Capital Project Business Case [Eastside Business Park (South), Newhaven]

The template

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

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

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

As described below, there are likely to be two phases of completion of this template. The first, an 'outline business case' stage, should see the promoter include as much information as would be appropriate for submission though SELEP to Government calls for projects where the amount awarded to the project is not yet known. If successful, the second stage of filling this template in would be informed by clarity around funding and would therefore require a fully completed business case, inclusive of the economic appraisal which is sought below. At this juncture, the business case would therefore dovetail with SELEP's Independent Technical Evaluation process and be taken forward to funding and delivery.

The process

This document forms the initial SELEP part of a normal project development process. The four steps in the process are defined below in simplified terms as they relate specifically to the LGF process. Note – this does not illustrate background work undertaken locally, such as evidence base development, baselining and local management of the project pool and reflects the working reality of submitting funding bids to Government.

Local Board Decision

- Consideration of **long list** of projects, submitted with a short strategic level business case
- **Sifting/shortlisting process**, with projects either discounted, sent back for further development, directed to other funding routes such as SEFUND, or agreed for submission to SELEP

SELEP

- Pipeline of **locally assessed projects submitted to SELEP** Board for information, with **projects supported by outline business cases - i.e., partial completion of this template**
- Pipeline prioritised locally, using top-level common framework
- Locally prioritised lists **submitted by SELEP to Government** when agreed

SELEP ITE

- **Full business case, using this template** together with appropriate annexes, developed when funding decision made.
- FBC taken through **ITE gate process**
- Funding devolved to lead delivery partner when it is available and ITE steps are completed

Funding & Delivery

- Lead delivery partner to commence internal project management, governance and reporting, ensuring **exception reporting mechanism back to SELEP Accountability Board** and working arrangements with SELEP Capital Programme Manager.

In the form that follows:

- **Applicants for funding for non-transport projects should complete the blue sections only**
- **Applicants for funding for transport projects should complete both the blue and the orange sections**

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1. PROJECT SUMMARY

1.1. Project name	Eastside Business Park (South**)**
1.2. Project type	Development of new employment floorspace
1.3. Location (inc. postal address and postcode)	Beach Road, Newhaven, East Sussex (postcode not yet available)
1.4. Local authority area	Lewes District Council
1.5. Description (max 300 words)	This project involves unlocking the development of a 2.26 ha site in Newhaven, East Sussex which has been allocated for employment use for many years. Eastside (South) is now one of the undeveloped sites in Newhaven's new Enterprise Zone.  The site first received planning permission in 1988. In 2005, the current owner received consent for 7,733 m^2 (83,237 ft^2) of employment space, subsequently renewed (2011) but now lapsed. The site's development has long been delayed by the uncertainly of turbulent market condition and, in particular poor viability, which continues to make the scheme unfundable by commercial lenders. The proposed terms of the LGF investment will enable Westcott Leach to bridge the viability gap to unlock the site and incrementally establish a sustainable business location from what is now, essentially, greenfield land. The site will provide the capacity for 204 gross jobs and play a key role in the successful implementation of the new Enterprise Zone. This project proposes that a £1.6m LGF investment will directly fund the development of Phase 1: two blocks of affordable starter business units, each being 1,191 m^2/12,820 ft^2. Thereafter, there will be no further need for public support. Grant funding will change the risk profile for commercial lenders and make the project 'bankable'. To maximise its leverage, Westcott Leach shall also enter into an agreement to build another phase of units of at least an equal size as Phase 1. Phase 2 will be commercially funded on a speculative basis, and works will start

	within 15 months after practical completion of Phase 1. Once Eastside is being occupied and established, development will be self-sustaining and the final phases will be built out as the pattern of demand becomes evident, funded through a combination of existing resources and bank facilities. The initial public investment will enable the development of 7,733 m2 (83,237 ft2) of business space at the site.
1.6. Lead applicant	Westcott Leach Ltd is the lead applicant and the developer delivering the project.
1.7. Total project value	The developer's property consultant, Chartered Surveyor Stiles Harold Williams estimates the total development value of the completed project to be £9.1m based on total development costs of £7.8m.
1.8. SELEP funding request, including type (e.g. LGF, GPF etc.)	Local Growth Fund grant of £1.6m.
1.9. Rationale for SELEP request	The rationale for LGF grant to fund the construction of starter units at Eastside Business Park is being made on viability grounds as explained below. There is an identified need for more commercial floorspace in Lewes District and the site is now within the new Enterprise Zone where it can ensure that the capacity of this initiative is maximised. Despite a pressing business need for its development, delivery of this strategic site has been delayed for many years by the uncertainty of turbulent market conditions but principally that of poor viability, which continues to make any speculative scheme unfundable by commercial lenders. Deliverability of commercial floorspace is a key issue in East Sussex, where development usually serves a predominately local market of SMEs. Speculative development (i.e. before any formal commitment of interest from end-users to the product) is essential in many parts of East Sussex where it can be well-nigh impossible to attract SME occupiers by offering premises for sale off-plan (freehold) or as a pre-let (leasehold) on serviced sites, which is the norm in areas of high demand in economic centres. Viability is poor at Newhaven because the employment use classes cannot generate a high enough value to make development fundable by commercial institutions. This is evidenced by approaches made to the applicant's usual funders (two of the major banks) who have shown no appetite for commercial development in this location in prevailing market conditions. Typically rentals for good quality second-hand industrial units in Newhaven (B1c) are under £5.75 ft², albeit with £6.38 ft² currently being quoted at the Euro Business Park. The market for new units is untested because of lack of supply but would struggle to exceed £6.50 ft². This compares to £8.50 ft² for the new units that Westcott Leach has built speculatively along the coast at Hammond's Drive Eastbourne (source: Stiles Harold Williams). Sales values in Newhaven would be about £95 ft² - which compares to £135 ft² achieved at Brighton and at a site near Eastbourne – but again lack of supply means this is untested by the market (source: Stiles Harold Williams). The office market in Newhaven is poor. Viability is also stymied because build costs at Newhaven are relatively high. Poor ground conditions require foundations to be piled, adding £8-10 ft² to the build cost.

Therefore rents will need to move significantly to reach the balance of viability, which is likely to be at around £8.50 ft², and there is little likelihood that enough profit can be generated for development to come forward in these conditions.

LGF aid of £1.6m will bridge the viability gap demonstrated for this project. It will directly fund the development of Phase 1 and enable Phase 2 to be commercially funded so that 61% of the site can be built out **speculatively**, which is vitally important from the market perspective. Thereafter development of the remaining phases will be self-sustaining and there will be no further need for public support to complete the site.

A summary of the attached residual valuation prepared by the developer's property consultant Stiles Harold Williams is provided in 4.5 where the applicant describes in detail what the gap is and how the grant will make the scheme viable.

1.10. Other funding sources

Westcott Leach Ltd will contribute 80% private sector match funding to deliver the project.

As stated in the Financial Case below, Westcott Leach will provide the development finance for the project, funded through a combination of borrowing, capital receipts and reserves. A letter from Allied Irish Bank is attached confirming that, subject to grant funding, the developer will be able to access funds to complete this project.

1.11. Delivery partners

Partner	**Nature and/or value of involvement (financial, operational etc.)**
Westcott Leach Ltd	Landowner and developer of the Eastside Business Park (south) project.
Lewes District Council	Enterprise Zone management, Local Planning Authority and supporting partner.

1.12. Key risks and mitigations

<u>Financial</u>

Westcott Leach has secured private sector match funding for building out the business park, contingent on receiving the LGF grant contribution that will fund the Phase 1 business units. The developer will meet any potential cost overruns.

<u>Market</u>

The developer is in receipt of professional market advice from his property consultants active in the Newhaven area, which indicates that existing end-user interest in Eastside Business Park can be converted to lettings providing the development is built. A schedule of enquiries is attached in confidence to the Strategy Report.

The development assumptions made in the appraisal are based on market evidence from comparable schemes.

<u>Economic</u>

Job outputs will be secured as the business units are occupied. Take-up rates are based upon professional market advice from the developer's property consultant. The job creation assumptions presented in this business case are based on accepted employment density research.

	Delivery Westcott Leach has significant experience building out similar schemes with a strong track record of delivery. As stated in 2.6 below, the primary risk to delivery is viability. This risk is mitigated by the LGF contribution. The planning permission will require renewing, however this has been submitted (application reference LW/16/0420) to enable the development to proceed when public funding is available. The Local Planning Authority has confirmed that approval will be granted subject to technical issues being agreed. The developer has full ownership and control over the land on which the development is to be built, with access to the site from the end of Beach Road.
1.13. Start date	Construction of the two Phase 1 units will commence April 2017 (subject to LGF funding being secured).
1.14. Practical completion date	Practical completion of Phase 3 (construction of block 5 in the previously consented 2005/2011 scheme is assumed) is estimated to be November 2021.
1.15. Project development stage	This project will be at the implementation stage at the time LGF funding is secured. This project is essentially 'shovel ready' and an earlier start than April 2017 could be made if funding can be brought forward.
1.16. Proposed completion of outputs	The completed business park is forecast to be let by April 2023, although outputs will feed in following completion of earlier phases.
1.17. Links to other SELEP projects, if applicable	This is one project within the wider Newhaven EZ Delivery package. It is understood that other LGF3 bids to SELEP and Coast to Capital are being made to maximise the potential of the Enterprise Zone initiative, including the A259 Resilience Package.

2. STRATEGIC CASE

2.1. Challenge or opportunity to be addressed

Background

There is a considerable body of evidence, amassed over many years, to show that insufficient and inadequate quality employment space has been created in East Sussex. For example, SEER Consulting's *Room to Grow (2001)* report pointed to a historic under-investment in commercial property which resulted in the 'availability of the *right kind* of premises…declining over time…negatively affecting both productivity and output capacity as the available stock does not meet the requirements of businesses' (pp5).

The need to provide more appropriate quality employment space to meet modern business needs on a larger scale for start-ups, expanding local companies, or to attract mobile investors is now woven through economic development strategy and planning policy at all tiers of Local Government in East Sussex.

Newhaven has been a town in decline. The draft Core Strategy suggests: 'Newhaven, which is relatively dependent upon manufacturing employment has suffered significant job losses and has not shared in the wider economic prosperity of recent years'. SELEP's Growth Deal and Strategic Economic Plan (2014) characterises it as 'being currently dominated by low value added manufacturing, and wholesale and retail trade employment' (para 2.127). However, it notes that 'Newhaven has substantial physical capacity for growth' (2.29) and points to a potential 5,225 jobs and 1,890 homes in Newhaven's *Clean Tech and Maritime Growth Corridor.*

Opportunities

Enterprise Zone

Eastside Business Park (Eastside South) is within the Newhaven Enterprise Zone (EZ) where the rationale has been about the delivery of a key growth location with a clean, green and marine sector focus. This proposal is probably the first site that will come forward within the EZ and will indicate early delivery and success for the EZ, raising credibility and showing that with targeted support the landowners will be assisted in overcoming viability challenges to build out sites. Furthermore, early delivery will mean more business rates across the lifetime of the EZ, which can be used to leverage borrowing to assist in the delivery of strategic infrastructure for the town. By offering support to unlock what is a 'shovel-ready' site, SELEP will effectively be kicking off delivery

Market opportunity

Westcott Leach has also received site-specific advice that the market for commercial space is now more favourable, with evidence of demand from potential occupiers for the industrial units that this project will enable. The attached Strategy Report concludes that 'this is an excellent opportunity for Newhaven to have new units constructed…however these are more likely to be converted into lettings or sales once the first phase is under construction'.

Synergies with other initiatives

Newhaven already has the competitive advantage from the Eon Rampion Windfarm construction and O&M bases operating out of the port, and the University Technical College that will provide the skills base necessary for those sectors. In addition the

Coastal Communities funded Newhaven Growth Quarter, completed in March 2016, includes an extension to the Newhaven Enterprise Centre that provides flexible terms for start-ups requiring small-scale employment floorspace. This also has a clean, green and marine sector focus. One weakness that has been identified is the lack of move-on space for businesses that have outgrown the Enterprise Centre. The first phase of starter units, in particular, will be well placed in terms of location and timing to provide much-needed move on space from the Denton Island Incubator, and subsequent phases can accommodate companies in the environmental green and marine technology supply chain, so consolidating the strength of those sectors in the town. The specification of these units will reflect this use by achieving leading levels of sustainability through high-energy efficiency (achieved through heavy insulation) and an investment in renewable energy.

Challenges

Viability

Crucially, the primary challenge this site faces is one of poor viability, which prevented it from being developed despite having first received outline planning permission 28 years ago. The site-specific factors relating to its poor viability are discussed in 1.9 above and analysis from property consultant Stiles Harold Williams showing how the £1.6m LGF grant can overcome this viability gap is explored in detail in 4.5 below.

Need for speculative build

Key to bringing the business park forward is the need for the units to be built out speculatively, without which occupier interest cannot be converted into sales or lettings. This factor is discussed in 1.9 above.

Why now?

With the conjunction of strong occupier interest and the Enterprise Zone coming on stream at about the same time as the Phase 1 starter units are being built, this site will enable the EZ's growth potential to be realised at an early stage. The timing of the grant contribution is crucial as it bridges the viability gap and allows the units to be built out speculatively thus delivering the scheme, with the EZ expected to help drive occupier interest.

The impact of not progressing the scheme is given below in 2.9, as in the absence of LGF funding the development will not proceed for viability reasons, and the site will continue to remain dormant and not make a contribution to the EZ.

2.2. Description of project aims and SMART objectives

The strategic aim of this project is to maximise the employment generating capacity of the Newhaven Enterprise Zone by providing suitable commercial floorspace for businesses on Eastside Business Park (south). Therefore the SMART objectives for this project are:

Objective 1: Bring forward the development of new commercial floorspace from 2017/18.

Objective 2: To meet the identified need for commercial floorspace of an appropriate type and quality for modern business needs.

2.3. Strategic fit

It should be noted that Newhaven is located in both SELEP and Coast to Capital LEP and it has been agreed that the applicant should seek support from each organisation, with business cases going to both. This version is applicable to SELEP where there is a close strategic fit between this project and provisions of the following strategies:

Newhaven Enterprise Zone

The overarching strategic fit is determined by the fact that the site is within the Newhaven Enterprise Zone. Both SELEP and Coast to Capital LEPs have strongly supported the creation of the Newhaven EZ, with it being promoted throughout the SEP, City Deal and the devolution processes. The rationale for the Enterprise zone has always been about the delivery of what is a key growth location with a clean, green and marine sector focus. This growth location will help to rebalance the East Sussex and Greater Brighton city region economy, freeing up employment space in the overheating Brighton city centre economy. Newhaven's strategic fit with the sub-regional economy was a key reason why the Enterprise Zone application was prioritised by SELEP and Coast to Capital and was approved by government.

Other strategies

South East Local Enterprise Partnership, Growth Deal

Investment secured from Government for the Growth Deal is focussed on four key areas to deliver transformative growth in the South East. This project is closely aligned with one of these key areas, 'Supporting Housing & Development', the commitment by SELEP to:

'Identify large and priority sites, including the blockages associated with them, to be brought forward for development across the Local Enterprise Partnership area' *(source www.gov.uk: 'South East Local Enterprise Partnership Growth Deal' pp.9; one of the 39 Growth Deals announced on 7th July 2014).*

East Sussex Strategic Partnership (ESSP), Pride of Place 2008-2026 (strategy reviewed 2012)

ESSP identifies 'developing essential infrastructure' – in which category it includes 'business infrastructure' – as one of the four key areas in *The Challenges Ahead* to be addressed for the County's economy to grow and prosper. It singles out the County's urban areas due to their 'economic needs and development potential' (pp.15).

One of ESSP's 10 key tasks to achieve its strategic priority for 2026 is to 'Facilitate the development of more affordable, modern and environmentally friendly business accommodation and sites' (pp.15).

The proposed affordable starter units at Eastside Business Park (South) will be designed for modern business use and built to a high environmental standard as well as being available on freehold or leasehold tenures. Subsequent phases of development will be built to the same standards and available on the same flexible terms.

East Sussex Growth Strategy 2014 - 2020

A key element of the vision for East Sussex includes businesses having the accommodation they require to flourish (3.1).

One of the growth measures identified is to: '*contribute to unlocking key employment floor space allocated in Local Plans*' (3.2).

These ambitions are carried though to the strategic objective for business ('*Enabling business growth, particularly of high value businesses*') with the key priority to '*Enable the delivery of an appropriate pipeline of suitable business premises and upgrading existing premises*' (3.3).

Another, related, key priority for the business objective is to '*Capitalise on current and emerging sector opportunities*'. The strategy is to attract companies in key sectors that have a particular potential to grow in East Sussex, such as advanced manufacturing (4.5). It proposes to do this by providing a supportive environment, including: 'ensuring an adequate supply of industrial sites and commercial premises in good locations' (4.6). The interest already shown in the site from mobile investors in the advanced manufacturing and technology sectors, is evidence that Eastside Business Park (south) is likely to be a suitable business location for the companies that East Sussex is targeting in its strategy, particularly those with a 'clean, green, marine' sector focus.

This strategy recognises that the County has suffered from a shortage of quality business premises due to a lack of speculative development and that funding is required to address funding gaps (paragraph 4.41).

'We need to maximise the opportunities of this pipeline and ensure that appropriate new business space continues to be developed to attract new firms and support the growth of existing businesses across the county'. The indicative actions to achieve this include supporting access to different funding mechanisms to unlock key sites and premises, a solution applicable to delivering the proposed project at Eastside.

The East Sussex Economic Development Strategy 2012 (ESEDS)

ESEDS, based on the findings of business surveys commissioned by ESCC, presents the poor quality of commercial property infrastructure as a one of the key issues facing the County. East Sussex is cited as 'home to some of the most deprived communities in England' yet:

> '*Plans for regeneration and economic growth are made more challenging by the generally low or inappropriate quality and undersupply of commercial accommodation, environmental constraints on build in some area and by incidences of 'industrial or commercial plight' where a number of commercial properties are left empty in a particular area'*. (Source: Para. 1.1.4)

Strategic Priority 4 of the Strategy is to 'Upgrade the provision of commercial premises' so as to ensure 'workspace is sufficient, appropriate (size and quality), sustainable and flexible enough for business need' (Source: Para 2.4.32).

2.4. Summary outputs (3.2 will contain more detail)

	17/18	**18/19**	**19/20**	**20/21**	**21/22**	**22/23**	**Totals**
Jobs		81		111		72	264
Employment floorspace (m^2 GEA)	2,382		3,249		2,102		7,733

Estimated Net Additional FTE are shown rather than gross jobs (i.e. on site) and have

	been mapped to the end of the sales date of individual phases as estimated by Stiles Harold Williams. More detail is available below in outputs (6.2).
2.5. Planning policy context, consents and permissions	Eastside Business Park is largely greenfield low-level coastal margin land located at the end of Beach Road Newhaven, close to the port complex. Access into the site is currently from Beach Road. This 2.26 ha (5.58 acre) site has the significance of being the surviving part of the original strategic planning allocation for employment use in the Eastside area. The site has long been allocated in the Local Plan for employment use. The Lewes Employment Land Review 2010 advises that one of the main problems facing Lewes District's industrial market is the lack of good quality premises and deliverability rather than a lack of employment land. An update (2012) suggests that there is a need for an additional 60,000m² (645,835ft²) of industrial floorspace required in the District for the period up to 2031. This site will be key to contributing to this target and maximising the growth potential of the Enterprise Zone. Shown as 'Eastside South' on the Newhaven Enterprise Zone (EZ) site map, the site is one of the eight key sites that offer capacity for the delivery of new employment-generating development in Newhaven. This site is the closest to being delivered within the EZ, and supporting its development will provide an early win for the EZ and show other landowners that the EZ status has brought a step change in the economy of the town. Building new good quality employment floor space will help to prove the market (in terms of demand and price) for such space and help to catalyse other sites. It will also deliver business rates that can be reinvested in the town's strategic infrastructure through the EZ mechanism. Planning records indicate it has been proposed for industrial use since the 1950s and outline consent for industrial/warehouse units was first granted as long ago as 1988 (LW/88/1183), with subsequent consents being granted over the years. In 2005, the current owner received planning permission (LW/05/0668) for employment use comprising 7,733 m² (83,237 ft²) Gross External Area (GEA) in 5 blocks. Despite the main access road through the site together with lighting columns along that road being constructed, the consented scheme was never implemented because of market conditions. This planning permission was renewed in 2011 (LW/10/0949) but has since lapsed. Detailed discussions have been held with the Local Planning Authority and a planning application for Blocks 1 & 2 in the table below has been submitted (application reference LW/16/0420). The Local Planning Authority has confirmed that approval will be granted subject to technical issues being agreed. An environmental impact assessment has also been prepared as a part of the planning process, which gives the 'all clear' for development, so relocation of protected species will not be required. The visual below provides a CGI of the property product to be delivered.

The previously consented scheme comprises:

Block	**Area m2 GEA**	**Area ft2**	**Area ft2 converted to GIA (-5%)**
1	1,191	12,820	12,179
2	1,191	12,820	12,179
3	981	10,559	10,032
4	2,268	24,413	23,192
5	2,102	22,626	21,494
Totals	**7,733**	**83,237**	**79,076**

2.6. Delivery constraints

Viability

The viability gap, in the absence of receiving the proposed LGF grant of £1.6m, is the fundamental constraint to delivery of the project and is the reason why the site hasn't been built out despite first receiving planning permission 28 years ago. As is shown elsewhere in this document, the proposed LGF investment bridges this gap to enable the developer to fund further phases of development and complete the business park.

Planning

Planning permission has lapsed and is in the process of being renewed (application reference LW/16/0420). Pre-application discussions with Lewes District Council have been positive and the planning permission for Phase 1 will enable the development to proceed when public funding is available.

Ownership and access

The developer has full ownership and control over the land on which the development is to be built, with access to the site from the end of Beach Road. To enhance access, there have been detailed discussions with East Sussex County Council Highways to explore the potential of connecting the site to Phase 2 of the new Port Access Road (PAR) because of additional value this could generate. The ESCC project manager has reluctantly ruled out this proposal because of level differences, and approaches to the owner of the connected site, over which Phase 1 of the PAR will pass, have been unsuccessful. However the developer's property consultant has advised that the proposed scheme using the existing access would be successful and his market report and development appraisal has been made on this basis.

2.7. Scheme dependencies

This project is not reliant on any other project going ahead first, before, or at the same time, to enable it to be delivered. Similarly, it is not reliant on any other project happening afterwards to deliver the required outputs. The main commercial dependency is explored below in the relevant section.

Planning permission is required to be renewed as this has lapsed. A planning application for the Phase 1 starter units of 2,382 m^2/ 25,640 ft^2 has been submitted. Detailed discussions have been held with officers at Lewes District Council who have been keen to bring forward the site for employment use, and Westcott Leach has been advised that its renewal can be expedited with minimal delay, so it is anticipated that a planning permission will be in place when grant funding is agreed so the project can make an immediate start.

2.8. Scope of scheme and scalability

Scope of scheme

The scope of the project is defined by the previous planning consent in 2005 (renewed in 2011), when the current owner received planning permission (LW/05/0668) for employment use comprising 7,733 m^2 (83,237 ft^2) Gross External Area (GEA) in 5 blocks (as given in the table provided in 2.5 above).

Phase 1, funded by the LGF contribution, will follow the previously consented scheme with the construction of two blocks totalling 2,382 m^2/ 25,640 ft^2. Phase 2 will be commercially funded on a speculative basis, and works will start within 15 months after practical completion of Phase 1.

Phase 2 will **not necessarily follow the previously consented scheme of 2005/11** but will comprise units of a size that are in commercial demand at that point, but will in any event be **at least** 2,382 m^2/ 25,640 ft^2, (see table below):

Block no. (previously consented scheme)	**Phasing totals (area ft^2 GEA)**	**LGF enabled development phasing**	**Comments**
1	25,640	Phase 1	Speculatively built
2			
	25,640 (minimum) 34,972 (previously consented scheme appraised)	Phase 2	Speculatively built up to 25,640. Actual unit size could be higher than minimum being dependent on market demand at time of

			construction.
	31,957 22,626 (previously consented scheme appraised)	Phase 3	Further phase/s will be built out in response to occupier demand as business park becomes established.
Total	**83,237**		

This commercial obligation to build out speculatively 61% (at least) of the business park will maximise the leverage made possible by the grant on employment outcomes for the Enterprise Zone. Note that the development appraisal that assesses the commercial viability of the scheme (details in 4.5) has been based on the previously consented scheme, as has the phasing of funding provided in the summary financial profile (5.4) for consistency.

Once Eastside is being occupied and has become established, development will be self-sustaining and the final phases will be built out as the pattern of demand becomes evident, funded through a combination of existing resources and bank facilities. This will include satisfying existing interest from potential occupiers, with perhaps further phases of speculative development as investment values improve. In this way the initial LGF investment of £1.6m will enable the entire 7,733 m^2 (83,237 ft^2) of commercial/industrial space at this site. This scale of development is considered optimal for the size of the landholding and the Newhaven property market.

Scalability

Smaller scale

Whilst public funding for a smaller scheme, for example funding one block instead of the two proposed, could perhaps be considered at a lower cost, this will not create the leverage required to kick-start development of the whole site, which is the objective of this project. The value for money of such a scheme would therefore be much inferior to that proposed. It would also offer reduced benefit to the Enterprise Zone, impacting on delivery.

Larger scale

The proposed project maximises the developable floorspace on the site within planning and commercial constraints. Therefore a larger-scale project within the applicant's land ownership cannot be considered.

In conclusion, the applicant's property consultant has given advice that the proposed scheme is the most appropriate given land ownership and the property market context at Newhaven. The proposed LGF contribution is at the minimum level required to ensure that the whole site can be built out through a mixture of public and private sector funding. The project will maximise commercial funding leverage: by allowing the developer to commercially fund the development of Phase 2, the LGF contribution will ensure that over 60% of the scheme can be built out speculatively. The timing of the contribution also secures the FULL employment growth benefits from the site for the Enterprise Zone.

2.9. Options if funding is not secured

In the absence of LGF funding the scheme will not proceed – regardless of scale – for viability reasons. This is evidenced by the minus -£907,389 loss (profit on cost of minus -10.78%) shown in the residual appraisal for the scheme without grant, which explains why the site remained dormant for the last 28 years or so despite having the necessary permissions to proceed. In the event that funding is not secured, the contribution the site will make to the Enterprise Zone is £0. Therefore, it is considered that 'doing nothing' is not an option that will deliver the business park and the stated employment outputs.

3. ECONOMIC CASE

3.1. Impact Assessment

The object of this LGF intervention is to maximise the potential employment generating capacity of the Eastside South site in the Newhaven Enterprise Zone, which will provide new job opportunities for those in Newhaven and the surrounding area. The location of the development site, in the industrial area, near to the port complex and water treatment plant makes it unsuitable for a residential or mixed use development, so these options have been discounted.

Eastside Business Park (south) will be of growing importance to the Newhaven economy as few other development sites can provide the necessary employment opportunities for the proposed 880 homes that the draft Local Plan Part 1 proposes to be delivered in the town up to 2020. It is also ideally located in the new Enterprise Zone, which will – given the identified local need for more employment space in Newhaven and the sub-region – create the necessary economic stimulus to maximise employment impacts.

The ways in which EZ policy can potentially increase employment impacts on the zone site is described by Professor Peter Tyler (source: Making Enterprise Zones Work):

- Enable a successful start-up company;
- Accelerate a company's start-up;
- Increase the scale of an existing company's operations;
- Incentivise it to start-up (new company) or stay (existing company) in the local area when it might have been considering a move elsewhere in the region, the UK or even abroad;
- Attract inward investment from other parts of the region, the UK or abroad.

It is anticipated that the benefits of the project will outweigh any disbenefits. The table below provides an overview:

Positive impacts (including jobs & homes)	**Negative impacts**
A substantial and direct increase in business space providing employment opportunities for new and expanding businesses.	A small increase in pressure on local infrastructures such as roads, utilities and public services.
The likelihood of an indirect increase in business space on other sites in the Newhaven area as investment values rise as a result of the Eastside (south) development.	Temporary construction-related disturbance to businesses and residences in Beach Road.
A short-term increase in construction jobs as the site is built out.	
A strong contribution to the employment floorspace targets for Newhaven and Lewes District in the draft Local Plan.	
Newhaven is a deprived community with a declining manufacturing base. The type of space provided will be suitable for manufacturing use in target sectors and working conditions for staff will be improved compared to the existing stock.	
Provision of local employment will reduce the necessity for out-commuting from Lewes District.	
Other synergies with the Enterprise Zone initiative: e.g. incoming companies benefiting from UTC@harbourside etc.	

The sections below assess the ‘additionality’ of the intervention – i.e. the net changes that are brought about over and above what would take place anyway. This assessment of net additional economic impacts in terms of job gains is made at the SE regional level because the Enterprise Zone is on the border of two LEPs, the Coast to Capital and SELEP areas, with Lewes District being a member of both LEPs.

The economic case draws on: HM Treasury Green Book guidance; the Additionality Guide, HCA, 2014; input / output tables for Scotland which is one of the main sources of information about multipliers. Professor Peter Tyler’s paper, ‘Making Enterprise Zones Work: Lessons from Previous Enterprise Zone Policy in the UK’ is referenced, although many of these earlier interventions had a less buoyant setting in the northern economies.

Logic chain: from Gross to Net impacts

Following government guidance in assessing the additional impact of interventions (source: Additionality Guide, Homes and Communities Agency, 2014), the approach taken is to move from gross to net employment impacts from the development by deducting leakage and then further deducting displacement and substitution. Finally, by applying an appropriate employment multiplier, the Total net local effects (for employment) are calculated. As deadweight loss is zero (see below) this is also the ‘net additionality’ of the proposed scheme.

3.2. Outputs

As has already been described, the outputs for this project are primarily related to jobs and employment floorspace. The methodology used to estimate jobs from the floorspace created is provided below. These figures relate to the operating phases of the completed business park; construction effects are captured in section 3.5 Value For Money assessment, using a similar process described in the Gross to Net logic chain above.

Gross impacts

The Employment Densities Guide 2015 (2nd Edition) was used to calculate the estimated employment unlocked by the project. To calculate the employment density, the consented scheme of 7,733 m^2 (83,237 ft^2) GEA is converted to 7,346 m^2 GIA (79,075 ft^2) using the appropriate conversion factor of 5% (sources: Employment Densities Guide / Research for The Scottish Government mapping non-domestic building stock, 2011).

An ‘Industrial & Manufacturing’ measure of *36 m^2 (GIA) per FTE* that best reflects the likely production activities of potential end-users at this site was then applied (see evidence for manufacturing uses in ‘Leakage’ below). This shows that the **gross jobs capacity** (i.e. an estimate of the onsite employment) is **204 FTE** with the two starter units directly funded by the investment contributing 63 FTE of that total. These calculations presuppose that the starter units will have a low office element; with employment densities being higher for offices, gains from these units may be in practice somewhat higher as the high quality of the stock may encourage some office use.

Note that the 204 FTE total above is slightly more conservative than extrapolating from research by Colliers CRE on behalf of Department of Environment (2003) based on occupier survey information from business parks across the British Isles, which would translate to 219 FTE (corrected for GIA) at the most conservative end of the range given.

Net impacts

Deadweight loss

The site has not come forward for development despite having first received outline planning permission 28 years ago. The property economics have potentially worsened in the intervening period, and therefore it must be assumed that without LGF assistance, the site would not be developed in the foreseeable future. The deadweight assumption is therefore that no development would occur in the absence of public intervention. Therefore additionality is induced by the LGF investment in the development and no deadweight loss would occur.

Leakage

Economic Leakage is the proportion of outputs that benefit those outside the intervention’s target area.

The draft Lewes local plan describes Newhaven as being: 'relatively dependent upon manufacturing employment, but has suffered significant job losses and has not shared in the wider economic prosperity of recent years'. Even with the loss of many major employers such as Parker Pen and Bevan Funnell, the 2007 Annual Business Inquiry shows that 1,800 (32%) of Newhaven's total jobs were in manufacturing (compared to 8.6% in the South East). The relative size of this sector in Newhaven has shrunk still further in intervening years but BRES data for 2014 still shows this to be 20% of all jobs, compared to 7% in the SELEP area. If, as is assumed here, the take up of space at Eastside would be generally manufacturing based with a 'lean, green, marine' sectoral bias, then it seems likely that a latent pool of labour with the relevant workforce skills suitable for the requirements of the new occupiers at Eastside remains in the area, without the need for a significant proportion of the workforce to be drawn in from outside. Anecdotal evidence from the Newhaven Enterprise Centre on Denton Island suggests that Newhaven has a relatively self-contained labour market, a supposition reinforced by commuting patterns for Lewes District that show a small net outflow of commuters. The assumption here is that leakage, in the form of the intervention benefiting workers from outside the area, will be low: assessed as 5%. This broadly accords with evidence on enterprise zones cited by Prof Peter Tyler, which suggests an adjustment of 7% for leakage.

Displacement

Economic displacement arises when the benefits of an intervention in terms of increased output or in this case, employment, are offset by a reduction elsewhere, e.g. where jobs generated by a development are simply replacing those lost from elsewhere in the target area as employers relocate. HM Treasury Green Book guidance is that this loss should be set against the gain in output from the intervention. In the case of Newhaven, the evidence of job build-up at the Newhaven Enterprise Centre shows that there is significant latent demand for space from new enterprises providing new jobs. Our own market assessments, and a succession of studies commissioned by both ESCC and Lewes District Council, also illustrate the existing lack of 'move-on' and expansion space at Newhaven constraining employers' ability to create more jobs. These effects are likely to be intensified at Eastside as the benefits of the new Enterprise Zone because widely known and new businesses are drawn in. Therefore, an allowance for displacement of 20% (i.e. a net impact multiplier of 0.8) has been assumed, which was the factor used by consultants in the Bexhill to Hastings Link Road Regeneration Report, ESCC, 2009 – a study relating, like Newhaven, to a regeneration area.

Substitution

This is an effect, usually subsumed within 'displacement' (described above), which arises where an activity is substituted for a similar one to take advantage of public sector assistance, an example being where a firm moves to accommodation available at a reduced cost because of a grant initiative. There is evidence that the existing commercial infrastructure in Newhaven is insufficient for business needs. As the accommodation provided at Eastside South as a result of this initiative will be provided at full market rents without any public-sector subsidy, it is therefore considered that this effect is zero.

Multiplier effect

After making the above adjustments, the additional indirect and induced jobs that the development is expected to create in its operating phase, can be added to the net jobs. The additional economic activity associated with (1) local supplier purchases, and (2) additional local income is an effect that can be estimated from input & output tables provided by The Scottish Government. This is calculated by multiplying the net

FTE with a Type II employment multiplier of 1.7 derived from SIC2007 (32) *other manufacturing* (source: http://www.gov.scot/Topics/Statistics/Browse/Economy/Input-Output - data for 2012). *Other manufacturing* SIC32 is used as it is not possible to be more specific about the industry group ex ante, however the expected manufacturing bias of incoming businesses in the economic environment created by the Enterprise Zone married with strong supply chain linkages at the SE English regional level at which this assessment takes place is considered to justify the use of this multiplier. A multiplier of 1.7 is cited at the 'high' end of the multiplier effects ready reckoner in the Additionality Guide 2014 (source: Table 4.14)

Applying this multiplier, a **total net impact of 264 FTE** is estimated once the business park has been built out and occupied. This methodology has been discussed with a Scottish Government statistician who considers that the multiplier, while appropriate, may understate the effects in the more buoyant southeast economy.

Enterprise Zone research, presented in the Additionality Guide suggests for B2/B8 use classes, shows a Local Area multiplier of 1.29 and Regional level of 1.44. As a sensitivity test, to compensate for any 'optimism bias', the results from applying a Regional Level composite multiplier of 1.3 (i.e. at the 'low' end of the ready reckoner), is also presented here. This shows that a total net impact of 202 FTE.

It is important to note that employment effects described above are understated here because they exclude jobs created in the construction sector as the scheme is built out. There will be significant direct and indirect employment gains during the construction phase, which are quantified in the Value For Money section below.

A summary of the operating impacts are provided in the table below:

Gross and net employment impacts – development of full business park		
Gross jobs capacity (i.e. **gross direct** FTE or 'on-site jobs' before additionality factors applied)	**Net jobs** (i.e. **direct** FTE after additionality factors applied)	**Net additional jobs** (includes **direct**, **indirect**, and **induced** FTE)
204	155	264

3.3. Wider benefits

This project has wider benefits: principally towards social value by providing additional business space that will have the capacity to significantly increase employment opportunities for residents in Newhaven. Phases 1 and 2 will also be small units targeted at SMEs that will improve growth in the local economy and provide much needed move-on space from the Denton Island incubator.

The Town's economic decline is well documented and reversing this is essentially the raison d'être for its successful Economic Zone bid. This scheme is closely aligned with the objectives of the EZ: as well as providing new business space that will facilitate a sharp increase in jobs for residents, working conditions for staff will be improved compared to the existing industrial stock. There will be other synergies with the EZ initiative: companies will benefit from the skills offered by the new UTC@harbourside; students will relish the work experience and apprenticeship opportunities provided by the new employers at Eastside.

There will also be wider qualitative benefits as new environmental standards feed into the collective improvement of the area. As has already been discussed, the

	specification of the new units will reflect the area's sector focus on environmental and marine technologies, achieving leading levels of sustainability through high-energy efficiency and an investment in renewable energy. Subsequent phases will be able to accommodate companies in the environmental green and marine technology supply chain, so consolidating the strength of those sectors in the town.
3.4. Standards	The specification of the starter units, in particular, will reflect the 'clean, green and marine' sector focus by achieving leading levels of sustainability through high-energy efficiency (achieved through heavy insulation) and an investment in renewable energy.
3.5. Value for money assessment	**GVA** It is possible to monetize the estimated employment impacts from the completed development in terms of Gross Value Added (GVA). In East Sussex, the average GVA per job per annum for all industries is £44,726 (source: ONS Labour Productivity by UK NUTS2/3 sub-regions, 2014). The average measure of £44,726 GVA per job/per annum has been used in these calculations to be prudent ex ante; whilst in practice it is likely that those companies attracted to the business park will be in the manufacturing sector with a higher than average GVA, the additional indirect and induced jobs could fall anywhere in the area so this average measure has been used. The benefits are based on the number of net additional jobs created, multiplied by the GVA per job. On the basis that a net 264 FTE is generated by the development, then it can be calculated that the initial GPF investment will go on to unlock a project that, when completed and occupied, can potentially add an annual GVA contribution of up to £9.6m PV, subject to future market conditions. This calculation assumes that the site is developed in isolation, whereas in practice investment values for nearby employment land are likely to improve, potentially precipitating further commercial development on other sites in the EZ that would create further wealth outside the remit of this project. Cumulative achieved GVA The potential cumulative achieved GVA from the development can be estimated by the net present value (NPV) of the annual net employment impacts in GVA over a 15-year period as the three phases are built out. It can be confirmed that the discount year and price base is the current year. The annual GVA is discounted at HM Treasury's Social Time Preference Rate of 3.5% real (source: 'Green Book', HM Treasury) and the benefit flow limited to 10 years for each of the 3 phases of development by a 'persistence factor'. This relates to the numbers of years the jobs are sustained and benefits persist in the economy for interventions to bring land back into use (source: Table 53, Impact of RDA spending V.1, BIS/PwC, 2009). The modelling assumes that after completion of each phase of starter units (Phases 1 and 2), there is a steady ramping up of employment with the units empty on completion and full at the end of the first year. There is ample evidence to prove this effect in the Developer's large property portfolio. Phase 3 is assumed to be comprised of a small number of bigger units, brought forward on a 'pre-let' basis once the business park has been established. Impacts for Phase 3 are more binary than the starter units and therefore no such 'ramping up' allowance has been made

in the modelling.

In addition to the operating impacts, construction effects can be added as the three phases of the business park are built out. The impact of construction activity is measured in person years, which is calculated by dividing the annual turnover per job for the SE construction sector (£132,518 – source: BIS Business Population Estimates, 2015) by the total development costs. This gives an estimate of 59 person years to construct the development, over the 3-year build programme. There are therefore some 20 construction jobs supported in each year of construction. The GVA impacts each year are calculated by multiplying these jobs by GVA per job in the construction sector (£74,615 – source: GVA per construction job East Sussex, ONS NUTS 3 Employment by Industry (BRES) via ESIF/ESCC). This process has been modelled using the additionality logic chain presented above. To calculate the net GVA impacts, leakage (5%) and displacement (50%) have been deducted and then a construction Type II employment multiplier of 1.9 applied (source: Scottish multipliers by SIC 41-3, The Scottish Government, 2013) to capture the indirect and induced jobs. These 20 jobs add a further £1,322,150 Net GVA pa for each of the 3 phases of build that can be included in the cumulative GVA calculation.

This analysis shows that taken together the construction and operating impacts of this project will contribute cumulative benefits of some £83.1m (£65.9m PV) net additional GVA over the appraisal period.

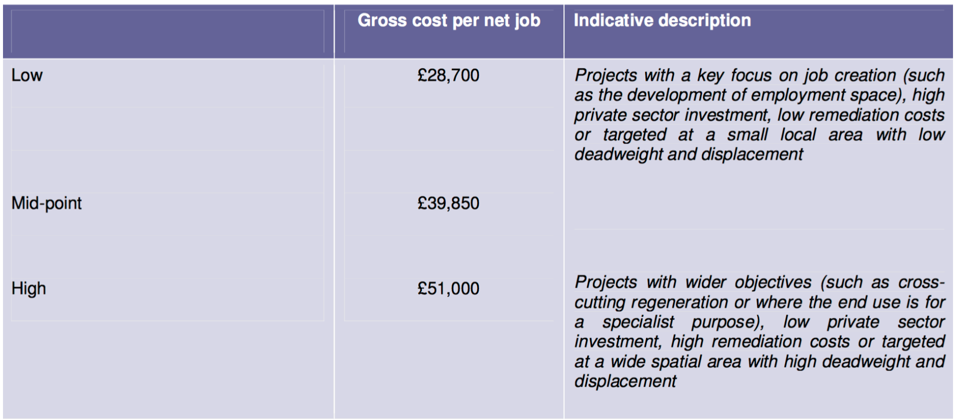
Value for money outcomes

GVA impacts	NPV (discounted at 3.5% over 15 years)	Public sector requirement from LGF (capped)	Total Net additional FTE Jobs (rounded)	Cost per job	Benefit Cost Ratio (BCR)	Public to Private Investment Leverage Ratio
£83.1m	£64.3m	£1.6m	264	£6,069	40:1	6:1

Cost per Job

This project has a cost per net additional job of £6,069, which can be considered exceptionally good value for money when compared to established benchmarks. This is only about a fifth of the £28,700 cost per net additional job identified by the Homes & Community Agency Best Practice Note (2015) as a low cost benchmark for projects with a key focus on the development of employment space (see table below). Professor Peter Tyler estimates cost per job for enterprise zones (without capital allowances) would be between £8-14,000 for a ten-year job life.

Table A2: Cost per job benchmarks: Gross public sector cost per net additional job



	Gross cost per net job	Indicative description
Low	£28,700	*Projects with a key focus on job creation (such as the development of employment space), high private sector investment, low remediation costs or targeted at a small local area with low deadweight and displacement*
Mid-point	£39,850	
High	£51,000	*Projects with wider objectives (such as cross-cutting regeneration or where the end use is for a specialist purpose), low private sector investment, high remediation costs or targeted at a wide spatial area with high deadweight and displacement*

Source: AMION

<u>Benefit Cost Ratio (BCR)</u>

As described above, the net present value (NPV) of the annual net employment impacts in GVA over a 15-year period of cumulative benefits flow in GVA is estimated. To calculate the BCR, the NPV of £64.3m is divided by the LGF intervention of £1.6m. Applying this measure to the project the BCR is estimated at 40:1, i.e. it is anticipated that every £1 of LGF investment would generate circa £40 GVA (NPV), representing excellent value for money.

<u>Public to Private Investment Leverage Ratio</u>

The SHW appraisal values the completed development at £9.1m and the developer estimates aggregated tenants' fit-out to be a further 7.5% of development value, increasing the private sector investment to £9.8m. As the value of the public sector contribution is £1.6m, the public to private investment leverage ratio therefore exceeds 6:1.

Sensitivity testing

Two potential scenarios has been considered below as a sensitivity test to ensure that the stated outputs are robust and provide good returns for public investment:

- **Scenario 1**. This considers the impact of take-up of vacant space being far less than market evidence suggests, with only 75% occupancy of the completed business park units.

  Value for money outcomes

GVA	NPV	LGF	Total Net additional FTE Jobs	Cost per job	BCR
£63.3m	£48.7m	£1.6m	198	£8,091	30:1

- The headline cost per job is £8,091 continues to make this option exceptional value for money, when compared to the benchmarks presented above.

- **Scenario 2**. This considers the impact of only developing out the two phases which the applicant has undertaken to deliver speculatively: i.e. two Phase 1 blocks: 2,382 m²/ 25,640 ft² in total, and Phase 2 at the 'minimum' level of 2,382 m²/ 25,640 ft² (**total 4,764 m²**). Under this scenario, with slightly over 60% built, albeit speculatively, the rest of the business park would be left unfinished.

Value for money outcomes

GVA	NPV	LGF	Total Net additional FTE Jobs	Cost per job	BCR
£56.9m	£44.1m	£1.6m	162	£9,851	28:1

- The cost per job increases slightly to £9,851 but the scheme still represents good value for money when compared to the benchmarks presented above.

Optimism bias

Optimism bias is the 'demonstrated, systematic, tendency for project appraisers to be overly optimistic' (source: Supplementary Green Book Guidance, HM Treasury).

This project transfers risk to the developer by 'capping' the LGF payment to £1.6m, so that Westcott Leach is responsible for any additional costs. Therefore, although it is not strictly relevant in those terms, as a further sensitivity test, optimism bias has been considered. To redress any such tendency in the evaluation of this project, an adjustment percentage has been applied at 24%, which is at the upper range suggested for 'Standard Buildings' projects (source: Table 1 Recommended Adjustment Ranges). The Guidance suggests that upper bound percentages relate to the average historic optimism bias found at the outline business case stage for traditionally procured projects. In practice, as Westcott Leach has a strong track record bringing in similar projects in time and on budget it is likely that there will is no such bias in these estimates and any risk, as has been stated, will fall to the developer.

When optimism bias is applied to this project, cost per job is increased to £7,525 and BCR is 32.1, which still represents excellent value.

3.6. Options assessed

Options appraisal

The importance of option appraisal is underlined by Treasury Green Book guidance, which suggests that this can often be the most significant part of the analysis of a business case.

Effective resource allocation requires options to have been considered before making decisions, and the process undertaken here has been to examine four options, assess the relative advantages / disadvantages of each.

Option 1. Do nothing

As has discussed in the document above, the site has remained dormant for the last 28 years or so despite having the necessary permissions to proceed. The primary reasons for this are outlined above in Challenges (2.1): namely, the viability of this site is poor (evidenced by the minus -£907,389 loss profit on cost of minus -10.78% shown in the residual appraisal for the scheme without grant). Any scheme is unfundable and prevents units from being built out speculatively.

If the site continues to be left to market forces to development, it is extremely unlikely that the business park can be delivered and will not contribute to maximising the potential of the Enterprise Zone.

Advantages	Disadvantages
No cost to public sector	The proposed business units will not be built out.
	The site will not make a contribution to the Enterprise Zone, which will then not reach its potential.

Option 2. Alternative use class

Another potential option is considering a different planning use class for the site. Various sub-options present themselves, such as leisure, retail or residential but these can be immediately discounted because of the location of the site near the water treatment works and likely opposition from the planning authority.

Office development could be considered, as floorspace density of offices is higher than business units, with the potential to secure more employment outcomes per square metre. However, costs of office construction are very much higher than that proposed, and as the market for offices in Newhaven is currently very poor, the very high commercial risk and poor viability of such a scheme would make it untenable to proceed.

Advantages	Disadvantages
Higher density of development so potentially more employment generating	Not viable to proceed
	Inappropriate location for high-value development.

Option 3. Wait until a connection with the Port Access Road can be made

Whilst connection with the PAR would be advantageous, this has been thoroughly investigated with ESCC's project manager who has confirmed it cannot be made for technical reasons within the applicant's ownership. Whilst a connection might be possible in the future over other land, it is unlikely that public funding will be available at the same time to build the scheme out if the start is delayed. The applicant's property consultant has advised that the proposed scheme using the existing access from Beach Road would be successful, and there would be the opportunity, at some future date, to make the PAR connection if this proves possible.

Advantages	Disadvantages
Improved access to the site.	Not possible to proceed with a connection as land ownership not secured. Timescales (and costs) to do so in future are uncertain.
	Public funding will still be required, potentially at a higher level if the scheme is delayed substantially.
	Public funding unlikely to be available to coincide with the funding of a delayed

	scheme with full benefits of Enterprise Zone never being realised

Option 4. Do Something (Build out the business park in full)

This is the preferred option and the one proposed here. The proposed high quality business units is the scheme recommended by the developer's property advisor in the attached strategy report being the most appropriate to create the necessary employment outcomes in the context of the commercial property environment at Newhaven.

The appraisal of the site with the grant contribution shows that development is viable and therefore will attract the necessary commercial funding to deliver the business park in full. From the public policy perspective, this option has the advantage of enabling the full potential of the Enterprise Zone to be realised. An early win may also provide a stimulus to bring forward other sites in the Enterprise Zone and Newhaven growth corridor.

Advantages	**Disadvantages**
The most appropriate planning use for the site.	Public sector funding contribution required.
An immediate start can be made to developing the site once public funding is secured.	
The site can make a full contribution to the Enterprise Zone.	

3.7. Scheme assessment

The process continues here from the previous section where the four options considered above are evaluated in the simple matrix below in relation to the two aims and SMART objectives for the business park (2.2.).

Objective 1: Bring forward the development of new commercial floorspace from 2017/18.

Objective 2: To meet the identified need for commercial floorspace of an appropriate type and quality for modern business needs.

	Option 1 **Do nothing**	**Option 2** **Alternative use class**	**Option 3** **Connection with PAR**	**Option 4** **Do something**
Objective 1.	Fails objective	Fails objective	Fails objective	Delivers objective
Objective 2.	Fails objective	Fails objective	Fails objective	Delivers objective

Commentary

Do Nothing (Option 1) will retain the status quo where the Eastside land has remained dormant for many years and is not brought into productive use for viability reasons. It has therefore been discounted.

	Considering an alternative use class (Option 2) will not deliver either of the objectives because of the location of the site, and in relation to office use, the huge commercial risk of developing such a scheme in Newhaven. It has also been discounted. Whilst connection to the PAR (Option 3) is potentially attractive and indeed has been explored in detail by the applicant, at best it will result in a long delay in delivering the scheme (thus failing the timescale for Objective 1). At worst the present opportunity to secure public funding would be lost and no floorspace delivered with no guarantee any connection can be made (failing both Objectives 1 and 2). Not recommended. Do Something i.e. building out the business park in full (Option 3) meets both Objectives and is the recommended option. It is the most appropriate planning use for its location and will bring forward space of an appropriate type and quality for modern business needs. In doing this it will also help enable the benefits of maximising the employment generating capacity of the Newhaven Enterprise Zone initiative, which is the strategic aim of this project.

4. COMMERCIAL CASE

4.1. Procurement

An experienced management contractor with established project management procedures in place will deliver the project on time and on budget. The management contractor and other contracts will be appointed through competitive tenders to ensure that best value is achieved. The timescales for procurement are included in the milestones in the attached phasing graphs document.

4.2. Commercial dependencies

The main commercial project dependency is that the employment outcomes projected will require occupiers to take the space to be developed. Market advice from property consultant Stiles Harold Williams, which is active in Sussex, suggests that the prospects for a strong take-up are excellent, as more employment space is needed in Newhaven. The report concludes:

> ‘We believe this is an excellent opportunity for Newhaven to have new units constructed and whilst there have been some initial enquiries, these are likely to be converted into lettings or sale once the first phase is under construction’…
>
> ‘Due to the scale of the development it would be sensible if it were constructed on a phased basis in order not to swamp the marketplace at one time. We think the units, due to their being new and of a high specification will be well received in the marketplace but it may take 3-5 years for the whole scheme [i.e. for all Phases 7,733 m² (83,237 ft²)] to become fully occupied, depending on demand and market conditions but it is positive to have a number of potential enquiries already’.
>
> (*Source: Strategy Report for the disposal of new units at Eastside Business Park, Stiles Harold Williams, April 2016*)

The Strategy Report is attached with this application and it includes details in confidence of companies who have expressed interest in the site.

4.3. Commercial sustainability

This is a capital project and it will not require revenue support at any stage. Once the two Phase 1 units have been built out using LGF grant funding contribution of £1.6m (capped), there will be no further requirement for public funding. This initial investment will provide the necessary commercial stimulus for the developer to unlock a further £6.2m of private sector funding and enable the full business park to be developed. As advised in 5.3, a letter from the developer’s bank is attached confirming that, subject to grant funding, the developer will be able to access funds to complete the business park.

This is supported by the development appraisal prepared by the developer’s property consultant (attached) that includes the necessary cash flows, which advises that with the £1.6m grant included to fund the viability gap, there is a small, but adequate profit of £1,306,672 (16.74% on cost), which enables the project to be completed.

4.4. Compatibility with State Aid rules

State aid tests

The project has been assessed against the four state aid tests set out in BIS guidance. Westcott Leach has received legal advice that this project meets all four tests and therefore exemption under GBER is required, which is given below in this section.

Consideration has been given to each of the tests as outlined below:

The assistance is granted by the state or through state resources

As the government is providing aid to the project through LGF, the project clearly meets this test.

It favours certain undertakings or the production of certain goods

Westcott Leach directly benefits from this aid and therefore the project clearly meets this test.

It distorts or threatens to distort competition

Westcott Leach's legal opinion is that the project meets this test because of its broad scope.

It can be demonstrated that there is market failure in Newhaven; indeed it is notable that all the key employment allocations at Eastside have remained undeveloped over very many years. Aid to facilitate the development of this site could be argued as compatible with the internal market as it is being given in the public interest to promote the economic development of an area where the standard of living is abnormally low and there is serious underemployment. Whilst it may not adversely affect trading conditions because no other provider has/is bringing a competing property product to the market, the broad scope of this test is considered to have been met.

It affects trade between Member States.

This is a broad test and whilst we are not aware of any demonstrable effect that aid for the development of this site, undertaken for public interest reasons, can affect trade between Member States, legal opinion is that the test has been met.

Compliance with State Aid regulations

Westcott Leach has given detailed consideration to ensuring that the project complies with State Aid regulations. As well as our own assessment, we have received legal advice and this guidance has been applied to the application.

Our preliminary assessment is as follows:

Article 56

The legal basis of compliance is under Article 56 of the General Block Exemption Regulation GBER, referring to Investment aid for local infrastructures (Source: Section 13, Commission Regulation, 17th June 2014). This regulation provides exemption for financial support for the construction or upgrade of local infrastructures that contribute at the local level to improve the business and consumer environment and modernising and developing the industrial base.

Under this regulation:

- The grant of £1.6m would comfortably fall under the €10m threshold given in Article 56 as set out below in UK Government Guidance;
- The total costs of the development do not exceed €20m;
- The aid amount does not exceed the difference between eligible costs and the operating profit of the investment. The maximum aid figure has been calculated below:

Eligible Costs	
Costs	£000's
Site Enablement and infrastructure Roads and Footways	240
Surface Water Storage	292
Electric Power	124
Site Sewerage	252
Site Foundation Stabilisation	577
Fresh Water Connections	84
Gas Connections	40
Telephony	18
Street Lighting	22
Design and Delivery	96
Construction Phase 1 Rental Units	1600
Total Eligible Costs	**3345**

Income Calculations		
Years	Predicted Rental (per ft^2)	Income £000's
0 - 5	£6.50	557
5 - 10	£6.75	827
10 - 15	£7.25	888
15 - 20	£8.00	980
Total income for predicted 90% occupancy		2927

Costs (Over 20 years)	£000's
Finance Interest (projected)	1080
Site Management and Letting Fees	320
Total Costs	1400

20 year Operating Profit	**1527**

- The difference between the operating profit and the eligible costs and therefore the maximum grant allowance is £1.818m. The proposed £1.6m grant falls within the limits set by state aid regulations;
- The aid is considered to have an incentive effect (Article 6) as the grant application is being submitted in advance of the project starting (paragraph 2) and that there will be material increase in the speed of completion of the project (paragraph 3b);
- The new units will be openly available to users/occupiers at a rent determined by the market.

It is therefore considered that the aid amount is at an acceptable level.

4.5. Commercial viability

The site-specific factors linked to viability in Newhaven and the deliverability of commercial space in East Sussex is explored in detail in 1.9 above.

The viability gap in the project is evidenced by a detailed financial appraisal attached with this LGF application prepared by property consultant Stiles Harold Williams on behalf of the developer, which shows that without any public intervention, the development makes a loss of -£907,389 and a profit on cost of (minus) -10.78%. This explains the reluctance of commercial lenders (particularly in current lending conditions) to fund the scheme.

A public intervention of £1.6m from LGF addresses the viability gap for the whole scheme, making it sustainable, and therefore fundable. This can be seen from the headline figures of the development appraisal, summarised in the table below. With the LGF grant of £1.6m (required to build the first phase of industrial units) included as revenue, the scheme is able to achieve a profit of 16.74% on cost. Whilst relatively low, this forecast level of return creates a sufficient incentive effect for the developer to secure private commercial finance to fund further phases of the development.

Revenues	£
Sales valuation	7,512,220
LGF grant	1,600,000
Total revenues **(net realisation)**	**9,112,220**
Costs	£
Site (including fees)	906,350
Construction	5,535,320
Contingency (8%)	442,826
Infrastructure	195,000
Professional fees	442,826
Disposal fees (legal & agents)	150,244
Finance	132,982
Total costs	**7,805,548**
Developer's profit	**1,306,672**
Profit on cost %	**16.74**

Source: Stiles Harold Williams, April 2016

In other words, the initial investment of £1.6m will provide the necessary commercial stimulus for the developer to unlock a further £6.2m of private sector funding and enable the full 7,733 m^2 (83,237 ft^2) of employment space to be completed.

Without this public intervention, development would remain stalled and the potential employment outputs would remain undelivered, as well as limiting the uplift in business rates from the EZ that can be reinvested in the town's strategic infrastructure (potentially affecting delivery timescales for other key sites).

Notably, because the LGF grant makes the scheme 'bankable', with the developer able to fund development at the site, the grant agreement with SELEP will ensure that he will commence building Phase 2 on a speculative basis 15 months after practical completion of Phase 1. This ensures there will be a commercial obligation to build out 61% of the business park speculatively, speeding up the pace of development.

After the initial £1.6m LGF intervention to deliver the first phase of starter units, development will be self-sustaining and the project will not require any further capital or

	ongoing revenue funding support from the public sector to complete development of the site. The rest of the site will be developed either speculatively or to satisfy occupier interest. Cost overruns This £1.6m LGF contribution will be capped: Westcott Leach, the developer will undertake to meet any potential cost overruns on the development of the Phase 1 units and there will be no further requirement for public sector funding beyond the initial contribution. He will also bear all the financial risks associated with the delivery of the further phases of development, which he is funding.

5. FINANCIAL CASE

5.1. Total project cost and basis for estimates

The total capital project cost is estimated to be £7.8m to build out the entire 7,733 m² (83,237 ft²) GEA Eastside Business Park (south) scheme. A summary of costs broken down into headings from the development appraisal provided by the applicant's property advisor is provided in 4.5 (above). The price base given is the current year.

Therefore, the £1.6m funding required to develop the Phase 1 starter units levers in an estimated £6.2m of private sector funding that will enable the remaining phases of the business park to be completed. This sum includes the developer's commitment to build out Phase 2 speculatively should Phase 1 be grant-aided.

A LGF contribution of £1.6m is required to fund construction of the first phase of starter units, which will kick-start development of the full business park scheme. The £1.6m relates to the estimated cost of building the two Phase 1 starter units, which will be subject to tendered prices with appropriate contingencies. This is calculated on the basis of constructing 2,382 m²/ 25,640 ft² of new industrial buildings at £70 per ft². This figure is based on the construction costs of a similarly sized scheme in nearby Hammond's Drive Eastbourne, making an appropriate allowance for the very poor ground conditions at Newhaven, which will require extensive piling.

Note that the summary funding profile in 5.4 shows the financial phasing of the previously consented scheme 2005/11 to be consistent with the financial appraisal.

5.2. Total SELEP funding request

Local Growth Fund capital grant of £1.6m.

5.3. Other sources of funding

Westcott Leach will provide the development finance for the project, funded through a combination of borrowing, capital receipts and reserves. A letter from Allied Irish Bank is attached confirming that, subject to grant funding, the developer will be able to access funds to complete this project.

5.4. Summary financial profile for previously consented scheme as appraised by Stiles Harold Williams.

(£m)		**17/18**	**18/19**	**19/20**	**20/21**	**21/22**	**Total**
Source of funding – *List here the amount of funding sought*							
SELEP request		1.6					1.6
Westcott Leach Ltd			0.2	3.5	0.3	2.2	6.2
Total		1.6	0.2	3.5	0.3	2.2	7.8
(£m)	**Cost estimate status**	**17/18**	**18/19**	**19/20**	**20/21**	**21/22**	**Total**
Costs - *List here the elements of gross costs, excluding optimism bias.*							
(£m)							
Construction	Pre-tender basis	1.6	0.2	3.5	0.3	2.2	7.8
Contingency	Included above						
VAT	Included above						
Total		1.6	0.2	3.5	0.3	2.2	7.8

5.5. Viability: How secure are the external sources of funding?	*Please provide evidence of the security of the specified third party contributions* <table><tr><th>Type</th><th>Source</th><th>How secure?</th><th>When will the money be available?</th></tr><tr><td>*Public*</td><td>SELEP LGF</td><td>Subject to approval</td><td>Subject to approval</td></tr><tr><td>*Private*</td><td>Developer</td><td>See below</td><td>See below</td></tr></table> As stated in 5.3, Westcott Leach will provide the development finance for the project, funded through a combination of borrowing, capital receipts and reserves. A letter from Allied Irish Bank to the C2C CEO is attached confirming that, subject to grant funding, the developer will be able to access funds to complete this project.
5.6. Cost overruns	The developer already has recent experience of a similar scheme in Eastbourne with poor ground conditions and so this is unlikely to be an issue. A contingency sum of 8% has also been included in the appraisal. In any event there is no public sector risk as the £1.6m LGF intervention is 'capped' with the developer paying for any cost overruns. As previously advised, a letter from his bank is attached confirming funding is available for this purpose.
5.7. Delivery timescales	*What are the main risks associated with the delivery timescales of the project? Please identify how this will impact on the cost of the project* The developer has full ownership and control over the land on which the development is to be built. The main factors affecting delivery timescales are given below and explored in detail in the risk register section and the QRA but are mitigated by the developer's long experience in delivering commercial floorspace, which is reflected in provision of a realistic development programme and contingency fee. • The planning permission will require renewing, however this has been submitted (planning application reference LW/16/0420) to enable the development to proceed when public funding is available (**in the unlikely event it is not, there is no quantifiable financial impact as the programme will be pushed forwards**); • Poor ground conditions (**the need for deep piling is already factored in to build cost and programme, and a 8% contingency sum is included**);

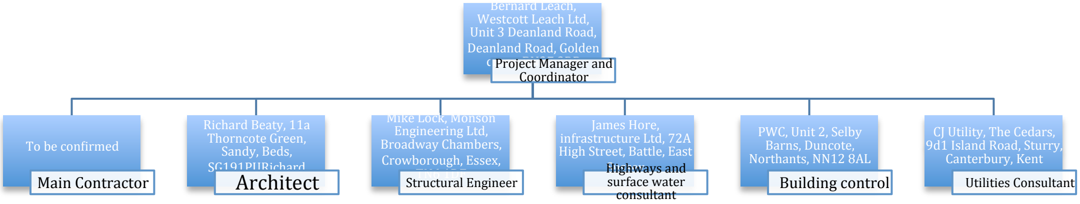
	• Delays caused by utilities (**not possible to quantify cost ex ante but mitigated by the developer's existing good relationship with providers**); • Delays caused by adverse winter weather conditions (**time contingency will be built into the construction programme: potential additional payment of £20,000**). It should be noted that the developer will deliver the works using cost consultants and project management expertise.
5.8. Financial risk management	Westcott Leach has already secured private sector match funding for completing the business park, contingent on receiving the LGF grant contribution that will fund the Phase 1 business units. It is understood that the cost of LGF funded Phase 1 works will be paid by the authorised body on the basis of quarterly returns submitted by the developer setting out progress to date and evidence of any deferred expenditure. Any cost overruns will be met in full by the developer.
5.9. Alternative funding mechanisms	Not applicable

6. DELIVERY/MANAGEMENT CASE

6.1. Project management

Bernard Leach, Director of Westcott Leach, the developer, will have overall responsibility for the delivery of the phases of development.

Westcott Leach Ltd will appoint the following professional development team when LGF funding is secured. An experienced management contractor with established project management procedures in place will deliver the project on time and on budget. The management contractor and other contracts will be appointed through competitive tenders to ensure that best value is achieved. The organogram below shows the project structure. This is a flat structure with all the team reporting to Bernard Leach who is project managing and coordinating the project: this is the structure used with his other development projects.



The Newhaven Delivery Group (NDG) has been the regeneration delivery partnership focused on key sites in Newhaven. It includes representatives of all levels of local government (town council, district council and county council) as well the LEPs and Newhaven Port and Property as a key local landowner. The NDG agreed the inclusion of this site as part of Lewes's contribution to the Greater Brighton pipeline of projects at its meeting in August 2015. It has also agreed its submission to Team East Sussex, resulting in this application.

As the Newhaven Enterprise Zone has come into existence a new governance and oversight body for the EZ has been formed called the Enterprise Zone Project Board. This body will build on the relationships previously developed through the Newhaven Delivery Group but will have more of a focus on delivery of key sites through the implementation of the EZ. As well as all tiers of local government, the LEP and the Port Authority, this group will also include representation from key government departments involved in EZ implementation. This governance body will retain oversight of delivery of the project at a local level.

6.2. Outputs

The table below shows outputs from the project using phasing from the previously consented scheme for consistency in this document. Estimated Net Additional FTE are shown below in the relevant columns, including direct, indirect/induced, rather than gross jobs (i.e. on site) and have been mapped to the end of the sales date of individual phases of development as estimated by Stiles Harold Williams.

Output	**17/18**	**18/19**	**19/20**	**20/21**	**Sub total**
Direct jobs		48		65	113
Indirect jobs		33		46	79
Employment space (m2 GEA)	2,382		3,249		5,631

Output	**21/22**	**22/23**	**Sub total**	**Total**
Direct jobs		42	42	155
Indirect jobs		30	30	109
Employment space	2,102		2,102	7,733

6.3. How will outputs be monitored?

Westcott Leach will monitor progress on the delivery of the Phase 1 starter units and the subsequent phases of development under the terms of the funding agreement.

Working with Locate East Sussex it will establish a monitoring system to record information on businesses occupying the development as new units reach practical completion and are let or sold. Subject to commercial confidentiality this data will cover:

- Enquiry and occupancy rates
- Business sector (SIC code) of incoming businesses
- Business status: i.e. inward investment/retention/start up
- Employee numbers and status: i.e. FTE, P/T
- SELEP supply chain connection.

This information will be made available to Team East Sussex and Greater Brighton Economic Board. A chart detailing potential core outputs and how this information can be used strategically by assessing benefits through a Benefits Realisation Plan are included in a supplementary document submitted with this business case.

6.4. Milestones

A chart has been prepared by Stiles Harold Williams giving key timings for the previously consented scheme upon which their appraisal has been based. This has been attached with this application as an appendix.

The indicative milestones below assume that in principle approval for this project is agreed in the Government's Autumn Statement 2016 and a contract is signed in March 2017.

Project milestone	**Description**	**Indicative date**
(Project pre-commencement enabling works)	Planning permission and any development conditions discharged prior to project start.	May 2016 – Mar 2017
Contract agreement	Completion	Mar 2017
(Newhaven Enterprise Zone)	Commencement of Zone status	April 2017 – 25 year period
Development of	Phase 1	April 2017 – Dec 2017

Business Park	Phase 2 Phase 3	April 2019 – Dec 2019 Mar 2021 – Nov 2021
Phase 1 Construction Milestones (provisional): Phase 1 is a 9-month build programme. This programme assumes a start on site in April 2017 but could be brought forward to January 2017 if required (links with potential winter-working risk outlined in register below).		
Project milestone	**Description**	**Indicative date (2017)**
Detailed Design	Phase 1	Now complete
Start on site: Phase 1	Commencement of groundworks	April (can be brought forward to Jan)
(Spending LGF contributions commences)	Ongoing	April
	Commencement of piling and foundations	May
	Attenuation tanks and drainage	June / July
	Steel work erection	August
	Cladding and concrete floors	September / October
	Car parking and landscaping	November
Phase 1 complete	Snagging and practical completion achieved.	December

6.5. Stakeholder management & governance

The applicant has already conducted extensive consultation with statutory bodies and other key stakeholders for this scheme through the planning process in 2005 and again in 2011. This will be revisited as the Local Planning Authority considers the new planning application for the Phase 1 starter units.

A stakeholder management and communication plan has been established by the developer to ensure effective communication with the governance body (see 6.1 above) and other stakeholders. This is included with this submission as a separate attachment (Supplementary information). The developer or his client representatives will roll this out as the relevant scheme milestones are achieved.

6.6. Organisation track record

Westcott Leach Limited is the developer and will be leading this project. With a large and active development portfolio in East and West Sussex, Westcott Leach has a strong track record developing high quality employment sites and, at the time of writing, 100% of the employment units it has constructed are fully occupied. Its development portfolio include the following:

- The 7,562 m² (84,500 ft²) Mid Sussex Business Park www.midsussexbusinesspark.co.uk at Ditchling Common near Burgess Hill. All 30 units at this 5.5 acre site are occupied;

- In 2015 completed 9 new units totalling 1,950 m² (approx. 20,000 ft²) and 3 refurbished units at the Whiteknight site in Hammond's Drive, Eastbourne;

- Has developed the Deanland Business Park comprising 15 small light industrial and warehouse premises 3,700m² (approx. 40,000 ft²) near Hailsham to let on flexible all-inclusive terms;

	• Apex Way Hailsham: 8 units totalling 5,100m² (approx. 50,000 ft²); • Westcott Leach is currently developing out the strategic Swallow Business Park near Hailsham. Its development portfolio also includes sites at Maple Road Eastbourne and Sheddingdean in Burgess Hill.
6.7. Assurance	The responsible funding body will ensure that adequate assurance systems are in place under the terms of the grant agreement with Westcott Leach Ltd. A copy of the financial statements and accounts for Westcott Leach Ltd for the past 3 years are available on request in confidence.
6.8. Equalities Impact Assessment	Although no specific Equalities Impact Assessment (EIA) has been procured, consent for the scheme will be approved within the context of planning policy which as been subject to an EIA. An EIA has also been undertaken for Newhaven Enterprise Zone by Lewes District Council, which incorporates the Eastside South site.
6.9. Monitoring and evaluation	As discussed in 6.3, Westcott Leach will monitor progress on the delivery of the Phase 1 starter units and the subsequent phases of development under the terms of the funding agreement and the results disseminated to the relevant strategic bodies through Locate East Sussex. Locate East Sussex and other stakeholders to assist in designing initiatives that bring forward other strategically important commercial development sites using knowledge gained from this project. See Supplementary information for further discussion on monitoring.
6.10. Post completion	Disposals of industrial units – both through leasehold or long leasehold/freehold – will take place on a phased basis as the development is built out in accordance with the attached Strategy Report prepared by Stiles Harold Williams in April 2016.

7. RISK ANALYSIS

Likelihood and impact scores:
5: Very high; 4: High; 3: Medium; 2: Low; 1: Very low

Risk	Likelihood*	Impact*	Mitigation
The project is not compliant with State Aid regulations.	1	5	Westcott Leach has already given detailed consideration to the issue of State Aid and believes that the legal basis of compliance for this project is under Article 56 of the General Block Exemption Regulation – investment aid for local infrastructures. To mitigate risk, the applicant has already taken reasonable measures to ensure compliance and has received legal advice which has been applied to this business case. Please see 4.4 (above) for a detailed exposition regarding State Aid compliance for this project.
Renewal of planning permission is delayed by planning authority.	1	1	To mitigate this risk in advance of project commencement, a planning

			application for the Phase 1 starter units has been submitted. The application reference is LW/16/0420. Pre-application discussions from Lewes DC's planning department (forward planning and development control) have been positive. The Developer is in receipt of a letter of comfort from the Planning Officer that the Council will grant planning permission for the development subject to minor technical issues being agreed (for which he is, at the time of writing, awaiting sign-off from the Council's consultants). It is understood the Planning Officer's intention is to make this decision under Delegated Powers, being simply a renewal of a previous permission. The same logic is applied to planning permission for subsequent phases.
Market take-up of starter units is initially poor.	1	3	It is considered that sufficient potential demand has already been identified by his property advisers to make this 'low risk'. There is already a marketing strategy in place to mitigate against voids and ensure that lettings / disposals are timely.
Construction cost of developing starter units is higher than predicted.	1	1	The developer already has recent experience of a similar scheme in Eastbourne with poor ground conditions and so this is unlikely to be an issue. A contingency sum of 8% has also been included in the appraisal. **A very detailed evaluation of the risks posed by Subsurface geological and geotechnical conditions (including surface water attenuation) has been included in the QRA accompanying this document.** In any event there is no public sector risk as the £1.6m LGF intervention is 'capped' with the developer paying for any cost overruns. A letter from his bank is attached confirming funding is available for this purpose.
Failure to secure private sector investment.	1	3	Westcott Leach will finance the development through a combination of borrowing, capital receipts and reserves. A letter from his bank is attached confirming that credit facilities for the Phase 2 works are

			available.
Market take up of later non-speculative phases is poor.	1	1	Over 60% of the development will be built out speculatively. All the evidence from sites in East Sussex suggests once a business park starts to be built out and occupied, 'pre-lets' will be attracted. To mitigate against a poor take up, the developer can offer sales incentives (impact is estimated to be 3 months rent free on units affected) or construct further phases of speculative units.
Delays caused by utilities.	1	1	Connections to power, gas, telecoms, water and waste-water are readily available at Newhaven. The electrical circuitry is already part completed as lighting standards are installed and a transformer was once connected (long since removed because poor market conditions prevented build).
Adverse weather conditions delays construction programme.	1	1	A time contingency for winter weather conditions will be built into the construction programme, which will reflect where winter working may be required to avoid delays. Close monitoring of progress against programme will be made to ensure the works are completed in a timely fashion.

8. DECLARATIONS

8.1.	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?	*Yes/No*
8.2.	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	*Yes/No*
8.3.	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?	*Yes/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 and shared in confidence with other public sector bodies, who may be involved in considering the business case.

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. I also declare that, except as otherwise stated on this form, I have not started the project which forms the basis of this application and no expenditure has been committed or defrayed on it. I understand that any offer may be publicised by means of a press release giving brief details of the project and the grant amount.

8.4. Signature of Applicant	
8.5. Print Full Name	
8.6. Designation	
8.7. Date	