South East
Local Enterprise Partnership

Capital Project Business Case

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

Please note that this template is for guidance purposes only and 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

Scheme/project promoters are encouraged to embed any additional supporting information into this template. This is indicated throughout the document.

Version control	
Document ID	
Version	3
Author	Southend on Sea Borough Council
Document status	Revised Business Case 27.01.16
Authorised by	
Date authorised	

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

1. PROJECT SUMMARY	
1.1. Project name	**London Southend Airport Business Park (ABP) – Phase 1 Infrastructure**
1.2. Project type	*Non-transport project – enabling site infrastructure*
1.3. Location	**London Southend Airport, Southend-on-Sea (land off Aviation Way)**
1.4. Local authority area and postcode location	**Rochford District Council** **SS2 5RR**
1.5. Brief description	Southend on Sea Borough Council (the "Council"), in conjunction with its appointed development partner, Henry Boot Developments Limited (HBDL) is seeking £3.2m of Local Growth Funding from the SELEP to deliver the required enabling off-site infrastructure to unlock the first phase of employment land at London Southend Airport Business Park. This is a 55 acre greenfield site, supported through an adopted Joint Area Action Plan for employment uses, adjacent to the Airport operations and an existing industrial estate, which is home to a number of aviation supply chain related businesses. The Council owns the freehold of the site, the delivery of a proposed business park on which is seen as critical to not only support the continued growth of the Airport and its associated activities as a key economic asset but also to address the current lack of availability of high quality employment land and premises in the area to promote the economic growth and sustainability of the SELEP economy. This is a rare opportunity to develop higher quality business space in the Southend area and the business park will bring mutual benefits of direct employment and supporting the growth of the Airport itself. An outline planning application for the business park site seeking detailed consent for the phase 1 infrastructure works was submitted by HBDL in October 2015 and is currently under consideration by Rochford District Council, with a decision due in February 2016 (along with a parallel hybrid application seeking outline consent for the relocation of the rugby club to an adjacent Council-owned site with detailed planning consent for site access and pitches). With HBDL already in place as development partner, the intention is to deliver the phase 1 infrastructure works by December 2016, a relocated rugby club facility by June 2017, with the construction of commercial floorspace and subsequent occupation of this commencing in FY 2017/18. The phase 1 infrastructure scheme will unlock 22,000 sqm of new commercial floorspace including 17,500 sqm of high value B1 office/R&D based floorspace and 4,800 sqm of proposed hotel floorspace (equating to a 100 bed hotel with leisure/conference facilities). The Council is keen to ensure that the optimum use types are delivered on this first phase 'gateway' scheme to set the tone and quality for the remainder of the site's development, subsequent phases of which will include advanced manufacturing/engineering uses, further office/R&D/innovation floorspace and supporting ancillary uses.

	Through the first round of the Growth Deal, funding has already been secured to improve the strategic road network (A127) around Southend and to improve capacity at key junctions, to support the growth of not only Southend Town Centre but also the Airport Business Park, an identified employment priority for the Council and the SELEP. This phase 1 infrastructure scheme will capitalise upon this to fund the off-site infrastructure required to deliver this strategic employment site. LGF investment of £3.2m, as specifically referenced in the Growth Deal expansion in January 2015, will directly lever Southend Council investment of £5.6m, which will unlock an employment site with strong demand prospects and the ability to accommodate 1,080 new gross jobs. Furthermore, the successful delivery of the phase 1 scheme will assist to enable the wider development of the site, which could deliver a further c.2,700 new gross jobs once fully occupied. LGF is being sought to fund required off-site infrastructure and site-wide drainage works and without this the phase 1 development will not come forward. The focus of the business park is on high value uses, linking into key identified SELEP growth sectors such as life sciences and medical technologies, building on existing local clusters and research strengths provided through Anglia Ruskin University. Proposals for a MedTech Innovation Centre are being developed as part of the wider site development beyond this phase 1 scheme. HBDL has already invested £0.5m of its own funding in site feasibility, masterplanning and the development and recent submission of the two planning applications and the Council has invested significant time and resource into progressing the scheme to the stage it is currently at. The latest site masterplan, as prepared by Jefferson Sheard Architects, is appended to this business case as well as a highways plan, prepared by Vectos, illustrating the site access proposals. The six phase 1 development plots that will be directly unlocked as a result of the proposed infrastructure scheme include plots 2, 3, 4, 14, 15 and 16.
1.6. Lead applicant	Southend on Sea Borough Council (the Council is the LGF applicant and scheme promoter/sponsor and is working in close partnership with Henry Boot Developments Ltd (HBDL), its appointed development partner.
1.7. Total project value	The total capital cost of the phase 1 infrastructure scheme is estimated to be £8.82m (excl. VAT). This is based on an indicative cost plan prepared by Burnley Wilson Fish Cost Consultants in October 2015 and includes the following key cost items: • Business Park Phase 1 infrastructure - £4.93m. This includes both off-site and on-site infrastructure costs and includes a contingency and inflationary allowance. • New rugby club and pitches (including parking and access road) - £3.89m. The expected gross development value of the completed phase 1 scheme once fully built out and let is c.£41m, based upon on a phase 1 development appraisal prepared by HBDL (as appended to this business case). This appraisal demonstrates the need for LGF to realise the delivery of the proposed scheme.
1.8. SELEP funding request, including type (e.g. LGF, GPF etc.)	£3.2m of LGF from the SELEP is being sought to facilitate the delivery of the phase 1 infrastructure project.
1.9. Rationale for SELEP request	LGF funding through the SELEP is being sought to largely fund required off-site enabling works to unlock a major strategic employment site for high value private sector business occupation. LGF funding will deliver off-site highway infrastructure

	that is required to unlock the site, incoming service infrastructure (electricity, water, gas and telecoms) and strategic site-wide drainage infrastructure. The Council has allocated a pot of funding from its capital programme to invest in required *on-site* infrastructure works across the site to unlock a comprehensive phase 1 development scheme. However, there is a need for further public sector investment over and above the Council's Phase 1 funding commitment to deliver the required *off-site* infrastructure works to enable the delivery of the phase 1 scheme and to assist to unlock the wider site. A £3.2m LGF award will directly lever a further £5.6m from the Council which will be sufficient to fund the required infrastructure costs to unlock a phase 1 commercial development employment scheme. This includes £3.6m from the Council to relocate the rugby club, a prerequisite for site development as a planning condition. There is an evidenced need for additional new employment land within the local economy and this was tested and accepted as part of the Examination in Public and adoption of the Joint Area Action Plan for the Airport Business Park site. It is recognised that the site is the only accessible location that is large enough to accommodate the forecasted levels of employment growth. There is also evidence of live occupier enquiries for floorspace on the site which will not be able to be met in the absence of LGF funding. This will therefore inhibit the economic growth and inward investment prospects of the local economy in the absence of the LGF funding request. As is the case across many part of the South East and wider UK, there remain a number of financial viability issues on large scale strategic sites such as this with significant upfront 'abnormal' infrastructure needs, particularly where off-site investments are needed to unlock delivery. This means that the cost of development exceeds the expected completed development value and the market is not therefore able to secure the necessary funding to invest in the site without public sector funding support. This can be demonstrated through the appended development appraisal which identifies the need for LGF funding support to deliver the phase 1 scheme. The LGF need is therefore to fund the off-site infrastructure costs and site-wide drainage costs which will ultimately benefit the ABP site as a whole.
1.10. Other funding sources	Southend on Sea Borough Council has provisionally allocated £5.6m from its Capital Programme to fund required on-site infrastructure works to deliver the phase 1 infrastructure needs. This will be formally secured subject to a successful LGF award. Southend Council is also contributing its land to the project which has an indicative market value of c.£20m. Once the phase 1 infrastructure is in place, this will then unlock significant private sector investment from HBDL in the delivery of the commercial floorspace. The total construction cost of the phase 1 built development (excluding infrastructure) is c.£27m.
1.11. Delivery partners	

Partner	Nature and/or value of involvement (financial, operational etc)
Henry Boot Developments Ltd	Council's appointed development partner for the site with commitment to secure the relevant planning consents and develop the site out to meet occupier demand in accordance with the agreed Development Agreement in place with

	<table><tr><td></td><td>the Council</td></tr><tr><td>Rochford District Council</td><td>Local Planning Authority and partner of the adopted Joint Area Action Plan for the site.</td></tr></table>
1.12. Start date	HBDL has submitted two linked and hybrid outline planning applications which are expected to go before a February Rochford District Council Planning Committee. The current proposals are for a June/July 2016 start on site date for the infrastructure works delivery/construction.
1.13. Practical completion date	It is proposed that the phase 1 infrastructure scheme would be delivered and all LGF spent by December 2017 as per the latest scheme Ganntt chart/delivery programme. The Council-funded delivery of the new rugby club will follow on from this but all construction will be complete by the end of June 2017. Even accounting for any slippage to this, the Council is willing to commit to spend the LGF by FY ending March 2017.
1.14. Project development stage	The phase 1 project is currently awaiting a planning decision, although the site is already allocated for employment uses within the adopted Joint Area Action Plan. A site masterplan has been prepared and feasibility work is largely complete. Technical/detailed design is the next stage and will be progressed subject to an LGF funding award to enable a start on site date of June 2016 for the infrastructure works.
1.15. Proposed completion of outputs	It is proposed that the phase 1 infrastructure works will be completed by March 2017, after which the design and build of the commercial floorspace can commence and is proposed to do so subject to securing occupier demand, the prospects of which are considered high based on known interests/enquiries and the scale/profile of the site.
1.16. Links to other SELEP projects, if applicable	In the first round of the Growth Deal, Southend-on-Sea Borough Council, as part of the Thames Gateway South Essex Partnership and in partnership with Essex County Council, secured funding for the A127 to improve the road network and increase capacity at key junctions. These improvements will not only unlock economic growth in Southend town centre but are also integral changes to unlock the potential of the Airport Business Park. This project will directly complement these already funded strategic highways projects and will provide the site specific infrastructure required to maximise the opportunity that exists. A further LGF application is being developed in this round of funding for a project called 'CONNECT'. This is a pan-LEP project with the Cumbria LEP and the project builds on the newly announced route between Carlisle and Southend Airports to deliver infrastructure development at both airports, whilst also recognising the trade / skills / investment / tourism opportunities as a result which, with the ABP being the nearest large employment site to the airport (and certainly the most high profile) will be beneficial for the business park. The proposed scheme therefore fully aligns with this CONNECT project. The Council is also intending to submit a further LGF funding request for a phase 2 scheme in the next round of the Growth Deal for prioritisation as a South Essex scheme in order to be put forward as a priority investment project for the SELEP (aiming for an OBC to be presented to the June 2016 SELEP Accountability Board Meeting). This will be for phase 2 site infrastructure works to unlock the wider site and could also include a funding request to support the direct delivery of a MedTech focused innovation centre (along with further Council funding and possible other sources through ERDF, for example). The details of this are being developed at present.

2. STRATEGIC CASE

The strategic case determines whether the scheme presents a robust case for change, and how it contributes to

delivery of the SEP and SELEP's wider policy and strategic objectives.	
2.1. Challenge or opportunity to be addressed	*Describe the key characteristics of the challenge to be addressed and the opportunity presented. Provide an overview of the evidence supporting this and the impact of not progressing the scheme.* *What is the need?* There are a number of key challenges that this project is seeking to address and opportunities that it is seeking to capitalise upon and these are discussed in turn below: **1) Addressing a lack of high quality employment land/premises** The JAAP identifies that the release of land for the provision of a high quality business park is required in order to enable Rochford and Southend-on-Sea to meet the demand for B1 and associated B2 Use Class development generated by the growth of London Southend Airport, as well as broader demand in the economic sub-region. The JAAP has been through an Examination in Public and has been formally adopted by both respective local authorities. An extensive technical evidence base was developed to inform the JAAP in terms of both physical and market delivery prospects. The JAAP identifies that the area must take "***a pro-active role in encouraging employment development for both aviation-related growth (associated with airport growth) and targeting the delivery of accommodation for high-tech industries and offices (specifically in planning use classes B1 and B2)***". It suggests that given the current constraints of the local property market, this will provide the area with the greatest chance of creating employment capacity and attracting investor demand. Rochford District Council prepared an Employment Land Study (ELR) in December 2014 (undertaken by GVA Bilfinger). This suggests that the development of the Airport Business Park in accordance with the JAAP would enable "***new, good quality bespoke space to be delivered in a location which has demonstrated success in attracting business activity. It would enable the current offer in the area to be broadened and support the existing estate***". It goes on to state that "***over the plan period the land would provide a competitive offer to attract businesses from the aviation sector, its supply chain and also others seeking good quality, accessible space***". In terms of recent demand for office space, the ELR looked back at all transactions in Rochford between 2009 and 2014. The average deal size was less than 150sqm and this reinforces the nature of the market as one orientated towards local businesses. It noted that rents were higher at the existing Airport sites than other locations due to the higher profile it offers businesses. In terms of current supply, in 2014, there was only 600 sqm of available office floorspace at Southend Airport across 9 units. The report suggests that "***given the scale and focus of demand in the area close to Southend Airport it could be considered there is a lack of supply in this area, particularly given that these tend to be very small units compared to the average deal size***". In terms of recent demand for industrial floorspace, the report suggests that the District "***has not attracted new, larger, occupiers in any great number, which could, in part, reflect the scale and nature of stock or development land available***". It suggests that "***the area close to the airport has also performed strongly with the second highest number of deals and achieved rents***". The ELR states that "***currently***

there are no new or refurbished units on the market within the District highlighting a potential lack of choice for occupiers. Given the potential strengths and drivers of industrial activity and the age of existing stock, this is likely to be a critical consideration in the future".

The ELR concludes that "***it can be seen by recent data that the area close to London Southend Airport has become an important part of the market, beginning to balance activity across the District".*** It reaches a number of conclusions in relation to land at the Airport Business Park specifically:

- it is expected that property requirements would be shared between office and 'industrial' activity. We would not expect significant distribution activity given the nature of airport operations (which will not focus on cargo) and the proximity of the area to other major distribution locations, such as London Gateway Port.
- the presence of London Southend Airport is of critical importance to much of Rochford District's economic and employment performance. It is clearly an important employer in its own right but also supports a much larger network of supply chain businesses in a range of sectors.
- the Airport acts as a significant economic identifier for the area, drawing businesses to the area which, whilst not directly associated with airport operations, benefit from the connections and profile it gives the area.
- development here would enable new, good quality bespoke space to be delivered in a location which has demonstrated success in attracting business activity. It would enable the current offer in the area to be broadened and support the existing estate.
- there are likely to be two components to employment growth resulting from the Airport. The first will be direct employment generated from airport related and aircraft servicing activities. The second impact will be employment generated by those businesses benefitting from locating close to an airport. Whilst some of these businesses may service the airport as part of the wider 'supply chain', on the whole they are likely to be less reliant on direct links to it and therefore, whilst some may locate within the JAAP area, they are likely to be more 'footloose'.

There is clear evidence to suggest that there is a lack of available high quality B1/B2 employment floorspace around the Airport, against a backdrop of continuing demand in this location which is likely to increase as the Stobart Group and its partners continue to invest in its route expansion and wider 'offer' (see below). The need for additional employment land is a key premise of the Southend City Deal more widely given the lack of available development land as a result of both dense urbanisation and the designation of Green Belt status. The Airport Business Park provides a major opportunity to address this and provide high quality employment land in a strategic and highly accessible location.

2) Responding to live occupier enquiries

HBDL has not yet commenced the delivery of a marketing campaign for the site and will do so when there is further certainty around planning and funding commitments in early 2016. However, it has already had a number of enquiries from occupiers interested in the site, several of which remain live and current. These need to remain confidential at this stage but a high level breakdown is provided below of existing live requirements known to HBDL at this stage:

Company	Background/Activity	Requirement

A	Design/manufacture products for the aviation industry	200,000 sqft
B	Hotel operator	2.5-3 acres for a 120-150 bed hotel plus leisure facilities
C	Design/manufacture of fire alarms	Unknown
D	Printing	100,000 sqft B1/B2
E	Manufacture of display boards	36,000 sqft
F	Photographers/designers	15,000 sqft
G	Manufacture of medical instruments	c.12,000 sqft +

The above equates to a total of c.360,000 sqft (plus a hotel) of live enquiries for the site before any formal site marketing has commenced. Given that the phase 1 scheme will unlock c.190,000 sqft of commercial floorspace (excluding the hotel floorspace), this is a good indicator of potential demand for the phase 1 scheme.

3) Supporting Airport growth aspirations

The Stobart Group acquired London Southend in Airport in 2008 and has already made significant investments in it, with further investment planned. It officially opened its new terminal building in 2012 and in 2014, it was voted 'Best Airport in the UK' by Which?. It was the fastest growing airport in Europe in 2012 and 2014 and in the same year, a major new terminal extension was opened increasing the Airport's capacity to 5m passengers per annum. It also offers its own dedicated rail terminal with direct links to London Liverpool Street in less than 1 hour. In November 2015, it was announced by Government that it is to provide funding to provide increased flights from Carlisle Airport (also owned by Stobart) to Southend Airport. Stobart is also planning further investments in the Airport to attract new routes and airlines, enhancing international connectivity for leisure and trade.

The Airport site is already home to a cluster of Maintenance, Repair and Overhaul businesses on the Aviation Way Industrial Estate. These businesses undertake a range of engineering and advanced manufacturing activities in the aviation sector and include established and rapidly growing businesses such as Ipeco and InFlite. However, there is limited expansion land on this site and no available modern premises to meet current occupier demands. Ipeco is a good example of a current major Southend employer that is seeking new modern premises within an aviation cluster close to the Airport to enable its expansion plans but at present is constrained by the lack of available supply. In the absence of the ABP scheme, there is a risk that businesses such as this leave the SELEP area.

A significant opportunity exists for the development of a complementary new commercial hub of economic activity. Given its growth projections, there is a distinct opportunity to capitalise upon the Airport 'asset' and the attractiveness to businesses that an airport location would provide. This could provide a unique employment location within the area that could increase its attractiveness to inward investors and address the current lack of available large strategic commercial development sites across the Southend and Rochford economies.

An analysis of others similar regional UK airports identifies that many either have already or are developing commercial employment hubs around the airport assets.

Examples include:

- **Newcastle Airport** – has an existing 7,000 sq m Freight Village (with expansion land) and the Airport Industrial Estate is located 3 miles from the Airport, comprising 18,000 sq m of light industrial floorspace (only c.460 sq m is vacant). The Newcastle International Airport Business Park is currently being marketed and comprises 50 hectares owned by the Airport which could accommodate up to 1m sq ft of commercial development (allocated in emerging Local Plan). There are 7 hotels within a 2.5 mile radius of the airport.
- **Bournemouth Airport -** the Aviation Park is adjacent to the Airport, comprising a mix of technology, industry and freight uses across 80 hectares (200 acres) of land and buildings allocated for employment use. It provides approximately 150,000 sq m of business space being developed by the owners of the airport. There are plans to develop a further 50,000 sq m of employment space on this site (outline consent secured).
- **Newquay Airport –** the Aerohub Business Park is a 90 acre serviced employment site which has designated Enterprise Zone status. It is located next to the Airport and serviced plots are currently being marketed to B1/B2/B8 occupiers, with a focus on knowledge-based businesses.
- **Leeds Bradford International Airport –** the airport is developing proposals for the release of 40ha of land adjacent to the Airport from the Green Belt to facilitate the delivery of a commercial hub. A case has been presented to Leeds City Council and the land has been provisionally allocated for employment uses.

This provides further evidence of the need for a business park at Southend Airport to ensure that the overall airport 'offer', as a key economic asset for the SELEP, remains competitive in the context of the wider UK regional airport offer.

4) Addressing site abnormals and development viability issues

As reported in the response to question 1.9, there are viability issues associated with the development of the Airport Business Park due to the site abnormals linked to the infrastructure works and the relocation of the rugby club (the latter of which will be funded by the Council) required to facilitate delivery. This means that site development will not come forward without public sector funding support and the need for this is demonstrated through the phase 1 scheme development appraisals appended to this business case which demonstrate that there is a viable scheme assuming that the public sector funds the abnormal infrastructure costs (note – these appraisals do not include these costs and show a marginally viable position without them with a 15% return on cost to the developer which is considered a reasonable market level of return)this is often closer to 20%). These demonstrate that if the public sector does not fund these infrastructure costs, the scheme is not viable and will not be delivered.

Why now?

Timing is of the essence in relation to this scheme and LGF funding is needed now for a number of reasons as below:

- The Council has already appointed HBDL as its development partner for this site and together they are both keen to progress site delivery as soon as possible in accordance with the development agreement
- The JAAP has been adopted and there is now a need to demonstrate an ability

	to deliver the ambitions of this to meet stakeholder and public expectations • A significant level of feasibility and masterplanning work (funded 'at risk' by HBDL) has already been undertaken by the Council and HBDL and a planning decision is due imminently • Given the lack of available and suitable employment floorspace in the area, there is a risk that without the development of the business park, the SELEP economy fails to capitalise upon opportunities to both retain existing expanding businesses and to attract new inward investment • The Airport is progressing its investment plans and the scheme proposals fully support and align with this – there are benefits of ensuring that the two are progressed in parallel to maximise impact upon the SELEP economy • There are a number of known occupier interests and enquiries for floorspace in this area at present which will be unlikely to be met without the development of this scheme. **Impact of not progressing the scheme** In the absence of an LGF award of £3.2m, this phase 1 scheme will not be delivered and in the absence of any further external public sector funding from the LEP or elsewhere in the future this will be likely to result in the site remaining as a greenfield site for the foreseeable future. The proposals for an Airport Business Park will not be delivered and this would represent a major missed opportunity for the Rochford and Southend Local Authorities and the wider SELEP economy, particularly given the investment that has already gone into progressing the scheme to this stage. The current lack of employment land/premises will continue to be an issue and over time this could have a detrimental impact upon the competitiveness of the sub-regional economy as existing growth businesses are forced to leave in pursuit of suitable premises and limited inward investment opportunities are realised. The potential of the Airport as a regional economic asset would not be met and the Council would not be able to capitalise upon the unique opportunity it has to develop a high quality business park on a Council owned site with an experienced and willing development partner on board.
2.2. Description of project aims and SMART objectives	*Please outline primary aims and objectives. Please present the SMART (specific, measurable, achievable, realistic and time- bound) benefits and outcomes on the local economy that will arise following delivery of the scheme in terms of numbers of jobs, new homes, GVA).* The aim of this project is to deliver the necessary infrastructure works to facilitate a phase 1 commercial development on allocated employment land adjacent to London Southend Airport, to provide high value employment floorspace in this key strategic location, linked to local and national sector growth opportunities. SMART objectives are presented below: • To deliver a new road access and spine road, utility/services infrastructure and a new facility for the existing rugby club by March 2017 • To directly support 120 FTE gross construction jobs by March 2017 relating to the infrastructure works • To unlock the potential for 22,000 sqm of new commercial floorspace by 2020 as part of the phase 1 scheme • To support the delivery of 1,080 new gross jobs by 2021 as part of the phase 1 scheme

2.3. Strategic fit (for example, with the SEP)	*Please detail the SELEP and local objectives/strategies/work programmes/ services which the investment will support* The project fully aligns with and supports a number of key policy and strategy objectives at both SELEP and local authority spatial scales, as below: ***SELEP SEP and the Growth Deal*** The LEP's Strategic Economic Plan (SEP) (2014) identifies an ambition to create 200,000 new sustainable private sector jobs by 2021 and to lever investment totalling £10 billion, to accelerate growth, jobs and homebuilding. It focuses on 4 key areas as below: • Enhancing Transport Connectivity • Increasing Business Support and Productivity • Raising Local Skill Levels • Supporting Housing and Development The SEP identifies a number of key economic strengths which it is seeking to build upon to maximise the impacts of its investments. It identifies a focus on innovation assets as part of this and sets out a number of key sectors which include the following of relevance to the proposals: • Transport/logistics – reference is made to the growth potential of Southend Airport • Advanced manufacturing • Life sciences and healthcare – references is made to the Anglia Ruskin MedTech Centres, one of which is proposed on the business park site The SEP identifies the productivity challenge across the LEP area, whereby the growth in output in the SELEP area has lagged behind other parts of the South East and the output gap has widened. The SEP is seeking to concentrate resources on supporting growth in higher value added sectors. It suggests that the current make-up of the SE LEP business base means creating more businesses, growing existing businesses and boosting exports are key to growing the SE LEP economy as a whole. The SEP focuses on the development of 12 growth corridors across the LEP area. One of these is the A127 London-Basildon-Southend Corridor. The SEP makes reference to the fact that London Southend Airport, now with scheduled air services to Europe and hub airports for onward global travel, and its neighbouring business park, is proving attractive to a wide range of global companies and offers capacity for at least 4,200 additional jobs up to 2021 and a further 3,180 post 2021. It refers to the fact that one of Anglia Ruskin University's Med Tech campuses is being developed in Southend. In January 2015, the SELEP agreed an expansion to its Growth Deal with the Government which will see an extra £46.1m invested in the area between 2016 and 2021. This is in addition to the £442.2m of funding committed by the Government on 7 July 2014. As part of this expansion, a number of additional projects were identified in the Growth Deal including: *"The Southend and Rochford Joint Area Action Plan, which provides for further expansion of London Southend Airport onto a 55-acre, greenfield to create a high end Business Park and 858 homes and up to 2600 new jobs"*

London Southend Airport and Environs Joint Area Action Plan (JAAP)

The London Southend Airport and Environs Joint Area Action Plan (JAAP) was formally adopted by Rochford District and Southend Borough Councils on 16 December 2014, following confirmation from the Planning Inspector conducting the examination that the Plan was sound and legally compliant in accordance with the National Planning Policy Framework (NPPF). The JAAP has been prepared by Rochford District and Southend Borough Councils to respond to the challenges and opportunities offered by London Southend Airport and its surrounding area. The JAAP provides a planning policy framework to manage/guide growth and development around the Airport and establishes a number of key development and design principles.

The JAAP has been informed by an extensive technical evidence base focused on environmental, economic and transport factors in order to provide confidence over the delivery prospects. The JAAP is fully aligned with the ambitions of the Rochford District Council and Southend on Sea Borough Council Core Strategies, both of which are adopted.

The JAAP vision is presented below:

'An area that realises its potential as a driver for the sub-regional economy, providing significant employment opportunities and ensuring a good quality of life for its residents and workers. To achieve this, the area's assets and opportunities for employment need to be supported and developed'.

The site for which infrastructure is being proposed as part of this business case is referred to in the JAAP as Saxon Business Park. The JAAP has the following ambition for the site: *"the award winning exemplar Saxon Business Park will provide modern, sustainable, spacious, and well-designed office accommodation with space for a range of high-tech businesses, and new start-up businesses, the business park will provide quality jobs for local people, with employment opportunities in higher paid jobs, and support for economic activities that have the capacity to generate employment growth".*

The JAAP recognises that the area must take a pro-active role in encouraging employment development for both aviation-related growth (associated with airport growth) and targeting the delivery of accommodation for high-tech industries and offices (specifically in planning use classes B1 and B2).

The plan allocates land to accommodate up to 109,000 square metres of additional floorspace, with 99,000 square metres to be located in the new Saxon Business Park and the balance on a smaller business park at Nestuda Way, which together will accommodate up to 5,450 additional jobs in the area over the planning period to 2031.

"Policy E3 - Saxon Business Park" splits the site into 3 areas and suggests that applications for development will be supported which deliver B1/B2 uses (plus education in area 1), split as below:

Area 1 - B1/Education 20,000 sqm
Area 2 - B1 and B2 30,000 sqm
Area 3 - B1 and B2 49,000 sqm

	In the case of Areas 2 and 3, B2 uses will be considered acceptable where they complement and support the B1 uses, and strengthen the role of the new employment land as a high quality business park. B1 and B2 developments may be accompanied by ancillary storage and distribution uses. Supporting non B1/B2 uses may be acceptable where it can be demonstrated that these uses are necessary to support the operation and/or the requirements of employees working in the business park. The current proposals therefore fully align with the JAAP, which should assist to mitigate planning risk at this stage. The JAAP has been examined by an Inspector and found to be compliant with the NPPF and the scheme is therefore considered to be compliant with national planning policy. As part of the JAAP development, the draft proposals underwent a full public and stakeholder consultation process through a variety of different approaches to maximise the 'reach' of this. Since the adoption of this, HBDL has continued to consult on the site masterplan with local Members, residents and businesses. The level of public and stakeholder support and 'buy-in' for the scheme is significant. ***Essex Economic Growth Strategy (2012)*** This identifies London Southend Airport and its Environs as a 'key Essex gateway location' and recognises that Southend is the largest urban area in the Thames Gateway and the location of significant growth potential at London Southend Airport and the proposed Med Tech Campus. ***Southend Economic Development Strategy (2010)*** This identifies a key objective to maximise the benefits around the development of London Southend Airport. It suggests that it remains one of the most exciting and potentially valuable elements of major infrastructure investment in Essex and could provide a huge boost to the Southend economy.
2.4. Summary outputs (3.2 will contain more detail)	The proposed infrastructure works will unlock a phase 1 development scheme which could deliver the following outputs:

	16/17	17/18	18/19	19/20	20/21	Totals
Commercial floorspace (sqm)		2,348	10,268	3,852	5,943	22,410
Gross Jobs (non-construction) (with 10% running void)		141	356	231	357	1,084
Net Additional Jobs (non-construction)		98	237	160	247	742
Net Additional GVA (non-construction)						£372m

	(discounted over 10 year period)						

2.5. Planning policy context and permissions	As outlined above, the London Southend Airport and Environs Joint Area Action Plan (JAAP) was formally adopted by Rochford District and Southend Borough Councils on 16 December 2014. The JAAP provides a planning policy framework to manage/guide growth and development around the Airport and establishes a number of key development and design principles. The scheme that has been developed fully aligns with the principles and objectives of the JAAP, which provides it with increased planning certainty. Since the adoption of the JAAP, HBDL submitted two planning applications to Rochford District Council in October 2015. These are currently under consideration, expected to go to planning committee for decision in either January or February 2016. These are both 'hybrid' applications as below, one of which relates to the business park site and one to the adjacent site for the relocation of the rugby club. If approved, these will mean that the phase 1 scheme as proposed has detailed planning consent and is ready to go. 1) Planning reference 15/00781/OUT - Land East Of Rugby Club, Aviation Way, Rochford, Essex: *Outline Application With All Matters Reserved Apart From Access To The Site Off Cherry Orchard Way To Create A Business Park To Comprise Use Classes B1 (Business), B2 (General Industrial) And Ancillary Uses To Include A1 (Retail), A3 (Restaurants/Cafes), A4 (Drinking Establishments), C1 (Hotel), D1 (Non-Residential Institutions), D2 (Assembly And Leisure) And B8 (Storage And Distribution). Provide Hard And Soft Landscaping And Demolition Of Existing Rugby Club And Associated Works.* 2) Planning reference 15/00776/OUT- Land Rear Of Cherry Orchard Brickworks, Cherry Orchard Lane, Rochford, Essex *Outline Planning Permission With All Matters Reserved Apart From Access To The Site For The Provision Of A Rugby Club, Associated Pitches And Facilities With Submission Of Full Details For Vehicular Access To The Site And Pitches.* The Council has recently served notice to its tenant to recover the land identified for the relocated rugby club and this will be completed by February 2016. Although there inevitably remains a degree of planning risk until a decision in early 2016, this risk is mitigated by the fact that the applications are fully in accordance with the JAAP which has already been endorsed by both Councils and been through an Examination in Public (EiP).
2.6. Delivery constraints	*High level constraints or other factors which may present a material risk to delivery* As would be expected at this stage of scheme development, there are several potential delivery constraints/risks which are identified below. All project partners are aware of these and are actively progressing mitigation measures to ensure that they are fully resolved to enable the successful delivery of this strategically important scheme for the LEP economy.

	Town planning – securing the necessary planning consents to deliver the phase 1 scheme as proposed remains a potential delivery constraint at the current time. However, the Joint Area Action Plan for the site has been adopted and the scheme fully aligns with this. This has been through public consultation and an Examination in Public and significantly reduces the planning risk of the scheme. Furthermore, two hybrid planning applications have been submitted to Rochford District Council and a planning decision is likely in February 2016. The Council has engaged with the public and key stakeholders through the development of the JAAP and the risk of not securing planning permission is considered low. **Co-operation of Westcliff Rugby Club** – the phase 1 scheme cannot be delivered without the relocation of two existing rugby pitches to free up the phase 1 scheme site and the wider development of the business park is dependent upon the full relocation of the remainder of the rugby club facilities which are currently on land owned by the Council. Southend Council has identified an adjacent greenfield relocation site for the rugby club within its ownership to the north of the business park site and this is subject to the planning application referred to above (the Council has served notice to the existing tenant to recover this land and this will be complete by February 2016). Under the current scheme proposals, the Council has also committed to fund 100% of the relocation costs, including the costs of access/infrastructure, constructing a new club house and providing new pitches to the required modern standards. Detailed discussions are proceeding with the rugby club and Sport England/RFU for and although a formal agreement to proceed on this basis has yet to be signed by both parties, the Council is confident of a mutually acceptable outcome in this regard. The fact that the rugby club will benefit from a brand new clubhouse, pitches and facilities should incentivise it to formally agree to be a willing partner in this scheme. **Market demand** – there is no current firm occupier commitment to lease space on the phase 1 site. However, HBDL has not yet commenced a full marketing campaign and has already identified a number of interests and enquiries for different types of floorspace. Given the lack of suitable and available serviced employment land in the area, combined with the high profile location of the proposed scheme adjacent to the Airport, it is considered that these somewhat mitigate the scale of market risk that is apparent. **Archaeology** – there is understood to be the potential for some archaeological constraints on the Council owned site that is proposed for the relocation of the rugby club. Further site investigation work is necessary to understand this further and a cost allowance has been made for this in the cost plan. This is unlikely to be a major constraint to delivery, however, and initial desk-based investigations have not identified it as a major risk.
2.7. Scheme dependencies	*Please provide details of any related or dependent activities that if not resolved to a satisfactory conclusion would mean that the full economic benefits of the scheme would not be realised.* The key scheme dependencies at this stage mirror the potential delivery constraints identified above. The key dependency relates to securing agreement from the Rugby Club to relocate to enable scheme delivery. Negotiations are at an advanced stage but this remains a risk and key scheme dependency at this stage.
2.8. Scope of scheme and scalability	*Please summarise what the scope of the scheme is. Provide details of whether there is the potential to reduce the projects costs but still achieve the desired outcomes.*

	The scheme entails the delivery of a phase 1 infrastructure scheme (including the costs of relocating the rugby club) on the ABP site to unlock a first phase of delivery of commercial floorspace on this strategic employment site. The phase 1 infrastructure costs amount to £8.8m in total and £3.2m of LGF funding is being sought towards this capital cost. The infrastructure components comprise site levelling, on-site and off-site highways works, incoming services infrastructure, drainage infrastructure and soft landscaping plus the rugby club relocation costs. There is not considered the potential to reduce the project costs to achieve the desired outcomes. This is due to the fact that these site 'abnormals' represent a development cost which makes the phase 1 scheme unviable without the £8.8m of public funding support, £3.2m of which is being sought from the SELEP. This is evidenced through the attached phase 1 development appraisals which demonstrate that without this funding the phase 1 scheme would not be deliverable and the desired outcomes would therefore not be forthcoming (the appraisals illustrate a marginally viable position and they exclude the proposed abnormal infrastructure costs). The identified phase 1 infrastructure scheme is the minimum intervention necessary to enable a viable phase 1 commercial development scheme to come forward.
2.9. Options if funding is not secured	*Please summarise what would happen if the funding for the scheme was not secured - would an alternative solution be implemented and if so please identify how it differs from the proposed scheme.* A range of potential intervention options were explored in determining a preferred way forward for scheme delivery. These include: 1. Do nothing, no LGF option – the reference case 2. Do minimum – reduced LGF scenario 3. £3.2m LGF option 4. Do more – increased LGF Further details of each of these are presented below: 1. Do nothing, no LGF option – the reference case This option has been presented as the reference/base case do nothing scenario and assumes that no LGF funding is awarded. Under this scenario, it is assumed that the phase 1 infrastructure scheme is not delivered and the delivery of a phase 1 commercial floorspace scheme is not unlocked as a result. This is due to the fact that the Council has allocated limited capital funding from its Capital Programme to contribute towards required *on-site* infrastructure works across the site as a whole. However, this is not of a sufficient scale to fund all of the required infrastructure works and is focused on the delivery of *on-site* infrastructure needs and the costs associated with the comprehensive relocation of the rugby club as part of the phase 1 scheme (which will form part of the planning conditions). There is insufficient Council funding available to fund all of the required phase 1 infrastructure costs, particularly those relating to off-site highways and access, incoming services (off-site) and site-wide drainage solutions (which will service the business park site as a whole). The Council's provisional funding is for the site as a whole and it has already allocated a disproportionately high level of its funding to the phase 1 scheme compared with the wider site. The Council will not commit to any further investment on the phase 1 site as this will undermine its ability to bring forward wider site development and there is an inherent risk that this could result in HBDL as its development partner, terminating the DA, if the Council is not able to hold sufficient funding back to support the delivery of the wider phase 2 site. Without

	LGF funding, there is no other way of funding these works to complete the phase 1 site infrastructure and as a consequence, no commercial development plots will come forward to deliver desired economic outcomes as the off-site highways/services works and site-wide drainage works are a fundamental component of enabling not only the phase 1 commercial scheme to be unlocked, but also subsequent phases of the business park's development. Subject to the successful implementation of the phase 1 scheme, the Council is intending to release additional further funding from its notional capital programme allocation to contribute towards further on-site infrastructure and potentially the direct delivery of a Med-Tech Innovation Facility. It is not therefore in a position to be able to spend all of its funding on the phase 1 infrastructure scheme as this will compromise its ability to facilitate the delivery of the wider site which will also require further LEP funding support in due course and an outline business case is being developed to seek to secure funding in the next round of Growth Deal funding from the SELEP. 2. Do minimum – reduced LGF scenario LGF funding is needed to fund the capital costs of critical off-site highways and incoming services infrastructure as well as site-wide drainage infrastructure. The proposed infrastructure solutions have been developed and costed by professional engineers/cost consultants and are considered the minimum interventions necessary to unlock the phase 1 scheme and wider site development. There is no 'do less' scenario in terms of a technical/engineering solution which will address the infrastructure needs that are apparent. Furthermore, there is no scope for the Council to fund these works given that it has already committed its phase 1 funding to on-site infrastructure works, including the £3.6m cost of relocating the rugby club to facilitate delivery as well as highways/roundabout works within the site and site levelling/landscaping. Under a reduced LGF funding scenario, the outputs would therefore be the same as under the reference case option as the off-site enabling works would not be funded and therefore the development plots would not be unlocked. The only other alternative if there was a reduced LGF allocation in this round would be for the Council to have to bring forward funding from its notional capital funding allocation for the site as a whole, but this would then impact on the delivery prospects of the wider site and it would require additional LGF support at a later stage to facilitate the delivery of this. *3. £3.2m LGF option* This is the Council's preferred option which will result in LGF funding the off-site highways and service infrastructure works and site-wide drainage works and as a result of this the Council investing in the required on-site works to deliver a comprehensive phase 1 infrastructure scheme. This will unlock 6 development plots as part of a phase 1 commercial development scheme which could provide 22,000 sqm of high value commercial B1/C1 floorspace at the gateway to this high profile employment site. *4. Do more – increased LGF* This option assumes that an increased level of LGF (i.e. more than £3.2m) is made available as part of a funding allocation at this stage. As the LEP will be aware from a previous outline business case submitted in relation to this scheme, there is a need for more than £3.2m of LGF to unlock the delivery of the site beyond just phase 1 and it is the Council's objective to submit a business case seeking additional LGF

support in the next round for wider site infrastructure to unlock the remainder of the site. If additional LGF funding was to be made available in this round, the Council would seek to progress further site infrastructure works relating the circulation road within the business park site and to progress some of the next phase of infrastructure delivery. This would represent an extension of the proposed phase 1 spine road within the site and further site levelling works if required to enable further development plots to be unlocked (for example, plots 5-6 and 17-18 as per the masterplan, depending upon the level of LGF that is made available). This would enable some of the plots provisionally allocated in the masterplan for B2 uses to the rear of the site to be unlocked to enable the site to accommodate known live occupier demands within the advanced manufacturing sector in addition to the provision of the proposed B1 floorspace as part of the phase 1 scheme. This would result in additional potential floorspace creation and job delivery, thus enhancing the economic impact of the project.

A qualitative assessment matrix of the 4 options considered above is presented below. This scores each of the options out of 5 against a range of scheme objective-based criteria aligning with the core project objectives as previously defined (whereby 1 represents a low propensity to achieve the objective and 5 a high propensity).

	Option 1	**Option 2**	**Option 3**	**Option 4**
To deliver a new road access and spine road, utility/services infrastructure and a new facility for the existing rugby club by March 2017	0	0	5	5
To directly support 130 FTE construction jobs by March 2017 relating to the infrastructure works	0	0	5	5
To unlock the potential for 22,000 sqm of new commercial floorspace by 2020 as part of the phase 1 scheme	0	0	5	5
To support the delivery of 1,100 new gross jobs by 2021 as part of the phase 1 scheme	0	0	5	5
TOTAL SCORE	**0**	**0**	**20**	**20**

This clearly identifies that options 3 and 4 are the equally highest scoring options given that they will fully deliver against the project objectives. The do-nothing and

	do-minimum options both fail to deliver the required infrastructure scheme to unlock the phase 1 development plots and no outputs are attributable to either of these options. Option 4 has been discounted at this stage on the basis that we are aware that the LEP only has £3.2m of funding provisionally allocated to this scheme at this stage. Option 3 – the £3.2m LGF funding option – has therefore been shortlisted to the full economic appraisal stage as well as the reference case option 1 – the LGF funding option – in accordance with Green Book appraisal requirements.

3. ECONOMIC CASE	
The economic case determines whether the scheme demonstrates value for money. It presents evidence on the impact of the scheme on the economy as well as its environmental, social and spatial impacts. For projects requesting over £5m of SELEP directed funding, a full economic appraisal should be undertaken and supplied alongside this application form.	
3.1. Impact Assessment	*Please provide a description of the impact assessment of the scheme with some narrative as to why other options have been discounted.* *This should include a list of significant positive and negative impacts and a short description of the modelling approach used to forecast the impact of the scheme and the checks that have been undertaken to ensure that the approach taken is fit for purpose.* A list of significant positive and negative impacts of the scheme is presented below:

Positive impacts (inc. jobs & homes)	Negative impacts
New high value permanent and additional jobs on the plots directly unlocked by the phase 1 infrastructure scheme	Potential environmental dis-benefits associated with the development of a greenfield site (although this will be mitigated as far as possible through the design/delivery process and has already been tested through the JAAP process).
Construction jobs created through the delivery of the infrastructure works and subsequent development of commercial floorspace	Additional traffic on the local road network (although this is mitigated by recent highways investments which have been implemented to facilitate the development of the ABP site and has already been tested through the JAAP process).
Additional GVA generated by the employment activity	
New skills and training opportunities created through the new commercial activity	
Provision of site access to unlock the former brickworks site immediately to the north of the business park site for a further 20,000 sqm of high value office based development (note this site is in third party ownership)	
Provision of a new high quality rugby club facility	
Unlocking the potential for the wider development of the ABP site	

Descriptions of the various alternative intervention options, including a do-nothing, no-LGF scenario, are set out in section 2.9 above. The outputs and impacts of the preferred option are presented in sections 3.2 and 3.3 below. The preferred option is to secure £3.2m of LGF funding to facilitate the delivery of a phase 1 infrastructure scheme which will unlock the first phase of development on the Airport Business Park site, to provide 22,000 sqm of new commercial floorspace, largely focused on high quality B1 office accommodation as well as a new 100 bed hotel at the gateway to this strategic employment site. Under the do-nothing

	no LGF scenario, as outlined above, it is assumed that no economic outputs will come forward. The economic impacts associated with this scheme have been calculated using in accordance with best practice guidance as per the HMT Green Book. Outputs are principally based on metrics within the HCA's Employment Density and Additionality Guides and data from ONS/BRES and OffPAT has also been applied and referenced accordingly. This is a 'tried and tested' approach to the modelling of likely economic benefits associated with a physical development project of this nature.
3.2. Outputs	*Identify jobs, floor space and housing starts connected to the intervention, quantify the outputs in tabular format and provide a short narrative for each theme (i.e. jobs/homes/floorspace) explaining how the project will support the number identified.* ***Please describe the methodology used for calculating jobs and homes numbers.*** As requested, a full economic appraisal has been undertaken to demonstrate the economic impacts and value for money of the preferred option against a reference case 'no LGF' scenario. Under the no-LGF scenario, as explained in section 2.9 above, it is assumed that no economic outputs would come forward on the basis that LGF funding is needed to deliver the required offsite infrastructure works to unlock a phase 1 development scheme. It is assumed that the proposed phase 1 infrastructure scheme for which LGF funding is being sought to enable delivery will unlock a phase 1 development site on the ABP site. The economic impacts of this are assumed to therefore be 'indirect' benefits of the LGF investment rather than 'direct' given that at this stage of the scheme development process, we cannot contract against the delivery of these until further certainty of their realisation (i.e. through contractual agreements with occupiers to commit to occupy floorspace on agreed lease/purchase terms) is secured. The project will deliver 'direct' construction outputs through the delivery of the infrastructure works and further 'indirect' construction jobs through the subsequent construction of the commercial floorspace. **Preferred Option - Gross employment – methodology and key assumptions** ***Commercial Floorspace*** Phase 1 commercial floorspace areas have been taken from the latest scheme masterplan for the site as a whole, as prepared by Jefferson Sheard Architects. This provides the following site areas by use type across both phases for the site development as a whole. For the purposes of this phase 1 infrastructure scheme, only the phase 1 site outputs have been attributed as benefits to the LGF investment given that the wider phase 2 outputs will be reliant upon additional infrastructure investments (the Council is intending to submit a separate business case for further LGF funding to facilitate this in the next round of Growth Deal funding).

Use type	Floorspace (GIA) (sqm)
Phase 1 (plots 2,3,4,14,15,16)	
B1	17,514
C1 (hotel)	4,896
Sub-total	22,410
Phase 2 (remaining plots)	
A1/A3/A4	1,832
B1	30,058
B2	32,250
D1	350
Sub-total	64,490

Phase 1 and 2 total	**86,900**

Gross employment outputs

Gross employment outputs have been calculated in accordance with the HCA Employment Densities Guide (3rd Edition, 2015). These have been applied to the above floorspace areas which are as per the latest scheme masterplan and in full accordance with the areas defined within the JAAP.

A 20% adjustment factor has been applied to the GIA for B1 use classes to determine an estimated NIA and a 10% factor to A1,A3,A4 use classes.

This results in the following gross job estimates for the phase 1 scheme:

Phase 1	Total
B1	1,168
C1	33
Total	1,201

However, it has then been prudently assumed that there will be a 10% running occupancy void at any point in time which reduces the gross employment figure to 1,084 (no void is assumed for the hotel floorspace as job numbers will not vary based on hotel room occupancy).

It is also estimated that the phase 2 scheme could deliver an estimated 3,000 gross jobs, which is reduced to 2,700 assuming the same 10% running void, although these gross jobs have not been attributed to the phase 1 infrastructure works.

Construction job outputs

Construction job estimates have been made based on the HCA Calculating Cost per Job Best Practice Note (2015) which is an HMT approved measure of estimating construction impacts. This estimates construction jobs based on annual construction spend using prescribed labour co-efficients for infrastructure projects and commercial development projects, as below:

	Direct labour co-efficient per £1m of spend pa (HCA, 2015)
Infrastructure	13.9
Private commercial	16.6

Direct construction jobs are assumed to relate to the phase 1 infrastructure works and indirect construction jobs are assumed to relate to the construction jobs associated with the development of commercial floorspace as part of the phase 1 site area. Based on the above co-efficients and a total phase 1 infrastructure spend of £8.8m, this equates to 123 gross direct FTE construction jobs for the assumed circa 12 month build period (the construction period is up to 15 months in reality but is assumed to be 12 months for the purpose of this analysis) or 123 job construction job years. In terms of indirect construction jobs relating to the development of the commercial units on the unlocked development plots, there is an expected total build cost (excluding infrastructure costs) of £27m. Applying this over the assumed 4 year build period linked proportionately to the delivery of floorspace equates to 94 FTE gross indirect construction jobs per annum for the 4 year period or 377 job years.

Factors of additionality have also been accounted for in relation to the construction job impacts and the following adjustments have been applied in accordance with the Additionality Guide:

Leakage – 25%
Displacement – 25%
Multiplier – 1.29

This equates to the following net additional construction job impacts:

- Direct FTE net additional construction job years - 89
- Indirect FTE net additional construction job years - 273

A summary of the gross outputs under the preferred option are presented below:

Preferred Option – Summary of Gross Outputs			
	Direct outputs dependent on or delivered by the Scheme	Indirect outputs associated with the Scheme	Total Gross Outputs
FTE construction job years - gross	123	377	500
FTE construction job years – net additional	89	273	362
Commercial Floorspace created		22,410 sqm (GIA)	22,410 sqm (GIA)
FTE Gross Jobs		1,084 (with 10% void)	1,084 (with 10% void)

A profile of the likely timing of the new gross jobs is presented below which shows them being delivered over the period from 2016/17 to 2020/21 in line with realistic market expectations of occupier demand/take-up as per HBDL's expectations. This equates to c.5,000 sqm of B1 floorspace delivery/take up per annum which is considered wholly reasonable in the context of the local market, current demand prospects and the profile of the ABP site. Jobs are expected to come forward from 2017/18 as the opening year.

Phase 1 - 10% void	Total	2016/17	2017/18	2018/19	2019/20	2020/21
B1	1,051	-	141	322	231	357
C1 (no void)	33	-	-	33	-	-
Total	1,084	-	141	356	231	357

Preferred Option - Net additional employment outputs – methodology and key assumptions

Factors of additionality have been accounted for in determining the likely net additional employment impacts of the project. This draws upon the HCA Additionality Guide, the BIS Occasional Paper No.1 (2009) and our professional experience of previously assessing likely net additional impacts. It is assumed that the area of impact is the SELEP functional economic area for the purposes of this analysis. The following assumptions have been made:

Leakage – a 15% leakage rate has been assumed for B1 related jobs and a 5% for the C1 hotel jobs. This reflects the large SELEP area of impact and the fact that the vast majority of jobs are expected to be taken by those residing within the SELEP area, with the assumption that some workers may have a higher propensity to commute further afield from outside

	the SELEP area in relation to the higher value B1 employment opportunities. ***Displacement –*** a 40% displacement rate has been assumed for B1 office outputs and a 70% assumption has been applied to C1 hotel outputs. 40% equates to around a 'medium' rate as per the Additionality Guide and 70% is more akin to the definition of 'high' displacement. For B1 office employment, it is accepted that a proportion of the floorspace may be taken by businesses currently located within Southend and the wider LEP area, albeit a number of these relocating businesses may be attracted to the ABP site given the opportunities for business expansion it will provide. Given the lack of available and suitable high quality premises in the area, the scheme may attract local businesses which may otherwise have left the area in pursuit of more suitable employment premises/land (i.e. there could be safeguarding as well as expansion benefits). Furthermore, the profile of the site and its brand and its proximity to the Airport and the cluster of MRO activity that already exists on Aviation Way, will differentiate this site in the market place and it could therefore be more attractive to inward investors and high value businesses (particularly those linked in one way or another to the aviation sector and its supply chains) not currently located in the LEP area seeking to be located next to one of the fastest growing airports in Europe. The significant connectivity benefits of the site (air/rail/road) are also likely to make it attractive to businesses outside of the aviation sector. There may also be spin out/start-up businesses which may be interested in occupying the proposed high quality business/innovation/R&D floorspace given the lack of supply of this type of space in the area. Due to the differentiated focus and attributes of the site/scheme, the effect will be to complement, rather than compete with, other strategic sites in the vicinity and wider LEP area. A higher 70% displacement assumption has been applied to the C1 hotel uses on the basis that this a generally lower value use type (in GVA terms) with a higher propensity for the displacement of existing economic activity. ***Multiplier –*** the following multiplier rates have been assumed based on the Additionality Guide to account for indirect and induced economic impacts: - B1 office uses – 1.36 – reflects a mid-way point between the local and regional multipliers for B1 activity to reflect the LEP/sub-regional area of impact - C1 hotel uses – 1.47 - reflects a mid-way point between the local and regional multipliers for 'recreational activity' to reflect the LEP/sub-regional area of impact ***Deadweight*** – a nil deadweight output position is assumed on the basis that in the absence of LGF funding, the required offsite infrastructure works will not be delivered and the phase 1 development site will not therefore be unlocked for commercial development, as explained above. Although there is a Council Capital Programme investment commitment for the ABP as agreed as part of the DA with HBDL, this is allocated towards funding on site infrastructure costs and the required relocation of the rugby club and is also needed to contribute towards the capital costs of wider phase 2 on site infrastructure and the delivery of the proposed MedTech innovation centre as part of this. No employment outputs are therefore attributable under this option. A summary of the net additional employment impacts for the phase 1 scheme is presented below:

	Total	2016/17	2017/18	2018/19	2019/20	2020/21
B1 - net additional jobs	729	-	98	224	160	247
C1 - net additional jobs	13	-	-	13	-	-
Phase 1 - total net additional jobs	742	-	98	237	160	247

Preferred Option - Gross Value Added (GVA)

The direct and indirect GVA impacts of the scheme have been calculated, with the direct impacts attributable to the construction jobs only and the indirect impacts attributable to the jobs that will be accommodated within the phase 1 floorspace following the implementation of the required infrastructure works.

Indirect GVA impacts have been calculated through applying a relevant average GVA per worker figure at the SELEP spatial scale (based on 2012 data) to the net additional job figures by industry sector. GVA per worker data was obtained through identifying the total GVA output of each industry sector at the SELEP level from the ONS based on the most recent 2012 data. This was then divided by the total number of employees by relevant industry sector based on 2012 BRES data to identify an average GVA output per employee, as below:

Use class	GVA per worker (£)
A1, A3, A4	35,619
B1	64,531
B2	60,518
C1,D2	35,619
D1	33,831
Construction	83,851

The above figures were multiplied by the net additional employment figures by year to determine a net additional GVA impact by use type by year. The GVA impacts were modelled over a 10 year persistence of benefits period (from the point at which they are first realised in line with market-tested take up assumptions) in accordance with recognised Government appraisal guidance to derive the total gross GVA impacts over the 10 year period. These were then discounted back to a net present value using the Treasury's 3.5% approved discount rate. The total GVA impacts of the phase 1 scheme, relating to the permanent B1/C1 jobs, over a 10 year period commencing in 2016/17 as the base discount year are presented below:

Phase 1 - total gross GVA	£ 475,051,681
Phase 1 - total NPV GVA	£ 372,156,707

In addition to the above, there will be GVA outputs associated with the construction works as below:

- direct GVA impacts associated with the net additional temporary construction jobs to deliver the phase 1 infrastructure scheme
- indirect GVA impacts associated with the net additional temporary construction jobs to deliver the phase 1 commercial floorspace

The direct and indirect GVA impacts associated with the construction labour to deliver the infrastructure works and commercial floorspace are presented below based on the same methodology as above:

- Infrastructure related direct FTE construction NPV GVA - £7.5m (assumed over 1 year

	period only) • Commercial development related indirect FTE construction NPV GVA - £21m (assumed over a 4 year build period) **Preferred Option – Leveraging other investment** The preferred option will lever significant levels of other public and private sector investment as below, which would not otherwise come forward: • Southend on Sea Borough Council - £5.6m plus £20m land value contribution. • HBDL/other private sector - £41m based on GDV of completed phase 1 scheme (as per HBDL development appraisal) **Summary of quantifiable economic benefits** A summary of the above quantifiable economic benefits is presented below:

	Do nothing - no LGF option	£3.2m LGF option
New commercial floorspace unlocked (sqm)	0	22,410
Gross permanent jobs (indirect)	0	1,084
Net additional permanent jobs (indirect)	0	742
Net additional Gross GVA (indirect)	0	£ 475,051,681
Net additional NPV GVA (indirect)	0	£ 372,156,707
FTE construction job years (direct gross)	0	108
FTE construction job years (direct net additional)	0	89
FTE construction job years (indirect gross)	0	377
FTE construction job years (indirect net additional)	0	273
Construction job NPV GVA (direct)	0	£ 7,571,160
Construction job NPV GVA (indirect)	0	£ 20,972,338
Private sector investment	0	£ 41,200,000

3.3. Wider benefits	*Please describe below any wider economic benefits that the scheme will achieved that will help to contribute to the overall value for money of the scheme.* • **Providing local employment opportunities –** the proposals will create a significant number of and range of employment opportunities across various skill levels, to meet the demographic needs of the SELEP economy. It is envisaged that a high proportion of the jobs will be taken by local people. • **Delivering skills and training development opportunities –** the phase 1 site will attract new high value knowledge-based businesses in the B1 floorspace. These will provide formal skills and training opportunities for employees, which will be of significant benefit to the local economy. • **Supporting key growth sectors –** the phase 1 scheme is focused on the provision of high value office-based floorspace in a high quality business park environment. This will be likely to be attractive to businesses in key identified growth sectors for the SELEP economy such as life sciences, for example. The Council's ambition is to deliver a MedTech Innovation Centre as part of the wider site development (facility specification development is underway) and this will further support the rapidly growing life science

sector, a key national and LEP priority. The proposed phase 1 business space will also appeal to a range of other high value business activities across a number of growth sectors.

- **Supporting the growth and competitiveness of the Airport –** the Council and the Stobart are committed to promoting the growth of the airport and the provision of an Airport Business Park in close proximity to the airport operations will undoubtedly assist to maximise the economic potential and competitiveness of the airport as a key sub-regional economic asset. Other regional airports either already have or are planning to deliver airport business parks and London Southend Airport needs this in order to be competitive.

- **Addressing the lack of available employment land and attracting inward investment** – there is a recognised lack of available/suitable employment land/premises in the local area as evidenced through the most recent Employment Land Review (2014). As well as providing land/premises for aviation/MRO related occupiers, the ABP will also address the more general lack of land/premises to promote wider economic growth, business and inward investment.

- **Unlocking access to the former Brickworks site to the north of the site –** as part of the site road infrastructure, it is proposed to include a spine road to the north of the site to provide an access point to unlock an adjacent brownfield site, in 3rd party ownership, for redevelopment for employment uses.

- **Driving SELEP economic competitiveness –** the proposals have the potential to attract significant inward investment and to enhance the overall offer of the SELEP economy as a business destination to ensure that it can compete with other locations.

- **Delivering a bespoke new rugby club facility –** the proposals will directly provide a relocated rugby club in accordance with Sport England/RFU standards. This will provide a new high quality recreational facility which could increase player participation, recruitment and the profile of the local area more generally.

3.4. Standards

Provide details of anticipated standards (such as BREEAM) that the project will achieve.

The infrastructure works will be procured through the Council's existing contractor framework. This sets out a requirement to ensure that appointed contractors deliver works to required Council standards. All highway infrastructure will be adopted by the Council and will need to be delivered to these standards.

Commercial development that is delivered as a result of the phase 1 infrastructure scheme will be delivered by HBDL as part of its DA with the Council. BREEAM Very Good will be the minimum standard for buildings although BREEAM Excellent will initially be targeted for all developments.

3.5. Value for money assessment

Value for Money Assessment

A summary of the value for money of the preferred option is presented below:

VFM Indicator	No LGF option	£3.2m LGF option	
NPV LGF cost per net additional permanent indirect job	0	£ 4,312	
NPV total public sector cost net additional permanent indirect job	0	£ 11,839	
BCR based on NPV LGF cost and NPV indirect permanent GVA	0	116.3	:1
BCR based on NPV total public sector cost and NPV indirect permanent GVA	0	42.4	:1
BCR based on NPV LGF cost and NPV direct construction GVA	0	2.4	:1

This illustrates that the phase 1 scheme represents excellent value for money on the basis that the headline cost per job figure is £4,300 of LGF per net additional job. The total public sector cost per net additional job is only £11,800. These exclude construction job impacts.

Based on the potential to deliver £372m of net additional discounted Gross Value Added (GVA) once the phase 1 scheme is completed and occupied (modelled over a 10 year period, assuming the market tested take-up rates), this equates to a Benefit Cost Ratio (BCR) of 116:1 based on the LGF cost and 42:1 based on total public sector costs (note that costs have not been discounted as all infrastructure spend is in year 0). Even accounting for the direct construction related GVA associated with the implementation of the infrastructure scheme only, this produces a BCR of 2.4:1 based on the LGF cost of £3.2m, which is still within acceptable value for money parameters.

The recent HCA Best Practice Note entitled 'Calculating Cost per Job' (2015) identifies a mid-point gross public sector cost per net additional job of £39,000. A DCLG report entitled 'Valuing the benefits of regeneration (Economics paper 7: Volume I - Final Report, 2010) identified the overall Benefit Cost Ratio associated with regeneration expenditure to be 2.3:1. The PWC evaluation of RDA spend (2009) also identified an average BCR ratio of just over 3:1 for physical regeneration schemes nationally. We understand that a BCR of 2:1 was used by DCLG in assessing Growth Deal bids. The phase 1 scheme therefore represents very good value for money in light of these comparable benchmark value for money indicators.

Furthermore, based on the projected development value of the completed phase 1 scheme once occupied, the phase 1 project will result in £4.60 of private sector investment for every £1 of public sector funding.

All costs are based on October 2015 prices (price base) with inflationary allowances and have all been provided by independent and professional cost consultants. All market (rental/investment) values have been provided by HBDL's professional property surveyors.

HBDL has invested c.£0.5m of private sector investment in the site and the Council has invested significant office resource in the project to date although no public sector capital expenditure has been incurred to account for as sunk costs in the VFM calculation as HBDL has funded the costs of the technical feasibility work and planning applications.

Sensitivity Analysis/Optimism Bias

The ABP project has been in development for several years and as such a significant amount of site and market technical due diligence and survey work has already been undertaken by HBDL and the Council to mitigate the potential for costs and values to vary significantly from those set out.

In the unlikely event that there are unforeseen cost increases which cannot be mitigated/managed within the budget, the Council would seek to meet these costs where possible. We have calculated the impact on value for money ratios of a 44% increase in project costs (44% being the 'recommended adjustment ranges' in the Government's Optimism Bias Supplementary Green Book Guidance for standard civil engineering projects), assuming the increase is met by additional public sector money. This situation is highly unlikely but we have calculated this for completeness in accordance with the Green Book guidance. If the phase 1 total NPV public sector costs increase by 44% to £12.6m, based on the delivery of a total of 742 net additional indirect permanent jobs, this still equates to only £17,000 per net additional job, representing very good public sector value for money. From an LGF funding only perspective, the LGF cost per net additional job increases to c.6,200 which still represents very good value for money. In terms of the BCR, this reduces to 81:1

	based on the LGF funding alone and 29:1 based on total public sector costs, still representing very good value for money. Further scenarios around reduced/delayed employment take-up could also be modelled if required but have not been modelled at this stage.
3.6. Transport scheme assessment	*Provide a brief description of a modelling and appraisal methodology – including details of data source (supported by LMVR, forecasting report, data collection and analysis reports following the Major Schemes Business Case checklist)* *Show sufficient information to demonstrate the analysis supporting the economic case fitness for purpose.* *The level of detail in the appraisal summary table should be proportionate to the scale of expected impact with particular emphasis placed on the assessment of carbon, air quality, bus usage, sustainability modes, accessibility and road safety.* *Please include information on wider economic benefits*
3.7. Options assessed	*1. Assessment of options considered- including do nothing, do minimum etc* *2. Recommended option. How do its impacts compare with the other options considered?* *Transport assessment of options* *Please provide a description of at least 4 options (or choices) for investment, together with their relative advantages and disadvantages (a SWOT analysis):* • *Do nothing* • *Do minimum* • *Do something* • *Do optimum* *Please bear in mind that:* • *these options may differ in potential business scope, service solution, service delivery, implementation and funding, depending on the nature of the investment* • *the investment appraisal for each option should be contained as an appendix and prepared in accordance with the tools and techniques set out in the WebTAG, Capital Investment Manual and HM Treasury Green Book.*

3.8. Transport KPIs

Key performance indicators	Unit	AM Peak – Weekday	PM Peak – Weekday	Interpeak - Weekday
Congestion relief road schemes				
Congestion relief through public transport, demand management and others				
Access to development site schemes				
Structural maintenance schemes				

3.9. Assumptions

List all assumptions made for transport modelling and approach. WebTAG sets out assumptions that should be used in the conduct of transport studies.

In addition, please list any further assumptions supporting the analysis.

3.10. Sensitivity tests

Set out your sensitivity tests considering risks, uncertainties and sensitivities associated with the project

3.11. Appraisal summary

Provide positive and negative impacts of the scheme in the table below. Please adhere to WebTAG guidance.

Category of impact	Impacts typically monetised	Impacts that can be monetised	Impacts currently normally monetised
Economy	Business users and providers	Reliability regeneration Wider impacts	Townscape heritage Biodiversity Water Security Access to Services Affordability Severance
Environment	Noise; Air Quality Greenhouse Gas	Lanscape	
Social	Commuting and other users Accidents Physical activity and journey quality	Reliability option and non-use values	
Public accounts	Cost to broad transport budget Indirect tax		

3.12. Transport value for money statement – *See guidance*

	Present values in 2010 prices and values
PVB	
PVC	
NPV = PVB – PVC	

Initial BCR = PVB/PVC	

3.13. Value for money summary - *worked example*

Please identify the category of VfM based on Benefit Cost Ratio (BCR) of the scheme using monetised impacts in line with WebTAG guidance.

VfM assessment should take into account qualitative and quantitative impacts in 2 stages:
I) Construct 'adjusted' BCR
II) Take into account all impacts that could not be monetised

VfM statement report should include:
I) VfM category
II) PV of benefits, costs and range around BCR
III) Summary of assessed benefits and costs, including assumptions that influenced the results
IV) Assessment of non-monetised impact
V) Key risks, sensitivities and uncertainties

	Assessment	**Detail**
Initial BCR	1.5 (BCR)	Estimated using WebTAG guidance
Adjusted BCR	1.9 (BCR)	Includes estimates for reliability impacts
Qualitative Assessment	Largely beneficial	There is strong evident of impacts relating to severance and security benefits
Key risks, sensitivities	Risks reflected in VfM conclusion	Cost estimates are not final. Higher optimism bias rate applied to account for uncertainty in cost estimates
VfM category	Medium/high	Qualitative assessment suggests BCR may be high. Medium/high value for money is judged appropriate as it is not possible to distinguish between the two categories with any certainty.

4. COMMERCIAL CASE

The commercial case determines whether the scheme is commercially viable. It presents evidence on risk allocation and transfer, contract timescales, implementation timescales and details of the capability and skills of the team delivering the project.

4.1. Procurement	*Please provide details of the procurement route and strategy that will be used for the project. This should include details of the procurement mechanism to be used, details of whether it is an existing framework and contract, the timescales associated with the procurements and details of other routes that were considered for delivery and reasons why these were rejected.* In accordance with the terms of the Development Agreement (DA) that is in place between the Council and HBDL, it will be HBDL's responsibility to lead and manage the procurement of the proposed phase 1 infrastructure works. This will be undertaken in accordance with the Council's Contract Procedures Rules and current 3 year Procurement Strategy. HBDL will be expected to undertake a procurement and contracting procedure which is compliant with Council/EU procurement rules and which demonstrates that it has secured best value from a public sector investment perspective as per the terms of the DA. It is proposed that separate contracts will be tendered on an open tender basis by HBDL for the different elements of the infrastructure scheme including the phase 1 infrastructure works, the rugby club construction, and the new sports pitches and an appropriate timescale has been allowed for within the appended work programme to reflect this. This could therefore result in the value of the works packages falling below the OJEU threshold of c.£4.3m for capital works (depending on how the works are packaged up by type). Both HBDL and the Council are highly experienced in the procurement of works of this nature which assists to mitigate against any risks at this stage. HBDL will work closely with the Council's procurement team to ensure that all appropriate and necessary actions are adhered to. A copy of the relevant extracts from the Development Agreement and a copy of the Council's Contract Procedures Rules can be made available upon request if required. The following procurement programme has been developed by independent cost consultants for the various components of the phase 1 scheme: **SPORTS PITCHES 55 days Mon 15/02/16 Fri 29/04/16** PREPARATION OF TENDER DOCUMENTS 2 wks Mon 15/02/16 Fri 26/02/16 ISSUE OF TENDERS 0 days Fri 26/02/16 Fri 26/02/16 TENDER PERIOD 6 wks Mon 29/02/16 Fri 08/04/16 TENDER REVIEW AND APPRAISAL 2 wks Mon 11/04/16 Fri 22/04/16 CONTRACTOR SELECTION 1 wk Mon 25/04/16 Fri 29/04/16 **RUGBY CLUB 60 days Mon 04/07/16 Fri 23/09/16** PREPARATION OF TENDER DOCUMENTS 3 wks Mon 04/07/16 Fri 22/07/16 ISSUE OF TENDERS 0 days Fri 22/07/16 Fri 22/07/16 TENDER PERIOD 6 wks Mon 25/07/16 Fri 02/09/16 TENDER REVIEW AND APPRAISAL 2 wks Mon 05/09/16 Fri 16/09/16 CONTRACTOR SELECTION 1 wk Mon 19/09/16 Fri 23/09/16 **PHASE 1 INFRASTRUCTURE 65 days Mon 28/03/16 Fri 24/06/16** PREPARATION OF TENDER DOCUMENTS 4 wks Mon 28/03/16 Fri 22/04/16 ISSUE OF TENDERS 0 days Fri 22/04/16 Fri 22/04/16 TENDER PERIOD 6 wks Mon 25/04/16 Fri 03/06/16

	TENDER REVIEW AND APPRAISAL 2 wks Mon 06/06/16 Fri 17/06/16 CONTRACTOR SELECTION 1 wk Mon 20/06/16 Fri 24/06/16 **UTILITIES 100 days Mon 26/10/15 Fri 11/03/16** OBTAINING QUOTATIONS 12 wks Mon 26/10/15 Fri 15/01/16 PLACEMENT OF ORDERS AND AGREEMENT OFLEGALS 8 wks Mon 18/01/16 Fri 11/03/16 Alan – anything else we can say on procurement strategy?
4.2. Commercial dependencies	As previously identified in sections 2.6-2.7, there are several commercial dependencies linked to scheme delivery at present. These include: • Planning – a planning decision is due in February 2016 and this remains a risk until then, although the fact that the site is allocated in the adopted JAAP means that planning risks are very low. • Market demand from occupiers – at present there are no pre-lets in place, however, a developer has been appointed and a DA is in place. A marketing strategy is yet to commence and there are already a number of identified occupier interests in the site. • Formal agreement from the rugby club to relocate to facilitate delivery – this is a key dependency and negotiations with the rugby club are ongoing. A linked planning application has been submitted to support the relocation of this and the Council funding has been allocated to enable this.
4.3. Commercial sustainability	*Please can you identify how the project will be commercially sustainable? Will the project require on going revenue support? If so how will this be funded?* The project will be commercially sustainable for a number of reasons: • The new access roundabout and spur road off this into the site will become adopted as Council highways and the Council will be fully responsible for the costs associated with maintaining this • New utility based infrastructure to the site will be maintained by the relevant utility provider • There is a lack of supply of high quality B1 office space in the local area and given the site's location, profile and scale, the scheme will deliver a new product to the market and based on anticipated occupier demand and the lack of supply, it certainly not result in market saturation/maturity and will result in a commercially sustainable project. • As landowner, the Council will take responsibility for funding any ongoing revenue costs that arise on the business park site • Once the infrastructure is completed and the development plots are unlocked, the intention is that HBDL as development partner, will then build plots out on a design and build basis to meet occupier needs and specifications. The intention is then to lease the completed phase 1 floorspace to occupiers to provide the Council with an ongoing revenue stream. A service charge will also be incorporated within the overall occupancy cost to occupiers and this will be used to offset some of the wider estate management costs associated with the business park. The fact that the infrastructure scheme will unlock a first phase commercially viable development scheme which will generate rental income

	to the Council therefore mitigates any concerns around the extent to which any ongoing revenue costs may be met.
4.4. Compatibility with State Aid rules	State Aid arises whenever state support is used in the provision of goods or services by particular undertakings in a given market where these funds would distort that market and affect the ability of undertakings in the EU to compete on a level playing field. This project is considered State Aid compliant on the basis that it relates to public sector investment in general infrastructure that will be open to the public on a free and non-discriminatory basis. It is recognised that there is always incidental benefit to someone when the state funds infrastructure works but if the predominant effect is for the general good rather than a specific undertaking, it should qualify as general infrastructure and not State Aid. Based on the fact that the infrastructure works will bring wide benefits for the surrounding area in terms of improved roads and accessibility, they constitute general public infrastructure and as such do not constitute State Aid to any particular recipient. Furthermore, given that the agreed DA with HBDL identifies that the public sector will contribute funding towards the delivery of site infrastructure, the use of LGF to part fund these works will not result in any additional benefit to HBDL, which was procured as the Council's preferred development partner through a fully compliant OJEU process. Furthermore, any increase in site value that arises as a result of the publicly funded infrastructure works will be attributable to the Council as landowner and therefore does not give rise to any State Aid issues. STATE AID DECLARATION FORM
4.5. Commercial viability	*Please provide:* *1. Evidence to show the risk allocation and transfer between the promoter and contractor and timescales identified in procurement and/or contract management strategy* HBDL will take full responsibility for all elements of procurement in relation to the Phase 1 infrastructure scheme and this will need to undertaken in accordance with the Council's Contracts Procedure Rules as per the terms of the DA between the Council and HBDL. HBDL will develop tender documents which will then transfer risks as appropriate to the contractors as part of this procurement process, ensuring that all appointed contractors have minimum thresholds of insurance cover as per the Council's Contract Procedure Rules. All tender documents will be reviewed and agreed by the Council in advance of being posted and the Council will need to be satisfied that the risk allocation is satisfactory. *2. Definition of approach taken to assess commercial viability* Commercial viability has been a consideration throughout the development of this scheme at a number of levels. The cost plan includes a 6% overhead and profit margin assumption for all infrastructure works which effectively represents the contractors' profit associated with delivering the prescribed phase 1 infrastructure works. This has been determined by external cost consultants and is considered a satisfactory market rate. Once the infrastructure has been delivered, HBDL as the

	Council's development partner will then develop out the phase 1 plots as and when occupier commitments to lease floorspace come forward. This will be on the basis of the Development Agreement which the Council has in place with HBDL. HBDL will be able to take a level of developers' profit from delivering the schemes in accordance with this and has prepared development appraisals (an appraisal is attached to this business case) which demonstrate that the phase 1 scheme is commercially viable subject to the public sector funding the required abnormal site infrastructure costs to address the current viability gap that exists as a result of these abnormal costs and the likely values that will be achieved. *3. Arrangements for cost overrun* The Council, as landowner and scheme promoter, will be responsible for any cost over-runs associated with the delivery of the phase 1 infrastructure scheme as proposed. Costs have been provided by professional cost consultants and include a 5% contingency which is considered reasonable at this stage. *4. Letter from S151 officer.* See attached s151 letter from the Council

5. FINANCIAL CASE

*To be completed in conjunction with the spreadsheet in **Part B***

5.1. Total project cost and basis for estimates

The total estimated cost of the phase 1 infrastructure scheme at this stage is £8.82m. This is based on a preliminary cost plan prepared by Burnley Wilson Fish cost consultants in October 2015. Costs are based on initial technical work and outline scheme designs (prepared by Jefferson Sheard Architects) that have been undertaken to date to inform site development feasibility, the JAAP evidence base and the recent planning applications. A number of technical studies relating to surface water drainage and transport/access have been undertaken to inform this, including highways designs by Vectos.

Cost estimates have had to be assumed at this stage in relation to incoming service infrastructure requirements pending receipt of quotations from statutory providers.

The cost plan includes a 5% contingency, professional fees allowance and allowance for inflation. It excludes VAT and other typically excluded cost items at this stage such as finance charges and planning fees etc. A summary breakdown of the £8.82m phase 1 infrastructure cost is presented below:

Phase 1 Infrastructure Scheme - Cost Summary

Cost Item	Capital cost
Infrastructure	
Off site plus site wide drainage works	
Off-site Highway Works (incl stat fees)	1,192,000
Incoming Services Infrastructure	750,000
Drainage infrastructure	791,000
Professional design fees @ 6%	163,980
Contingency @ 5%	144,849
Inflation @ 4% (completion Nov/Dec 2014)	121,673
Sub-total	*3,163,502*
On-site	
Site levelling	169,000
Circulation roads and roundabout within business park	1,181,000
Soft landscaping	177,000
Professional design fees @ 6%	91,620
Contingency @ 5%	80,931
Inflation @ 4% (completion Nov/Dec 2014)	67,982
Sub-total	*1,767,533*
Rugby club relocation	
New rugby clubhouse (8 changing room RFU compliant)	2,031,000
External works (parking/access)	420,000
Professional fees @ 8%	162,000
Contingency @ 5%	131,000
Inflation @ 7%	192,000
New rugby pitches	703,000
Allowance for archaeological surveys	250,000
Sub-total	*3,889,000*
Total phase 1 infrastructure cost	**8,820,035**

5.2. Total SELEP funding request	£3.2m of LGF is being sought to enable the delivery of this phase 1 scheme
5.3. Other sources of funding	Southend Council will fund the remaining £5.62m of cost associated with delivering this phase 1 infrastructure scheme. This funding has been allocated within the Council's 2014-2024 Capital Programme and will be made available subject to an LGF funding award for £3.2m. The Council will also contribute its land to the scheme at nil cost, although long term ground rents and capital receipts are forecast to enable the Council to recover some of this investment. The site has an indicative market value of c.£20m.

5.4. Summary financial profile

(£m)		16/17	17/18	18/19	19/20	20/21	Total
Source of funding – *List here the amount of funding sought*							
SELEP request		3.20					3.20
Applicant contribution		4.60	1.02				5.62
Third party & other contributions (specify per row)							
Borrowing							
Local contribution total (leverage)							
Total		7.80	1.02				8.82
(£m)	**Cost estimate status**	**16/17**	**17/18**	**18/19**	**19/20**	**20/21**	**Total**
Costs - *List here the elements of gross costs, excluding optimism bias.*							
e.g.							
Procurement							
Feasibility							
Detailed design		0.10					0.10
Management		0.10					0.10
Construction		7.30	0.97				8.27
Contingency		0.30	0.05				0.35
Other cost elements							
VAT							
Total		7.80	1.02				8.82

SEE DETAILED COST BREAKDOWN PROVIDED IN 5.1

<table>
<tr><td>5.5. Viability: How secure are the external sources of funding?</td><td>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 rowspan="2">Public</td><td>SELEP LGF</td><td>Subject to the outcome/LEP approval of this business case</td><td>Assumed April 2016, subject to LEP approval</td></tr>
<tr><td>Southend Council</td><td>Allocated in Capital Programme for this site and forms part of the legal DA with HBDL</td><td>April 2016</td></tr>
<tr><td rowspan="2">Private</td><td colspan="3">HBDL will provide private sector investment in the development of the commercial units in the phase 1 scheme. The total GDV of the completed scheme is estimated to be c.£41m which represents the private sector investment value.</td></tr>
<tr><td></td><td></td><td></td></tr>
</table></td></tr>
<tr><td>5.6. Is any of the SELEP contribution recoverable?</td><td>If this is the case, please insert a simple table laid out as above which indicates the repayment profile to cover the period of repayments

No</td></tr>
<tr><td>5.7. Cost overruns</td><td>Please describe how cost overruns will be met by other funding sources given that SELEP contributions will be capped at the offer awarded

Any cost over-runs will be met by the Council</td></tr>
<tr><td>5.8. Delivery timescales</td><td>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

Key delivery timescale risks include:

• Delay in signing agreement with the rugby club
• Delay in securing planning consent for the phase 1 infrastructure scheme
• Archaeology/other ground condition issues
• Contractor procurement delays

Measures to mitigate each of these risks are already well underway as previously outlined in this business case. The main risk is around a delay in reaching agreement with the rugby club or a failure to do so altogether although negotiations are at an advanced stage.

Whilst unforeseen ground conditions could impact on project costs, this is considered unlikely given the technical site survey/investigation work that has already been undertaken.</td></tr>
<tr><td>5.9. Financial risk management</td><td>Identify key risks to the scheme funding and any mitigations

Key risks and mitigation measures include:

• LGF is not awarded or is delayed – the Council has previously submitted a</td></tr>
</table>

	strategic outline business case to seek to secure LGF investment in the ABP site as a whole and has been in discussion with the LEP to ensure that this scheme is prioritised within its investment programme. This business case has been developed to support the case for a first phase £3.2m LGF investment. • Council funding is not forthcoming – the Council has an allocation within its capital programme to contribute towards the delivery of on-site infrastructure on the ABP site and this funding will be made available in March 2016 subject to a successful LGF funding award.
5.10. Alternative funding mechanisms	*If loan funding is requested how will it be repaid?* *Do you anticipate that the total value of the investment will be repaid? If not, how much will be repaid?* n/a

6. DELIVERY/MANAGEMENT CASE

The management case determines whether the scheme is achievable. It provides evidence of project planning, governance structure, risk management, communications and stakeholder management, benefits realisation and assurance.

6.1. Project management	*Please provide details of who will be responsible for delivering the scheme and the different roles and responsibilities they will play. Please also detail the governance structure for the project identifying how key decisions have or will be made, how the scheme will be monitored and details of the contract management arrangements. Please provide an organogram if available.* Southend Council is the Project Applicant, LGF Recipient and Project Sponsor, with ultimate responsibility for project and output delivery, working in conjunction with its delivery partner, HBDL. Comprehensive and transparent project governance and management arrangements have already been established to support delivery. **Project Management** An ABP Project Team has already been established which meets monthly and comprises membership from Council Officers (largely through the Council's Asset Management Team) and the HBDL delivery team. This has day-to-day responsibility for all aspects of project development and delivery and will lead on all aspects of design, planning, procurement, development and project monitoring on a day to day/on the ground basis. The Council's Group Asset Manager and HBDL's Development Director for the site communicate on a daily basis and report back to this Project Team. **Project Governance** The above team reports to the ABP Partnership Board which meets quarterly. The membership of this is comprised of the Council's Chief Executive Officer and 2 directors (Corporate Director for Place and Corporate Director for Corporate Services) plus support officers and HBDL Directors (4 on each side). The purpose of this Board is to make key decisions, take strategic oversight and monitor spend and performance and members of the board report back to SBC Cabinet / HBDL Board as appropriate. Capital expenditure will be monitored through the existing Capital Programme

Monitoring Process and reported to the Council's Cabinet. All economic outputs will be monitored by the ABP Partnership Board, comprising senior representatives from the Council and HBDL. Progress against key milestones will be reported back to the SELEP through the Project Team at regular intervals as required as part of a dedicated project monitoring process.

Expenditure Procedures:

- Anticipated spend profile and related items detailed in the DA.
- Spend against this will be on the basis of HBDL bringing costed proposals with BC including procurement process to Project Board to consider with proposals tying back in to the high level summary.
- If agreed, Project Board will make a recommendation to Head of Finance and Resources to approve the spend and a requisition can then be raised to commit the funding.
- Any works will need to be procured to ensure best value through appropriate tendering process in line with the Council's Contract Procedure Rules including if applicable, OJEU for major works if applicable.
- Cost can be either paid directly to contractor or via HB by invoicing with certified stage valuations against the purchase order.
- The relevant Corporate Director at the Council will nominate an appropriate officer (or appointed agent) to monitor cost & quality at key stages of works.

6.2. Outputs

Please identify how the outputs for the scheme will be achieved within the programme timescales and details of how the project will be monitored and evaluated. Please also complete the outputs delivery table.

Scheme outputs include:

- Direct construction jobs associated with the infrastructure works
- Indirect construction jobs associated with the development of commercial floorspace unlocked by the infrastructure works
- Development of new commercial floorspace
- Indirect permanent employment outputs associated with the occupation of commercial floorspace unlocked by the infrastructure works

All indirect permanent employment outputs will be delivered by March 2021 and this is based upon a market informed take-up profile for the phase 1 site which provides assurance over the delivery prospects. Ultimately built development will only be delivered on the back of occupier commitments to lease space but we are confident of the demand prospects for the site given its location, profile and scale and the dearth of similar existing/planned land/premises locally.

Output	16/17	17/18	18/19	19/20	20/21	Total
Direct jobs (gross)	108	14				123*
Indirect jobs (gross)**		141	356	231	357	1,084
Jobs safeguarded						
Employment space (sqm)		2,348	10,268	3,852	5,943	22,410

Housing starts						
Housing completions						
Learners supported						

*relates to direct construction jobs associated with infrastructure delivery
**does not include indirect construction jobs relating to delivery of commercial floorspace

6.3. How will outputs be monitored?

As above, capital expenditure will be monitored through the existing Capital Programme Monitoring Process and reported to the Council's Cabinet. All economic outputs will be monitored by the ABP Partnership Board, comprising senior representatives from the Council and HBDL. Progress against key milestones will be reported back to the SELEP through the Project Team at regular intervals as required as part of a dedicated project monitoring process.

Specific outputs to be monitored will include the following:

- Construction jobs
- New commercial floorspace
- New jobs within the commercial floorspace

These will be monitored through the Council's existing and established monitoring systems which are fully backed up on servers. The Project Team will be responsible for the practical monitoring, reporting back to the Board at monthly intervals.

6.4. Milestones

Please identify the key milestones and projects stages relating to the delivery of this project in the table below. Please ensure a Gantt chart has been attached to this application form, clearly identifying the milestones for the project, the key construction stages, the critical path and all interdependencies.

A project Gannt chart/work programme is appended to this business case for the phase 1 infrastructure scheme.

Key milestones are presented below:

Project milestone	Description	Indicative date
Planning consents approved		February 2016
Detailed design - infrastructure		Jan-March 2016
Detailed design - pitches		Jan-Feb 2016
Detailed design – rugby club		Feb-July 2016
LGF funding drawdown commence		April 2016
Council funding released		April 2016

	<table><tr><td>Detailed planning for rugby club</td><td></td><td>Mar-Aug 2016</td></tr><tr><td>Procurement of contractor for sports pitches</td><td></td><td>Feb-April 2016</td></tr><tr><td>Procurement of contractor for infrastructure works</td><td></td><td>Mar-June 2016</td></tr><tr><td>Procurement of contractor for rugby club</td><td></td><td>July-Sept 2016</td></tr><tr><td>Construction – phase 1 infrastructure</td><td></td><td>July 2016 – Dec 2016</td></tr><tr><td>Construction – sports pitches</td><td></td><td>May – Aug 2016</td></tr><tr><td>Construction – rugby club</td><td></td><td>Oct 2016 – June 2017</td></tr></table>
6.5. How will the project be evaluated?	In addition to the ongoing monitoring of outputs, the Council will commit to undertaking a formal final evaluation of the project upon completion in 2021, once all indirect outputs have been delivered. This will be funded by the Council and it will assess the performance of the scheme against its objectives.
6.6. Stakeholder management & governance	*Please provide a summary of the stakeholder management plan for the scheme. Include any governance arrangements which will materially impact on the delivery of the scheme.* *Provide brief description of how key statutory stakeholders will be managed and engaged, in line with Communication and Stakeholder Management Strategy.* *In broad terms consider: supplier, owner, customer, competitor, employee, regulator, partner and management. Specifically consider: local authorities, the Highways Agency, statutory consultees, landowners, transport operators, local residents, utility companies, train operating companies, external campaigns, etc.* *Identify champion, supporter, neutral, critic, opponent and blocker* *Define stakeholder's involvement (response, accountable, consulted, support, informed)* As part of the adoption of the JAAP, extensive public consultation has already been undertaken, led by Southend and Rochford Councils working jointly together. The scheme proposals are fully in accordance and alignment with the JAAP which received very few objections and has been adopted as a formal planning policy document as a result. The likelihood of stakeholder objections is therefore considered low. Since the adoption of the JAAP, HBDL has undertaken further consultation with local residents and businesses and received wholly positive feedback on the proposals. HBDL is now responsible for all elements of stakeholder engagement and has already undertaken pre-application consultations with the public and key stakeholders. It has led key Member briefings, liaised with local businesses and undertaken a full letter drop around local residents. Given the proposals to deliver major new employment opportunities on a sustainable, high quality business park, it is considered unlikely to receive significant objection. HBDL will continue to manage stakeholder relations and engagement as the scheme progresses going forward.

	ABP Partnership Board which meets quarterly. The membership of this is comprised of the Council's Chief Executive Officer and 2 directors (Corporate Director for Place and Corporate Director for Corporate Services) plus support officers and HBDL Directors (4 on each side). The purpose of this Board is to make key decisions, take strategic oversight and monitor spend and performance and members of the board report back to SBC Cabinet / HBDL Board as appropriate.
6.7. Organisation track record	*Please briefly describe the track record of the organisation in delivering schemes of this type, including whether they were completed to time and budget.* Since 2008, the Council has secured funding from a range of sources. It has delivered major capacity enhancements at two junctions on the A127 which were predicated on the opening up of employment opportunities in the JAAP area and town centre. Southend has consistently maintained its strategic objectives to deliver the airport development and the Airport Business Park and funding decisions have been made accordingly. Consistent with this strategy the Council is now undertaking a third with Pinchpoint funding at the Tesco junction. The Council has also delivered two significant public realm schemes at City Beach and Victoria Gateway which sought to improve access to and dwell time for local traders, the UK's first combined public-academic library, 'The Forum' in partnership with Further Education and Higher Education providers, the Royal Pavilion events and conference centre on the end of Southend pier and the Garon Park Swimming and Diving centre used by the British diving team during the London 2012 Olympics. Many of these have been recognised for their innovation, delivery and impact through industry awards. The local authority is adaptable, agile and has a positive approach to development and does so working with relevant partners as reflected when it was awarded LGC Council of the Year 2012.
6.8. Assurance	*Please provide s151 Officer confirmation that adequate assurance systems are in place* *Specify where the business case is subject to ITE assessment* See attached s151 letter from the Council
6.9. Monitoring and evaluation	*Please explain how you will monitor and evaluate the project, referring to the use of key performance indicators as appropriate.* *Will an Evaluation Plan be put in place? Will it be standlone; how will it be disseminated; how will lessons learned be incorporated into future projects?* As previously outlined, capital expenditure will be monitored through the existing Capital Programme Monitoring Process and reported to the Council's Cabinet. All economic outputs will be monitored by the ABP Partnership Board, comprising senior representatives from the Council and HBDL. Progress against key milestones will be reported back to the SELEP through the Project Team at regular intervals as required as part of a dedicated project monitoring process. KPI's will be defined in agreement with the SELEP as part of the Funding Agreement and will be likely to relate to the delivery of new commercial floorspace as the main output to be monitored, with new job creation monitored as well. The Council will also develop an evaluation plan that will link to its monitoring strategy. It will undertake an independent evaluation of the scheme at a defined

	point in time post practical completion of the infrastructure works to assess the success of the project and its achievement of key target outputs against KPIs. Lessons learned from this will be fed back to the ABP Partnership Board which will relay these to inform other future Council-led capital projects to provide best practice recommendations. Key KPIs will relate to construction jobs, new floorspace (sqm) and new commercial jobs in the new floospace. KPI targets will mirror the annual output targets set out in the table in section 6.2.

7. RISK ANALYSIS			
Likelihood and impact scores: 5: Very high; 4: High; 3: Medium; 2: Low; 1: Very low			
Risk	**Likelihood***	**Impact***	**Mitigation**
Failure to secure planning consent	2	5	The JAAP has already been through an EiP and has been adopted and the planning applications fully align with these. Applications have already been submitted. Risk owner – HBDL as planning applicant
Failure to reach a mutually acceptable agreement with the Rugby Club	2/3	5	Discussions have been ongoing for some time and the Rugby Club have been engaged throughout. The Council owns the site and the Council is aiming to reach a position of agreement in the next 2 months. Risk owner – Southend Council
LGF funding not secured	3	5	The Council has previously submitted a strategic outline business case seeking LGF support in principle towards the ABP scheme and has been in discussion with the LEP since to maximise the prospects of securing an LGF allocation. This business case has since been prepared to support the case for a phase 1 £3.2m LGF allocation. Risk owner – Southend Council as promoter/sponsor and LGF applicant
Council funding is not secured	1	5	The Council contribution is already allocated in its 10 year capital programme and will be made available immediately upon receipt of the LGF award. Risk owner – Southend Council
Lack of market demand for phase 1 scheme and therefore lack of delivery of floorspace/jobs	2	5	The Council and its development partner, HBDL, are confident of the demand prospects for the site. It is a strategic employment site in a high profile location next to the Airport. It has the potential scale and attributes to address the current lack of suitable high quality employment land and premises in the local area and attract inward investors, both linked to the aviation sector and wider key growth sectors. If demand from B1(a) occupiers does not materialise as envisaged, there is always the potential for flexibility around this to make the phase 1 scheme available to B1(b) light industrial occupiers as well and this

			would still be in accordance with the JAAP. Risk owner – HBDL as development partner and lead on site marketing
Infrastructure costs exceed expectations	2	4	Professional cost consultancy advice has already been sought to inform the indicative cost plans that have been prepared. These include a 5% contingency as well. The Council has committed to fund any reasonable cost over-runs. Risk owner – HBDL
Ground condition/other environmental or archaeological issues arise which delay progress or result in increased costs	3	4	Initial environmental surveys have already been undertaken and given that the Council owns the sites, is has information on them. Further site investigation work will be undertaken at the next stage as part of the detailed design stage. There is an allowance in the cost plan for this and a contingency has also been applied as above. Risk owner – HBDL/Southend Council
Contractor procurement delays	2	4	This will be HBDL's responsibility as per the terms of the DA and HBDL is highly experienced in doing so as a developer with a national track record established over a number of years. All procurement will be undertaken in accordance with Council rules. Risk owner – HBDL/Council
LGF is not spent by March 2017	2	4	The project Gannt chart demonstrates the potential to achieve this spend profile and the assumed tasks are considered wholly do-able within this timeframe, especially given that there are no land acquisitions to be undertaken. Risk owner – HBDL as LGF applicant and recipient

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?	*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	*No*

	subject to an arrangement with its creditors	
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?	*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	A.Lewis
8.5.	Print Full Name	Andrew Lewis
8.6.	Designation	Corporate Director for Place
8.7.	Date	29.1.15