

COAST TO CAPITAL LOCAL GROWTH FUND OUTLINE BUSINESS CASE

Project Title:	Black Rock site development ("Waterfront Project")
Lead delivery organisation:	Brighton & Hove City Council
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This document provides a template for an Outline Business Case (OBC) in support of Coast to Capital's investment in a project to be funded through the Local Growth Fund.

The main purpose of the OBC is to put forward the case for change and the preferred way forward identified in an internal Strategic Outline Case (SOC); which establishes the option which optimises value for money; outlines the deal and assesses affordability; and demonstrates that the proposed scheme is deliverable.

In practice, you will find this entails updating the strategic case; undertaking investment appraisal within the economic case; and completing the commercial, financial and management cases, with supporting benefits and risk registers.

Please note that this template is for guidance purposes only and should be completed in accordance with any guidance issued by Coast to Capital and the guidelines laid down in HM Treasury's Green Book which can be found at

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf

The OBC should cover the 5 cases – the Strategic case, the Economic case, the Commercial case, the Financial case and the Management case.

The amount of work and detail put in to a Business Case should be proportionate to the scale of the project or programme, and the expenditure involved.

Coast to Capital Disclaimer

There shall be no expectation of grant payment unless and until a funding agreement is signed by both parties. All the Applicant's costs and charges incurred as a result of making this outline application shall be for the Applicant's account and cannot be claimed as part of the project except where feasibility funding has been prior awarded.

1. Executive Summary

1.1) Overview of the project including what opportunity or barrier the investment will unlock:

This application is seeking a £12.11m contribution from the Local Growth Fund (LGF) to develop a modern, dual purpose conference and events venue at the Black Rock site on Brighton's seafront as part of the wider "Brighton Waterfront" regeneration project. Brighton & Hove City Council is working with private-sector partners, Standard Life Investments (SLI), to provide the remaining investment required for this project which, when delivered, will form a central plank in the re-positioning and "future proofing" of the city's economy. This investment from the LGF will ensure the regeneration of the strategic Black Rock site, supporting regional growth.

The location of the Black Rock site on the Brighton & Hove seafront is shown in Figures 1 and 2.

Figure 1. Aerial Photo of Black Rock Site



Figure 2. Black Rock detailed image



Site constraints have rendered the cost of developing the Black Rock site to be prohibitive given the required remediation works and the complex civil & coastal engineering constraints. To date, the private sector has been unable to redevelop this site. As a result, the Black Rock site has remained derelict for over 30 years, creating ongoing problems with graffiti, on-going maintenance costs, estate management and traveller occupation. This proposal allows Brighton & Hove City Council to develop a strategic site whilst protecting and enhancing its place in the conferencing and events industry.

The proposals to develop the site at Black Rock and at Brighton Central (Kingswest and Brighton Centre sites) have the potential to support a significant number of jobs and economic growth for

Brighton & Hove and the South East through their construction and operational impacts. As with the Brighton Centre (the City's existing conference centre facility), the Black Rock venue will also attract visitors to Brighton & Hove which in turn will generate economic activity in the area. A summary of economic impacts of development at the Black Rock site is shown in the table below.

Summary of economic impacts of development the Black Rock site

	Jobs supported (FTE)	GVA per annum (£m)
Construction impacts	75	£4.0m
Operational impacts	235 (of which 58 safeguarded)	£8.4m
Visitor economic impacts	631 (of which 460 safeguarded)	£20.8m

The development of a world class conference & entertainment venue at the Black Rock site, also enables the wider regeneration of Brighton & Hove's city centre via a bespoke agreement with Standard Life Investments (SLI). The proposal is for the current Brighton Centre site (to the west of the Palace Pier) to be redeveloped to provide a major extension to the City's retail, catering and leisure offering. These two projects are closely connected – collectively known as “Brighton Waterfront” – and their success is interlinked. The Council is in the process of negotiating the key terms of the legal agreement with SLI whereby SLI are acting as development partners for the Black Rock site (“Waterfront East”). SLI will also, subject to contract, become the developer for the existing Brighton Centre (“Waterfront Central”) by purchasing this site off the Council. Further details on this delivery approach is documented below.

This is an ambitious and “game-changing” project. Around the world, it is recognised that convention centres require public support to be viable, justified by the wider economic activity they generate in city and regional economies. Therefore, without LGF support and significant private sector leverage, this project is unlikely to be able to proceed. This would leave Brighton without conference and arena facilities that meet contemporary expectations, the Black Rock site derelict (as it has remained for over 30 years), and a suboptimal city centre retail offering.

Note that due to the sensitive nature of the Black Rock project, Brighton & Hove City Council and SLI have not included concept designs in this application. The project team would be happy to present plans to the Local Enterprise Partnership (LEP) on request.'

1.2) Please choose the theme in which the LGF funding will invest in directly(please choose only one main theme of relevance)	Infrastructure	<input checked="" type="checkbox"/>
	Housing and Regeneration	<input checked="" type="checkbox"/>
	Skills and workforce	<input type="checkbox"/>
	Business and Enterprise	<input type="checkbox"/>

1.3) The fit with the Strategic Economic Plan and Devolution Deals

Securing ongoing investment in internationally competitive conferencing facilities is identified as a priority of the City's Economic Strategy 2013-18. Enabling the regeneration of the Black Rock site is also identified as a priority in the Coast to Capital LEP Strategic Economic Plan (SEP) and Growth Deal Investment Plan. The sites have been identified within the Seafront Priority Development Location area for Brighton & Hove within the SEP.

Strategic Economic Plan

The Coast to Capital SEP aims to create 60,000 new jobs, 26,000 additional homes and 970,000 square metres of new employment space.

At the heart of the Coast to Capital SEP are the six strategic priorities, these are summarised as:

- Successful growth locations including transport
- Successful business
- Building competitive advantage
- Skills and workforce
- Growth is digital
- Housing and Infrastructure

The Black Rock site development has the potential to deliver a 25,000 square metres for the new venue. The future development could include approximately 2,800 square metres of associated ancillary development (A1/A3 land use)

Redevelopment will support these strategic objectives by:

- creating 177 net new FTE jobs;
- safeguarding existing jobs at the Brighton Centre (58 FTE jobs) which could otherwise be lost due to the deteriorating conditions of the existing Brighton Centre; and
- generating £8.4m in Gross Value Added (GVA) annually
- In addition, an estimated £20.8m of Gross Value Added (GVA) is estimated from Visitor impacts.

The Black Rock site development proposal has the potential to contribute to most of the Coast to Capital SEP's priorities listed, but addresses two in particular.

The Central site which is also integral to the delivery of the Black Rock site will generate a further 689 jobs and £31.5m of Gross Value Added (GVA).

Building competitive advantage

It has long been an aspiration of the City Council (as enshrined in many strategies including the city's Economic Strategy and City Plan) to ensure that a long-term future is identified for conference and entertainment provision in Brighton & Hove, whether this is on the current Brighton Centre site, or elsewhere in the city. This aspiration is consistent with the goal set out in the Coast to Capital SEP to *"to increase the value of international conference and meetings visits by over 50 per cent over ten years."*

As one of the UK's most enduring conferencing facilities, the Brighton Centre has been successful in ensuring the city has benefited from the positive economic impact arising from the venue. These include employment opportunities, exposure to national and international networks for local businesses, boosting tourism by promoting the area to the world and supporting the local supply chain.

However, in recent years, the Brighton Centre has become increasingly unable to compete with venues elsewhere in the UK and the council has therefore been exploring ways to protect its future. The Brighton Centre's design, specification and flexibility of use, when compared with recently constructed venues, such as in Liverpool, Edinburgh and Glasgow, are no longer as attractive to conference organisers as in the past. Staff at the Brighton Centre have to work harder to attract the same level of conferencing and price more competitively to achieve this.

The change in the number of delegates attending conventions at the centre over the last few years confirms the challenging outlook it faces. In the year to March 2015, the centre hosted just over 53,000 delegates. This figure represented a 4 per cent fall on the previous year and a 29 per cent reduction on the 2009/10 financial year.

In addition, the 40-year-old Brighton Centre building and much of its fabric, fittings and equipment are at the end of their useful life. They are costly to maintain or replace, and their quality does not compare to some of the newer facilities on offer in other venues.

Given this, Brighton Centre's business model is no longer sustainable. With newer, larger, and more modern conference and entertainment facilities throughout the UK and internationally, the Brighton Centre can no longer attract the same market share of this business as it did in the past.

This proposed development of a new state of the art venue on the Black Rock site aims to secure and build on Brighton & Hove's reputation as a key regional, national and international centre for conferencing and events. The project will help the city to be better placed to defend its position in the market and develop a competitive advantage over its peers by building on its track record of attracting and delivering large national and international conferences and events, combined with the attractive wider proposition offered by the city itself.

Successful growth locations

Both the proposed new location at Black Rock and the existing Brighton Centre conference centre are situated close to the strategic business locations identified within the SEP. These are Brighton & Hove and the Coastal Corridor.

The successful regeneration of the Black Rock site will secure the redevelopment of a long term derelict site in a prime location. It will provide a high quality anchor destination at the far eastern end of Brighton seafront (to replace the previous Lido outdoor swimming pool). In turn this new destination will attract other businesses into the wider heritage area. As a new anchor destination in its own right, the development will also pull visitors further east, from the busy Palace Pier area, along Madeira Drive (currently subject of the Lockwood regeneration project) to the eastern beach, the Kemp Town Slopes and the Brighton Marina.

Regenerating Black Rock will also make it possible to consolidate Brighton & Hove's position as a leading national destination.

The aspiration with redevelopment of the central site is to extend the Churchill Square shopping centre down to the seafront and introduce exceptional new retail space and food and beverage facilities. 180-degree sea views will become available making this a unique offer on the south coast and one that can successfully replace the tired and outdated appearance of the current West Street/Kings West area. The main pedestrian experience en-route to the central seafront will be significantly improved, complementing the new public spaces being created to the west at British Airways i360 and on the lower promenade as part of the Shelter Hall project. All of this will reinvigorate this important part of the city, providing a new world-class retail and leisure environment, with all the consequential regional employment and regeneration benefits this brings.

Developing the Black Rock site will also complement Brighton Marina, which sits immediately to the east of the site. Brighton Marina is likely to benefit from increased visitor numbers along the eastern end of the Brighton & Hove seafront as a result of the visitors attracted to the new venue and ancillary retail and food and beverage facilities at the Black Rock site. This project, along with the wider development taking place in the Black Rock area, support the LEP's objective to renew Brighton & Hove's seafront.

Contribution to other strategic priorities

The construction and operational phases of the Black Rock site development will provide significant opportunities for new and existing employees, including apprentices, to acquire new skills and secure more sustainable employment. The City Council, SLI and their partners will work closely to ensure that local job seekers are able to access job opportunities.

The new conference centre and entertainment venue at the Black Rock site will provide new and expanded opportunities for local business in the supply chain, particularly small businesses in catering, events management, stage design and lighting and information technology.

Local businesses will be exposed to national and international delegates and networks which will help to boost their competitive advantage. Conferences provide a showcase opportunity for local products, services and investment opportunities. Business events and conferences lead to:

- Innovation (in particular helping researchers create and disseminate innovation)
- Improved organisation performance
- Increased productivity
- Increased sales

- New skills and knowledge
- Raised awareness of investment opportunities

A study by Oxford Economics in 2009 revealed that for every **\$1** invested in business tourism, companies realise **\$12.50** in incremental revenue. The existing ageing conference centre, which is losing business and thereby market share to its domestic and international competitors is not well placed to support such businesses into the future.

The redevelopment of the Black Rock site will complement the newly created British Airways i360 and other future projects along the Brighton waterfront. The British Airways i360 (a £46m commercial project on the site of the old West Pier), is a major tourist destination. The convention centre at Black Rock will strengthen the visitor economy by providing an additional modern facility to attract more people to the area. Both projects allow for greater linkages to be developed to attract overseas visitors and support larger attractions in the city in a way not currently possible with existing facilities. The overnight visitor market remains a critical target area for the city to develop in order to support the local economy.

Devolution Deals

The strategic aim of the **Greater Brighton Devolution prospectus** is to provide platforms to grow productivity in the existing industrial economy and to accelerate the growth of the information economy by using radical economic interventions. The Devolution Prospectus outlines an ambitious programme to:

- deliver 24,000 new jobs, 455,000sqm employment space and 22,500 homes; and
- promote world class culture, support local heritage and encourage innovation and growth.

The role of the Economic Board over the next ten years is to create and sustain three platforms, enabling:

- **Economic productivity**, through the provision of infrastructure, housing and employment land and enterprise support;
- **Social productivity**, through the creation of skills, living wage housing and the acceleration of the information/"sharing" economy to drive a vibrant social economy; and
- **Public service productivity**, through the radical redesign of public services and the introduction of new models of governance.

At the heart of the **Three Southern Counties' devolution offer** (separate from the Greater Brighton bid) is a commitment to work with Government to deliver strong and sustainable economic growth, enhance productivity, transform public services and build on the track record for fiscal efficiency. Both Greater Brighton and the Three Counties work closely together on common themes like strategic transport, digital industries and skills.

The Black Rock site development contributes strongly to both devolution proposals.

The new 10,000 capacity venue proposed for the Black Rock site will attract a wide range of entertainment and conference events to Brighton & Hove. This will reinforce and build upon the already established reputation of the city as a major conference destination. It will also expand the entertainment opportunities and attract more visitors overall as the city diversifies and grows its seaside offering, cementing Brighton & Hove's reputation as one of Britain's premier city destinations. This will contribute to achieving the ambitions of the area with regards to boosting innovation and, noting the "Grade I" listed environment around Black Rock at Sussex Square and the Madeira Terraces, building on the city's unique cultural, regency and architectural heritage.

Without investment, Brighton will fall behind its peers as a strategic venue destination in the South East. The city will need to build on its existing offer in order to protect and grow its future market potential.

1.4) Expected total project cost and source of funding. Please also complete the funding breakdown tab on the supporting spreadsheet.

Source of funding	Amount	% of total cost
Centre site land receipt	£15.0m	11%
Operator capital contribution	£2.0m	2%
LEP LGF grant	£12.1m	9%
Public Works Loan Board (PWLB) borrowing*	£103.6m	78%
Total project cost	£132.7m	100%

*PWLB borrowing can be broken down into the following funding elements:

- Additional business rates generated by the redevelopment of the existing Brighton Centre and Kingswest sites - £66.6m
- Estimated net income / rent generated by the operator of the new conference centre / arena: £32m
- Net budget savings in the current operation of the Brighton Centre: £5m

1.5) Expected tangible core outputs/outcomes: **Please also complete the outputs tab of the supporting spreadsheet**

Output/outcome	Metric	Number to be delivered
Employment- created and/or safeguarded	No.	58 jobs safeguarded, existing at Brighton Centre 177 jobs supported at Black Rock (in addition to 58 safeguarded jobs) once venue is operational 689 jobs supported following development of Brighton Central site, development of which Black Rock facilitates
Businesses assisted- financial and non- financial	No.	n/a
Skills- new learners and/or apprentices	No.	Unknown
New housing unit completions	Units	Unknown
New floor space constructed/refurbished-learning	Square metres	0
New floor space constructed/Refurbished-Commercial	Square metres	27,800
Length of new roads/cycle ways	Kilometres	0
Improvement to journey times	Minutes per mile	n/a
Carbon reduction	Tonnes of CO2	n/a

1.6) Main risks and issues the project will need to manage?

Previous iterations and analysis of risk in this project identified over fifty individual risks, of which four were considered high risk and a further thirty-two considered “medium level”. Key risk categories into which many of the high and medium level risks fall into the following:

Conditional Land Acquisition Agreement (CLAA)

The overall project is governed by agreement of both parties to a Land Agreement, the conditions of which have been the subject of discussion and negotiation over the previous 18 months and are now drawing to a close. The CLAA will form the basis of the arrangement between the Council and SLI. The project is dependent on the parties discharging obligations in accordance with the CLAA.

The CLAA has been constructed to ensure that risk and reward for each party has been carefully structured as the project progresses:

- Appraisal assumptions will be agreed at the outset and appended to the CLAA.
- The CLAA outlines exactly how the risks will be managed by SLI and what level of financial exposure the Council can expect at each key condition stage of the project.
- An independent funding report will set out the initial financial parameters of the project. The terms of the CLAA will be revised/updated at key project milestones to demonstrate objectives are being achieved.
- The project leaders have worked with Osborne Clark to ensure financial provisions are also protected under the CLAA.
- The CLAA will allow for SLI to effectively “top up” the business rate income required by Brighton & Hove City Council to repay its loan commitment if required.
- Claw back and qualifying expenditure provisions are set out within the CLAA and budgets agreed for these which have been signed off both by representatives of both the Council and SLI.
- There is an outline budget for development costs which will be enshrined within the CLAA.
- Osborne Clark, the Council’s appointed legal support, will continue to advise on the project specifically in relation to the agreement enshrined by the CLAA.

Finance & securing best value

Project development highlighted a number of risks, several of which appear as medium level. Mitigation in place includes the following:

- As described below robust procurement processes are being put in place for the appointment of the conference centre / arena operator and the main contractor.
- The local authority has already acted to minimise a range of financial risks including the appointment of GVA, a commercial property consultancy, to provide commercial advice.
- There has been independent due diligence on the initial appraisals for the development sites.
- A range of borrowing options and strategies are being considered to balance cost and risk based on future forecasts of interest rates rather than current levels.
- Proposals for the introduction of 100% retention of business are being closely monitored to assess the potential impact on the project and to respond to Government consultations accordingly.

Procurement, on site contractor and wider project management issues

A number of issues around procurement, contract management and enforcement were categorised as either high risk or medium risk. Procurement has been identified as one of the three high level risks. To mitigate this, an experienced project manager has been appointed and appropriate systems are being put in place to ensure robust documentation and monitoring of project controls. There will be strict adherence to appropriate local, national and European procurement policies.

Securing statutory consents is also seen as a high level risk. The delivery team will formulate a process for discharging conditions associated with statutory consents and these will be monitored closely. Project management will prioritise stakeholder engagement and community communication throughout the construction phase of the project.

Further mitigation in place includes the following:

- The project team have sought, and will seek specialist legal counsel advice in relation to the project structure and procurement arrangements
- There will be competitive tendering via OJEU to ensure contractors meet appropriate standards
- Tendering will be monitored and analysed, allowing project managers to make appropriate informed allowances for tender inflation.
- An interface matrix and monitoring system will be prepared and agreed which will allow sufficient float and flex within contract arrangements. The interface matrix will be supplemented by a clear communication plan.
- Work packages will be clearly defined and understood by all parties before the commencement of works.

The establishment of the above rigorous procedures will also address a range of other medium risk level procurement issues.

Delivery of programme of works

A package of 'Advance External Site Works' has been put together to mitigate the risks associated with the project. The project management team has assessed many of the on-site risks affecting the programme and have considered the benefits of bringing forward an enabling package of works. The aim of this would be to minimise design and construction risk in advance and thereby create a site which is effectively de-risked for the construction contractor. These works would be required to facilitate development on the site regardless of land use.

SLI have worked with Gardiner & Theobald LLP to itemise and cost these works and an initial cost plan has been produced. The latest costs estimate for these works is £3m, albeit this will be analysed in more detail as design studies are advanced. The current programme assumes these works are carried out in 2019/2020.

Some early feasibility and survey work will also be required to feed into the First Condition Date (The Agreed Development Strategy) for the CLAA.

Further detail on this, including a copy of Gardiner & Theobald LLP's cost plan, can be provided on request.

Environmental issues

The risk register identifies a range of environmental issues and puts in place a range of mitigating actions.

Exceptionally high tides are the single environmental factor which is identified as being of high level risk. A working party has been established to make sure any such disruption can be minimised through the construction planning whilst safety is maximised.

There are a wide range of environmental factors seen as being of medium level risk. These include inclement weather, ground contamination, land slips and the discovery of buried structures. Planning and initial survey work will mitigate many of these potential obstacles.

Also classed as medium level risks are those involving ecology, wildlife and sea flora and fauna. A series of surveys and mitigation plans are scheduled to minimise these impacts. Detailed construction method statements will incorporate the policy of there being no uncontrolled discharge into the sea. This will be a commitment which will be subject to close control and monitoring.

Design risks

Mitigation to address design risks will include:

- A well considered and thought out brief that will receive input from an Expert Panel and Design South East.
- A competitive design process (likely to be a Design Competition) to appoint an architect for the venue and the Black Rock site. Key stakeholders will also be consulted.
- World class calibre architects to help achieve the complex balance between heritage, townscape and other constraints, whilst also delivering the exciting and innovative architecture the project demands.

Planning & transport risks

Mitigation in place to address planning and transport risks include:

- Ongoing meetings with planning officers and close working with the City Council's transport

teams to ensure both projects are developed collaboratively.

- SLI will devise a coherent and robust consultation strategy, prior to submission of the planning applications.
- Early dialogue around linkages with existing projects is also underway e.g. The Shelter Hall project (impacting the A259 corridor and West Street Corner) and Valley Gardens project, as well as the proposed Gateway to the Sea project.
- An Agreed Development Strategy will be produced (and is enshrined as a key gateway within the CLAA) which will allow the Council to assess the ability of the project to deliver both planning approval and the linked transport strategy.
- A Planning Performance Agreement will be introduced to support both early planning engagement and pre-application discussions. The agreed programme will include appropriate timescales and realistic milestones
- Links with ongoing transport projects will be monitored and interfaces managed appropriately.

There are a number of medium level risks to the project associated with traffic and traffic management. These include ensuring any disruption in accessing the Marina is minimised; footpaths and cycleways are managed and diversions are safe. The project team are committed to managing these risks through designing traffic issues out, ensuring impacts are identified at an early stage (before the Agreed Development Strategy is signed off) and these are all appropriately mitigated against. For example, the advanced enabling works will include off-site road works:

- Main public transport and vehicular access
- New signalised T junction at Dukes Mound / Marine Parade
- Maintaining access for Madera Drive to Marina.

Section 123 Best Consideration

The Council is working with property advisors GVA and legal advisers Osborne Clark, to ensure it maximises the commercial nature of the deal and receives best consideration. GVA will continue to help the local authority manage its risk over the course of negotiations.

DOCUMENT STATUS

REVISION HISTORY

Revision Date	Version No.	Summary of changes	Author/editor
06/04/2017	1A	Update from OBC stage 1	O Steele, P Griffin
13.04.2017	4	Final text revisions	K Pearce

2. The Strategic Case

2.1) Describe the compelling case for change.

The Black Rock development offers a unique opportunity to deliver a range of strategic, economic and social benefits to the city and regional economy. Its redevelopment will provide an anchor attraction that will help to enable the wider regeneration of Brighton's eastern seafront, with a significant longer-term social dividend.

By enabling the redevelopment of Black Rock, the Brighton Waterfront project will also unlock the opportunity to provide for an improved and expanded retail offer at Churchill Square, Brighton & Hove's premier retail centre. The aspiration to extend the Churchill Square shopping centre down to the seafront by redeveloping the Brighton Centre and Kings West (Odeon) site would introduce exceptional new retail, leisure, food, and beverage facilities to Brighton.

Churchill Square is the largest economic driver in the city of Brighton & Hove. It generates 7.5% of total business rates for the city and employs approximately 2,000 people directly, with more indirect and induced jobs in the wider economy. The expansion and development of the Waterfront project would potentially double the size of the Churchill Square shopping centre, elevating it to one of the leading regional shopping centres in the South East.

The extended shopping centre which will be unlocked via the relocation and provision of a new conference and entertainment venue at Black Rock would ensure the city is supported in becoming a regional retail and leisure destination (as outlined in the approved City Plan) thereby, strengthening Brighton and Hove's regional economic position on the south coast. Churchill Square currently has 24% of Brighton's retail offer with Brighton itself ranked 4th out of 600 centres in the South East, according to research by CACI in 2015. Without investment, Brighton will fall behind its peers as a strategic retail destination. This will have implications for the regional economy, not least for tourists who spend £163m annually in Brighton's retail centres. The city will need to build on its existing offer in order to protect and grow its future market potential.

A further 689 jobs and £31.5m in GVA could be supported following development of the Brighton Centre alone. As the projects are brought forward, more detailed analysis will be conducted to refine these estimates and assess the additional benefits from the construction phase of the project as well as the additional visitors to Brighton that the development could bring.

To progress the Black Rock development project and wider Waterfront project Brighton & Hove City Council has developed an innovative funding and delivery structure. Over 90% of capital funding will be provided from a combination of private sector and Council self-funded sources.

The Council will enter into a contractual relationship with SLI whereby SLI will be under obligations to obtain planning permission and necessary consents as well as procure a building contract for the new venue. Under this arrangement, SLI will forward fund, at risk, all pre-construction services (estimated to be between £8m - £10m) associated with the delivery of a new venue at Black Rock. Once planning permissions for both the Central and Black Rock sites are obtained and SLI have procured a building contract for the venue within a pre-agreed budget envelope, the Council will transfer the legal title of the Brighton Centre to SLI.

This is an ambitious, "city shaping" project. The Council-owned Black Rock site, with its prominent seafront location below Kemp Town, is of unique strategic and cultural significance, however site constraints increase costs relative to a greenfield site. Public support for this project is justified both due to these regeneration effects and from the significant positive externalities that a conference centre investment will bring to the city and its wider region in terms of benefit to its visitor economy and from expected inward investment. LGF support – combined with substantial wider public and private funding – will help realise this exciting project.

A summary of the potential benefits of the Black Rock site development proposals include:

- A new high-quality conference and events venue for around 560,000 people visiting each year,

making it the most attractive and visited venue on the south coast.

- Drawing additional investment into the immediate vicinity and acting as a catalyst for regeneration of the surrounding areas at Black Rock (Madeira Drive, Marina and Kemp Town).
- Delivering further high value overnight stays worth significantly more to the local economy than day visitors and growing high value business tourism visitors (conference delegates spend more than twice that of leisure visitors).
- Raising Brighton & Hove's profile, particularly with overseas visitors, as a vibrant, modern city on the south coast with a unique heritage and varied tourist and business offer.
- Generating improvements to the public realm in the areas surrounding Black Rock and the central Brighton Centre/Kingswest Site.
- Supporting the Coast to Capital region's small and medium-sized enterprises directly and indirectly from increased regional investment and supply chain activity.
- Supporting 75 full-time equivalent (FTE) jobs and £4.0m GVA per annum from the construction of the Black Rock development. Creating significant employment opportunities during the construction phase, with associated training, work experience and apprenticeship opportunities, linked to the City Council's Local Employment Scheme.
- Creating 235 net FTE (permanent) jobs once the development is operational.
- Supporting 460 FTE jobs and around £15.2m GVA per annum through the visitors attracted to the venue at Black Rock.
- Annual tax revenue impact from the property and business on the Black Rock site, through additional business rates: approximately £0.6m per annum. Once the Brighton Centre is also developed, this is estimated to generate a further business rates tax payment of approximately £10.0m per annum.

2.2) Investment objectives- detail the specific objectives to achieve the anticipated outcomes.

The redevelopment of Black Rock (as well as the associated project to redevelop the Brighton Centre) will be assessed against policies in the City Plan Part One, in particular policy DA2 (Brighton Marina, Gas Works and Black Rock Area) that includes strategic land-use allocations for the site. This will also be considered alongside the policy DA1 (Brighton Centre and Churchill Square). Policies within the National Planning Policy Framework, particularly in relation to the location of new retail and assembly and leisure uses, will also be relevant to this assessment.

It will be important that the two development sites, Black Rock and the retail expansion of Churchill Square on the existing Brighton Centre, are linked and that concurrent planning applications and decisions are made.

2.3) Stakeholder Engagement carried out.

An initial engagement strategy focused on civic groups in close proximity to each site, city centre neighbours and city wide environmental groups. The local authority has ensured wide coverage of the project has been included in local media to inform the community via press office briefings and notifications.

Content has also been made available online and supporting social media sites to provide a platform to inform the public on the proposals.

There have also been meetings with key stakeholders with an interest in the following locations:

- Brighton Centre and Venue
- Black Rock
- Churchill Square

Engagement activity has, and will continue to, use the following media. This is expected to gain momentum in the next phase of the project:

- Correspondence – letters, emails, phone calls
- Meetings, briefings
- Printed collateral – newsletters, flyers
- Online – website, social media
- Media – editorial and advertising, online and print
- Events – workshops, drop in sessions, exhibitions

2.4) List the key stakeholders and their interest areas.

The production of the stakeholder contact list reflects (i) those with an interest in one of the distinct sites and (ii) those who have an interest in the project as a whole.

Stakeholders with a principal interest in Brighton Waterfront combined project:

- Coast to Capital LEP
- Brighton & Hove Connected
- Greater Brighton Economic Board
- Brighton & Hove Economic Partnership
- Tourism Alliance
- The Regency Society of Brighton & Hove
- Brighton Society
- Brighton Friends of the Earth

Stakeholders with a principal interest in Brighton Waterfront East/Black Rock:

- The Kemp Town Society
- Marine Gate Action Group
- Southdown Rise Residents Association (Black Rock Residents' Association)
- The Kingscliffe Society
- Brighton Marina Berth Holders Association
- The Brighton Marina Residents' Association

Stakeholders with a principal interest in Brighton Waterfront Central:

- Montpelier and Clifton Hill Association
- North Laine Community Association
- North Laine Traders' Association
- Brighton Lanes Trading Group
- The Grand Hotel

2.5) What are the strategic issues, risks and constraints that may impact successful delivery of the project?

Brighton & Hove City Council has been considering how best to redevelop the Black Rock site for a number of years. A previous procurement exercise to develop the Black Rock site as a venue was undertaken in 2003. While a preferred developer was identified, this project did not proceed due to subsequent issues identified with the viability which occurred post the economic meltdown in 2008.

Previous projects have also sought to develop a successful business case for redevelopment of the Brighton Centre on the current location. These have all been unsuccessful and there is an argument (and sufficient evidence) to suggest that the model of a combined conference/event venue works well in the city, but this now needs to be updated. Furthermore, there remains no business case to support rebuilding a centre in the current location.

The risk posed by failing to secure the necessary permissions and planning consents could cause significant delays to the delivery of the current project. The key planning issues for the schemes have been assessed by SLI on behalf of the city council and by GL Hearn, their appointed planning consultants.

The key planning issues for the schemes include consideration of the uses proposed on the site; design and massing of the scheme; and scope for wider benefits for the area around Black Rock.

Concurrent planning applications for Black Rock and Brighton Centre will be made to ensure the two proposals are considered as linked projects, particularly where it relates to the transport proposals.

There are significant opportunities and sensitivities in terms of architecture and design as the site is located close to townscape of historic importance. A Planning Performance Agreement will be drafted, in common with other large developments to guide the planning process.

To overcome key risks, Brighton & Hove City Council and SLI have undertaken several feasibility assessments in preparing the Black Rock site for development including:

- Architectural master planning study
- Structural engineering study
- Transport planning assessment

Early dialogue with Historic England to inform initial feasibility has already proven informative and demonstrated that opportunities for residential development on the Black Rock site are likely to be very restricted due to the impact upon heritage assets at Lewes Crescent and Arundel Terrace. These technical feasibility assessments can be provided to the LEP on request.

2.6) Project dependencies

Brighton & Hove City Council will work with the LEP, SLI and other partners after this application to ensure that the Black Rock site project receives any wider support it requires to facilitate its redevelopment as a conference/arena facility. This includes, critically, improved transport provision to the area.

The Black Rock site development is also key to the delivery of the SEP economic objectives and therefore supports delivery of a number of projects already underway, or previously funded, by the LEP and/or the Department of Transport, as part of a wider portfolio of projects that will deliver within the Seafrost Investment Zone. These are:

- phase 3 of the Valley Gardens project;
- the re-instatement of seafrost highway structures along the A259; and
- development of an improved route between the station and the seafrost (Gateway to the Sea).

As noted above, the Black Rock development is also intrinsically connected to the redevelopment of Brighton Centre through the overall Waterfront Central scheme.

2.7) Project disruption

The Black Rock development site is located on an existing brownfield site on the seafrost, to the west of Brighton Marina and approximately 3km east of the city centre. The site elevation is approximately 7.5m above the mean sea level. It is bounded to the north by the A259 Marine Drive, the beach on the south, Marina Way to the east, which forms the access to Brighton Marina, and by Madeira Drive and Volks Electric Railway to the west¹.

There are a number of listed buildings located in close proximity to the site of the proposed works at the site. The closest of these is the Grade II listed The Temple, which is located along the northern boundary of the site. Several archaeological finds have also been recorded within the boundaries of the site.

Due to the extensive excavation works that will be required for construction of Black Rock, there is the potential for adverse effect on archaeology and heritage. As the development proposal progresses,

¹ Mott MacDonald, Preliminary Engineering Study in Support of Feasibility Study by Wilkinson Eyre Architects, December 2015.

there may be a need to identify appropriate mitigation and management strategies.

Constructing the Black Rock venue site will require extensive excavation works, and as a result there is potential to encounter ground contamination as part of the project. Further investigation is planned to address these and where applicable will form part of the advanced enabling works to mitigate these risks.

3. The Economic Case

3.1) Please describe the options that have been considered in selecting the project proposal, completing both box 1 and 2.

Over a number of years, officers and Members, together with expert financial advisers, have previously considered a range of options that might enable the funding of a suitable replacement for the Brighton Centre.

Box 1: Summary of options considered

Option Name:	Description:	Total cost:	Amount requested:	Core outputs (see 1.5)
Do nothing, minimum or status quo	The Brighton Centre is losing market share and maintenance costs are rising steadily as it becomes more outdated. This makes this option sub-optimal. It is likely the Brighton Centre will need to be closed over the next decade without significant refurbishment and/or a significant technical failure will seriously damage consumer confidence.	None	None	Staff of 45 FTE employees at the existing Brighton Centre, plus 13 indirect jobs through the multiplier effect (total of 58).
Proposed option	Relocation of conference centre to Black Rock site	£132.71m	£12.11m	Protects existing jobs in the Brighton Centre through relocation. Also supports a further 177 direct and indirect jobs in the site (235 including 58 jobs already supported by Brighton Centre). Supports approximately £8.4m GVA per annum. Other impacts include jobs and GVA supported through construction of the venue at Black Rock and through business and leisure visitors attracted to the site.

Alternative options	<p>Refurbishment of the Brighton Centre.</p> <p>Brighton & Hove Council commissioned Northcroft to conduct a condition survey (referred to in section 2.5 earlier).</p>	<p>Sub-option 1: 5 year maintenance cost of £4.6m.</p> <p>Sub-option 2: refurbishment for 15-30 year life span cost of £33m.</p> <p>Sub-option 3: Full Refurbishment Works For 15-30 Year Life Span - £68m.</p>	Not assessed	As shown, refurbishment would be expensive and would not bring the Brighton Centre to current expected quality norms in the conference sector, nor would it support renewal of central Brighton & Hove's retail offering via the wider Brighton Waterfront project.
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Box 2: Evaluation of options considered

Option Name:	Advantages:	Disadvantages:
Do nothing, minimum or status quo	Lower cost, no immediate funding required.	Fails to address issues, particularly around failing seafront offer and loss of jobs from closure.
Proposed option	<p>Significant economic benefits –235 net new and current jobs supported, £8.4m of net additional GVA per annum from employment and significant induced investments.</p> <p>Other positive impacts include jobs and GVA supported through construction of the venue at Black Rock (75 FTE jobs and £4.0m GVA) and through business and leisure visitors attracted to the site (460 jobs and £15.2m GVA).</p>	Greater capital cost and funding required.
Alternative options:	Would protect at least some current jobs.	<p>Only extends the life of the current facility to a finite extent, does not create additional jobs.</p> <p>Refurbishment would be expensive and would not bring the Brighton Centre to current expected quality norms.</p>

3.2) The preferred option

The preferred option has the potential to support significant number of jobs and economic growth for Brighton and the South East through its construction and operational impacts. As with the Brighton Centre, Black Rock will also attract visitors to Brighton which in turn will generate economic activity in the area. A summary of economic impacts realised as a result of developing the Black Rock site is shown in the table below.

Summary of economic impacts of development the Black Rock site

	Jobs supported (FTE)	GVA per annum (£m)
Construction impacts	75	£4.0m
Operational impacts	235 (of which 58 safeguarded)	£8.4m
Visitor economic impacts	631 (of which 460 safeguarded)	£20.8m

Without very significant private sector funding and an expanded business case to support a more commercial approach, the capacity of the city to re-provide a new centre on the existing site is not considered financially achievable. As described above, with its loss, the city would lose a market that has successfully been built up since the centre opened in 1977.

The opportunity being presented with the Black Rock development site creates significant additional economic growth for the city and, at the same time, reduces the reliance on the public purse in the longer term. It will protect the conferencing industry on which so many businesses in the city rely, but also grow the sector, by attracting in more frequent and larger entertainment events. These events will directly impact upon the local economy retaining and improving job prospects.

If the preferred option is not successful, the following outcomes are anticipated:

- The Brighton Centre will continue to require annual subsidy but there will be no additional income to fund this. Delay will not resolve the ongoing problem of how to provide a sustainable economic future for conferencing or of how to invest in the Brighton Centre building.
- Existing scarce resources will have to be re-prioritised from current and future revenue and capital service budgets to continue to resource the Brighton Centre maintenance and operational budgets.
- Future business rates in excess of £10m income will not be realised.
- New investment to protect the seafront and grow business and investment income for future years will be significantly held back.
- Black Rock, as a derelict site, will continue to deter investment in the area at the eastern end of the seafront.
- The proposed regeneration of Madeira Terraces, a major heritage structure next to the Black Rock site, will be far more challenging to address without a new anchor development to pull in more visitors and support new infrastructure.
- The connected redevelopment of Brighton Centre will not occur and the resultant growth in associated retail and wider service sector jobs will not arise. Given geographical and heritage constraints in central Brighton & Hove it is arguable that the City will not be able to substantially grow its prime retail offering elsewhere.

3.3) Issues with preferred option.

In the short term, the preferred option to develop the site and build a venue at Black Rock requires both public and private funding. Although around 90% of the funding is being provided through private investors and self-funded local authority sources, to be financially viable the development requires 9% funding from the LGF.

3.4) What are the top 5 risks of this option?

Section 1.6 above outlines the main risk and issues with the proposed project, which is based on this preferred option. Here we highlight the top 5 risks with this option.

Conditional Land Acquisition Agreement (CLAA) – SLI & BHCC

The delivery of the new venue at Black Rock is conditional upon SLI discharging a number of legal obligations the parties will be committing to within the CLAA. This includes obtaining planning permissions for both the Central & Black Rock sites, securing all necessary third party land required for both developments & selecting and contracting with a venue operator.

The venue project will not proceed unless the overall Waterfront project meets various viability thresholds and the building contract must fall within a pre-agreed budget agreed by both parties early on in the project. Furthermore, if the shopping centre extension project is not viable then SLI and BHCC are under no obligations to proceed ahead with either disposing of the Brighton Centre site or building out the venue.

Procurement Challenges, Contract management and enforcement

A number of issues around procurement, contract management and enforcement were categorised as either high risk or medium risk. Risks include: ensuring contractors meet appropriate standards; the documentation of procurement and ensuring project controls are adhered to; and on-site disputes over completion of contract/ work-package stages.

The project is governed by an agreement of both parties to a Land Agreement, the CLAA, which will form the basis of the arrangement between the Council and SLI. The project is dependent on the parties discharging obligations in accordance with the CLAA.

Obtaining permissions and planning consents

As noted above, securing Statutory Consents is seen as a high level risk and the risk posed by failing to secure the necessary permissions and planning consents could cause significant delays to the delivery of the project.

Geological and environmental risk

The Black Rock development site is located on an existing brownfield site on the seafront, bounded by the Brighton Marina and the beach. Exceptionally high tides are the single environmental factor identified as being High Level risk. Related medium level risks include inclement weather, ground contamination, land slips and the discovery of buried structures. Planning and initial survey work will mitigate many of these potential obstacles.

Brighton & Hove City Council and SLI have undertaken a Structural Engineering Study and Mott MacDonald has undertaken a Preliminary Engineering Study².

Sensitivities around architecture and design

There are significant opportunities and sensitivities in terms of architecture and design as the site is located close to townscape of historic importance. Brighton & Hove City Council and SLI have engaged in early dialogue with Historic England and undertaken an Architectural Master Planning study to ensure all opportunities and sensitivities are taken into account in the site design.

Please complete the boxes below, answering only those relevant for the theme of your project, referring to the guidance available. Please also complete the outputs tab of the supporting excel spreadsheet.

3.5) Economic impact

The proposal to build a new conference centre and arena and deliver an improved retail offer will yield significant strategic, economic and social benefits. The conference facilities will bring leading business groups and high-spending visitors to the area. This will have a positive impact on the economy through the additional spending this generates. Business events and exhibitions in particular, provide valuable opportunities for showcasing local products and services and generating domestic and export sales.

Summary of economic impacts of development the Black Rock site:

	Jobs supported (FTE)	GVA per annum (£m)
Construction impacts	75	£4.0m
Operational impacts	235 (of which 58 safeguarded)	£8.4m
Visitor economic impacts	631 (of which 460 safeguarded)	£20.8m

Temporary construction impacts

Total capital expenditure (CAPEX) for development of the Black Rock site is estimated at £132.7m; this will be spent over the course 2017-2023.

² Mott MacDonald, Preliminary Engineering Study in Support of Feasibility Study by Wilkinson Eyre Architects, December 2015.

According to data for the South East construction sector, approximately 25% of the total purchase of goods, materials and services within the sector will be spent on salaries³. Therefore, after adjusting for 31% leakage⁴, it is estimated that approximately £23m of the total CAPEX will be spent on salaries in Brighton and the South East during the construction phase of the Black Rock development.

Taking the average annual salary figure in the South East construction sector for 2014 (£36,817)⁵, the direct salary expenditure will support approximately **624 direct job years**. Given in standard HM Treasury guidance one FTE job is equal to 10 employment years, **in total 62 FTE jobs will be directly created from the construction phase**.

Construction activity feeds through to numerous other related business activities such as building materials, steel, architectural services, legal services and insurance, and the majority of these linkages tend to result in job creation in the local economy. In the absence of detailed input-output modelling, the composite multiplier (which captures both indirect and induced impacts) has been assumed to be 1.29, which suggests **12 further jobs** may be supported from the venue's construction. This multiplier is based on national guidance⁶ for estimating the likely scale of the composite multiplier at the sub-regional level.

Therefore, construction of the Black Rock venue has the potential to **support approximately 75 construction jobs**.

Given the average GVA per worker in the South East (total economy) of £53,117⁷, these jobs equate to approximately **£4m GVA supported per annum**.

These impacts are all considered net additional to Brighton as it is not likely that the construction sector is at full capacity and therefore the development is unlikely to displace other construction activity. It is also expected that the majority of these benefits will be in Brighton and the South East given that most construction spend is expected to be in the city and the labour supply is likely to be local.

Operational impacts

Mott MacDonald's Transparent Economic Assessment Model (TEAM)⁸ has been used to estimate the level of gross direct jobs and the indirect (supply chain) and induced (consumption-related) jobs that are linked to the Brighton Waterfront proposal and particularly at the Black Rock site.

The Black Rock site is currently vacant, with no jobs or associated GVA contribution. Development of the Brighton Arena (and limited supporting retail/restaurant/café sites) could realise the following economic impacts:

Gross direct jobs	465
Less deadweight, leakage, displacement and substitution	283
Net direct jobs	182
Multiplier jobs	53
Total net jobs	235
Total annual net GVA contribution	£8.4m

Following the development at the Black Rock site, this would enable the Brighton Centre to be developed. There are currently estimated to be 45 net direct FTE jobs at the Brighton Centre and a

³ Annual Business Survey, 2014, Office for National Statistics.

⁴ Assumption based on HCA Additionality Guidance, 2014.

⁵ Annual Survey of Hours and Earnings, 2015, Office for National Statistics. Relates to full time average mean annual wages for the construction industry in the South East of England.

⁶ Additionality Guide, Homes and Communities Agency, 2014

⁷ Regional GVA accounts and workforce jobs, ONS, 2015.

⁸ TEAM is a versatile tool designed to calculate the economic impact of proposed land use intervention and policy measures. It has been designed by experts in economics, economic development, planning and regeneration and is in-line with HM Treasury Green Book principles and Homes & Communities Agency's (HCA) Additionality guidelines. TEAM has been operational for four years and used on numerous assessments of transport-related work in that time..

further 13 multiplier jobs (contributing to around £1.8m annual net GVA using the assumptions used for the Black Rock economic impacts).

Development of the Brighton Centre to become an extension of the Churchill Square flagship retail centre (split between retail/restaurant/café/cinema sites) could realise the following economic impacts:

Gross direct jobs	1,367
Less deadweight, leakage, displacement and substitution	833
Net direct jobs	534
Multiplier jobs	155
Total net jobs	689
Total annual net GVA contribution	£31.5m

It is critical to demonstrate that the economic benefits at both the Black Rock site and the Churchill Square extension at Brighton Centre will not be realised without these enabling works going forward. The uplift in economic activity as a whole is demonstrated in the table below.

	Reference case (prior to development)		Economic impacts post development	
	Brighton Centre (current)	Black Rock (current)	Brighton Centre (post development)	Black Rock (post development)
Gross direct jobs	N/A	N/A	1,367	465
Less deadweight, leakage, displacement and substitution	N/A	N/A	833	283
Net direct jobs	45	0	534	182
Multiplier jobs	13	0	155	53
Total net jobs	58	0	689	235
Total aggregate net jobs	58		923	
Total annual net GVA contribution	£1.8m	£0	£31.5m	£8.4m
Total aggregate annual net GVA contribution	£1.8m		£39.9m	
Ratio of LGF grant to net new jobs	N/A		£13,120 per job	

The estimated potential uplift in net jobs is **865**, with an associated uplift in annual net GVA contribution of **£38.1m**. This is a significant uplift in economic activity which will have considerable benefits for the Brighton & Hove and wider regional economy.

In summary, the assumptions underpinning this modelling (informed by the 2014 and 2015 HCA additionality guide) are:

- Average salary levels applied for A1/A3 land use (£34,603) and D2 (£30,518)
- Deadweight (25%)
- Displacement (25%)
- Leakage (31%)
- 90% occupancy based on information from developers that there has already been a high level of interest from potential occupiers.
- 75% plot ratio

Business rate impacts

Annual tax revenue impact from the property and business on the Black Rock site, through additional

business rates is estimated to amount to approximately **£0.6m** per annum.

Once the Brighton Centre extension is also developed, this is estimated to generate business rates tax payments of approximately **£10m** per annum.

Visitor economy impacts

Last year (2016), the Brighton Centre held 62 events across 56 days (given that on some days there was more than one performance). In total 162,368 tickets were sold for the events. In addition, the venue also held 23 conferences, many of which lasted multiple days, spanning 85 days in total. With 35,000 delegates attending the conferences and many of those staying several days, this equates to 129,348 people days.

Given the unique offering that the venue brings to Brighton & Hove, it is likely that if the venue did not exist, these events and conferences would not have taken place in Brighton & Hove and the attendees would not otherwise have visited Brighton & Hove. Each visitor to Brighton & Hove for leisure and business spends an amount of money locally which in turn generates further economic activity and therefore jobs for the wider economy.

The current capacity at the Brighton Centre is approximately 5,000 people, whereas the proposed capacity for the venue at Black Rock is twice this, at approximately 10,000. Therefore, Black Rock has the potential to attract significantly more visitors than Brighton Centre has to date.

The total value supported by visitors to the Black Rock venue development is estimated through the following steps:

- Black Rock is expected to attract approximately **44,000 business visitors** attending conferences, and **515,200 leisure visitors** attending concerts and other events at the venue. Given the unique offering that the venue brings to Brighton, we assume that 100% of these visitors come to Brighton because of the venue.
- Using the average 2015 visitor spend of £123 for business visitors and £56 for leisure visitors in the Brighton & Hove local authority area (Visit England, GB Tourism Survey, 2015), this results in **£34.1m of additional visitor expenditure** generated per annum by the Black Rock venue.
- A small proportion of this visitor expenditure will be already captured in the economic impacts of the venue itself since the average spend figure includes visitor expenditure in the venue so this is deducted from our analysis. However, national data on tourism expenditure shows that this is negligible (0.4% per *UK Tourism Satellite Accounts (latest 2012 data), ONS*) compared with other expenditure, such as on food and drinks, transport, and accommodation.
- This adjusted level of visitor expenditure (£33.9m) is estimated to support around **630 FTEs** based on assuming average turnover per worker in the UK tourism sector is £54,000 (source: *Tourism jobs and growth: The economic contribution of the tourism economy in the UK, November 2013, Deloitte with Oxford Economics*).
- The total GVA associated with these 630 FTEs is estimated as **£20.8m supported per annum**, based on the GVA per worker figure used in Visit Britain research for the tourism sector (£33,000 GVA per worker in the UK tourism sector (source: *Tourism jobs and growth: The economic contribution of the tourism economy in the UK, November 2013, Deloitte with Oxford Economics*)).

Detail of visitor impact calculations

Description		Existing Brighton Centre	Black Rock post-development	Increment
Total annual visitors	Unit	290,000	559,200	
spend	£	24,837,800	34,059,248	
Total annual net additional visitor spend outside the venue	£	24,730,014	33,911,445	
expenditure required to support one FTE)	£	54,000	54,000	
Total FTEs supported	Unit	460	631	171
GVA per worker, tourism sector in UK	£	33,000	33,000	
Total GVA supported	£	£15,178,656	£20,813,985	5,635,329
Total GVA supported	£m	£15.20	£20.80	£5.60

3.6) Environmental Impact

Mott MacDonald undertook an initial review of the available geotechnical, geological and environmental information about the Black Rock site. The findings concluded that the site is suitable for the proposed development. However, several potential geotechnical, geo-environmental and overtopping constraints have been identified (which are detailed above in 1.6).

3.7) Social Impact

Firstly, the construction phase of this project will provide significant opportunities for local people to access employment and training. Brighton & Hove City Council operates a local employment scheme, funded through planning obligations, which requires developers to produce a local employment and training strategy and commit to employing at least 20% local labour.

Secondly, the completed scheme will provide employment opportunities for young people, for whom opportunities in retail and leisure are usually easier to access. This sector is traditionally well suited to younger people who might not have the experience demanded by other industries. It provides that vital early career stage work experience and the workforce churn ensures that replacement demand for labour is regular and reliable. Brighton & Hove City Council will work with its partners to ensure that opportunities are targeted at young and/or unemployed residents. Training will be provided where needed to prepare local job seekers and maximise their chances.

Finally, Brighton & Hove City Council and its partners will work with small and medium sized enterprises to maximise their chances of benefiting from this investment from the procurement phase through to the end of the project cycle and then during the operational phase of both the new venue and the expanded retail centre. The expanded Churchill Square and the new venue at Black Rock will provide trading space for successful local SMEs to expand and grow. Brighton & Hove City Council has a good track record of requiring developers to commit working with local SMEs from conception and planning to operation to maximise procurement opportunities (for example, Rampion Wind Farm).

The Black Rock site is in close proximity to a number of the most deprived neighbourhoods in the city, hence the new jobs provided both during construction and post-completion present a compelling opportunity to help move people into training and work. The two wards surrounding the Black Rock site are Queens Park and East Brighton. According to 2015 Indices of Multiple Deprivation (IMD), the proportion of residents living in the most deprived quintile are as follows:

Ward	Population living in the most deprived 20%	Percentage of population living in the most deprived 20%
Queens Park	5,259	34%
East Brighton	9,084	64%

In both wards, a substantial proportion of the population live in the most deprived quintile according to the IMD. This is particularly prevalent in East Brighton, indicating that there are likely to be significant beneficial social impacts to be observed from development and regeneration in this area. Employment opportunities are an important factor in helping to address socio-economic deprivation.

3.8) The number of people and businesses positively impacted by the intervention?

The Black Rock site development will support these strategic objectives by safeguarding existing jobs at the Brighton Centre (**58 FTE jobs**) which could otherwise be lost due to the deteriorating conditions of the existing Brighton Centre; create another **177 net new FTE jobs**; and generate and **£8.4m GVA** annually.

Further to these impacts at Black Rock, it is important to demonstrate that the economic benefits at the Churchill Square extension at Brighton Centre will not be realised without the Black Rock development going forward. Churchill Square extension at Brighton Centre could support almost **690 jobs** and **£31.5m GVA** per annum.

Summary of economic operational impacts of development the Black Rock site:

	Jobs supported (FTE)	GVA per annum (£m)
Construction impacts	75	£4.0m
Operational impacts	235 (of which 58 safeguarded)	£8.4m
Visitor economic impacts	631 (of which 460 safeguarded)	£20.8m
Impacts once Brighton Centre is developed, facilitated by Black Rock development	689 jobs	£31.5m

3.9) Follow on Investment

Development of the Black Rock site as a conference centre/arena facility will enable the redevelopment of the existing Brighton Centre as a mixed-use facility and extension of the Churchill Square shopping centre. The two projects are interdependent as the Black Rock development requires the disposal of the Brighton Centre to progress. Churchill Square can only be extended if the existing Brighton Centre space can be released for development.

The other potential follow-on investment project is the proposed capital investment of £28m in the redevelopment of Madeira Terrace, subject to funding. The terrace stretches for 800metres along the seafront directly leading to the Black Rock site. In recent years, this iconic heritage structure has been closed off to pedestrians as it has progressively deteriorated. The Council proposes to redevelop Madeira Terrace for a variety of commercial uses. This project, once completed, will act as an attractive complement to the Black Rock venue and an entertainment precinct or “staging post” for conference and arena visitors as well as a draw for tourists who would previously not be attracted this far along the eastern seafront.

3.10) Skills projects only- Impact on Skills Provision

Not applicable

3.11) Business and Enterprise projects only- Impact on business growth

Not applicable

3.12) Infrastructure and Regeneration and Housing projects only- Physical and aesthetical impact- Does the project make a positive and lasting contribution to the physical, human and cultural environment?

The Black Rock site sits within close proximity of the East Cliff Conservation Area. East Cliff was designated as a conservation area in February 1973 in recognition of it being an area of special architectural and historic interest, due to its clear association with the growth of Brighton as a Regency and Victorian seaside resort. The conservation area was confirmed as “outstanding” by the Secretary of State for the Environment in January 1974.

The site is also alongside Kemp Town, a 19th Century residential estate, now demarcated by the modern Kemp Town Conservation Area. The original estate is a good example of Regency architecture and is a prime contributor to the city's architectural reputation.

Brighton Marina, directly adjacent to the Black Rock site, is a working harbour with residential housing alongside a variety of leisure, retail and commercial activities. Significant residential, café, bar and restaurant development is planned for the outer harbour over the next few years, led by Brunswick Developments and with architects Wilkinson Eyre. This development will provide high quality design and act as a flagship development on Brighton's eastern seafront.

The development at Black Rock will be carefully designed with the local aesthetic in mind, to complement the world-famous heritage of East Cliff and Kemp Town, and the modern architecture of Brighton Marina, providing a coherent and world class landscape from the Brighton foreshore.

3.13) If your project results in service and other improvements then please provide baseline data below.

Not applicable

4. The Commercial Case

4.1) Please provide details of your envisaged procurement route.

Having carried out a review of a number of similar recently completed projects, the project team has adopted a design and construction form of contractor procurement to deliver the Black Rock conference centre/arena. It is the intention that a two-stage design and construction approach will most likely be utilised whereby the preferred contractor is selected at the first stage based upon their team, methodology and added value, as well as their overheads and profit mark-up and preliminaries costs. Each sub-contract package is then tendered on an open-book basis as the design develops.

Two stage tendering is a "fast track" version of the traditional design and build approach. It seeks to accelerate the traditional process by overlapping the design and construction phases of the project and gaining "buildability" input by involving a contractor during the design phase.

The project team have significant experience of procurement in accordance with EU Public Sector Procurement Directives. The team understands the routes available (open, restricted, negotiated and competitive dialogue) and where they are applicable. The team is also fully conversant with the new Public Contracts Regulations 2015 and is skilled at drafting OJEU notices in compliance with EU Directives.

It is likely that there will be three main procurement exercises on the development of the Black Rock site:

- Enabling Works
- Venue Operator
- Design & Construct Contractor

4.2) Involvement of private development partners.

As noted above, Brighton & Hove City Council has developed an innovative funding and delivery structure. With over 90% of capital funding for the convention centre, arena and supporting infrastructure to be provided from a combination of private and Council self-funded sources. The Council has entered into a partnership arrangement with SLI whereby SLI are acting as private development partners for the Black Rock site.

On the Council's behalf, SLI are taking the Black Rock site through to the point of obtaining a suitable planning permission and entering into a building contract. Under this arrangement, SLI will forward fund, at risk, the development costs of the site and, once planning permission is achieved, the Council will contract with SLI to dispose of the Brighton Centre site.

4.3) Procurement plan and timescales.

After Brighton & Hove City Council has approved detailed design, the Black Rock project will be subject to competitive tendering. The first stage generally involves the selection of a main contractor based upon their pricing of “preliminaries” costs (the management and running of the site), together with their required overheads and profit. These tendered values are added to the cost plan to arrive at the likely construction cost at this stage. One contractor is chosen to proceed to a second stage where they will co-operate with the professional team during the remaining pre-construction period in matters such as:

- Procurement of sub contract work (on an “open book basis” for review by the team)
- Project programming and planning
- Construction methods and buildability
- Completion of outstanding design elements

This is formalised in a Pre-Construction Service Agreement (PCSA), defining requirements and responsibilities prior to entering into formal contract, with the contractor defining a fee for the work in the PCSA.

Once the design had been completed, the main contractor will complete the second stage and tender the works packages to provide a lump sum price. Alternatively, works packages will be tendered as design works are completed, leading to a lump sum price. For example, after 80% of the value is tendered by the main contractor, the chosen contractor will commit to a lump sum price and a programme for the works.

A separate procurement exercise will be undertaken to secure an operator for the venue. An indicative rent will be determined through a competitive procurement process for an arena operator based on an OBC developed by the operator for the operation of the venue. Soft market testing has already provided the project team with information which suggests there is a strong appetite for this opportunity amongst the limited number of potential operators.

The proposed timescales for procurement are as follows:

Enabling Works

- | | |
|-------------------------------------|----------------|
| • Publish OJEU Notice (restricted) | February 2019 |
| • Short List Tenderers | May 2019 |
| • Issue Tender Documents | June 2019 |
| • Appoint Enabling Works Contractor | September 2019 |

Venue Operator:

- | | |
|-------------------------------------|--------------|
| • Publish OJEU Notice (open tender) | January 2018 |
| • Receive Tenders | April 2018 |
| • Select Preferred Operator | August 2018 |

Design & Construct Contractor:

- | | |
|------------------------------------|--------------|
| • Publish OJEU Notice (restricted) | May 2020 |
| • Short List Tenderers | July 2020 |
| • Issue Tender Documents | August 2020 |
| • Appoint Contractor | October 2020 |

4.4) How will the project contribute towards social value?

The potential economic impact of this scheme has already been discussed in this submission. However there is also a wider social value and this is presented here.

As outlined above in section 3.7, the construction phase of this project will provide significant opportunities for local people to access employment and training. Brighton & Hove City Council operates a local employment scheme, funded through planning obligations, which requires developers to produce a local employment and training strategy and commit to employing at least 20% local labour.

Secondly, the completed scheme will provide employment opportunities for young people, for whom opportunities in retail and leisure are usually easier to access. This sector is traditionally well suited to younger people who might not have the experience demanded by other industries. It provides that vital first rung on the ladder and the workforce churn ensures that replacement demand for labour is regular and reliable. Brighton & Hove City Council will work with its partners to ensure that opportunities are targeted at young and/or unemployed residents.

This positive social value is particularly significant since the Black Rock site is in close proximity to a number of the most deprived neighbourhoods in the city, hence the new jobs provided both during construction and post-completion present a compelling opportunity to help move people into training and work. Local residents will benefit from employment opportunities at the developed Black Rock site. These opportunities will be important to helping address socio-economic deprivation in some of the wards around the eastern seafront.

4.5) State Aid Compliance.

State aid implications of the wider Brighton Waterfront project have been considered at each stage of the project. To date, no implications have been raised by the council's lawyers, Osborne Clark.

The council has sought counsel advice on the current arrangements from Nigel Giffin QC (from law firm 11KBW). Leading counsel has confirmed that it is unlikely that any state aid issues will arise.

Osborne Clark continue to advise on State Aid as the CLAA is refreshed and developed.

5. The Financial Case

5.1) what is the estimated total project cost and the amount of LGF being applied for? Please complete the funding breakdown tab in the supporting excel spreadsheet.

Black Rock venue funding package (values shown £ millions)

Year (financial year ended March)	Total project cost	LGF
17/18	£2.72m	£0.10m
18/19	£5.60m	£0.25m
19/20	£10.03m	£3.00m
20/21	£24.42m	£8.76m
Total to 2021	£42.77m	£12.11m
2021/22 to 2022/23	£89.94m	£0.00m
Total cost	£132.71m	£12.11m

Note: these figures are the latest available forecast estimates.

5.2) Please set out the project expenditure items

Date of this estimate: 12 April 2017

Projects costs (delete as appropriate)	Total cost (£ millions)	LGF (£ millions)	Match funding (£ millions)
Land acquisition	-	-	-
Planning and feasibility studies	£7.5m	£0.25m	£7.25m
Surveys	£0.5m	£0.1m	£0.4m
Enabling works	£3.0m	£3.0m	-
Construction, inc- materials, equipment and labour	£110.21m	£8.76m	£101.45m
Fit out (inc. equipment and furnishings not included in	£2.0m	-	£2.0m

construction)			
Contingency	£9.5m	-	£9.5m
Total net cost	£132.71m	£12.11m	£120.6m
VAT	n/a	n/a	n/a
Total gross cost	n/a	n/a	n/a

5.3) Net present value (NPV) cash flow analysis.

Assumptions:

Present value: 2017

Discount rate: 3.5%

Details of calculations can be found in Appendix 1 at the end of this document.

Options	NPV
Do nothing, minimum or status quo	n/a
Proposed option	£0.60m
Alternative option	n/a

The NPV for the Do Nothing scenario was not assessed since the existing Brighton Centre is not considered to be a long term going concern. In the longer term, due to the deteriorating conditions of the existing Brighton Centre, the centre would no longer be fit for purpose so revenues would decline to nil.

The NPV for the Alternative option has not been assessed because this option is not considered to be sufficient to bring the Brighton Centre to current expected quality norms. Investment considered in the Alternative option would only extend the life of the current facility to a finite extent.

5.4) Value for money

Once the Black Rock venue is operational, it will support approximately 235 FTE jobs:

	Jobs supported (FTE)
Jobs supported (FTE)	235
GVA per annum (£m)	£8.4m
Ratio of LGF grant to jobs	£51,537 per job

This assessment understates the economic benefit (and hence overstates the cost per net new job) of the Black Rock development as it *excludes the benefits from the construction phase, the visitor economy, and the wider indirect benefits from the development of Brighton Centre*. In addition to these stated impacts, the development will support a further **75** FTE jobs during the construction phase and **460** FTE jobs via the wider tourism impacts generated by visitors to Brighton & Hove stimulated by the increased use of this public facility.

Key economic benefits not captured in the quantitative analysis at this stage include:

- Conference and exhibition events have the potential to translate intellectual capital and agglomeration effects into economic benefits through the creation of new businesses centred around the area in which the event was held (i.e. a “hub” effect);
- Brighton and the wider Coast to Capital region will be showcased to international business and academic delegates, potentially attracting increased inward migration to the area;
- The increase in delegate numbers may have an additional multiplier effect as a result of additional subsequent exports or through repeat visits to the city or region after the event; and
- Social and welfare benefits outlined in section 4.4 above.

Should this application proceed to the next step, Brighton & Hove City Council proposes to undertake a

more detail economic impact assessment of the benefits offered by the conference centre/arena.

5.5) VAT status

All cost and revenue figures in this document exclude tax. This is based on the assumption that the Council can reclaim VAT in full.

5.6) Financial sustainability

Over 10% of capital finance for the project is generated by the project itself, this being the capital receipt from the sale of the Brighton Centre to SLI (11%).

The financial charges associated with the borrowing being undertaken by the Council will be met by:

- the rent received from the operator of the arena/conference centre;
- 50% of the additional business rates generated by the extension to the Churchill Square shopping complex; and the
- savings made in the current Brighton Centre operating budget.

The financial viability of the project will be regularly tested at key milestones to ensure it can proceed with the development costs of both sites with SLI funding at their own risk. SLI will also fund the financing charges associated with the business rates borrowing if the extended shopping complex is not opened within one year of its anticipated completion date.

Once the arena/conference centre is completed, the ongoing running costs will be met by the operator, supported by a £1m per annum subvention budget retained by the Council for the provision of conferences. Provision will also be made for the costs of maintaining any new public realm and transport infrastructure within new council budgets established during the viability work.

6. The Management Case

6.1) In which financial year do you expect your project to commence? 2017

6.2) In which financial year do you expect your project to complete? 2023

6.3) Please set out the key milestones related to the project.

The table below sets out the latest development programme for the Black Rock development project.

Milestone	Start date	Completion date
SLI & Brighton & Hove City Council Approval	05/06/2017	05/06/2017
Exchange Conditional Land Agreement	03/07/2017	03/07/2017
Conclude Feasibility Study	03/07/2017	29/06/2018
Submit Outline Business Case	03/07/2017	03/07/2017
Venue Operator Selection Process	04/12/2017	25/05/2018
Select Venue Operator	28/05/2018	29/06/2018
Agree Development Strategy	02/07/2018	21/09/2018
Instruct Early Works / Enabling Package Black Rock	24/09/2018	20/09/2019
Submit Planning Applications For Central & Eastern Sites	28/06/2019	28/06/2019
Submit Full Business Case for Black Rock	06/04/2020	06/04/2020
Commence Building Contractor Tender Process	04/05/2020	04/05/2020
Select Building Contractor	04/05/2020	30/10/2020
Start On Site	16/11/2020	16/11/2020
Practical Completion - Brighton Conference & Black Rock Venue	18/12/2023	18/12/2023

6.4) Project management arrangements

Team leadership and coordination

Team leadership is fundamental to the successfully delivery of the Black Rock site development. The established project team have true leadership qualities, being able to interact at Board level, influence senior managers, communicate across all levels of the project teams and act as project champion in order to deliver the project.

Project and team management techniques

The project team assembled for the Black Rock project have extensive experience of building, integrating and leading multidisciplinary teams to design, construct and deliver large complex projects. The project team will set out a delivery plan for the project that will incorporate the following key elements:

- Definition of responsibilities and programme requirements for each team member
- Principal communication links among parties
- Preparation of weekly issues and deliverables schedules combined with weekly progress reviews with Brighton & Hove City Council
- Preparation of a stakeholder management plan and briefing programme
- Establishment of principal meetings
- Definition of project milestones and associated gateway reviews
- Preparation of the project execution plan
- Establishment of the design management procedures
- Establishment of the cost management procedures
- Programme management
- Commissioning and handover

The team building approach is based around clearly defining the tasks required, the timescales for delivery and the responsibilities of each team member. The project team will establish the principles of mutual respect, collaborative working and effective communication to ensure that each member of the team understands their role and responsibilities, the timescale for discharging their responsibilities and the outputs required at each stage of the project. This approach ensures that no team member works in isolation or is unsure of the immediate or subsequent tasks.

6.5) Key project roles and responsibilities.

Brighton & Hove City Council: Landowner and responsible for delivering construction phase of new venue

Standard Life Investments (SLI): Council's development partner responsible for coordinating and paying for all pre construction services associated with the delivery of the new venue on the Black Rock site including obtaining planning permissions and procuring and letting a building contract.

Role	Example of responsibilities	Name / organisation
Development Partner	<ul style="list-style-type: none"> • Appointing, instructing and directing the project professional team. • Coordinating and leading the procurement and selection process of the venue operator • Submitting planning application(s) for new venue and any ancillary development • Managing co-ordination of the partners and working groups engaged in project work. • Procuring building contractor 	SLI
Project Sponsor	<ul style="list-style-type: none"> • Acts as champion of the project. • Is accountable for the delivery of planned benefits associated with the project. • Ensures resolution of issues escalated by the Development Partner or the Strategic Delivery Board. 	Nick Hibberd, Executive Director Economy, Environment & Culture.

	<ul style="list-style-type: none"> •Sponsors the communications programme; communicates the programme's goals to the organization as a whole. •Makes key organisation/commercial decisions for the project. 	Brighton & Hove City Council
Strategic Delivery Board	<ul style="list-style-type: none"> • Championing the project and raising awareness at senior level. • Approving strategies, implementation plan, project scope and milestones. • Resolving strategic and policy issues. • Driving and managing change through the organisation. 	Brighton & Hove City Council*
Senior Consultant /Supplier-side Project Manager	<ul style="list-style-type: none"> • Ensures that mandatory supplier requirements are met. • Manages the production and approval of the supplier side of the budget. • Makes effective use of supplier resources within the approved budget. • Tracks performance of consultants and takes appropriate action. 	TBC
Project Team Members	<ul style="list-style-type: none"> • Provide functional expertise in an administrative process. • Work with users to ensure the project meets business needs. • Documentation and analysis of current and future processes/systems. 	Various

*Brighton & Hove City Council Boards:

- Policy Resources and Growth Committee (PRG): Council Committee with ultimate responsibility for resourcing and decision-making
- Corporate Investment Board: Lead Corporate Board for City Council and will oversee Executive Board for the Waterfront Project
- Strategic Delivery Board: Strategic Councillor led delivery board – oversee project and linkages
- Project Board: Councillor decision-making board – to own and sponsor project and maintain momentum
- Executive Board: Chief Executive and Senior Officer Board to act as accountable body for Local Authority and ensure terms of the CLAA are complied with. Will report to Corporate Investment and Strategic Delivery Board (and ultimately to PRG).
- Project Monitor: Yet to be appointed. Reporting to the Executive Board and responsible for Council inputting to joint activities and monitoring activities of SLI to allow Council to be able to sign off requirements of the CLAA in timely manner.

6.6) Governance, oversight and accountability

Greater Brighton Economic Board (GBEB) has endorsed the initial project (26 January 2016) and this will be progressed through the project pipeline and via future meetings of the Board.

The proposal was approved by Brighton & Hove City Council's PRG Committee on 28 April 2016.

Regular reporting will take place via the Council's own internal reporting systems to its Corporate Investment Board and also to GBEB. It is likely that given the significance of the project, reports will be taken to Brighton & Hove City Council's PRG Committee, which is overseeing the delivery of the full project.

6.7) Communications and stakeholder management

A draft communication and consultation plan was produced in March 2017 by SLI's current strategic communications and planning consultants, GL Hearn.

The programme sets out a five-stage engagement and consultation strategy:

- Stage 1 – early engagement with local stakeholders around both sites
- Stage 2 – promotion and consultation around design competition/emerging concept plans – to be transparent and to retain control of messages
- Stage 3 – appointment of operator and approval of schemes – promotion
- Stage 4 – pre-application engagement
- Stage 5 – submission to committee – promotion of the application

Engagement activity has been based on, and will in future be based on:

- Correspondence – letters, emails, phone calls
- Meetings, briefings
- Printed collateral – newsletters, flyers
- Online – website, social media
- Media – editorial and advertising, online and print
- Events – workshops, drop in sessions, exhibitions

The stakeholders to be consulted are classified as follows:

- Brighton Waterfront – Those stakeholders that have a city-wide interest in the Waterfront project
- Brighton Waterfront East – Those stakeholders that have a specific interest in the Black Rock site
- Brighton Waterfront Central – Those stakeholders that have a specific interest in the Brighton Centre/Churchill Square site

6.8) Benefits management

A benefits realisation plan will be produced to detail the expected benefits of the project, against which benefits realisation will be evaluated at defined points within the project lifecycle, to tie up with reporting to financiers and partners.

The benefits realisation plan and evaluation will help Brighton & Hove City Council and other key stakeholders to understand the immediate and medium term impacts of the development and its performance with respect to stated objectives. The evaluation will also help Brighton & Hove City Council to make appropriate decisions on related investment in the future, particularly for the wider Brighton Waterfront project.

Benefits will be evaluated in the immediate (Year 1) and medium term (Year 5). The immediate term report will assist in understanding what issues the scheme is experiencing in its early phase. The medium term allows early comparisons with the predictions forecast; this will inform Brighton & Hove City Council as to the trajectory of success or otherwise of the scheme on meeting objectives as well as providing information.

6.9) Project evaluation

The purpose of an evaluation is to understand causal links between an intervention and wider change in an area including changes to socio-economic characteristics and human visitor behaviour.

Monitoring and evaluation has been integral to the assessment of public sector policy and project interventions in the UK for many years and the principles are well articulated in a number of key documents relating to appraisal and evaluation⁹. Techniques and approaches developed for monitoring and evaluation can be consistently used across discipline areas. A thorough baseline report and baseline statement is of critical importance in devising an effective monitoring and evaluation framework.

It is anticipated that the evaluation of the Black Rock development should follow a Theory of Change approach recognising causal links for change and reflecting the timescale for delivering the identified range of outputs and outcomes, as recommended in HM Treasury Magenta Book guidance¹⁰.

The evaluation will largely be based on data that is already collated by various parties though qualitative

⁹ These documents include: HM Treasury Green Book, RDA Impact Evaluation Framework, 3Rs Guidance, Additionality Guide and WebTAG.


¹⁰ <https://www.gov.uk/government/publications/the-magenta-book>

material from key stakeholders will be collected specifically for the evaluation. At this stage, we anticipate that the findings and conclusions of the Black Rock Monitoring and Evaluation Plan will be reported through three separate reports:

- A baseline report
- One year after report
- Five years after report

Recommendation/ Declaration

Recommendation- please state clearly the recommended action this business case supports.

Declaration:	I certify that the information provided in this Outline Business Case is complete and correct at the time of submission.	
Signature:		
Print Name:	Nick Hibberd	
Title:	Executive Director Economy, Environment and Culture	
Date:	13 April 2017	

Before submitting your Business Case ensure you have all the required supporting documentation:

- One electronic copy of the business case template, signed and dated
- Excel Spreadsheet
- Any other Supporting documents and evidence required

Appendix 1

Supporting calculations to the Net Present Value cash flow analysis.

Assumptions:

Present value: 2017

Discount rate: 3.5%

Details of calculations:

	Total £	2018	2019	2020	2021	2022	2023	2024	2025
Capital costs (£m)	(132.71)	(2.62)	(5.35)	(4.16)	(24.30)	(47.73)	(41.19)	(5.66)	(1.68)
Funding package (£m)	132.71	2.72	5.60	10.03	24.42	45.34	39.22	5.38	0.00
Net capital cash flow (£m)	(0.00)	0.10	0.25	5.86	0.12	(2.40)	(1.97)	(0.28)	(1.68)
Discount period		1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0
Discount factor		0.966	0.934	0.902	0.871	0.842	0.814	0.786	0.759
NPV of net cash flow (£m)	0.60	0.10	0.23	5.29	0.10	(2.02)	(1.60)	(0.22)	(1.28)