350,000	650,000	2,000,000
	Eastbourne Fishermen	East Sussex	500,000	650,000	-	1,150,000
	Centre for Advanced Automotive and Process Engineering	South Essex	2,000,000	-	-	2,000,000
	Fitted Rigging House	KMEP		550,000	250,000	800,000
	Innovation Park Medway	KMEP	-	400,000	250,000	650,000
	NUE Commercial	KMEP	-	500,000	500,000	1,000,000
Schemes to be considered for remaining GPF allocation	Charleston Centenary	East Sussex	120,000	-	-	120,000
	Javelin Way Development	KMEP	-	-	1,597,000	1,597,000
Initial Prioritised ask (£)			2,500,000	3,450,000	1,650,000	7,600,000
Total GPF available (£)			2,673,000	3,190,000	3,454,000	9,317,000
Remaining GPF available (£)			173,000	(260,000)	1,804,000	1,717,000
Additional ask (£)			120,000	-	1,597,000	1,717,000
Total GPF ask for prioritised schemes (£) (Includes initial prioritised ask and additional ask)			2,620,000	3,450,000	3,247,000	9,317,000

8. Next steps – Stage 3

- 8.1 For projects prioritised for GPF by the Board, a final review of the Business Case will be completed by the ITE to enable scheme promoters to respond to the questions and points raised by the ITE through their initial assessment of the Business Case.

- 8.2 Following the final (Gate 2) review of the project Business Case by the ITE, a funding decision will be sought from the SELEP Accountability Board in accordance with the requirements of the Assurance Framework.
- 8.3 Prior to consideration by Accountability Board, as part of Stage 3, project promoters are required to update the Business Case to include a Value for Money assessment, assurances of local funding contributions and confirmation that the GPF can be repaid by 31st March 2022. Further details on the requirements for the Value for Money are provided in Appendix 3.
- 8.4 For projects which are successfully awarded GPF, a loan agreement will be entered into between the SELEP Accountable Body (Essex County Council), and the lead County Council/Unitary Authority.
- 8.5 Quarterly update reports on the delivery of the GPF projects will be provided to both the Strategic and the Accountability Board.

9. Accountable Body Comments

- 9.1 The nature of the GPF programme in providing loan funding to projects that are unable to secure funding from other traditional lending providers (such as banks) means that intrinsically the projects present potentially greater risk with regard to delivery and repayment than other types of investment; however, the GPF programme is in place to unlock benefits that may not otherwise be realised due to lack of access to funding.
- 9.2 The risks identified with the recommended projects through the Independent Technical Evaluator (ITE) assessment, particularly with regard to potential funding, value for money and delivery gaps will need to be carefully considered through stage three of the process and monitored through implementation, where funding is approved by the Accountability Board.
- 9.3 The Board is advised to consider the balance of Project risk and benefits against the desire to maintain GPF as a revolving fund for future investment, when considering the recommendations in this report.
- 9.4 Through the proposed quarterly updates to the Board on the GPF projects, it is anticipated that any risk of project delivery in line with the funding drawdowns set out in this report will be highlighted, together with any implications for delay in repayment; this will support future investment decisions regarding maintaining GPF as a revolving fund.
- 9.5 Should the board approve the recommendations in this report and the projects are also approved for funding by the Accountability Board, then the Accountable Body will enter into a standard loan agreement with the respective upper tier partner authority which reflects the approach agreed by the Board in June 2017 for GPF loans. It should be noted, however, that funding can only be allocated where it is available through existing and expected GPF repayments.

10. Appendices

- 10.1 Appendix 1 - Approach to the prioritisation of GPF projects, agreed by the Board on the 7th June 2017.
- 10.2 Appendix 2 – Projects Nominated to SELEP through Stage 1



- 10.3 Appendix 3 - SELEP ITE GPF assessment report
- 10.4 Appendix 4 – Summary of ITE Scheme Feedback
- 10.5 Appendix 5 – Letter of support from Locate in Kent in relation to Javelin Way, Kent
- 10.6 Appendix 6 – Additional information from the Kent Cultural Transformation Board Chair, in relation to Javelin Way, Kent

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Appendix 1 Growing Places Fund reinvestment approach

1. Background and Introduction

1.1 The Growing Places Fund (GPF) was established by the Department for Communities and Local Government (DCLG) and the Department for Transport (DfT) in 2011 to unlock economic growth, create jobs and build houses in England. The fund works as a recycled loan scheme regenerating funds based on the repayment schedules agreed for the projects already financed.

1.2 Projects that are financed through the GPF allow Local Enterprise Partnerships (LEPs) and Local Authorities (LAs) to support development in its early stages, especially for 'shovel ready' projects that need to surmount infrastructure and site constraints or 'kick-start' development at stalled sites.

1.3 The latest DCLG report on the performance of the GPF allocation across the country shows that 46% of the schemes supported through the fund would not have progressed otherwise, 42% would have gone ahead but at a slower pace, while 12% would have gone ahead at a reduced scale.

1.4 In the case of SELEP a total of £49.2m GPF has been made available, of which £48.7m GPF has been invested through previous rounds of GPF loans. Repayments are now being made on previous loans which creates the opportunity to make further GPF loan investments.

1.5 Based on the expected GPF repayment schedule agreed within credit agreements for the existing loan investments, the amount of GPF to be made available for reinvestment is set out below.

1.6 The GPF will only be available to draw down for reinvestment if existing GPF projects meet their repayment schedule.

Table 1 – Amount of GPF available for reinvestment - £000's

	2017 / 18	2018 / 19	2019 / 20	Total
GPF Available	2,673	3,190	3,454	9,317

1.7 Through GPF Round 2, SELEP seeks to invest up to £9.317m (amount of GPF available over the next three years), in projects which require capital loan investment.

2. Process for the award and allocation of GPF

2.1 The prioritisation and award process will take place in three stages as follows:

Stage 1 – Expression of interest

Stage 2 – Scheme prioritisation

Stage 3 – SELEP Accountability Board funding decision

2.2 This process is designed to identify, prioritise and allocate funding in a transparent manner whilst ensuring that the priorities of Federated Areas are clearly identified and reflected through the prioritisation process.

2.3 A key component of the process is the consideration of local funding contributions, the alignment of expenditure and delivery with the availability of funds and an appropriate consideration of risks, particularly associated with repayment.

3. Stage 1 – Expressions of Interest Sifting

3.1 Led by Federated Areas, the first proposed stage in the process will be to identify potential projects through the completion of an Expression of Interest (EoI) template.

3.2 Expressions of Interest (EoI) should be submitted to the appropriate lead officer for each Federated Board area, as stated in covering email.

3.3 The Federated Areas will sift EoIs using the eligibility criteria set out in Table 2 below.

Table 2 Eligibility Criteria for GPF investment

Projects put forward for GPF must:	
Align with SELEP’s objective to support economic growth	Considered in paragraph 3.3 below.
Require capital loan funding investment	GPF can only be used for capital investment and cannot be used as revenue*
Identify benefits which are expected to exceed the project costs	An assessment of project benefits relative to the amount of GPF sought and total project cost, with consideration for the total GPF available for investment across SELEP. See paragraph 3.8 below.
Demonstrate an ability to deliver the project following the legal requirements for investment of public funds	This will include consideration for the requirement to follow public procurement regulations to the extent which is applicable and demonstrate that the investment does not constitute as State Aid.
Only support projects which can demonstrate an ability to repay the GPF loan by 31st March 2022.	The re-payment mechanism will be assured through the appropriate financial checks at the local level (by the Partner Authority) in advance of the project being considered by SELEP Accountability Board.
Have a local funding contribution of at least 30%	The availability and certainty of this local funding contribution should be considered and where possible, this funding contribution should be provided through private sector funding. This should only take account of local funding contributions which will be available and spent by March 2022. Assets, such as land, can be counted as

	part of the 30% leverage toward a project, but should not be the only local funding source contribution towards the delivery of the project.
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3.4 In advance of the SEP being prepared, it is proposed that the GPF investments should be aligned with the four themes identified in the Local Growth Fund Round 3 prioritisation (excluding the place based Thames Estuary theme) and the themes for SELEP’s sector groups, as listed below:

- Employment and Skills
- Job Creation and Enterprise Zones
- Homes, Communities and Culture
- Strategic Connectivity
- SELEP sector group activities (which include Transport & Strategic Infrastructure, Coastal Communities, Creative, Growth Hub, Housing, Rural, Skills (FE&HE) and Tourism).

3.5 The GPF ask per project should be between £250,000 and £2,000,000 in value. Projects outside this threshold may be considered by exception where there is an overwhelming strategic case.

3.6 To ensure a proportionate approach to the scale of funding available, no Federated Area should nominate projects or programmes (see Section 6) to SELEP for Stage 2 which, in total, exceed the amount of GPF available (£9.3m in the next three years) by more than 50%.

3.7 For a project/programme to progress to Stage 2 it must be nominated by a Federated Board.

3.8 SELEP Secretariat and SELEP Independent Technical Evaluator (ITE) support will be available to support the Federated areas in sifting of projects against the key criteria.

3.9 At the stage of completing the EoI or Strategic Outline Business Case (Stage 2, see Section 4 below) it is not expected that a quantified Value for Money assessment will have been completed. However, a value for money assessment will be required as part of Stage 3 (see Section 5 below).

3.10 Where the total value of the GPF ask for projects which pass the initial sift exceeds £4.65m (50% of the GFP available), Federated Areas should give consideration to the assessment approach to be applied in Stage 2 to further refine the list of proposed GPF projects.

3.11 Specifically, the Federated Areas should give consideration to the projects which perform well, based on the expected benefits, deliverability and contribution to the establishment of a revolving fund. Detail of how these considerations will be assessed is provided in Table 4 below.

4. Stage 2 Scheme prioritisation

4.1 For the projects nominated by Federated Board to SELEP and which meet the eligibility criteria set out in Table 1 above, scheme promoters will be invited to develop a Strategic Outline Business Case for the project.

4.2 The Strategic Outline Business Case must be signed off by the appropriate County Council or Unitary Authority S151 officer. Whilst businesses and third party organisations are encouraged to come forward with investment proposals, the SELEP Accountable Body is only able to enter into Credit Agreements with the upper tier County Council/ Unitary Authorities.

4.3 This Strategic Outline Business Case will be assessed by SELEP Independent Technical Evaluator (ITE) to develop, at the SELEP level, a prioritised list of projects based on those nominated by Federated Areas through Stage 1. This prioritisation will be used to support and inform decision making by the Investment Panel.

4.4 The approach to be applied by the ITE to assess potential GPF projects is set out in Table 3 below and identifies 10 sections of the Business Case which will be used as a basis for scheme prioritisation by the ITE.

4.5 The quality of the evidence provided in support of each of these 10 sections will be assessed on a three-point scale as follows:

- Red = unsatisfactory/poor quality evidence provided;
- Amber = somewhat satisfactory/moderate quality evidence provided; and
- Green = satisfactory/high quality evidence provided.

4.6 Following the independent technical evaluation of each submission, the SELEP ITE will develop an initial prioritised list. Greater weighting will be placed on those schemes which are defined in Table 3 below as of highest importance. Schemes will first be ranked by their performance under sections:

- Expected benefits;
- Deliverability; and
- Contribution to the establishment of a revolving fund.

4.7 If the prioritised schemes exceed the limit of the available funds for the funding cycle, the ITE will further differentiate between the various projects based on their performance under the remaining sections of the Strategic Outline Business Case particularly the strategic fit, viability, and amount of GPF sought.

4.8 Table 4 below provides further clarification as to how the sections of 'high importance', as identified in Table 3, will be considered.

Table 3 Assessment of the Business Case

No	Section Name	Evidence	RAG rating	Importance
1	Scheme Summary	This section should include a brief description of the proposed scheme, the total cost, the capital funding sought through the GPF, the % of the total project cost represented by the GPF funding and scheme promoter.	Red/Amber/Green	
2	Strategic Fit	This section should clearly outline the need for intervention with reference to the market failure that the funding will address. This section should also include evidence on why SELEP funds are required for this scheme and that other sources of funding have been exhausted. The strategic fit is also required to show how the project fits with the LEP Vision and objectives as well as the policy and strategic context, including local policies, strategies and investment plan.	Red/Amber/Green	High
3	Infrastructure requirements	Where funding is sought for infrastructure development the applicant should provide evidence and supporting information in the form of location, layout and site plans.	Red/Amber/Green	
4	Viability	This section should justify the total cost of the project including any assumptions made, the GPF required, the additional sources of funding and how secure they are. An initial, high level, financial appraisal will be required highlighting the underlying assumptions and expected viability of the investment.	Red/Amber/Green	High
5	Deliverability	This section should provide evidence of the planning status and any additional approvals required, the property ownership and any legal requirements that might delay the programme of implementation/development.	Red/Amber/Green	High
6	Expected Benefits	This section should show the impacts that the project is likely to have and the timescales over which these benefits will be achieved. Scheme	Red/Amber/Green	High



No	Section Name	Evidence	RAG rating	Importance
		promoters should provide robust evidence of the estimated number of jobs and homes that the scheme is going to support, safeguarded jobs and/or skills benefits.		
7	Contribution to the establishment of a revolving fund	Promoters will need to provide evidence of how they intend to repay the loan together with an anticipated timetable for repayment by 31st March 2022.	Red/Amber/Green	High
8	Risks	Promoters will be required to fill in a risk register identifying the risks, likelihood, impacts and mitigations. In addition, this section will need to consider the implementation risks associated with the project such as dependency on one large source of funding.	Red/Amber/Green	Medium
9	State Aid	Provide confirmation that by supporting this project the GPF will not be providing State Aid.	Pass/ Fail	
10	Amount of GPF sought	It is recommended that projects should seek GPF of between £250,000 and £2,000,000.	Red/Amber/Green	

Table 4 Detail of the RAG rating for sections of 'high' importance

Section	RAG rating	Scoring Guide
Strategic Fit	Green	Awarded to business cases which: <ul style="list-style-type: none"> - clearly demonstrate the need for intervention; - show that the investment will have a direct impact in creating new jobs and/or homes through enabling a specific named development (which has been identified as part of local development policies, plans or investment strategies), safeguarding jobs and/or will deliver skills benefits; and - demonstrates a close fit with SELEP objectives.
	Amber	Awarded to business cases which: <ul style="list-style-type: none"> - clearly demonstrate the need for intervention; - show that the investment will have indirect economic benefits by supporting the delivery of new homes and/or jobs, safeguarding jobs and/or skills benefits; and - demonstrate some alignment with SELEP objectives
	Red	Awarded to business cases which: <ul style="list-style-type: none"> - do not clearly demonstrate the need for intervention; and - do not fit with SELEP objectives
Viability	Green	Awarded to business cases which: <ul style="list-style-type: none"> - justify the costs of the project including any assumptions made; - identify the GPF required; - identify the additional sources of funding; and - demonstrate how secure the additional sources of funding are and that the local funding contribution can be made alongside the GPF investment
	Amber	Awarded to business cases which: <ul style="list-style-type: none"> - justify the costs of the project including any assumptions made; - identify the GPF required; - identify the additional sources of funding; - omit the risks associated with the additional sources of funding; and - uncertainly as to whether the spend of local funding sources will coincide with spend of GPF investment
	Red	Awarded to business cases which: <ul style="list-style-type: none"> - present the costs of the project including any assumptions made; - identify the GPF required; and - do not have any other sources of funding.
Deliverability	Green	Awarded to business cases where:



Section	RAG rating	Scoring Guide
		<ul style="list-style-type: none"> - evidence is provided that potential delivery constraints and project dependencies (including, but not limited to, land and property acquisition, planning approval and environmental constraints) present a low risk to the project cost and the project delivery timescales
	Amber	Awarded to business cases where: <ul style="list-style-type: none"> - evidence is provided that potential delivery constraints and project dependencies (including, but not limited to, land and property acquisition, planning approval and environmental constraints) present a low to medium risk to the project cost and the project delivery timescales
	Red	Awarded to business cases where: <ul style="list-style-type: none"> - evidence is provided that potential delivery constraints and project dependencies (including, but not limited to, land and property acquisition, planning approval and environmental constraints) present a medium to high risk to the project cost and the project delivery timescales
Expected Benefits	Green	Awarded to business cases which: <ul style="list-style-type: none"> - demonstrate project outcomes, including delivery of new jobs/homes, safeguarded jobs and skills benefits which are expected to outweigh total project costs - provide robust, well-evidenced analysis of the estimated number of jobs and homes that the scheme is going to support, jobs safeguard or skills benefits delivered
	Amber	Awarded to business cases which: <ul style="list-style-type: none"> - demonstrate project outcomes, including delivery of new jobs/homes, safeguarded jobs and skills benefits which are expected to outweigh total project costs - provide some evidence of the estimated number of jobs and homes that the scheme is going to support, jobs safeguarded or benefits to skills levels, but the analysis is insufficiently transparent
	Red	Awarded to business cases which: <ul style="list-style-type: none"> - demonstrate project outcomes, including delivery of new jobs/homes, safeguarded jobs and skills benefits, but which are not expected to outweigh total project cost - do not provide sufficient evidence of how the number of jobs and homes that the scheme is going to support or skills benefits have been estimated, and there is insufficient evidence to justify assumptions

Section	RAG rating	Scoring Guide
Contribution to the establishment of a revolving fund	Green	Awarded to business cases which: - Commit to a 3 year loan repayment schedule
	Amber	Awarded to business cases which: - Commit to a 5 year loan repayment schedule
	Red	Awarded to business cases which: - Cannot commit to repay the loan by 31st March 2022.

4.9 The outcome of the ITE assessment of Business Cases and SELEP wide prioritisation will be presented to an Investment Panel to support the panel's decision making.

4.10 The Investment Panel will be asked to agree the allocation of up to £9.3m GPF available between 2017/18 and 2019/20, but with flexibility to provisionally allocate funding to future years pending this funding being available. Projects will be prioritised to align with the availability of GPF, based on the scheduled repayments.

4.11 Where a project is placed on the waiting list, these projects will be considered by the Investment Panel should additional GPF is made available above the £9.3m over the next three years.

5. Stage 3 – SELEP Accountability Board funding decision

5.1 Once the prioritisation of schemes has been agreed by the Investment Panel, the shortlisted projects will be required to submit an Outline Business Case. The submissions will be considered through the already established Gate 1 and Gate 2 ITE review process and recommendations will be presented to the SELEP Accountability Board.

5.2 The approach to the Outline Business Case development and review will be proportionate to the amount of GPF sought for the project/programme.

5.3 The final funding decision to award GPF will be taken by SELEP Accountability Board, as a requirement of the SELEP Assurance Framework, based on the projects prioritised by the Investment Panel.

6. Programmes of GPF investment

6.1 To enable a quicker turn-around of funding decisions once private sector businesses are involved in the process and to support local funding decision making, Federated Areas may wish to promote programmes of investment for GPF.

6.2 A defined programme of investment may be put forward through Stages 1, 2 and 3, as per the process set out above and will be considered as one bid throughout the process. This must include demonstrating compliance with the GPF eligibility criteria. SELEP Accountability Board

(Stage 3) approval for a programme of investment will enable decisions to be taken at the local level by Investment Panels for the award of GPF to support smaller scale capital infrastructure investment projects.

6.3 Programmes of investment nominated by Federated Areas will count towards the 'up to £4.65m' value of GPF bids, which each Federated Area can put forward to Stage 2.

7. Pan LEP projects

7.1 Pan LEP projects may also be considered, such as where they align with the activities of SELEP's sector groups.

7.2 For Pan LEP projects to be brought forward, they should seek endorsement from a Federated Board and County Council/ Unitary Authority, to act as the promoting authority. For Pan LEP projects, the promoting County Council/ Unitary Authority will be required to provide officer sign off to the Expression of Interest and provided S151 officer sign-off of the SOBC to be submitted to SELEP.

7.3 Where a County Council/Unitary Authority is identified as the promoting authority for a Pan LEP project, this will not count towards the authorities investment request (i.e. the total value of the projects/ programmes nominated by a County Council/Unitary Authority may exceed £4.65m where this occurs do to the inclusion of a Pan LEP project).

7.4 Pan LEP projects will also be considered though Stages 1, 2 and 3, where it meets the eligibility criteria, prior to consideration by the Investment Panel. This must include approval from the Federated Board of the lead County Council/Unitary Authority. Endorsement by the Federated Boards of the other areas of SELEP involved in the Pan LEP project is also strongly encouraged, to ensure support as the project progresses to consideration by the Investment Panel.

8. Charging of Interest

8.1 Interest will be charged on the loan at two percent below the PWLB Fixed Loan Maturity Rate (Option B), or zero percentage interest - whichever is higher. Based on PWLB interest rates (June 2017), there would be zero percent interest charged on GPF loan investment. However, the rate of interest will be fixed at the point of the credit agreement being signed.

8.2 The credit agreement will set out the agreed loan repayment schedule for the project. If the project fails to meet the agreed repayment schedule, interest will be charged at market interest rate from the point of default on the loan repayment.

9. Timescales for GPF re-investment

9.1 Table 5 below sets out the proposed timescale for the GPF re-investment prioritisation.

9.2 To meet the timescales for the SELEP Accountability Board in December 2017, scheme promoters will be required to develop an outline business case 'at risk' of the project not being allocated funding by the Investment Panel. Alternatively scheme promoters may choose for the funding decision to be taken at a future Accountability Board, as the GPF is required and available to draw down.

9.3 It is proposed that the Investment Panel should allocate the full £9.3m during the meeting on the 17th November. However, should additional GPF become available through early repayment or projects failing to draw down their allocation within a 12 month period from when investment is expected to take place, the Panel will be convened to consider further allocations.

Table 5 GPF reinvestment timescale

Stage 1	EoI development	June/ July*
	Review of EoI SELEP ITE support available	August*
	Federated Board decision on schemes to be nominated to SELEP for SOBC development	8 th September **
Stage 2	Development of SOBC	4 th – 28 th September
	SOBC submission to SELEP	29 th September
	SELEP ITE review (allowing time for clarification questions to scheme promoters)	2 nd - 27 th October
	Investment Panel meeting to agree GPF pipeline	17 th November
Stage 3	Accountability Board meeting to sign off Outline Business Case and take final funding decision.	15 th December onwards (extra Accountability Board meeting)

Appendix 2: Projects nominated to SELEP through Stage 1

Federated area	Scheme	Scheme Summary	GPF Ask (£)	Project Outcomes
East Sussex	Charleston Centenary	The Charleston Trust requires GPF investment to create a café-restaurant in the Threshing Barn on the farmhouse's estate. This work is part of a wider £7.6m multi-year scheme, the Centenary Project, which aims to transform the operations of the Charleston farmhouse museum.	£120,000	Jobs: 6 Houses: 0 Local Contribution total: £7,523,401 Local Contribution percentage: 98%
East Sussex	Eastbourne Fishermen	<p>The proposed project will allow the creation of a processing, ice and storage facility to enable the fleet to become compliant with landing obligation and Common Fisheries Policy (CFP), via cold storage capacity.</p> <p>The project has secured a European Maritime Fisheries Fund (EMFF) grant, but GPF is required to forward fund the grant, to enable land purchase to progress whilst the land is available.</p> <p>If the project does not go ahead, the land which the fishermen want to purchase may no longer be for sale and Eastbourne will cease to have a fishing fleet in Sovereign Harbour, meaning a loss of the majority of the 72 fishing jobs and over £2,000,000 revenue per year as well as the resulting impacts on the local economy.</p>	£1,150,000	Jobs: 145 Houses: 0 Local Contribution total: Total: £1.460,000 Local Contribution percentage: 56%



Federated area	Scheme	Scheme Summary	GPF Ask (£)	Project Outcomes
East Sussex	Newhaven Eastside Business Park	This project seeks to accelerate delivery of 3 blocks of units totalling 5,726 m ² , the remaining space at a key business park in the new Newhaven Enterprise Zone, on a speculative basis. The GPF is intended to ensure that the full scheme is delivered ahead of schedule and capitalises on the current high levels of demand and buoyant commercial property market	£1,975,000	Jobs: 231 Houses: 0 Local Contribution total: £3,062,000 Local Contribution percentage: 61%
East Sussex	North Hastings (Haylands)	The proposal comprises an extension to the Ivyhouse Lane Industrial Estate to provide high-quality small business units for local and regional occupiers. GPF funding is being sought due to difficulties in obtaining commercial development finance in spite of strong demand for small business premises.	£1,000,000	Jobs: 46 Houses: 0 Local Contribution total: 685,000 Local Contribution percentage: 41%
Essex	Colchester Northern Gateway	Colchester Borough Council has an ambitious programme to provide 560 homes, 47,832 m ² of office space, a multi-storey car park, community space and an energy centre on land at North Colchester. This significant project requires the relocation of Colchester Rugby Club and associated mixed use sports facilities, from its site on Mill Road, Colchester in order to release 16.3 hectares (40 acres) to enable this development to proceed.	£2,000,000	Jobs: 163 Houses: 450 Local Contribution total: £24.1m Local Contribution percentage: 92%



Federated area	Scheme	Scheme Summary	GPF Ask (£)	Project Outcomes
Essex	University of Essex Parkside Phase 2	Extension of the Parkside Office Village on the Knowledge Gateway site which is already home to GPF-funded Parkside Phase 1. The project involves the construction of 7 office units with a total area of 1,419 sq. m gross, split over 2 blocks, and 53 car parking spaces	£2,000,000	Jobs: 118 Houses: 0 Local Contribution total: £3,576,000 Local Contribution percentage: 64%
Essex	University of Essex Parkside Phase 3	Extension of the Parkside Office Village on the Knowledge Gateway site. The project involves the construction of 9 office units over 3 floors with a total area of 3,700 sq. m gross. The office units will be larger than previous Parkside developments.	£650,000	Jobs: 300 Houses: 0 Local Contribution total: £5,500,000 Local Contribution percentage: 89%
KMEP	Fitted Rigging House, Medway	The Fitted Rigging House Project (FRH) converts a large, Grade 1, former industrial building into office and public benefit spaces initially providing a base for 3 organisations employing over 350 people and freeing up space to create a postgraduate study facility elsewhere onsite for the University of Kent's Business School.	£800,000	Jobs: 300 by 2022 Houses: 0 Learners: 200 by 2022 Local Contribution total: £7,600,000 Local Contribution percentage: 91%



Federated area	Scheme	Scheme Summary	GPF Ask (£)	Project Outcomes
KMEP	Innovation Park, Medway	Funding required for enabling works at a site that has recently received Enterprise Zone status. The enabling works will include: <ul style="list-style-type: none"> • Access road with shared footpath/cycle route, lighting and signage • Utility ducting/service strip • Fencing around site boundary • Demolition of unused building 	£650,000	Jobs: 534 Houses: 0 Local Contribution total: £3,000,000 Local Contribution percentage: 82 %
KMEP	Javelin Way Development	Construction of a 1,228sqm creative laboratory and the development of 4,680 sqm of commercial space (in 29 new light industrial units) on the Henwood Industrial Estate, to the north-east of Ashford town centre, around two miles from M20 Junction 9.	£1,597,000 (Originally £2,000,000)	Jobs: 190 Houses: 0 Local Contribution total: £8,252,450 Local Contribution percentage: 83%



Federated area	Scheme	Scheme Summary	GPF Ask (£)	Project Outcomes
KMEP	No Use Empty (NUE) Commercial	<p>The funding is required to support a programme to create more commercial space, particularly for small firms by returning long-term empty commercial properties back into use.</p> <p>The GPF loan would be passed on as short-term secured loans to assist projects which have 'space over the shops' but to date have not provided assistance in relation to returning the vacant shops back into use or being able to support the refurbishment of existing empty commercial units/spaces to provide commercial space.</p> <p>The existing residential scheme has a default rate of less than 1% and has a 10-year track record of bringing derelict building back into use.</p>	£1,000,000	<p>Jobs: 34</p> <p>Houses: 28</p> <p>Local Contribution total: £1,650,000</p> <p>Local Contribution percentage: 62%</p>



Federated area	Scheme	Scheme Summary	GPF Ask (£)	Project Outcomes
South Essex	South Essex College Centre for Advanced Automotive and Process Engineering	<p>Development of a new Centre of Excellence for Advanced Automotive and Process Engineering (CAAPE) through the acquisition and fit out of over 8,000sqm, on the industrial estate in Leigh on Sea.</p> <p>The project will also facilitate the vacation of the Nethermayne site in Basildon, which has been identified for the development of a major regeneration scheme (725 new homes).</p>	£2,000,000 (Original ask of £2,600,000)	<p>Jobs: 226 (56 new jobs)</p> <p>Houses: 0</p> <p>Local Contribution total: Total £12,005,398</p> <p>Local Contribution percentage: 86%</p>
Total:			£14,942,000 (Original ask £15,945,000)	

Appendix 4: ITE Scheme Feedback

Project	Strategic fit and need for intervention	Issue/ Risk/ Limitation
Projects Recommended for Funding		
<p>Centre for Advanced Automotive and Process Engineering (CAE)</p>	<ul style="list-style-type: none"> Project is aligned with SELEP vision and objectives as well as local policy and strategy, by delivering the new CAE centre and enabling the regeneration scheme on the Nethermayne site (Basildon). The need for intervention is clearly articulated and demonstrates that vacating the site in Basildon, where the college is currently located, is a key element of the entire scheme The scheme would still go ahead without GPF but the potential implications on the College's financial stability would be very high. 	<ul style="list-style-type: none"> It is not clear in the Business Case whether the jobs and apprenticeships are additional or just maintained. It is reasonable to assume that, because this is a relocation project, the majority of the outputs are not additional. Displacement of jobs and apprenticeships should be considered in the Business Case if the project is taken forward to the next stage of development. For the project to be considered for funding award by the Accountability Board, the project value for money case will need to demonstrate high value for money once displacement has been accounted for.
<p>Charleston Centenary</p>	<ul style="list-style-type: none"> Project is aligned with SELEP's strategic priorities focussed on supporting the creative, cultural and media sector and the visitor economy. The need for intervention is based on the fact that fundraising for the full £7.6 million cost has been ongoing for six years and all potential funding sources have been exhausted. The additionality factors are conservative and for this reason there is a high level of certainty around these jobs benefits. 	<ul style="list-style-type: none"> The scheme promoter should provide information as to the value engineering that has taken place because £120,000 represents just 2% of the total project cost and there may be an opportunity for the costs of the cafe to be absorbed by the overall scheme costs. A risk register has been produced for the overall project. There is not a risk register for the café/restaurant element alone. This will be required if the project progresses to the next stage of development. The proposal briefly discusses the risks that are particularly pertinent to the GPF loan. More detail around mitigation of these risks would increase certainty around the



		<p>deliverability of the scheme.</p>
<p>Colchester Northern Gateway</p>	<ul style="list-style-type: none"> • Project aligns with SELEP priorities, Essex Economic Growth Strategy and the Borough Local Plan • The project will accelerate the delivery of the Northern Gateway development. The project will enable the delivery of housing, elderly care and office buildings to proceed. 	<ul style="list-style-type: none"> • 83.4% of the total funding requirement has been secured, including temporary use of reserves from Colchester Borough Council internal borrowing, but additional information is also required about the £3,700,000 funding shortfall (currently subject to the success of external funding bids). • Should the project be prioritised, further clarity should be provided in the Business Case about the certainty of local funding contributions. The certainty of local funding contributions will be considered by the Accountability Board as part of their decision making in relation to the final funding award to the Project.
<p>Eastbourne Fishermen</p>	<ul style="list-style-type: none"> • Strong alignment to EU and UK fisheries policy and responds well to the UK Governments fisheries policy, presented in <i>Fisheries 2027, The Marine Policy Statement</i> and <i>The Queens Speech 2017</i>. • Project aligns well with the priorities of SELEP including the need to support coastal communities and to rebalance the economy in the SELEP area. • Without the new infrastructure to modernise the quayside and primary landings site for the fleet, it is unlikely the Eastbourne fleet will continue to exist. • The GPF funding is required to bank roll the construction and equipment purchases. A grant of £1,000,000 has been awarded by the European Maritime and Fisheries Fund. • Project at a well advance stage with 	<ul style="list-style-type: none"> • The scale of benefits included in the value for money assessment is not as significant as other schemes seeking similar levels of funding. • The Project Business Case should consider the wider impact of ensuring the survival of the fishing industry in a deprived local area strengthen the value for money case. • For the project to be considered for funding award by the Accountability Board, the project value for money case will need to demonstrate high value for money.



	<p>the work having been tendered and a detailed cost for the works provided.</p>	
<p>Fitted Rigging House, Medway</p>	<ul style="list-style-type: none"> • Fitted Rigging House, Medway, is situated within the Thames Gateway regeneration area, which is an area identified by Government as a location for growth. • Project is aligned with the vision and objectives of SELEP by providing a regeneration opportunity for the Historic Dockyard Chatham, safeguarding jobs and creating additional training and education opportunities by allowing the University of Kent’s Business School to create a new postgraduate study facility on the vacated site. • The GPF funding is required to secure £1.5m of seed-corn funding from the DCMS. A decision must be made by December 2017 if this funding is not to be lost. 	<ul style="list-style-type: none"> • No discounting of benefits has been applied in the Business Case, to account for the value of the benefits at the point at which they materialise. Discounting of benefits needs to be considered as part of the further development of the Business Case, if the project is prioritised.
<p>Innovation Park Medway</p>	<ul style="list-style-type: none"> • Innovation Park Medway is situated within the Thames Gateway regeneration area, which is an area identified by Government as a location for growth. • Project will bring forward development within the Thames Gateway, leading to the creation of new high value jobs in the area. • If funding cannot be secured to complete the enabling works on the southern site then the site will not come forward for development in line with Medway Council’s vision for 	<ul style="list-style-type: none"> • Planning consent has not yet been secured. Determination is expected by the end of 2018. If planning consent cannot be secured within the expected timescales, this risk may impact the project delivery milestones and the timescale for the repayment of GPF.

	<p>the Innovation Park within the North Kent Enterprise Zone period.</p>	
<p>Javelin Way Development</p>	<ul style="list-style-type: none"> • Project aligns with SELEPs ambition to support the development of Ashford and create increased employment opportunities in its vicinity. • The Employment Land Sites Assessment for Ashford Borough Council states that there is growing demand for light industrial units. • The GPF funding is required to secure a £3m grant from Arts Council England. Without GPF the site would remain undeveloped. 	<ul style="list-style-type: none"> • The business case states that the loan will be repaid by 2021/22 using income from the sales of the industrial units. This is subject to the sale of the industrial units. This creates some uncertainty as evidence has not been provided to show that there are parties interested in buying the units. However, market testing has been completed to consider the potential sale value of employment space in Ashford. • At the point of the Business Case being submitted for review, no layout plans or design work had been completed. However, following Business Case submission, further work has been completed to demonstrate that the project can be delivered at reduced cost and GPF ask. • Planning permission has not yet been secured.
<p>No Use Empty (NUE) Commercial, Kent</p>	<ul style="list-style-type: none"> • NUE Commercial will provide loans to small local developers who find it difficult to access funds from traditional lenders because of the additional security required to fund the refurbishment of dilapidated buildings. • Without the project there will be a loss of potential business rates, inability to create new council tax receipts and loss of New Homes Bonus payments arising from conversion to residential. • Leaving empty properties derelict is expected to have a negative impact 	<ul style="list-style-type: none"> • The scheme has been successful in the past with residential properties, with the scheme promoter having 10 years of experience of managing a revolving loan fund and has processes in place to manage the repayments for each scheme. However it would be the first time that commercial refurbishments will be delivered.

	<p>leading to anti-social behaviour impacting on local services and further work for local empty property officers in terms of additional enforcement and legal proceedings.</p>	
<p>Projects not recommended for funding</p>		
<p>Newhaven Eastside Business Park</p>	<ul style="list-style-type: none"> • The project seeks to accelerate delivery of 3 blocks of units totalling 5,726 m², the remaining space at a key business park in the new Newhaven Enterprise Zone, on a speculative basis. • The GPF is intended to ensure that the full scheme is delivered ahead of schedule and capitalises on the current high levels of demand and buoyant commercial property market. • Contributes to the success of the Enterprise Zone initiative. 	<ul style="list-style-type: none"> • Although it is within the GPF remit to accelerate development it is very clear that it would be speculative development. However, the scheme promoter states that the sale of assets can be used to pay back GPF in case of failure to refinance or generate sufficient income from leasing the units. • Self-financing options could be considered before the use of public funds. • There is little evidence of a market failure and this reduces the strength of the need for intervention. • Planning permission is required for Blocks 3/4/5 and a decision has not yet been secure, but the risk of not securing planning consent is RAG rated as low by the applicant. • The Business Case does not provide sufficient detail of the assumptions made in the calculations to be able to ascertain full compliance of the approach.
<p>North Hastings (Haylands)</p>	<ul style="list-style-type: none"> • The scheme is well-aligned with SELEP aspirations, by responding to the need to deliver more employment space in more deprived coastal areas of the LEP. • The funding is needed because there is a perception of risk amongst 	<ul style="list-style-type: none"> • The scheme promoter states three options of self-financing the development, which suggests the potential to fund the project by alternative means. • The reference case assumes that no development takes place. More



	<p>institutional investors with regards to development of smaller-scale commercial employment property.</p> <ul style="list-style-type: none"> • The property owner does not have sufficient capital reserves to develop the scheme without financial assistance. • Market failure that commercial banks are hesitant to loan to developers for the purposes of developing small commercial sites. 	<p>information should be provided to justify this as typically a lack of public sector investment results in reduced development, or a different type of development rather than no development at all.</p> <ul style="list-style-type: none"> • The GPF repayment will be financed by commercial bank loans which will be achievable once the blocks are fully let. This presents a risk to SELEP because repayment of the loan relies both on the blocks being let and the commercial bank being happy to loan to the scheme promoter, but mitigation has been identified through good relationship with Bank that has indicated acceptance of the principal of refinancing. • Evidence could be provided of unmet demand for such commercial premises. In terms of viability, there is a risk to the repayment of the loan which weakens the case for GPF investment in this scheme.
<p>University of Essex Parkside Phase 2</p>	<ul style="list-style-type: none"> • Project aligns with two of SELEP's thematic investment priorities - Employability and Skills and Job Creation and Enterprise Zones. • The project encourages collaboration between academic institutions and the business community helping to increase upskill the local population. The clustering of small business working in complementary industries can stimulate agglomeration benefits. • The need for intervention is to speed up the realisation of Parkside Phase 2. It will go ahead without GPF funding but at a slower rate. 	<ul style="list-style-type: none"> • The Business Case does not consider the displacement of jobs. This should be considered in the Business Case if the project is taken forward to the next stage of development. • The Business case sets out the repayment of GPF beyond the payback period set out in the eligibility criteria (payback required by March 2022). However, subsequently the scheme promoters have confirmed that payment can be made within the required period. • Further evidence is required to demonstrate a market demand for small business location



<p>University of Essex Parkside Phase 3</p>	<ul style="list-style-type: none">• This project will be an extension of the Parkside Office Village on the Knowledge Gateway site. The project involves the construction of 9 office units over 3 floors with a total area of 3,700 sq. m gross. The office units will be larger than previous Parkside developments.	<ul style="list-style-type: none">• At this early stage of project development the scheme promoter is only gauging SELEPs appetite to invest in this scheme as it will affect the level of additional, external funding that is required.• Significant uncertainty about the expected benefits of the scheme.• Repayment schedule goes beyond 2022 and therefore does not meet the eligibility criteria for GPF.
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Appendix 5 Letter of Support – Locate in Kent in relation to Javelin Way, Kent



S Nurden
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Maidstone
Kent

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Dear Sarah

Ashford – demand for small industrial units – evidence

There was a discussion yesterday morning at the KMEP Business Advisory Board meeting relating to the severe shortage of commercial space across the county which is constraining Locate in Kent's ability to support local business expansion, attract new companies to the county, new job creation and local economic growth.

I was asked to comment specifically on the Ashford market and for industrial space at the lower size range.

Today, I have taken a snap shot of the market position of the supply of small industrial units up to 200 sq.m in Ashford, taken from the Locate in Kent Property Portal – which is a direct feed from commercial property agents.

I have also pulled the current and past data on the latent demand from our current pipe-line of enquiries which will include companies considering Ashford as a location for their business and also existing Kent based companies seeking premises of this size – either to upgrade from their existing space or expand/downsize on their current space.

Supply

- There are currently 21 properties in Ashford in the 0- 200 sq.m range
- These are a lease- hold properties with only 4 available as a freehold purchase (of which 1 is under offer – pre let of a new property which is currently under construction)
- There are 5 units of sub 200 sq.m size on Henwood industrial Estate – this represents 9% of total availability in this location. The quality of these properties are of poor standard having been built many years ago – (please see the photos below as an example of what is currently being marketed on Henwood Industrial Estate)

- They are exclusively offered for lease only and are not comparable to the specification of the space now being proposed at Javelin Way or the Tavis House development which can be purchased freehold for up to £1679 per sq.m/ £415,000 (ex VAT) for a 247 sq.m unit

To Let



The Grove Centre, Henwood, Ashford, Kent, TN24 8DR



B1, B2, B8 INDUSTRIAL UNIT
TO LET

Unit 4 Henwood Business Centre, Ashford, Kent TN24 8DH



GIA 1,168 sq ft (108.50 sq m)



Demand

- The highest demand for industrial space in Ashford has consistently been in the range 100-500 sq..m
- Demand for freehold space has increased as occupiers seek to purchase through SIPP arrangements
- This has been evidenced by the recent Manyweathers development at Manston, Thanet, the Nepicar Park scheme at Wrotham developed by Gallaghers Group and the Foundry development in Faversham developed by Quinn Estates – where units were either pre-let or purchased before development completion
- Locate in Kent's experience of converting industrial enquiries in Ashford for sub 200 sq.m in recent years has been constrained by a) the lack of stock and b) the quality of available premises. This is due to little new space being developed since the start of the recession in 2008 and the high level of occupancy of existing stock
- In terms of the current demand in October 2017 Locate in Kent has 7 requirements seeking industrial space in the 0-100 sq.m range; 63 seeking space in the 100 sq.m – 500 sq.m range and 43 seeking space 500-2000 sq.m range
- If the new industrial space at Javelin can be developed in a flexible way that allows for units to be combined this will improve the letting/or freehold purchase opportunity and reduce the risk of long void periods

In my opinion the scheme at Javelin Way, Ashford would meet the latent occupier demand and would support economic growth from both inward investors and expanding businesses.

Yours sincerely,



Paul Wookey

Cc Adam Bryan – SELEP
Rhiannon Mort – SELEP Capital Manager

Appendix 6 - Additional information from the Kent Cultural Transformation Board Chair in relation to the Javelin Way Project

Jasmin Vardimon Company, as part of the Javelin Way Project

The Jasmin Vardimon Company (JVC) is an nationally and internationally acclaimed dance company, led by the choreographer Jasmin Vardimon. Key partners include Sadler's Wells, where Jasmin is an Associate Artist. The Company is recognised by Arts Council England as a 'National Portfolio Organisation' (NPO), and is the only NPO located in Kent and Medway which creates and produces work which is then also exported globally. In fact since relocating to Ashford in 2012 JVC have created 18 pieces of new work, given over 100 performances in the UK and over 35 performances in 10 different countries to over 100,000 people. Several creative and cultural SMEs in Kent have a business relationship with JVC - for example firms involved in set design and creating digital content for the company.

The company also plays an important role in skills development in the creative industries. JVC has developed a 25 week course to train dancers to standards to equal and exceed those evident at the London Conservatoires. 100 students relocated to Ashford between 2012-2017 to participate on Jasmin Vardimon Company Education Training Programmes including JV2 and JVintensive, and, having now graduated from these programmes, 83% of them are now employed in the sector. This training programme is part of the SECEN Talent Accelerator programme. The plan is also to host workshops at the new Creative Laboratory so school students and others can explore whether a career in the creative industries is for them.

JVC is a national success story with its operation expanding since it was established back in 1998: more staff have been employed over the years, and more students undertake the JVC training course than ever before. This growth has meant that its existing facilities no longer meet JVC's operational requirements. Moreover, the rental agreement for its existing site only runs for another year or so, hence it is vital that a decision is made imminently about the company's base.

Being located in Ashford is very important to JVC. Sadler's Wells acts as the London base for the presentation of the company's work, in addition to the Gulbenkian Theatre in Canterbury and Northcott Theatre in Exeter. The company also takes its productions to Europe, and the Company board members and staff frequently need to travel to Paris for meetings with other producers. The High Speed train line and Eurostar service from Ashford International mean that all these locations are within easy reach of the Creative Laboratory that would act as JVC's HQ and training centre. A site search has indicated that other venues across the South East LEP would not meet JVC's operational requirements.

Given its outstanding work in the field of dance and choreography, the Arts Council England has committed to giving JVC an annual operational grant of £289,000 until 2020, and is offering a £3 million grant to construct a Creative Laboratory for JVC in Ashford. The catch, as with many grants, is that we must be able to offer match-funding, and that is where we need SELEP's support please. The £3 million offer is time-sensitive. We only have until early/mid 2018 at the latest to source the match-funding.

Kent County Council and JVC have explored several options, and has concluded that the best way to raise funding for the Creative Laboratory would be for Kent County Council to build 29 industrial units on some land it already owns in Ashford. These 29 units can then be sold to generate income, which in turn can be used to pay for the construction of the Creative Laboratory in the remaining part of the KCC freehold site. JVC could then repay SELEP the Growing Places Fund money back.

JVC has already received verbal expressions of interest in these 29 industrial units from some creative SME businesses. While the units would be put on the open market for companies to purchase, I know that some of JVC's supply chain are interested in potentially purchasing a unit. Also, as a Business Advisory Board member, I know commercial space (particularly freehold) is in very short supply and these units are likely to have great appeal to all firms (not just to those in the creative industries). One of the most frequent issues that firms on the Kent and Medway Business Advisory Board raise is that they cannot find any commercial space to purchase. Locates in Kent have said demand for industrial space outstrips supply.

When KMEP looked at the GPF bids back in September, I was struck by the fact that this scheme converts the greatest amount of land into commercial space - with a total of 5,908 sq.m. producing 175 full-time equivalent jobs, in addition to at least 21 freelance and contractor opportunities.

The search for an alternative funding source has not identified another viable funding stream, apart from the GPF capital loan. Kent County Council cannot afford to fund the upfront costs of the development of the industrial units. To support core services (such as social services provision for an ageing population), KCC must substantially increase its prudential borrowing in 18/19, which will bring it close to its prudential borrowing limits. The Council is strongly backing the scheme and thus is using its own land to allow the project to proceed.

If GPF funding were not available, we would definitely lose the £3m grant on offer from ACE, and there would be a high likelihood that JVC would relocate back to London. This would have a seriously detrimental impact on the creative and cultural industries in Kent and Medway.

I appreciate you circulating this message to the relevant people.

Finally, I declare that I am a member of the creative industries in Kent, but neither I nor my company would benefit personally from this bid being approved.

Sarah Dance

Sarah Dance Associates

Writing in my capacity as Kent Cultural Transformation Board Chair