**APPLICANT’S PROJECT SUMMARY**

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| **Project Title:** | Unlocking Business Growth - Priory Quarter Phase 3, Hastings |
| **Contracting local authority (the Borrower)** | East Sussex County Council  |
| **Decision making process** | East Sussex County Council Cabinet as “borrower “ - Cabinet -24th April 2012 - Full Council - 15th May 2012 |
| **Project Description** | To provide 2,323m2 (25,000sq ft) of high quality office premises at Priory Quarter in Hastings town centre to meet the needs of expressed private sector employer interest wishing to expand their operation in the town  |
| **Growing Places Funds required** | £7,000,000 |
| **Timescale for project delivery (start and finish date)** | Demolition in mid 2012, building works in Q3 2012  |
| **Draw down profile (£ per year)** | 2012/13 £1,425,000; 2013/14 £4,825,0002014/15 £715,000; 2015/16 £35,000 |
| **Repayment profile (£ per year** | 2016/17 £400k; 2017/18 £400k2018/19 £400k; 2019/20 £400k;2020/21 £5,400k |
| **Total Cost of Project** | £7,500,000 |
| **Other Funds and Status thereof** | East Sussex Energy, Infrastructure and Development Ltd (ESEID) has funds set aside for the project to be used in conjunction with Growing Places Funding. ESEID (and its predecessor HBRL) has incurred land assembly costs and pre-development activity including design, market research and planning application costs. |
| **Strategic Fit** | Priory Quarter is a core project in delivering the economic vision of coastal East Sussex. It supports local, sub-regional and SELEP priorities namely business growth, private sector job creation and coastal regeneration.  |
| **Benefits (jobs/homes/leverage – direct and indirect – see Explanatory Notes)** | Gross indirect jobs: 440Net additional indirect jobs: 502GPF: private sector investment leverage £7m: £7.8m |
| **Additionality – why is GPF required to prevent stalling development**  | No recent history (30 yrs) of private sector investment in employment infrastructure without public intervention. Earlier phases of Priory Quarter showed that demand followed supply. Private development finance in short supply. |
| **Value for Money (expressed as cost per job and home and leverage - see explanatory notes)** | Cost per net additional job: £13,944Leverage ratio: 1:1.11 |
| **Dependancies and risk factors** | Dependent on timescale of letting achievement (regarded as low to medium risk in light of recent experience including SAGA inward investment). |

**Assessor’s comments**

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| Strategic Fit | Good | **x** |
| Medium |  |
| Poor |  |
| Benefits and Value for Money | Good |  |
| Medium | **x** |
| Poor |  |
| Deliverability – can the timescales can be met? | Yes | **x** |
| No |  |
| CommentsPlanning permission was granted for the scheme by Hastings Borough Council in July 2011. All land is in the control of the project promoter |
| What sources of income will be used by the Borrower to repay GPF | The GPF funding will be repaid from rental income and a sale receipt secured by the disposal of the completed development at the date of the first rent review 2019 (i.e. Five years after letting). Should a sale not be forthcoming at this date then the GPF funding will be repaid from the rental income from Phases 3 and Phase 4 and/or refinancing the development. |
| Will the Borrower contract to repay GPF in accordance with the Repayment Profile? | Yes | **x** |
| No |  |
| Unclear |  |
| CommentsESCC has acknowledged that there will be a contractual obligation to repay the loan,according to the repayment profile included in the bid. |
| Other Comments | Good strategic fit. Focus on job creation and business space. Capital intensive with economic outputs dependant upon sales/lettings in an area of traditionally weak demand |
| Recommendation | Proceed to due diligence | **x** |
| Refer back to applicant |  |