

South East Local Enterprise Partnership: South East Growing Places Fund (GPF) – Javelin Way

Growing Places Fund (GPF) Business Case

Scheme summary

Scheme promoter:	Kent County Council
Project Name:	Javelin Way Development Project
Federated Board Area:	Kent & Medway (KMEP)
Lead County Council:	Kent County Council
Development Location:	Javelin Way, Henwood Industrial Estate, Ashford, TN24 8DE
GPF required:	£ 1.597 million

Project Description / Summary:

This project aims to develop the Javelin Way site for employment use, with a particular focus on the development of Ashford's creative economy. The scheme consists of two elements:

- The construction of a '**Creative Laboratory**' production space (with a ground floor internal area of 1,293 sqm), to be leased from Kent County Council by the Jasmin Vardimon Company (JVC), a major dance and creative organisation.
- The development of **29 light industrial units** (with a gross internal floor area of 3,046 sqm), for sale and/or lease, suitable for additional creative businesses as well as the general market. Mezzanine floors will be provided in the majority on the 29 industrial units, to the extent of approximately 92% of the ground floor area.

The scheme will accommodate up to **approximately 311 full-time equivalent employees**, in addition to **21 freelance and contractor opportunities**. The scheme will also deliver opportunities for business development in the creative sector, as well as business rate, GVA and educational impacts.

The overall cost of the scheme is £9.145 million, with the Creative Laboratory funded by Arts Council England and capital receipts from the sale of the business units. £1.597 million is requested from the Growing Places Fund to forward fund the development of the business units, bringing forward employment at an early stage and enabling the delivery of the full scheme.

Project Location: The Javelin Way Site

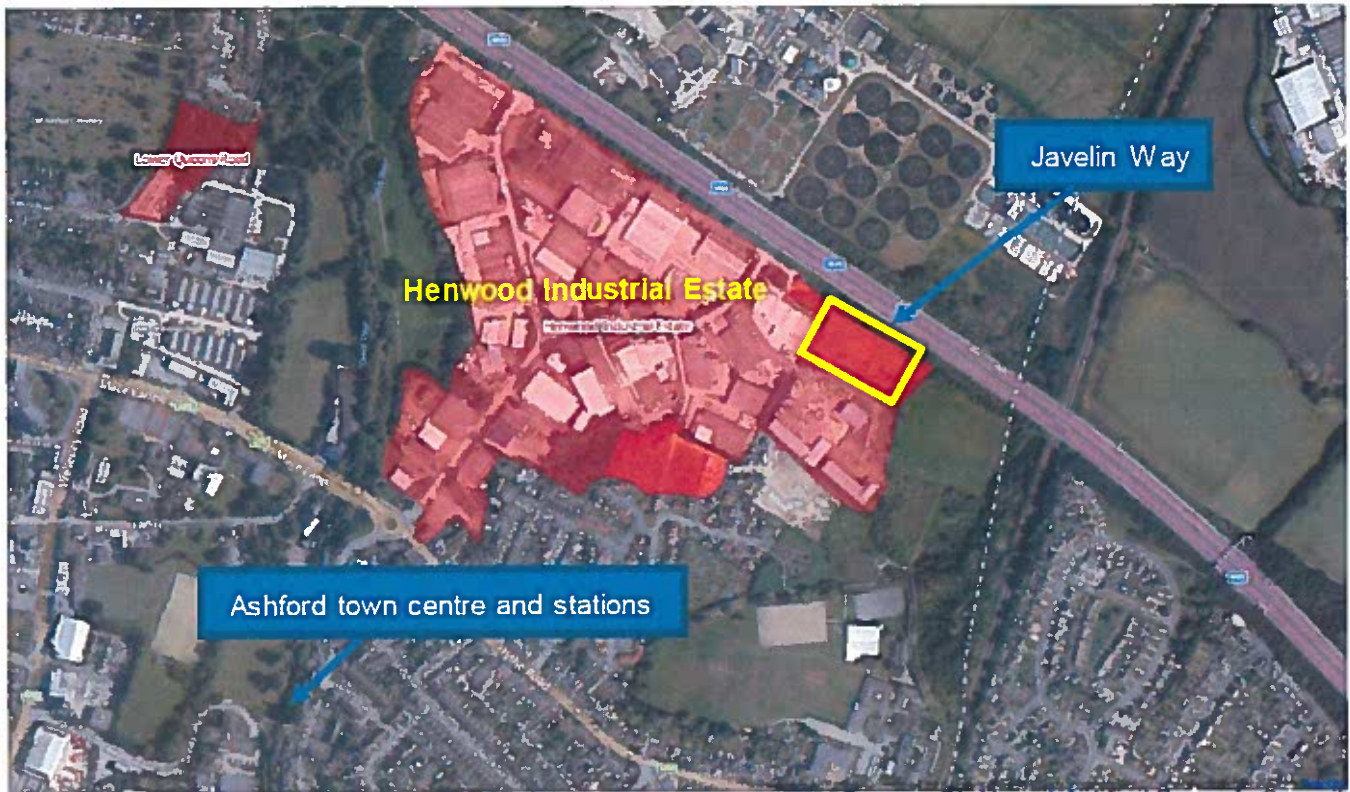
Javelin Way is a 2.2 hectare site located on the Henwood Industrial Estate.

The Henwood Industrial Estate is to the north-east of Ashford town centre, around two miles from M20 Junction 9. The Henwood estate contains a mix of uses, with most of the stock dating from the 1970s and 1980s, with the quality of the estate described as "generally reasonable" in Ashford Borough Council's 2016 assessment of employment sites¹.

¹ GL Hearn/ Ashford Borough Council (April 2016), *Employment Land: Site Assessments – Final Report*, p.51

The Javelin Way site occupies the north-eastern edge of the Henwood estate, and is bounded by the M20 motorway, open land and the rest of the estate. Kent County Council's Highways Depot is located immediately to the south. The site is currently undeveloped, and offers the only opportunity for new development on the Henwood estate. According to Ashford's employment sites assessment, it is suitable for a range of employment uses (B1, B2 and B8) and is likely to prove "reasonably attractive to occupiers", within the context of policies to encourage the general renewal of the Henwood estate².

The freehold of the Javelin Way site is held by Kent County Council. The image below shows the location of the site.



Source: GL Hearn/ Ashford Borough Council

The proposed site layout is shown overleaf. The project will deliver 29 industrial units in three blocks to the north and west of the Javelin Way site (shown in blue). The Creative Laboratory will sit in the south-east corner of the site (shown in pink).

² GL Hearn/ Ashford Borough Council (April 2016), *Employment Land: Site Assessments – Final Report*, p.52



JAC BUILDING CAP 20000 - 20000*
25 single family residential units with a total
GFA of 23300 sq
(includes office building)
20 parking spaces for the residential units (inc. loading bay)
GLEED development
22 parking spaces for the JAC building



7181010P17 PROPOSED SITE LAYOUT	
JAVELIN WAY DEVELOPMENT 10000 GFA OF OFFICE SPACE	
EAST COUNTY COUNCIL PROPOSED SITE LAYOUT	

Pellings

Rev	Date	Description	Author
E	05	Further comments from transport consultant incorporated. 22 spaces allocated for Cycle	AT
F	31/08	Client comments incorporated. 11 units area increased. Boundary line updated.	

PRELIMINARY

NOTES:
 1. All dimensions are given in meters unless otherwise stated.
 2. The site is shown as a preliminary plan and is subject to change without notice.
 3. The site is shown as a preliminary plan and is subject to change without notice.
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Background & Context: The Jasmin Vardimon Company (JVC) and Ashford

JVC was established in 1998 by the choreographer Jasmin Vardimon. Since then, it has grown to become a 'nationally and internationally acclaimed' dance company. Key partners include Sadler's Wells, where Jasmin Vardimon (the person) is an Associate Artist³. Sadler's Wells acts as the London base for the presentation of the Company's work; in addition JVC performs at the Gulbenkian Theatre in Canterbury and Northcott Exeter.

The Company is recognised by Arts Council England as a 'National Portfolio Organisation'; in view of this, ACE has committed to an annual operational grant of £289,000, which the Company supplements with income from shows and educational programmes. JVC is the only National Portfolio Organisation within Kent that produces and displays work.

JVC decided to relocate from London to Ashford in 2012, as it wished to expand its production facilities. Given the high cost of production facilities within easy access of central London⁴, the Company sought premises further afield, with Ashford identified as a suitable location. The Company has commented that Ashford is the *only* location within the SELEP area which meets with its requirements to have short travel times to London, connectivity to continental Europe, and appropriately priced production facilities.

Since 2012, the Company has been based at the Stour Centre in central Ashford, with creative space and office accommodation leased from Ashford Borough Council. JVC also leases an additional temporary warehouse in Ashford.

The Company has all of its administration activities and permanent production facilities based in Ashford. Twelve full-time members of staff are employed in Ashford (nine by JVC and three by the Jasmin Vardimon Educational Company). In addition, dancers, technicians and creative staff are contracted on a 'show by show' basis: numbers vary between 15 and 21 at any given time⁵.

In 2013, JVC established the Jasmin Vardimon Educational Company (JVEC), a registered charity responsible for developing the Company's educational and engagement programmes. JVEC has developed a 25 week 'JV2' course to train dancers to standards to equal and exceed those evident at the London Conservatoires. In the last 4 years, 51 students have completed the 'JV2' course at JVC's training facilities at the Stour Centre; the JVC business plan forecasts this activity will increase by 26% between 2018 and 2022.

JVEC also runs a 10-week 'JV Intensive' course and 40 workshops every year. JVEC predicts that 7000 Ashford residents will participate in the either the course or workshop between 2018 and 2022, and 3000 residents from the remainder of Kent (a 47% increase). Currently, JVEC has strong relationships with 12 schools in Ashford, and 22 schools elsewhere in Kent. Looking ahead, JVEC wish to increase their contact to 30 Kent schools.

Growth requirements: The Jasmin Vardimon Company (JVC)

Since 2012, JVC's operations have expanded, particularly with the development of the educational and training offer that has seen an increase in demand. Also, a number of companies (including theatres, production companies and Sadler's Wells associate companies) have expressed interest in using JVC's existing creative production space⁶; and there is evidence of small creative businesses emerging from JVC and requiring space⁷. However, there is no capacity for expansion at the Company's existing facility at the Stour Centre, or for its use by external partners, and JVC has already had to secure separate warehouse space.

³ <http://www.sadlerswells.com/about-us/artists/associate-artists/jasmin-varidimon/>

⁴ According to JVC, the cost of hiring a rehearsal space in central London (12 sqm) is £700 - £1,000 per week (*Feasibility and Business Plan*, p.53)

⁵ JVC, *Feasibility and Business Plan 2018-2022*, p. 15

⁶ For example, Acrojou.

⁷ For example, A&E Dance Studio.



In addition to JVC's growth requirements, Ashford Borough Council's contract with the leisure centre operator at the Stour Centre changes in 2020. Given the population growth of the town, Ashford Borough Council wishes to re-use the space allocated to JVC for alternative leisure centre uses beyond 2020, while still retaining JVC as an anchor tenant at another location within the town.

Consequently, JVC, supported by Kent County Council and Ashford Borough Council, has investigated alternative locations. The Company has specific space requirements in terms of height clearance, which are suited to large footprint industrial-type premises, and (given its existing presence in the town, the connectivity to London and Europe, and the cost of production facilities) JVC wishes to remain in Ashford.

Strategic Fit

Policy and Strategic Context:

The rationale for this project is to secure high-quality cultural facilities, increase the skills offer within SELEP, and to provide employment opportunities.

Ashford as a priority location for growth

Ashford is a strategically important location for population and employment growth, building on its excellent connectivity with London and continental Europe via High Speed One. The town has been a focus for growth for several years, and is identified as such within both the South East LEP's *Strategic Economic Plan* and the *Kent Growth and Infrastructure Framework*.

Developing creative and cultural infrastructure

In recognition of its role as an important growth location, investment in cultural infrastructure is a high priority for Ashford. To this end, the Borough Council published an *Arts and Creative Industries Strategy Report* in May 2016. This identifies the Jasmin Vardimon Company's presence in Ashford as a strategic asset. The retention and expansion of the Company is further identified by Ashford Borough Council (and supported by Kent County Council and other stakeholders) as one of the Borough's 'Big 8' major projects, with the aim of developing high-quality cultural facilities as part of Ashford's growth programme. Given that JVC is the only National Portfolio Organisation based in Ashford, and the only one based in Kent which is engaged in direct production, it provides a 'unique offer'.

More generally, demand for production facilities in 'industrial-type' locations has been recognised in strategy at county-wide and LEP level, given the high costs of such facilities in London. This is set out in both SELEP's *Towards a national prospectus for the creative economy in the South East* and Kent County Council's cultural strategy, *Inspirational Creativity: Transforming lives every day*. Potentially, the expansion of JVC could also support the development of further creative businesses, meeting the business growth objectives of both of these strategies.

The IT, Digital and Creative Sector have also been selected by SELEP as a priority sector for support in its recently published *SELEP Skills Strategy* (published Sept 2018). The plans of JVEC to expand its educational offer supports the delivery of new learners, as well as supporting a key priority growth sector.

In recognition of the cultural value of the JVC, and the case for its expansion, the Company has already received stage one approval for a capital grant of £3.069 million from Arts Council England and will receive ACE revenue funding as a National Portfolio Organisation to 2022.

Developing employment space

As well as providing cultural facilities, the Javelin Way project will deliver additional employment space. The development of new employment floorspace meets with a core objective of the Growing Places Fund, and responds to evidence of an under-supply locally. Specifically, Ashford Borough Council's *Employment Land Sites Assessment* (2016) notes that there is a growing demand for smaller industrial

units of less than 2,000 sqft, with less current supply in this category than in any other type of space, both locally and across the South East. This is borne out by Locate in Kent's recent analysis of the local market in Ashford.

Options Assessment

Option 1: Impact of Non-Invention (Do nothing)

Without public sector intervention, the site will remain undeveloped over the medium term. As the costs of the Creative Laboratory would not be fully met and partner contributions would not be available, the ACE capital grant of £3.069 million will be withdrawn.

This option would not contribute to either of the project's Strategic Objectives. It would also lead to an economically worse outcome compared with the present situation, in that:

- The Jasmin Vardimon Company would need to find alternative premises. Research to date has not identified any suitable alternatives in Ashford. Conversations with JVC indicate suitable alternatives would probably lie outside the SELEP boundary, given their need to have a fast connection to Sadler's Wells (where the majority of JVC's productions are shown) and Europe (where they tour). Should JVC relocate outside the area, it will mean a small loss of direct employment, but a potentially significant long term loss of strategic cultural infrastructure and adversely impact Kent companies in JVC's supply chain.
- Undeveloped, the site will incur minor maintenance costs, borne by KCC. A recent valuation has indicated the site would secure a receipt of around £825,000 if sold – substantially less than the receipts secured on the preferred option.

The 'do nothing' option therefore yields no benefit, does not address the lack of supply of commercial space, results in the withdrawal of a £3.069m grant, and the risk of the loss of a National Portfolio Organisation from SELEP. This option is poor economic value.

Option 2: Development of Creative Laboratory (Element 1) alone

This option involves the utilisation of the ACE grant to develop the Creative Laboratory, with the remainder of the site sold to the private sector. This has the advantage of being relatively simple, and removes any risks to the public sector associated with the sale or lease of the industrial units: within this option, the funding of the industrial space would pass to the private sector.

However, this option is likely to be sub-optimal because:

- There would be insufficient capital realised from the sale of the remainder of the site to match fund the ACE grant. Consequently, the ACE grant would be reduced. This would mean a reduced-specification Creative Laboratory (which may not be viable)
- Some costs would be incurred in delivering the Creative Laboratory which would also benefit development on the rest of the site (for example, relating to utilities and access).
- The potential for developing an emerging creative 'cluster' at Javelin Way would be reduced (although not necessarily eliminated, assuming the site is still developed for employment uses).

This option is therefore likely to deliver reduced benefits compared with the preferred option.

Option 3: Development of the whole site for industrial use

This option involves the development of the whole site for industrial use. Were the overriding strategic objective the delivery of employment numbers in the short-to-medium term, this could be the preferred option. It could also deliver a capital receipt that could be invested in alternative facilities for JVC at a later date. However, it does not resolve the need for short term financing; in addition, this option would lead to the loss of the ACE grant, and could result in JVC leaving the SELEP area. Overall investment would therefore be lower.

Funding Options:

Before applying to SELEP for Growing Places (loan) Funding, Kent County Council had explored alternative funding streams. However, it is clear that there are no alternative suitable sources of funding at the present time that could match the project's objectives. Furthermore, KCC cannot afford to fund the upfront costs of the development of the industrial units.

Conclusion:

There is a strong strategic case for investment in the development of Javelin Way to support the development of Ashford's creative economy and to support broader sustainable employment. In particular, the project will support the retention and expansion in Ashford of an institution recognised by Arts Council England as of nationally-significant quality, and which has demonstrated growth in recent years. The project will also secure ringfenced Arts Council England's capital grant, while bringing forward additional general employment space, and will bring into productive use a currently vacant brownfield site.

Infrastructure Requirements

Summary of development

The development of Javelin Way will consist of:

Element 1: Jasmin Vardimon Centre Creative Laboratory

This facility (with a gross internal ground floor area of 1,293 sqm), will provide:

- new creation, training and presentation space
- incubator spaces for emerging creative businesses and freelancers
- offices for JVC and JVEC
- café and networking space
- space for pilates and yoga classes
- Outside, a coach parking space is incorporated in the design to accommodate the school visits by students attending the workshops.

Element 2: Industrial units

3,046 sqm GIFA light industrial units on the remainder of the site. Mezzanine floors will be provided in the majority on the 29 industrial units, with on average (across the site) the mezzanines covering 92% of the ground floor area. The intention is for the ground floor of each unit to be used by a firm for light industrial purposes, with the mezzanine level to accommodate the firm's office staff.

The industrial units will have a steel portal frame. External elevations will be clad with a proprietary-profiled steel, insulated sheet with suitable internal protection against impact damage. Rising/folding doors will be provided at 3m wide and 4.5m high opening height. Aluminum-framed windows will be provided at upper level in a position appropriate for mezzanine office levels. Adequate lavatory facilities will be provided. A gas-fired boiler for heating and hot water is included. Three-phase electricity will be available. Ground internal floors will be power-floated concrete.

Each unit of the 29 units has forecourt parking, typically for two light vehicles in addition to standing for loading purposes.

At ground floor in the dance studio, there will be a reception area with café, two dressing rooms and a scenery dock/store. The upper level will be served by a passenger lift and two staircases. There will be a smaller studio, offices, meeting and costume store. The dance studios will have timber-finished sprung floors with the upper level of concrete on steel decking.

The dance school will have a total of 10 car parking spaces together with standing room for a large commercial vehicles (i.e. a school bus/coach).

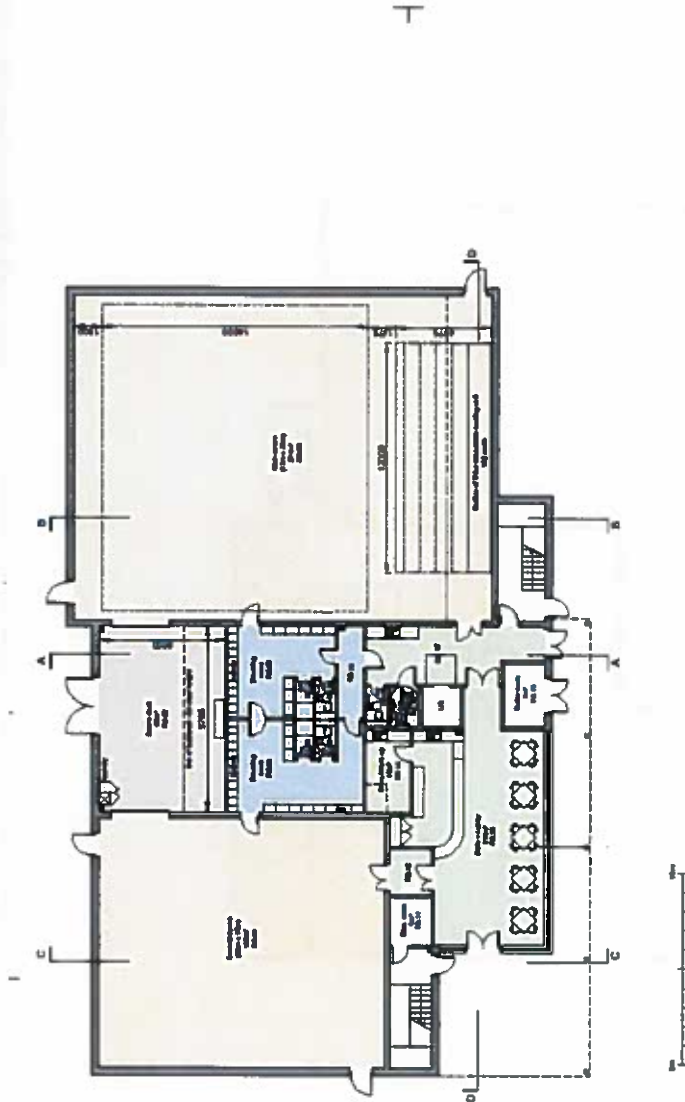
Externally, the forecourts and loading access will be either block paved or brushed concrete, and the service road will be finished in tarmac. These costs are included in the cost estimates.

The proposed plans for the Creative Laboratory are included on the following pages:



- Large spaces + studio
- Auxiliary production spaces
- Offices + meeting room
- Café/Foyer
- WCs + dressing rooms

GFA - 1223 m²



No.	Date	Description
A.	23.12	Conceptual design including site and access
B.	23.12	Final design for construction including all services
C.	23.12	Final design for construction including all services
D.	23.12	Final design for construction including all services
E.	23.12	Final design for construction including all services

PRELIMINARY

This preliminary design is for information only and is not intended to be used for construction. It is subject to change without notice. The client, South East Local Enterprise Partnership, is responsible for the accuracy of the information provided. The architect, Peltings, is not responsible for the accuracy of the information provided. The architect, Peltings, is not responsible for the accuracy of the information provided.

Peltings

Client: SOUTH EAST LOCAL ENTERPRISE PARTNERSHIP	Project: DANCE STUDIO
Location: [REDACTED]	Phase: [REDACTED]
Architect: PELTINGS	Project No: 7181010IP36
Scale: 1:500	Date: [REDACTED]



Cost and funding

Total Project Cost and Funding Required:

The total net capital cost of the project is **£9.145m**.

Cost and funding breakdown:

	2018-19	2019-20	2020-21	2021-22	Total
	£m	£m	£m	£m	£m
Costs:					
Costs incurred up to RIBA 3	-0.2				-0.2
29 Industrial Units* (see cost estimate note below)	-0.01	-2.997	-1.345	-0.029	-4.381
Jasmin Vardimon Creative Laboratory (JVCL)* (see cost estimate note below)	-0.03	-2.105	-2.429		-4.564
Total Capital Costs	-0.24	-5.102	-3.774	-0.029	-9.145
Funding:					
Capital receipts from sales of 29 industrial units		2.055	2.466	1.439	5.96
S106	0.165				0.165
Arts Council England (ACE) grant		1.676	1.24	0.153	3.069
Total Capital Funding	0.165	3.731	3.706	1.592	9.194
Net Surplus\deficit p.a.	-0.075	-1.371	-0.068	1.563	0.049
SELEP Loan		1.597		-1.597	0
KCC funding	0.075			-0.075	
Revised Net Surplus\deficit p.a.	0	0.226	-0.068	-0.109	0.049
Net Capital (cumulative)	0	0.226	0.158	0.049	

Ultimately it is expected that the development will generate a small surplus of £49k for the County Council through the sale of the industrial units.

Cost estimates

*McComb Partnership Ltd provided a RIBA stage 2 cost report on 18th May 2018. This report is attached as Appendix A.

This report shows the assumptions made in calculating the costs. The cost estimate includes a 5% contingency (for both the units and for the creative laboratory), and includes a financial allocation for project management, fees, survey costs, external works, and access road, etc.

This RIBA stage 2 report shows that, back in May 2018, the estimated total capital cost was £8.333m. Subsequently, a RIBA stage 3 cost estimate was commissioned by KCC. This RIBA stage 3 report is due to be completed by 12th October 2018 (See timescales in later section of this report).

In order to submit this business case to SELEP in line with its deadline, the Javelin Way project manager has communicated with McComb Partnership Ltd to receive the most up-to-date version of the cost estimate. This most up-to-date cost estimate is reflected in the figures above, i.e. McComb Partnerships advise that the 29 industrial units will cost **£4.381m** and the Jasmin Vardimon Creative (Dance) Laboratory will cost **£4.564m**. The project manager has been told it is unlikely that there will be significant variance between these costs above and the final RIBA stage 3 costs that are to be published shortly. If SELEP/Steers wish to see the RIBA Stage 3 report, this can be sent to them on publication.

Contribution to the establishment of a revolving fund

GPF Drawdown Schedule

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
GPF Drawdown (Capital)	£0	£1,597,000	£0			£1,597,000

This business case seeks £1.597million of Growing Places Loan (GPF) funding – which would be drawn down at the start of the 2019/20 financial year, i.e. in the month of April.

GPF Repayment:

GPF will be repaid through the sales of the industrial units. The market value projections used in this business case are based on information provided by Caxtons. Please see the section on market supply and demand.

GPF Repayment Schedule:

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
GPF Repayment (Capital)	£0	£0	£0	£1,597,000		£1,597,000

We seek to enter a legal agreement with SELEP that has a repayment schedule showing the Growing Places Loan (GPF) funding repaid at the end of the 2021/22 financial year, i.e. in the month of March. If the sales of the industrial units and delivery of the creative laboratory were completed at a faster rate than currently projected, this could facilitate a faster repayment of the GPF loan by KCC to SELEP.

Deliverability

Planning, Approvals and Specialist Studies

The planning application will be submitted to Ashford Borough Council in October (once the RIBA stage 3 report has been received). Pre-planning conversations have taken place between Kent County Council and the Ashford Borough Council planning department, and these conversations indicate securing planning is unlikely to be problematic.

The site is included within Policy U15 of the adopted Urban Sites DPD, covering Henwood Industrial Estate, for which it is identified as suitable for B1, B2 and B8 use. The Creative Laboratory would be a departure from this, as it would require D1 permission. However, Ashford Borough Council is supportive of the development of the Jasmin Vardimon Company as one of its 'Big 8' strategic priorities, and discussions with

the Planning team suggest that this use would be acceptable.

Timeframe & Project Development Stages

A Gantt chart showing the timeframe for the project is included in Appendix B. This shows the project development stages that have been completed to date. As aforementioned, the RIBA stage 3 report is due on 12th October, but this business case has used the most up-to-date figures.

This Gantt chart also shows the surveys that have been undertaken so far, which include ecology, topographical, air-quality, flood risk, geo-tech. Ashford Borough Council's planning department has confirmed that an acoustic survey is not required. The transport assessment is due to be completed imminently by Kent Highway Services.

In terms of key milestones, the proposed sale of industrial units is as follows:

- 10 of the 29 industrial units are sold in 19/20.
- 12 of the 29 industrial units are sold in 20/21.
- 7 of the 29 industrial units are sold in of 21/22.

The Dance Studio would be constructed by end of July 2020, enabling JVC to move into the new facility prior to the start of the 2020-21 academic year (which starts for the dance students in October 2020).

Property Ownership and Legal Requirements

The site is entirely within the ownership of Kent County Council. Land Registry title plans can be supplied if required. There are no legal issues that may delay implementation.

Procurement

Kent County Council (KCC) procurement team will lead on the procurement strategy for the Javelin Way Development project. The KCC procurement team provides a responsive procurement service and commercial advice and guidance to the council. This includes finding the most appropriate suppliers, running tendering exercises, negotiating and awarding contracts.

All members of the procurement team have either obtained or are working towards the Member of the Chartered Institute of Procurement and Supply (MCIPS) qualification.

As with other public-sector organisations, we will comply with EU Procurement Directives embodied in the Public Contracts Regulations 2015 when buying works, goods or services from external organisations to ensure that all procurement is carried out in a fair, open and transparent way. We also have our own policy, known as 'Spending the council's money' which has similar goals and a Delegated Authorities Matrix. The procurement team ensures we are compliant with these regulations. This is achieved through a series of mechanisms, either through contracting within framework agreements developed by central and local government, and/or by advertising, as appropriate. Where advertising is required, the following rules are applied:

- Contracts for more than £164,176 of goods and services and more than £4,104,394 for works are advertised in the Official Journal for the European Union, central government's Contracts Finder and the Kent Business Portal.
- For transactions of £50,000 or more, we will follow a formal tender process and advertise the opportunity on our tendering portal and central government's Contracts Finder.
- For transactions for more than £1,000 but less than £50,000, we will seek at least 3 written quotations (at least one of which should be from a Kent business where possible) before a formal contract can be entered into.



- For transactions for less than £1,000 we will seek at least one written quotation.

In respect of Javelin Way, the following procurements apply:

Design and professional service

The full range of design, professional advisory, technical project management and quantity surveying services were procured during the development stage by way of fully compliant processes. The architect, QS and the wider design team were appointed under the KCC OJEU compliant framework.

Building Contractor procurement strategy

We expect the contract value for Javelin Way to be above the works threshold of £4,104,394. The procurement strategy will therefore look at two options to engage with the market:

Option 1 – run a mini-competition from a Framework Agreement that has been procured in accordance with The Public Contracts Regulations 2015.

Option 2 – run a bespoke procurement exercise in accordance with The Public Contracts Regulations 2015.

The Benefits of the KCC Framework:

- Fast access to market – considerably quicker than full tendering
- Proven – construction framework, established for over ten years
- Certainty – high levels of time and cost predictability
- Competitive process – delivers value
- Locally focused / adaptable to local requirements
- Shared best practice across suppliers
- Contractor led continuous improvement
- OJEU compliant

Fit-out procurement strategy

Procurement for fit out will be in accordance with KCC procurement policy. Subject to costs both tenders will most likely be advertised on the Kent Business Portal. Where specialist items need to be procured, we may contact suppliers to advise them of the opportunities and ensure that we receive the maximum number of tender returns.

Equality

An Equalities Impact Assessment was completed, and is attached as [Appendix C](#). This concludes that “it is not envisaged that the Creative Laboratory or the commercial units will provide any negative impacts following project delivery” and the project will “provide a positive impact on the local community”. However, these assumptions will need to be further tested as part of the planning consultation.

Market supply and demand

Interest already expressed in the 29 Industrial Units

Negotiations are already in place with an organisation to purchase 4 of the 29 units at Javelin Way off plan – this is before any marketing has taken place. A cultural organisation approached Kent County Council. By happenstance, this organisation had spoken to a representative of JVC about a non-related matter and had learnt of this project. This organisation therefore directly approached Kent County Council at this early stage, as they are eager to benefit from the opportunities that would be derived for them from being part of a new creative cluster that involves JVC. The cross-fertilisation of ideas and potential to work collaboratively on creative projects attracted them to the development.

This organisation has provided a letter expressing their interest ([Appendix D](#)). Please note this is strictly exempt from the public domain while the negotiations are ongoing due to commercial confidentiality.

In addition, another early approach has been made by another public sector organisation that is considering the purchase of multiple units.

Market supply and demand for industrial units in Ashford

As the stage 2 GPF application stated, the take-up of industrial floorspace in Ashford fell during the recession and remained largely stagnant until 2012. Since then, it has performed strongly, with industrial demand increasing in the first half of 2017⁸. Average industrial rents in March 2017 were £9 per square foot (psf) for prime stock and £6.50 for secondary stock (with capital values for prime stock at £110 psf)⁹. Comparing new stock, KCC has identified units in Sittingbourne comparable to those proposed for Javelin Way being let at £9.29 psf.

While much of the growth in demand for industrial stock has been linked with larger units, particularly for logistics use, GL Hearn's analysis of Ashford's employment sites notes that there is a growing market for smaller industrial units of less than 2,000 sq ft. Taking supply over the decade to 2016, there is less supply of smaller industrial spaces than any other category¹⁰. This is borne out across Kent and the South East generally.

On the Henwood estate, GL Hearn reported some evidence of vacant units, with a vacancy rate of around 20% across the estate. However, much of estate's stock is now 30-40 years old and it may be reasonable to assume that higher quality premises might perform better, given the general lack of supply.

Locate in Kent has informed Kent County Council that the supply of commercial space has lagged behind demand since March 2016. Where there is supply, it often does not match business need in terms of the size of the unit, its lease arrangements, nor is it new build.

Recent developments of a similar type in Ashford

From speaking to agents in this area, Kent County Council is informed that Tavis House Business Centre at Hall Avenue, Ashford TN24 OAA, is considered to be a good comparable commercial development to the one being proposed at Javelin Way. Here are some details on that development:

- The Tavis Houses scheme is 18 units and is described as Distribution, Warehouse and Light Industrial development. Its practical completion date will take place next month.
- The scheme provides for a range of sized units 900 -1800 sqft with a few larger ones, but are generally are of a similar scale and form to those envisaged at Javelin Way.
- Located to the South East of Ashford in Sevington, the character of the location is similar and the travel times to the motorway network also comparable.
- The 18 units are being marketed for sale and leasehold by the agents, who are a large and established commercial agent.
- The units are being released in batches to the market - The 7 units in the initial batch are under offer of which 6 are freehold purchases. There is already interest in the next batch.
- The Tavis House scheme is on course to be built out in 30 weeks and this includes delays of last winter's snow period and some ground attenuation issues which also added to the extension of the original build period.
- All the units are expected to have mezzanines.
- The units are steel portal framed with profile metal cladding and roller shutter doors to each.
- The sales are expected to be in the region of £190 per square foot for the units if the level of demand

⁸ Locate in Kent (2017), *Ashford Property Supply and Demand*

⁹ Glenny (2017), *Databook Q1 2017*

¹⁰ GL Hearn/ Ashford Borough Council (2016), *Employment Land: Site Assessments*



and interest in Tavis House continues at the present rate. (Javelin Way's market values assume a price of circa £182 per square foot – see next section with Caxtons' valuations).

- The following photographs of the unit show their similarity to the proposed Javelin Way units.



Image © Glenny.

Tavis House
Business Centre,
Ashford – Being
released to market
now in batches.

Capital Values for the Units

Caxtons was asked to provide an opinion of the market values of the proposed industrial units. They have provided the following market values for each unit on Javelin Way;

Unit Number	Market Value
1	£196,000
2	£196,000
3	£196,000
4	£196,000
5	£196,000
6	£196,000
7	£196,000
8	£186,000
9	£205,000
10	£173,000
11	£190,000
12	£234,000
13	£180,000
14	£198,000
15	£204,000
16	£209,000
17	£213,000
18	£221,000
19	£226,000
20	£232,000
21	£240,000
22	£187,000
23	£179,000
24	£179,000
25	£228,000
26	£196,000
27	£245,000

28	£205,000
29	£258,000
TOTAL	£5,960,000

Hence, the total market value of the 29 industrial units is viewed as **£5,960,000** by Caxtons – please note that this value has been used to calculate the BCR later in this business case.

In preparing the above market values, Caxtons made the following assumptions:

- 1) That the interests to be valued are freehold, and the title is free from onerous restrictive covenants, third party rights and/or unusual outgoing.
- 2) That the proposed uses of the premises are authorised by a valid planning consent that is free from onerous conditions and/or restrictions.
- 3) That all necessary licences, permits and certificates are in place, up-to-date and complied with. This includes building regulation approval and fire risk assessments.
- 4) That answers to informal enquiries to local and statutory authorities are subsequently verified.
- 5) That no high alumina cement, calcium chloride or other deleterious materials have been, or will be used in construction.
- 6) That all services and associated plant and equipment including alarm systems where fitted are, or will be in good working order and comply with current regulations,
- 7) That no substrata abnormalities and/or environmental contamination exists that materially affects our valuation,
- 8) That there are no archaeological remains on or under the land which could adversely impact on value,
- 9) That the assets or liabilities are not adversely affected by any form of pollution or contamination.
- 10) That there is no abnormal risk of flooding
- 11) That all buildings will have an EPC rating of C or above
- 12) That the proposed buildings have been completed to a good, conventional standard and are ready for occupation, subject to usual fitting-out.
- 13) That units are sold to the market in isolation – such that the local market is not distorted by a significant over-supply of units.

Caxtons has also estimated that the market value of the proposed dance school is **£950,000** (if sold after construction). This estimate is based on assumptions 1-12 above. This has not been used in the BCR calculation, as the intention is to lease the Dance School to JVC. The rental contract will have a 5-year rolling break clause.

Financial Viability – Certainty of funding contributions

The cashflow for this project was set out earlier in this report.

The cashflow assumes that the Arts Council England grant is secured by April 2019. The stage one application has been approved by ACE, and the stage two application is due to be submitted to Arts Council England in October 2018. Arts Council England usually takes 12 weeks from submission to informing the applicant if they are successful. ACE representatives have commented that this application is more straightforward than other schemes – given it is not reliant of any fundraising being necessary through the duration of construction. This should place the JVC bid in a favourable position when it comes to determination of the award of funding.

It should be noted that if the Arts Council England does not provide the grant of £3.069m, Kent County Council will not draw down the GPF loan funding from SELEP in April 2019.

Ongoing sustainability

The industrial units will be sold or leased according to market demand, which appears strong (see market demand information above).

With regard to the Creative Laboratory, the ongoing sustainability of the Jasmin Vardimon Company is an important consideration, given that the facility will be purpose-built. JVC's designation as a National Portfolio Organisation provides it with certainty of Arts Council England funding for the period to 2022. However, the Company has also sought to diversify its income, particularly through increases in income from shows and from educational programmes managed via JVEC. Within its long-term Operational Budget Forecast, JVC anticipates a reduction in the proportion of income made up of ACE grant from 43% in 2018/19 to 29% in 2025/26, with a parallel increase in its operating surplus.

Expected benefits

Kent County Council (KCC) proposes to develop the Javelin Way site for employment use, with the intention of achieving two strategic objectives:

- First, it aims to **develop Ashford's creative economy**, in the context of the town's rapid growth as a population and employment centre, and in view of the advantages provided by its excellent connectivity to London and continental Europe. Specifically, it aims to build on existing and planned investment by the Jasmin Vardimon Company to establish a permanent presence in Ashford by a leading cultural enterprise to support the further growth of the sector in the town and, more generally, in Kent.
- Second, it aims to **enable sustainable, high quality employment creation**. It aims to do this in two ways: first, through the direct development of employment floorspace at Javelin Way (including the Jasmin Vardimon Company facility); second, through the contribution to the revitalisation of the Henwood estate that development at Javelin Way will help to promote.

Overall Project Impacts:

The development of Javelin Way is anticipated to deliver a number of benefits relating to employment, business rates growth, education and skills development and the growth of the creative economy. In addition, there are likely to be indirect benefits in the form of enhanced perceptions of the Henwood estate as a business location, and to the delivery of Ashford's overall growth strategy.

Employment benefits

Element 1: Creative Laboratory

The Jasmin Vardimon Company and JVEC currently employ 12 full-time members of staff and 15-21 freelancers/ contractors at any given point.

Within the *JVC Feasibility and Business Plan (Appendix E)*, it anticipates recruiting 12 new staff, as a result of increased work enabled by the new facility. This means **12 net additional employees**. It should be noted that there is also likely to be an increase in the number of freelancers and contractors.

Element 2: Industrial units

Within the industrial units, approximate employment generation can be derived from floorspace calculations using former Homes & Communities Agency 2015 employment densities:



Use	NIA (sqm)	Sqm per job	Estimate employment / Jobs created
Light Industrial (Ground floor of units)	3,046	47	65
Office (Mezzanine level @ 92%)	2,802	12	234
Total	5,848		299

Total employment benefits

In total, the entire Javelin Way site will accommodate up to 311 full-time equivalent employees, in addition to at least 21 contractors and freelancers at JVC.

These figures do not take into account any displacement (i.e. firms moving into the site from elsewhere in the local economy) or multiplier effects (i.e. employment generated through supply chains or employee spend). Further analysis can be done if required of the local market to derive appropriate displacement, leakage and multiplier estimates. However, it is likely that there will be displacement associated with the industrial units, given the likelihood that some local firms may want to relocate to better standard accommodation.

For clarity, the following table shows a breakdown of the outputs by year:

Outputs / Outcomes	2018/19	2019/20	2020/21	2021/22	2022/23	Total
New jobs: Creative Laboratory			12			12
Safeguarded jobs: Creative Laboratory	12					12
New freelancers: Creative Laboratory						TBC
Safeguarded freelancers: Creative Laboratory	15-21					15-21
Direct Outputs (gross terms)			103	124	72	299
Employment floorspace (GIA): Creative Laboratory, sqm			1,293			1,293
Employment floorspace – Ground floor for light industrial use* (GIA), sq m		1,050	1,260	735		3,046
Employment floorspace – Mezzanine (92%) for office use* (GIA), sq m		966	1,159	676		2,802
Student learners on JV2 course	16	16	16	16	16	80



	Creative internships	6	8	10	13	13	50
Direct Outputs (net terms, after considering additionality)	See commentary above						
Indirect Outputs (gross terms)	See Other Benefits below						

*The proposed sale of industrial units is as follows:

- 10 of the 29 industrial units are sold in 19/20.
- 12 of the 29 industrial units are sold in 20/21.
- 7 of the 29 industrial units are sold in of 21/22.

In the table above, the assumption has been made that the direct job outputs will be produced in the same year as the unit is sold.

Other benefits

Other benefits arising from the scheme include:

- Quantified business rate benefits, derived from new commercial floorspace
- An increase in cultural output: This is the primary goal of JVC's expansion into the Creative Laboratory; within JVC's business plan, the Company anticipates increasing the number of shows that performs, and increasing the number of external partners that use the facility.
- An increase in new businesses: given the nature of contracting and freelancing in the creative sector, the number of new businesses created via the Creative Laboratory could be greater than the number of employee jobs, although this will need to be quantified
- Educational and training benefits, including through an increase in JVC's educational programme. This includes school student visits to the 40 workshops that JVC provide each year. Please refer to page 6 of JVC Feasibility & Business Plan.
- Temporary construction jobs lasting duration of build. This figure still needs to be quantified.
- Greater revenue generation for Ashford BC's Stour Centre, as ABC can use space vacated by JVC.

The Role of GPF in Benefit Realisation:

As aforementioned, without GPF funding, the project will not proceed at the present time. There is no alternative source of funding at the present time, given that KCC cannot afford to fund the upfront costs of the development of the industrial units.

While it is possible that the development of Javelin Way will proceed in the longer term, delay will jeopardise the Arts Council England grant to the Creative Laboratory and is likely to mean that this element will not proceed at all.

Without GPF, the project will therefore not proceed in its current form.

Value for Money (VfM):

The Benefit Cost Ratio is calculated below:

Costs to include in the BCR calculation

In the case of GPF loan funding, the cost to the public sector (to be considered in the BCR calculation) is the value of interest foregone, assuming full and timely repayment.

Interest on GPF loans is charged at two percent below the Public Works Loan Board (PWLB) according to the most recent SELEP Strategic Board decision. Under current market conditions, this means that the interest rate will be 0% - although this could change by the time the legal agreement is entered into between Kent County Council and SELEP. However, for the purposes of the BCR calculation, we have assumed the interest rate is 0%.

The total cost of the capital to SELEP is £239,550 as shown in the table below:

	2017/18	2018/19	2019/20	2020/21	2021/22
Capital drawn down		-	1,597,000		
Capital held	-	-	1,597,000	1,597,000	1,597,000
Interest	-	-	-	-	-
Capital plus interest	-	-	1,597,000	1,597,000	-
Repayment	-	-		-	1,597,000
Cost of capital	-	-	79,850	79,850	79,850
Interest due					
					<i>The annual cost of capital = 5%</i>
Cost of capital (SELEP)					239,550

Benefits to include in the BCR calculation

The net benefits to SELEP is £802,804 as shown in the table below. This only considers the 29 industrial units:

	2018/19	2019/20	2020/21	2021/22	TOTAL	Comment
Discount Factor	1	0.9962	0.9335	0.9019		
Land value at start of the project	825,000	821,865	770,138	744,068	£3,161,070	Assume 80% LTV
Land value on final sale		£2,055,172	£2,466,207	£1,438,621	£5,960,000	The total sum of £5.96m is the sales value for all 29 industrial units according to Caxtons. It is assumed that 10 units sold in 19/20, 12 units in 20/21, and 7 units in 21/22.
Property Inflation	1	0.95	0.9025	0.8574		5% as per DCLG guidance
Present value of property on final sale		£1,952,413.40	£2,225,751.82	£1,233,473.65	5,411,639	Includes impact of inflation
Increase in property value		£1,127,413	£1,400,752	£408,474	2,936,639	Sales values subtracted
Increase attributable to GPF		410,942	510,574	£148,889	1,070,405	The industrial units cost £4.381m to construct. To construct them, £1.597m of GPF is required, i.e. GPF funds 36.45% of construction
Additionality assumption		75%	75%	75%	75%	
Net benefits		308,207	382,931	111,666	802,804	

The Benefit Cost Ratio

Using a discounted value of benefits of 802,804 and cost to capital of 239,550, the **Benefit Cost Ratio (BCR) equals 3.35.**

Risk Register

A Risk Register is included as Appendix F

State aid:

State Aid and GPF

GPF is required to enable KCC to develop the industrial units. As these will be sold or leased on an entirely commercial basis, KCC is acting as a market economy investor, and there is no state aid.

State Aid and the remainder of the project

With regard to the **Creative Laboratory**, Article 53 of the General Block Exemption Regulation (GBER) provides for investment and operating aid for cultural organisations, including “costs for the construction, upgrade, acquisition, conservation or improvement of infrastructure, if at least 80% of either the time or space capacity per year is used for cultural purposes”¹¹. For investment aid, there is no specified intervention rate, provided that the aid amount does not exceed the difference between the eligible costs and the operating profit of the investment. The notification threshold is €100 million per project, greatly in excess of any aid via the Javelin Way project.

Monitoring and evaluation

Monitoring and oversight

A Memorandum of Understanding has been concluded between JVC and Kent County Council for the delivery of the project. This provides for a Project Board to exercise strategic oversight of the project, consisting of senior representatives from both organisations (Kent County Council's Cabinet Member for Community and Regulatory Service and Director of Economic Development for KCC, and two Directors (including Jasmin Vardimon) for JVC).

A Project Group is responsible for monitoring and for co-ordinating management at operational level. Oversight of the project management of the capital works is the responsibility of Kent County Council, with direct project management the responsibility of Gen2, the Council's property contractor.

A Design Group bringing together the commissioned specialists (such as the architects, quantity surveyors, etc) with the Project Leads and Dance Studio anchor tenant.

A diagram representing this project governance is shown in Appendix H.

In addition, Ashford Strategic Board, which includes senior representation from a range of partners (including KCC and Ashford Borough Council) maintains high-level oversight of the project, as one of Ashford's strategic priorities.

Evaluation, Monitoring and Compliance

¹¹ DCLG, English Aid for Cultural and Heritage Conservation State Aid Scheme



Evaluation of the effectiveness of the investment in the Creative Laboratory will be provided for within the terms of the Arts Council England grant, and will seek to measure the extent to which the facility has enabled an increase in the quality and output of creative production and training content as per JVC's Business Plan.

Longer term evaluation of the success of the Javelin Way employment development will be considered in regular reviews of the market for employment space by Locate in Kent and Ashford Borough Council, with performance reported to Ashford Strategic Board.

In addition, KCC will establish a monitoring system to record information on businesses occupying the development as new units are completed and occupied. This information will be subject to commercial confidentiality, but the basic the monitoring information will cover: -

- Enquiry and occupancy rates;
- Business sector of businesses locating on the business park including SIC code ;
- Business status (new start/relocation incl. previous business address if applicable);
- Number and type of employees, collected annually; and,
- Information on the local (SELEP area) supply chain.

Kent County Council recognises a requirement of receiving a GPF loan is to ensure that monitoring returns are sent to SELEP's Capital Programme Manager every second month, providing detail on outputs and outcomes delivered, and the latest financial position. This will be undertaken, and will be in the legal agreement that will be signed between KCC and SELEP (assuming GPF is awarded).

Declaration (To be completed by applicant)

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



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

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

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

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

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

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

<i>Signature of applicant</i>	<i>Jonathan White</i>
<i>Print full name</i>	Jonathan White
<i>Designation</i>	KCC Projects and Operations Manager



Funding commitment

Draft S151 Officer Letter to support Business Case submission – Growing Places Fund

Dear Colleague

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

- The information presented in this Business Case is accurate and correct.
- The funding has been identified to deliver the project and project benefits, as specified within the Business Case. Where sufficient funding has not been identified to deliver the project, this risk has been identified within the Business Case and brought to the attention of the SELEP Secretariat through the SELEP quarterly reporting process.
- 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 of the Loan Agreement which will be agreed with the SELEP Accountable Body, including the repayment of the Growing Places Fund loan in accordance with an approved repayment schedule.

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,

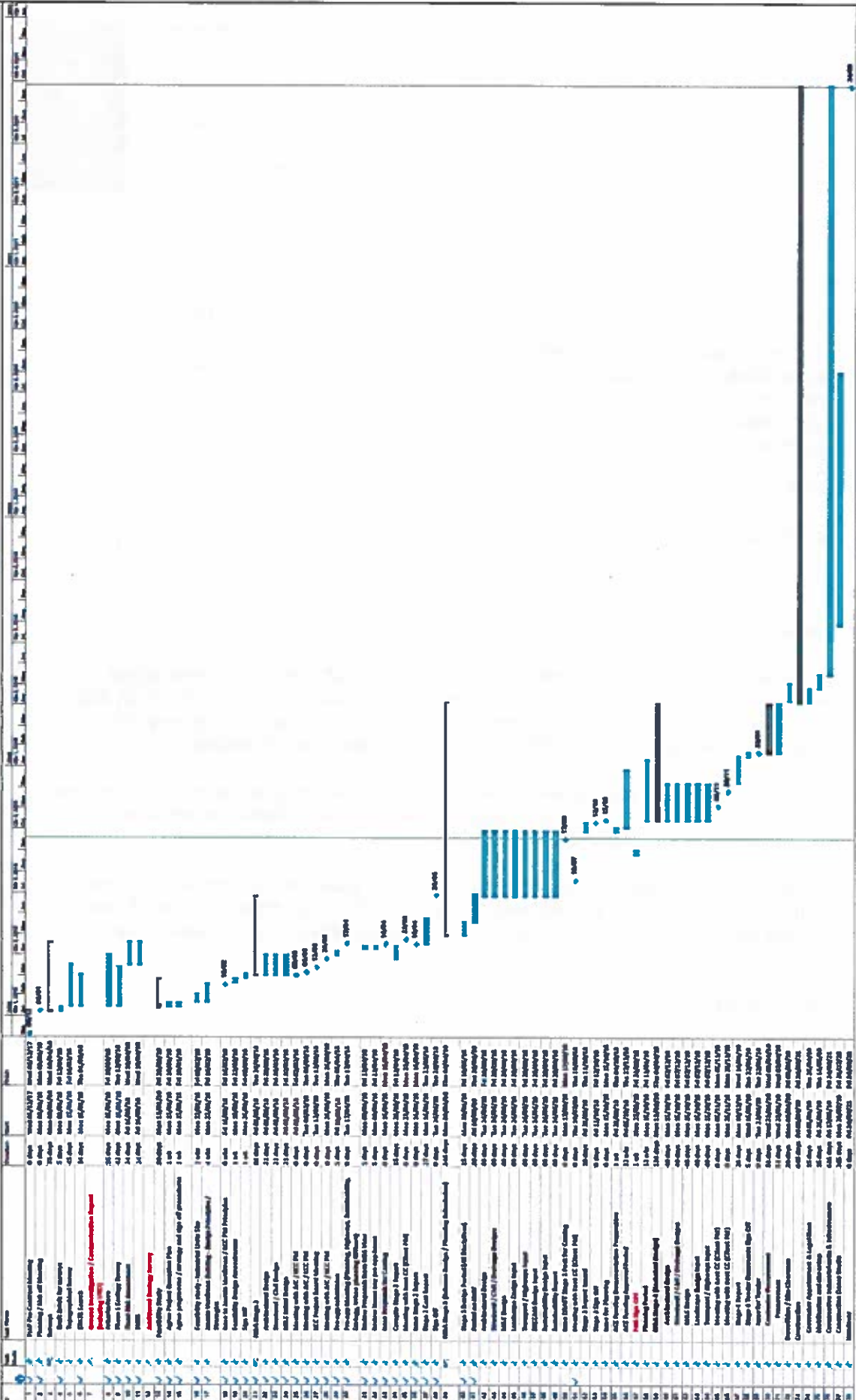
SRO (Director Level) ... David Smith

Interim S151 Officer ... Cath Head...

List of appendices

Appendix	Report Name	Separate document?
Appendix A	McComb Partnership Ltd's RIBA Stage 2 report – (Dated 18 May 2018. RIBA Stage 3 due on 12 Oct 18).	Yes
Appendix B	Timeframe – Gantt Chart	No
Appendix C	Equalities Impact Assessment	Yes
Appendix D	Letter expressing interest in four units	No
Appendix E	JVC Feasibility and Business Plan	Yes
Appendix F	Risk Register	Yes
Appendix G	Governance Diagram	No

Javelin Way Development Kent County Council - Delivery Programme



Task No.	Task Name	Start Date	End Date	Task Type	Dependencies
1	Start of Construction	2017-01-01	2017-01-01	Milestone	
2	Pre-Construction	2017-01-01	2017-01-01	Pre-Construction	
3	Construction	2017-01-01	2017-01-01	Construction	
4	Post-Construction	2017-01-01	2017-01-01	Post-Construction	
5	Final Occupancy	2019-01-01	2019-01-01	Milestone	

Kent Music
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Turkey Mill
Ashford Road
Maidstone
Kent, ME14 5PP
01622 691212
hello@kent-music.com
www.kent-music.com



Sarah Nurden
Kent and Medway Economic Partnership
Strategic Programme Manager
2nd Floor
Invicta House
Maidstone
Kent
ME14 1XX

17 September 2018

Dear Sarah,

I am writing to put forward an expression of interest in Kent Music moving onto the proposed development at Javelin Way in Ashford. Specifically our interest is in purchasing units 26, 27, 28 & 29 on the plan. Our plan will be to move our entire operation which is located in three buildings in Maidstone and Aylesham thus consolidating our whole operation into one building.

We are in the process of assessing the feasibility of moving our whole operation from Maidstone and Aylesham to Ashford and a decision on whether to make the move to Javelin Way will be made by the Board once the feasibility study is complete.

We have been in discussion with Jasmin Vardimon Company about how we might work together if located on the site and have identified ways in which Kent Music could make use of the JVC building and how we could build on artistic collaborations that have already taken place between the two organisations.

Yours sincerely

Peter Bolton
Chief Executive

Appendix G:

Javelin Way Development – Project Governance

Project Board

KCC
Mike Hill (Chair)
Jon White (PM)
David Smith (Director)
Tony Witton (Arts)
Lucy Keeley (Arts)
JVC
Jasmin Vardimon
Ian Ross

Project Group

Jon White (Chair/PM)
Simon Dodd (Property)
Darren Honey (Finance)
Elizabeth Beadle (Projects)
Tony Witton (Arts)
Lucy Keeley (Arts)
JVC
Ian Ross

Design Team

KCC
Jon White (PM)
Lucy Keeley (Arts)
JVC
Jasmin Vardimon
Ian Ross
Andrew Steel
Pellings Architects
Nick Maari
Andrew Tang
McCombes
Derek Bergin (QS),
Theatre Projects
John Riddle
Arcadis
Alex Herbert – (SE)
Stan Tomaros (MEP)
Martin Stamp – (Electrical)

