

COAST TO CAPITAL LOCAL GROWTH FUND OUTLINE BUSINESS CASE

Project Title:	Horley Business Park
Lead delivery organisation:	Reigate and Banstead Borough 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:

Infrastructure investment to provide vehicular access to a new strategic employment site providing high quality business park space adjacent to Gatwick airport, within a short walking distance of the station, and immediately adjacent to the motorway network providing in the region of 1,800,000 sqft on phase 1 with the possibility of further development on phase 2. The proposal will provide office accommodation across a wide spectrum of sizes, from collaborative working through multi let comparison through to self-contained HQ buildings. It is anticipated that the proposals will attract significant inward investment to the region without any loss to current employment floor space. The Business park is planned to attract local SME's, national and international companies to a location with exemplary connectivity to London, and the rest of the UK as well as internationally.

The offer is planned to be like no other in the Gatwick Diamond region in terms of scale and offer ensuring the work environment provides the tenant amenity to attract the type of employers and businesses that will reinforce local employment opportunities. Businesses recognise the importance of amenity space and work environment and this park is aimed at ensuring the built environment will provide this.

Local supply of this accommodation has started to dry up locally and without further investment existing companies looking for larger space or new businesses will have to look elsewhere.

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 type="checkbox"/>
Housing and Regeneration	<input type="checkbox"/>
Skills and workforce	<input type="checkbox"/>
Business and Enterprise	<input checked="" type="checkbox"/>

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

Bringing a new, purpose built, high quality office campus development to the area, in close proximity to Gatwick Airport, would be an extremely attractive offer to both local occupiers and multi nationals. The development would attract leading businesses to the area, creating high quality/high value jobs, and provide outstanding supply chain opportunities. With only 800,000 sqft of new or grade A accommodation in the M23 corridor between Croydon & Brighton (inclusive) and with a significant element of that space under offer, the Horley business park will allow the creation of much needed Grade A office stock for the Gatwick Diamond region.

We are looking to create a best in class business park equal in quality to any other offer in the south east. This is in recognition that current demand outstrips supply and there is a severe shortage of commercial land supply in the borough and neighbouring authorities. Unless current demands can be satisfied there is clear risk that successful businesses in the Gatwick Diamond area might look to relocate to find the high grade accommodation they require, resulting in a reduction in high value jobs in the Coast to Capital sub-region.

The proposed development is of a scale to attract other potential occupiers from the national and international market attracted by the accommodation offer, wider business park environment and the outstanding market connectivity provided by access to Gatwick airport and the rail and road network.

By developing a site north of Gatwick with strong air, rail and road connections, the Horley SES will be capable of meeting the high demand for commercial premises and will attract leading businesses into the area without any loss of existing employment space.

Thus this proposal will meet the employment needs of the local area, the borough and the Gatwick diamond area. Successful delivery of the site will make significant progress on the LEP's target to create 100,000 private sector jobs by 2035.

Creating a large employment site north of Gatwick, along the M23, will place it in a prime position to establish strong connections with London, nearby identified sites for further development (Manor Royal, Crawley and Horsham), and the rest of the Gatwick Diamond area.

The development would make a significant contribution to the areas international competitiveness raising the profile of the LEP area and the County. Horley Business Park will encourage inward investment by delivering business premises capable of accommodating up to 22,500 new jobs of a high value in phase one of development. Phase 2 could deliver a potential further 8,000 jobs. The development would make a substantial contribution to increasing the business rate base for the area.

It will enhance trade and inward investment, improve international connectivity through Gatwick. Develop supply chains, focus growth in a priority location addressing the issue of net exportation of highly skilled workforce in the Reigate and Banstead, Gatwick Diamond and wider LEP area.

By developing a 1.8 million+ sq ft business park in phase 1 the Horley SES maximizes the potential benefits of the 'Gatwick Effect'; fully enabling private sector investment in a LEP identified priority growth location, the heart of the Gatwick Diamond.

1.4) Expected Total Project Cost and source of funding. Please also complete the funding breakdown tab on the supporting spreadsheet.

	Amount	% of Total Cost
Total Project Cost	£10,000,000	100%
Applicant own funds	£6,972,225	70%
Other public funds		
Private sector funds		
Funding requested from Coast to Capital LEP	£3,027,775	30%

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.	22,500
Businesses assisted- financial and non- financial	No.	-
Skills- new learners and/or apprentices	No.	-
New housing unit completions	Units	-
New floor space constructed/refurbished- learning	Sq mtr	-
New floor space constructed/Refurbished- Commercial	Sq mtr	167,225sqm (1,800,000 sqft)
Length of new roads/cycle ways	km	Road: 1.55km Cycle Ways: 3.3km
Improvement to journey times	Minutes per mile	-
Carbon reduction	Tonnes of CO2	-

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

DOCUMENT STATUS

REVISION HISTORY

Revision Date	Version No.	Summary of changes	Author/editor

DOCUMENT AUTHOR

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DISTRIBUTION LIST

2. The Strategic Case

2.1) Describe the compelling case for change.

Development Management Plan (Regulation 18 Stage) June 2016

The below evidence represents relevant extracts from the Development Management Plan June 2016 which contains initial technical work to inform the identification of potential site options for delivering a new strategic site for employment provision within the borough.

Regional and Sub-regional strategies

The principle of larger 'strategic' employment development is well established as an ambition across the Gatwick Diamond area within which the borough sits

The Gatwick Diamond Local Strategic Statement (2012) states that, whilst the emphasis for economic growth will continue to be on 'smart growth', the Diamond lacks a strategic business location capable of attracting business which cannot reasonably be accommodated within existing business areas. It recognises that, in the longer term, this would be a valuable asset but that it would need to be complementary to existing business areas.

More recently, the Coast to Capital LEP has also identified the 'heart of the Diamond' as a strategic growth location that should be a focal point for future growth.

The Coast to Capital Strategic Economic Plan 2014 also identifies gaps in the range, type and quality of business premises currently available in the borough and across the wider 'heart of the Diamond' area to serve business needs.

Meeting local employment needs

Based on the methodology set out in the national Planning Practice Guidance, the Economic Needs Assessment 2016 recommends planning for delivery of the following employment space – **as a minimum** – in the period to 2027:

- 6,500sqm of additional industrial space
- 11,000sqm of additional storage and distribution space
- 25,500sqm of office space

There is growing pressure on existing employment land provision in the borough (and more widely), particularly because of national policy changes and permitted development rights which are resulting in a loss of employment sites to residential use, in 2016 extant planning permissions equated to a loss of over 40,000 sqm of employment land (RBBC Annual Monitoring Report, 2016). There is also a need to compensate for losses to ensure that forecast additional jobs can be accommodated within the borough.

Thus, the strategy of focusing on existing employment areas and town centres in order to meet growth needs – as envisaged through the Core Strategy – is increasingly challenging. Against the needs identified above, sites potentially capable of delivering approximately 8,000sqm of additional offices and 17,500sqm of industrial space have been identified. This leaves an unmet local need for at least 17,500sqm of office space and potentially as much as 50,000sqm based on economic and market-led scenarios.

Note:

Along the M23 corridor there are only 3 buildings currently under construction, Nexus, Manor Royal (Surrey County Council), Ruskin Square, Croydon (Stanhope) & Prospero, Redhill (Mc Kay Securities).

The current grade A supply stands at 800,000 sqft with a significant element of this currently under offer, e.g. 180,000 under offer in Ruskin square to HMRC.

Please see Appendix 1 'Evidence of need for public intervention and critical need for the project'

Addressing unmet employment needs in adjoining areas

Of those who have recently adopted a new Local Plan, Crawley in particular identify a shortfall in land

available to meet forecast employment requirements. The Council's Economic Growth Assessment 2015 (EGA) identifies a need for at least 57.9 hectares of additional employment land; however, the Local Plan and the Council's latest Employment Land Trajectory 2015 only identifies – at this stage – opportunities to deliver approximately 23ha of net additional employment space due to compact urban nature of the borough and extent of land restricted by airport safeguarding. In terms of floor space, the table below compares the requirements identified in the EGA with available sites in the trajectory and shows an unmet need for approximately 142,000sqm of employment land in Crawley.

	B1a/B1b	B1c/B2/B8	Total
Employment land requirements (EGA 2015) (sqm)	139,220	147,970	287,190
Identified sites (Trajectory 2015) (sqm)	78,536	66,311	144,847
Surplus/deficit (sqm)	60,684	81,659	142,343

Similar areas that have identified shortfalls include:

Land North of Horsham mixed use scheme:

This proposes a 500,000 sq ft high quality business park to address the identified shortage of business floor space in Horsham alone, creating 3,500 jobs.

Former Novartis Site, Horsham:

West Sussex County Council has purchased the 19.6 acre former Novartis site. Novartis specialised in pharmaceuticals and WSCC has recognised the loss of this business leaves a gap in the market in terms of high value labour. The intention is to develop a business park for health and life sciences creating 1,000 jobs and plugging the labour loss after the departure of Novartis.

Burgess Hill Business Park Development:

Burgess Hill's existing employment offer comprises the town centre and two industrial estates: Victoria and Sheddingdean. However, due to several factors including quality, age, re-development plans and future demand, it is considered that additional employment space is needed in the town.

The similarity of the above scenarios emphasises the necessity of the Horley Business Park given the evidence. However, this project does differ in that it is situated next to Gatwick and the M23 giving any business exemplary connections to Reigate and Banstead, the Gatwick Diamond, London and International Markets. The proposed size of the business park will also ensure that there is a suitable provision of commercial space to meet current and future demands for the foreseeable future.

Retaining highly skilled local labour

The Coast to Capital Strategic Economic Plan identifies how to address market failures in the local labour market as an integral part of future economic growth and prosperity in the sub-region. The Plan finds that *“there is evidence of under-employment in the Coast to Capital LEP area and a poor use of existing talent”* and that, partly thus, *“many of its most talented residents are lost to neighbouring labour markets, where salaries and jobs are often better.”*

As part of the vision for the area, the Plan recognises that *“if the Coast to Capital LEP is to become a globally competitive location, it needs its businesses to raise their game; to increase the demand for higher level skills and to deploy them more effectively.”*

Market failure of this nature is present in Reigate & Banstead. 2011 Census data illustrates that approximately 63% of the borough's residents who are employed in the top three occupation levels commute out of the borough to work. This equates to approximately 22,700 employees, or nearly one-third of the borough's total labour supply. This pattern is not only a constraint on local economic growth but is unsustainable in other ways, with high levels of out-commuting generating pressure and congestion on transport infrastructure, increasing pollution and environmental damage and impacting adversely on resident's quality of life and well-being.

Delivering the ambition to better retain highly skilled labour within the area is likely to generate

additional demand for employment space across the Coast to Capital area. Given the nature of jobs which would be required to both promote greater retention of high-skilled workers and align with the regional sectoral strengths, this additional demand is likely to fall particularly on office (B1a), research and development (B1b) and high tech manufacturing (B1c) sectors.

Development Management Plan Remarks

Based on locally generated need and unmet needs from adjoining Gatwick Diamond districts, the indicative scale of strategic employment provision required could be approximately 200,000sqm (circa 2,100,000 sq ft).

Land at Fishers Farm and Bayhorne Farm and Land west of Balcombe Road have been assessed as the most appropriate location for a Strategic Employment Site based on their fit with critical success factors, planning constraints and likelihood of availability.

It should be stressed that this report represents an initial assessment of options. For any of the potentially suitable sites, further, more detailed work should be carried out to examine constraints in detail and scope out the mitigation and infrastructure necessary to support and enable development.

Conclusion

Successful local growth funding of the project will help create a best in class Business Park, unlocking 1.8 million sqft of employment land along the M23 in the heart of the Gatwick Diamond and with that 10,000 to 15,000 diverse, high value jobs.

The proposal for a business park in Horley will confront the priority issues that need addressing in Reigate and Banstead as well as the wider economy, namely meeting local employment needs and retaining high value jobs within the area.

Other developments occurring throughout the Borough are not able to provide commercial space on the same scale as the Horley Business Park, which highlights the importance of this proposal given the emergence of a commercial space deficit in recent years.

Failure to secure this funding will severely delay the progression of the project and is unlikely to address the identified issues promptly. This will result in the continuation of high quality labour and business exportation for the foreseeable future, hindering the economic performance of the Gatwick Diamond.

The Horley Business Park maximizes the potential benefits of the 'Gatwick Effect'; improving connectivity with Gatwick Airport and fully enabling private sector investment in a LEP identified priority growth location, the heart of the Gatwick Diamond.

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

Create a class leading and national leading business park, with excellent strategic connectivity including rail, road and airport links, that will attract national and international businesses as well as supporting local businesses with space from incubator up to large international headquarter buildings.

The first stage is the road infra structure connection directly to the motorway network. This will lead to the catalyst that will give business's the confidence about delivery of the park and enable the signing of necessary Agreements for Lease that will enable the park to move into the delivery phase.

Part of the business park will also deliver facilities for local people. The project proposes a town park the expense of maintenance for which will be maintained by the Business Park itself.

The business park is also expected to deliver significant benefits to the local economy and in particular

Horley Town Centre.

2.3) Stakeholder Engagement carried out.

Stakeholder engagement has been carried out with Reigate and Banstead Councillors, Highways England, Gatwick Airport, Surrey Highways, West Sussex Highways, Horley Town Council. The Council is promoting the site for inclusion in the Development Management Plan. Community consultation will be progressed when designs have progressed and there is an allocation for the site in the DMP. Other adjoining Local Authorities have also been consulted.

2.4) List the key stakeholders and their interest areas.

Stakeholder	Interest area
Reigate and Banstead Borough Council	Site promoter
Gatwick Airport	Local Employer and largest local employer
Horley Town Council	Area and local town most affected
Highways England, Surrey Highways and West Sussex Highways.	Impact on strategic motorway and local road network
Local Enterprise Partnership	Supporting local enterprise to bring investment to the area
Gatwick Diamond Business	Supporting local business
Adjoining Councils	Impact on local authorities

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

The key strategic issues are land assembly, highways connectivity, strategic engagement with Gatwick Airport, allocation of the site in the local development management plan, and community engagement.

Progress on land assembly for the first phase are well progressed with negotiations and heads of terms being circulated with all the relevant parties. The Council has resolved to use its Compulsory Purchase powers if necessary.

Highways discussions have already occurred and are ongoing. Discussions and design are being evolved with Highways England, Surrey Highways and West Sussex Highways.

Strategic engagement with Gatwick has started.

The site has already been out to consultation as part of Regulation 18 of the evolving Development Management Plan. Regulation 19 is on programme for later this year.

Community engagement is programmed for later this year.

2.6) Project Dependencies

The project dependency once strategic issues have been addresses are infra structure connectivity and demand for space. Sufficient work has now been done on both of these to realise that if infra structure connectivity is provided, occupier demand will follow. This has been established by the level of both occupier and potential investor interest the proposed park has already created.

2.7) Project disruption

The most likely causes of project disruption are delays in the allocation of the site in the emerging DMP and delays in dealing with the Planning Application itself.

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.

Box 1:

Option Name:	Description:	Total cost:	Amount requested:	Core outputs (see 1.5)
Do nothing, minimum or status quo	A business park and its associated benefits would not be delivered	0	0	0
Proposed option	Infrastructure investment to provide vehicular access to a new strategic employment site providing high quality business park	£10,000,000	£3,027,775	Detailed in spreadsheet
Alternative options:	Provide vehicular access but deliver a proportion of the proposed strategic employment site.	£10,000,000	£3,027,775	5,000 to 7,500 jobs 0.9 million sqm of employment space.

Box 2:

Option Name:	Advantages:	Disadvantages:
Do nothing, minimum or status quo	N/A	<ul style="list-style-type: none"> - Fails to address increasing loss of employment space in Reigate and Banstead and the wider area. - Fails to retain or add any skilled labour to the local economy. - Fails to create a business park that can create a centre for national and international business in the Gatwick Diamond.
Proposed option	<ul style="list-style-type: none"> - Addresses increasing loss of employment space in Reigate and Banstead and the wider area. - Retains and adds high value jobs to the local economy. - Creates a centre 	N/A

	conducive for national and international business adding value to the supply chain and local economy.	
Alternative options:	<ul style="list-style-type: none"> - Partially addresses the loss of employment space - Retains a smaller proportion of high value jobs 	<ul style="list-style-type: none"> - Does not provide enough employment space to meet current and future demands. - Results in a business employment site that does not have a critical mass large enough to create a centre for international recognition, thus it will not bring international and potentially national business to the area.

3.2) The preferred option

Infrastructure investment to provide vehicular access to a new strategic employment site providing high quality business park space adjacent to Gatwick airport, within a short walking distance of the station, and immediately adjacent to the motorway network providing in the region of 1,800,000 sqft on phase 1 with the possibility of further development on phase 2. The proposal will provide office accommodation across a wide spectrum of sizes, from collaborative working through multi let comparison through to self-contained HQ buildings. It is anticipated that the proposals will attract significant inward investment to the region without any loss to current employment floor space. The Business park is planned to attract local SME's, national and international companies to a location with exemplary connectivity to London, and the rest of the UK as well as internationally.

The offer is planned to be like no other in the Gatwick Diamond region in terms of scale and offer ensuring the work environment provides the tenant amenity to attract the type of employers and businesses that will reinforce local employment opportunities. Businesses recognise the importance of amenity space and work environment and this park is aimed at ensuring the built environment will provide this.

Local supply of this accommodation has started to dry up locally and without further investment existing companies looking for larger space or new businesses will have to look elsewhere.

3.3) Issues with preferred option.

The issue with the preferred option is there is not really an alternative. Strategic connection to the motorway network is key to the success of a business park of this scale and nature. Without it the local road network would not be of an acceptable size or capacity.

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

Identified Risk	Impact (low, medium, high)	Likelihood (low, medium, high)	Financial impact and value	Mitigating Action
Failure to secure Planning Permission	H	L	10,000,000	Need for the development has already been established Comprehensive pre-application process, including public consultation In-depth site investigations High quality design proposals developed
Land assembly	H	L		On-going discussion with landowners help to mitigate this risk. A CPO process could be carried out if necessary
Lack of pre-let interest	H	L		The level of demand for high quality office accommodation suggests that the risk level is low
Delivery of core services, power, gas, water, waste, storm water storages and IT.	H	L		Survey work and dialogue with service providers mitigates this risk
Lack of support for the project from statutory consultees and other key partners	M	L		On-going dialogue with stakeholders is helping to mitigate this risk

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

By developing a 1.8 million+ sq ft business park in phase 1 the Horley SES maximizes the potential benefits of the 'Gatwick Effect'; fully enabling private sector investment in a LEP identified priority growth location, the heart of the Gatwick Diamond.

CORE OUTPUTS	Total
Jobs directly connected to the intervention	10 - 15,000
Amount of indirect Private Sector Leverage	£400,000,000
Commercial floorspace constructed	1,800,000

The proposed development is of a scale to attract other potential occupiers from the national and international market attracted by the accommodation offer, wider business park environment and the outstanding market connectivity provided by access to Gatwick airport and the rail and road network.

By developing a site north of Gatwick with strong air, rail and road connections, the Horley SES will be capable of meeting the high demand for commercial premises and will attract leading businesses into the area without any loss of existing employment space. Thus this proposal will meet the employment needs of the local area, the borough and the Gatwick diamond area. Successful delivery of the site will make significant progress on the LEP's target to create 100,000 private sector jobs by 2035.

Creating a large employment site north of Gatwick, along the M23, will place it in a prime position to

establish strong connections with London, nearby identified sites for further development (Manor Royal, Crawley and Horsham), and the rest of the Gatwick Diamond area.

The development would make a significant contribution to the areas international competitiveness raising the profile of the LEP area and the County. Horley Business Park will encourage inward investment by delivering business premises capable of accommodating up to 22,500 new jobs of a high value in phase one of development. Phase 2 could deliver a potential further 8,000 jobs. The development would make a substantial contribution to increasing the business rate base for the area.

It will enhance trade and inward investment, improve international connectivity through Gatwick. Develop supply chains, focus growth in a priority location addressing the issue of net exportation of highly skilled workforce in the Reigate and Banstead, Gatwick Diamond and wider LEP area.

3.6) Environmental Impact

A formal environmental impact assessment for the development has not yet been undertaken but will be as part of the development process. Preliminary investigations indicate mitigation measures can be out in place regarding issues such as flooding and wildlife.

3.7) Social Impact

Enabling an employment site of 1,800,000 sqft situated on the door step of Gatwick with journey times to London of less than 40 minutes will provide significant competitive advantages for businesses operating in various sectors. Consequently local residents of the Gatwick Diamond will have a new supply of career opportunities, encouraging local talent to remain within the area.

The vision and design development to date is to create an exemplar office park with diversity in its offer, both in terms of size available competition but also stand and thus rental values. We would also be seeking to offer occupations options from collaborative working through to serviced offices and traditional leases arrangements.

High levels of out-commuting have generated pressure and congestion on transport infrastructure, increasing pollution and environmental damage and impacting adversely on resident's quality of life and well-being. Developing a SES that retains high value jobs and reduces the outflow of talent will relieve some of the pressure on the existing transport infrastructure, particularly around the town centre and train services to London. The benefit being a decrease in pollution and environmental damage as a result of congestion.

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

10,000 to 15,000 Jobs directly connected to the intervention
Employment site of 1.8 million sqft created

3.9) Follow on Investment

Follow on investment from the awarding of funding is substantial both in terms of the economic work in bring forward the business park, the international businesses it is likely to attract. There will also be a positive impact on the economic benefit to the region and area which is estimated will be measured in the billions.

3.10) Skills projects only- Impact on Skills Provision

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

As detailed in Section 2 the loss of highly skilled labour, the continuing shortfall of employment space to meet demand is constraining local economic and business growth. The delivery of a best in class Business Park that is capable of providing 1.8 million sqft of additional employment floorspace and 22,500 high value jobs should address these concerns and create additional benefits for the wider economy.

The size of the projected employment space deficit is becoming more prominent across the wider area which emphasises the necessity of the Horley Business Park given the evidence. Situated next to Gatwick and the M23, Horley Business Park will not only address this issue but will give any business exemplary connections to Reigate and Banstead, the Gatwick Diamond, London and International Markets. Making connections with markets international places the Horley Business Park on the map as a first class location to do business that is likely to draw large employers both nationally and internationally. The proposed size of the business park will also ensure that there is a suitable provision of commercial space to meet current and future demands for the foreseeable future.

The Coast to Capital Strategic Economic Plan identifies address market failures in the local labour market as an integral part of future economic growth and prosperity in the sub-region. In particular, the Plan finds that *“there is evidence of under-employment in the Coast to Capital LEP area and a poor use of existing talent”* and that, partly as a result, *“many of its most talented residents are lost to neighbouring labour markets, where salaries and jobs are often better.”*

As part of the vision for the area, the Plan recognises that *“if the Coast to Capital LEP is to become a globally competitive location, it needs its businesses to raise their game; to increase the demand for higher level skills and to deploy them more effectively.”*

Market failure of this nature is present in Reigate & Banstead. In particular, 2011 Census data illustrates that approximately 63% of the borough’s residents who are employed in the top three occupation levels commute out of the borough to work. This equates to approximately 22,700 employees, or nearly one-third of the borough’s total labour supply. Enabling the creation of a best in class Business Park that delivers 22,500 diverse, high value jobs will not only address this constraint on local economic growth but will have a multiplier effect beyond the businesses that reside in the Park, that is likely to add value to the wider supply chain and inject a significant amount of income into the local economy.

This project will provide new job and skill development opportunities to residents across the wider area, raising Reigate and Banstead skills level and retention of local talent. Delivering the ambition to better retain highly skilled labour within the area is, in itself, likely to generate additional demand for employment space across the Coast to Capital area. Given the nature of jobs which would be required to both promote greater retention of high-skilled workers and align with the regional sectoral strengths, this additional demand is likely to fall particularly on office (B1a), research and development (B1b) and high tech manufacturing (B1c) sectors.

The proposal for a business park in Horley will confront the priority issues that need addressing in Reigate and Banstead as well as the wider economy, namely meeting local employment needs and retaining high value jobs within the area. Other developments occurring throughout the Borough are not able to provide commercial space on the same scale as the Horley Business Park, which highlights the importance of this proposal given the emergence of a commercial space deficit in recent years. The Horley Business Park maximizes the potential benefits of the ‘Gatwick Effect’; improving connectivity with Gatwick Airport and fully enabling private sector investment in a LEP identified priority growth location, the heart of the Gatwick Diamond.

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?

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

Metric	Baseline		What the intervention will achieve	
	Figure	Year	Figure	By when

4. The Commercial Case

4.1) Please provide details of your envisaged procurement route.

Procurement of the infra structure will either be through OJEU compliant tendering procedure or using one of the National/Local Government Framework contracts to procure both the professional construction consultant team and the construction contractor.

4.2) Involvement of private development partners.

Horley Business Park LLP has been formed to deliver the wider project. This brings together Reigate and Banstead Borough Council and Mill Hill Properties. A Joint Venture agreement has already been signed.

4.3) Procurement plan and timescales.

A substantial amount of the professional team have already been appointed on preliminary master planning.

Detailed design on infra structure is planned for last quarter of 2016/2017 and work would be planned to start in 2017/2018. Infra Structure is likely to take 9 months to deliver.

4.4) How will the project contribute towards social value?

Enabling an employment site of 1,800,000 sqft situated on the door step of Gatwick with journey times to London of less than 40 minutes will provide significant competitive advantages for businesses operating in various sectors. Consequently, local residents of the Gatwick Diamond will have a new supply of career opportunities, encouraging local talent to remain within the area.

The vision and design development to date is to create an exemplar office park with diversity in its offer, both in terms of size available competition but also stand and thus rental values. We would also be seeking to offer occupations options from collaborative working through to serviced offices and traditional leases arrangements.

High levels of out-commuting have generated pressure and congestion on transport infrastructure,

increasing pollution and environmental damage and impacting adversely on resident's quality of life and well-being. Developing a SES that retains high value jobs and reduces the outflow of talent will relieve some of the pressure on the existing transport infrastructure, particularly around the town centre and train services to London. The benefit being a decrease in pollution and environmental damage as a result of congestion.

4.5) State Aid Compliance.

The project does not provide assistance and does not give an advantage to one or more undertakings over others.

The Strategic Employment Site is not targeted at any particularly sector or certain means of production. The Horley site will contain a mixture of use.

Market failure exists within the Gatwick Diamond. Large employment sites are scarce on the South side of the M25 along the M23 despite its prime location and the current demand for additional business space. Consequently, the proposal to develop this site will not distort competition but will strengthen it by directly addressing the issue.

To bring forward the development project some seed funding is required to provide the preliminary infrastructure. This will encourage the end users to sign up to pre-let agreements for the build phase to be commenced.

There is no funding available to deliver this aspect of the project. The funding is not considered to be State aid as it would not distort competition or impact on trade between Member States.

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.

Year	Total project cost	LGF
17/18	£2,499,999	£756,943
18/19	£7,500,001	£2,270,832
19/20		
20/21		
Total	£10,000,000.00	£3,027,775

5.2) Please set out the project expenditure items

Please state the date of this estimate- March 2017

Projects costs (delete as appropriate)	Total cost (£)	LGF (£)	Match funding (£)
Land Acquisition	£2,000,000		£2,000,000
Planning and Feasibility studies	£100,000	£30,000	£70,000

Surveys	£20,000	£6,000	£14,000
Construction, inc- materials, equipment and labour	£6,730,000	£2,469,000	£4,033,225
Fit out (inc. equipment and furnishings not included in construction)	n/a		
Project management	£150,000	£45,000	£105,000
Consultancy	£500,000	£300,000	£400,000
Other (please specify)	n/a		
Contingency*	£500,000	£177,775	£350,000
Total Net Cost	£10,000,000	£3,027,775	£6,972,225
VAT	£2,000,000	£605,555	£1,394,445
Total Gross Cost	£12,000,000	£3,633,330	£8,366,670

5.3) Net Present Value cash flow analysis.

Options	NPV
Do nothing, minimum or status quo	
Proposed option	
Alternative option	

Please detail your project assumptions and discount rate used- Given the short term nature of the expenditure NPV figures are not relevant

5.4) Value for money

The support of £3,027,775 would help create 10-15,000 new jobs at project completion. This gives a cost per job of c£201 per job.

5.5) VAT status

The Joint Venture between Reigate and Banstead Borough Council and Mill Hill Properties is registered for VAT.

5.6) Financial Sustainability

The financial sustainability of the company is excellent as it is backed by Reigate and Banstead Borough Council.

Given the size and nature of the project as a whole a further venture Partner will be required this is likely to be either a large development company or one of the Countries leading Pension Funds. Preliminary market intelligence suggests such funding will be available.

6. The Management Case

6.1) In which financial year do you expect your project to commence?	17/18
6.2) In which financial year do you expect your project to complete?	19/20

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

Milestone	Start date	Completion date
Outline Design	Already started	3 rd quarter 2017/2018
Detail design	3 rd Quarter 2017/2018	4 th Quarter 2017/2018
Land acquisition and drawdown	1st Quarter 2018/2019	1 st Quarter 2018/2019
Construction	2 nd quarter 2018/2019	4 th quarter 2018/2019

6.4) Project management arrangements

Horley Business Park LLP has been formed to deliver the wider project. This brings together Reigate and Banstead Borough Council and Berwick Hill Properties. A Joint Venture agreement has already been signed.

Reigate and Banstead Borough Council will manage the day to day project management.

Highways England has agreed to work with us to bring forward the delivery of the access road project, accepting the strategic nature of the project in terms of creating employment opportunities.

A full design team has been appointed and we are working towards submission of an outline Planning Application in early 2017.

6.5) Key project roles and responsibilities.

John Jory – Chief Executive – Reigate and Banstead Borough Council – Project lead and Director of Joint Venture.

John Reed – Head of Property – Reigate and Banstead Borough Council – Director of Joint Venture and Development Manager.

Howard Redhouse – Director of Joint Venture vehicle and Mill Hill Properties and Development Manager.

Jeremy Richardson – Director of Joint Venture vehicle and Mill Hill Properties and Development Manager.

6.6) Governance, oversight and accountability

Corporate governance is over seen by Gavin Handford – Head of Legal Services Reigate and Banstead Borough Council.

Political oversight is provided by key stage sign off of the project by the Councils Executive. Interim oversight is provided by the Councils Strategic Property Group comprising Leader of the Council, Deputy

Leader, Portfolio Holders for Finance and Property.

6.7) Communications and stakeholder management

John Jory/John Reed – Stakeholder engagement
Fiona Cullen - Head of Communications – Communications
Philip Kennedy – FTI Consulting – Communications Consultant
Cllr Victor Broad – Leader Reigate and Banstead Borough Council – Community engagement oversight.
Cllr Natalie Bramhall - Portfolio Holder Property Reigate and Banstead Borough Council – Community engagement oversight.

6.8) Benefits management

Simon Bland – Business liaison manager will provide regular updates to Management Team of Reigate and Banstead Borough Council and Councilors about the benefits of the Business Park.

6.9) Project evaluation

Project evaluation will be constantly reviewed by the Joint Venture Directors using agreed key performance indicators on time, cost, quality, benefit and return. Project evaluation will also be undertaken by the Management Team of Reigate and Banstead Borough Council, the Executive of Reigate and Banstead Borough Council. Additional evaluation will be provided at key stages of the project by the Leader of the Council, Deputy Leader, and Portfolio Holders for Property and Finance.

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:	John Reed
Title:	Head of Property Reigate and Banstead Borough Council
Date:	13/04/2017

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**