

SMALL SCHEMES

EXECUTIVE SUMMARY OF BUSINESS CASE

For

Sittingbourne Town Centre Regeneration Project

Project type (rail, road, LSTF, integrated package, maintenance etc.): Regeneration (including roads and Infrastructure)

Small Project (total project cost is below £8m)

Project Location: Sittingbourne Town Centre

Project start date: November 2014 – Submission of detailed planning

Project complete date: November 2018

Project development stage: Detailed design

Promoting authority(ies) name: KCC

Project Manager's name and position:

Project Manager's contact phone number:

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The Strategic Case

1. Project Description

1.1. Purpose: To support the regeneration of Sittingbourne town centre through the delivery of an integrated transport interchange and improvements to the public realm in the vicinity of Sittingbourne railway station.

1.2. Brief description: Improvements to the road network, realignment of St Michael's Road and an integrated transport interchange in front of Sittingbourne station to allow a safer pedestrian experience in the town centre. The whole regeneration project includes for a multiplex cinema, in excess of 200 residential units, small and big box retail units, restaurants, a public square, new Civic Offices with library and Gateway, health centre, general offices and a multi-story car park generating nearly 800 new jobs in the first phase alone.

1.3. Strategic context: The project is identified in "Growth without Gridlock in Kent and Medway" in KCC'S strategic transport plan. The regeneration of Sittingbourne Town Centre is being delivered through a joint venture partnership between Swale BC and a consortium of developers (Spirit of Sittingbourne) in line with the Strategic Economic Plan's aims of encouraging private sector development and the commitment of local authority resources.

Sittingbourne currently suffers from high levels of deprivation and the Borough has the third highest Unemployment rate amongst 18--- 24 year olds in the south east of England. High young adult unemployment is intrinsically linked to long term economic fortunes of a town and its high street.

A town therefore which already suffers from high levels of unemployment amongst young adults will therefore only see this be exasperated by the continual degradation of its High Street. The South East Local Enterprise Partnership's Growth Deal and Strategic Economic Plan makes multiple references to Sittingbourne and its position as a growth area, but if this is to be successful the infrastructure must be provided to kick start positive change and unlocks the town's regeneration plans. The scheme is a core element in the proposals for the wider regeneration of Sittingbourne Town Centre in line with the aims of the South East LEP Strategic Economic Plan to deliver 100,000 extra new homes, 200,000 private sector jobs and stimulate growth through leveraging £10bn of investment by 2021.

Sittingbourne itself is located in Thames Gateway Transport Growth Corridor as set out in the SELEP's strategic Economic Development Plan 2014 and the town centre regeneration is included within the Thames Gateway projects identified within the plan identified for LEP funding. The plan states that there is a requirement within this corridor of unlocking 18,000 jobs and 24,000 new homes. The phase 1 proposals seek to directly address each and all of the priorities as outlined below:

- Promoting sustainable transport; the town centre regeneration is located primarily around the town transport hub with the train station at the centre of it. The new homes are all within a 2 minute walk of the station and the leisure quarter is located at the entrance to the station promoting thus promoting sustainable transport.
- The 1st phase will create 790 new jobs. The scheme will contribute £38.8m GVA per annum to local businesses
- Accelerating delivery of housing schemes across the region

1.4. Current position: The public environment in front of Sittingbourne Station is dominated by traffic from the busy A2. It completely separates the town from the station and provides a substantial barrier to the free flow of pedestrians. The station forecourt contains long stay parking for rail commuters, drop off and pick up areas and a busy taxi rank that have all been implemented in an ad hoc manner with little thought for integration. There is a lack of way finding and signage and pedestrian routes are discontinuous and do not serve the town centre as they should. The recently completed Sittingbourne northern relief road has served to reduce traffic flows along St Michael's Road and the regeneration project will be able to capitalize on this and rebalance the transport and pedestrian options for this part of the town.

All stakeholders involved with the scheme are supportive of the project. During public consultation 97% of those polled wanted to see the regeneration take place. Swale Borough Council (SBC) who are also project partners on the scheme and have signed a Development Agreement as part of the Spirit of Sittingbourne consortium. There are monthly project meetings and SBC alongside the project team have influenced the design of the project so it benefits as many of its residence as possible. Kent County Council, who have land interests in the Highways have agreed terms for the transfer of the highways elements once the land is drawn down for development.

The design takes all other 3rd party land into account and the design does not require any further 3rd party land.

1.5. Proposals: The regeneration project will result in a new highways design that will provide a totally different environment allowing for the free flow of pedestrians and reduced impact from traffic in and around the station. The project will make the area much more pedestrian friendly whilst maintaining traffic flows by providing a revised layout, relocation of traffic signals and removal of a roundabout adjacent to the station. The project will provide an integrated transport solution for pedestrians, traffic, buses and taxis in and around the station

that will support the free flow of traffic and pedestrians in a safer environment. It will provide new dedicated pedestrian routes from the station to the town centre and the High Street and it will free up land for a Cinema, restaurants and retail units directly in front of the station. In addition the regeneration proposals will provide 215 residential units in a flatted scheme and a retail park containing four large retail units on a site to the north of the railway.

1.6. Why should the SE LEP support the project: The project falls within the Kent County Council’s “Growth without gridlock” strategic transport plan and has already benefitted from the completion of part of the Sittingbourne northern relief road and will support the Borough Councils objectives for regeneration and growth. The project will substantially improve the pedestrian environment into and around the town centre whilst reducing the impact on through traffic and this will attract investors and new visitors to the town and unlock the delivery of 215 new homes in a sustainable town centre location. The proposals will reduce the quantum of retail lost to other areas and as a consequence will reduce travel for shoppers that traditionally have shopped in areas away from the town. It will deliver a more attractive town centre that will provide growth for existing as well as new retailers and will encourage developers and entrepreneurs to invest. The project is important to the borough council and is an essential element of the Local Plan. It has been determined through public consultation to be supported by a significant number of local people and retailers. It will provide much needed housing and generate additional income to the Council through new homes bonus and business rates that will help it become more self sustainable in the future as government funding continues to come under pressure.

Case for Change

2. Business needs / Reasons

- **What evidence is there of need for the project?**
 - *The town centre has stagnated and declined for a number of years with little investment and growth. Retail impact assessments demonstrate that there is significant leakage to other retail centres such as Maidstone, Canterbury and Bluewater*
 - *Public consultation and surveys have demonstrated that local people are looking for a better retail and leisure experience in the town.*
 - **What impact does the scheme have on releasing the growth or overcoming barriers to growth?**
 - *The scheme will attract inward investment, new retailers and entrepreneurs into the town. The*

proposed leisure use is predicted to increase footfall in excess of 400,000 visitors per annum and this will benefit existing and new businesses.

- **What will happen if the proposed project is not funded from LGF?**
 - If the project is not funded through the LGF the scheme will not be viable and would fail altogether. An option would be to reduce the scope of the development but this would increase the effect of the highways cost and further affect viability.
- **Is there a potential to reduce costs and still achieve the desired outcomes?**
 - The regeneration project has developed through a number of iterations and costs have been fine tuned to achieve the current viability. There is very little that can be done to reduce the costs any further and the developer has already accepted a reduced margin of profit in order to achieve viability for the project. The costs are gaining greater certainty by going through detailed design prior to works commencing.

3. Benefits

3.1.1. Estimate jobs and homes (direct, indirect, safeguarding, construction etc)

	2015/16	2016/17	2017/18	2018/19	2019/2020	2020/2025	Post 2025	Total
Jobs		330	230	230		330		1,120
Homes			215		150			365

- **Describe the methodology of how the number of jobs and homes is estimated**

The data is based on phase 1 of the project, further design and viability work is required to unlock phase 2. The assumptions for phase 2 are based on duplicating the jobs created in phase 1 the results from 2018 and the new homes is based on retirement living. The detail that is set out below is based on phase 1.

The benefits associated with £2.5m worth of infrastructure investment have been calculated using the Labour Forecasting Tool (LFT). The LFT is able to produce labour forecasts based on historic data. The tool focuses on forecasting labour demand on a month-by-month basis by each occupational group throughout the construction phase of the Proposed Development. Based on a six month construction period the investment could generate an average of 47 jobs (average count per month). Using the LFT forecasts, the construction of the proposed development over a 30 month construction period will generate an average of 330 jobs (average job count per month).

The provision of 330 full time equivalent direct construction jobs will have a positive effect on industries within the construction supply chain, referred to as the indirect effect. To deduce the indirect employment effect a type 1 employment multiplier of 1.7¹ (provided by the Scottish Government) has been applied to the direct jobs figure, resulting in around 230 indirect full time equivalent (FTE) positions.

Based on the above development description, the Proposed Development will generate opportunities for increased employment within Sittingbourne. The following employment calculations are assumption based and are guide for how many jobs could become available as a result of development. The table below demonstrates the indicative number of jobs that are likely to be generated in accordance with guidance provided by the Homes and Communities Agency, Employment Densities Guide 2nd Edition, 2010.

¹ Scottish Government, Type I, employment multipliers, Scotland 2011 (SIC 2007 basis)

Table : Indicative Jobs Generated by Development

Use Class	Area per FTE ² (sqm)	Gross Internal Area in sq m	Net Internal Area in sq m ³	Jobs
A1	19	2843	2274	120
A3	18	3100	2555	90
D2	90	1675	-	20
Total				230

Source: HCA, Employment Densities Guide⁴

There will be a limited number of jobs displaced from other locations as a result of the scheme. Over the course of 10 years it is estimated that 173 jobs will be displaced from other locations. It is worth commenting that when Barton Wilmore were appointed to calculate this figure, they based their numbers on a conservative multiplier of 0.75 in order to portray a worst case scenario.

There will be an overall net increase of 56 new jobs in Sittingbourne (excluding displaced or leaked jobs), and 62 new jobs across the SELEP area including supply chains.

The displacement of jobs is a result of the nature of retail expenditure and shoppers behavior. If a shopper is spending their money in this scheme then they will not be travelling to another location to purchase the good. In the case of retail, turnover dictates employment.

The net effect of displaced jobs is relatively small spread across the area. The scheme still makes a positive socio-economic contribution across the area, and as the project is in a deprived location that suffers heavily from a net migration of economic wealth it could be said to be fairer to the town itself that its residents are spending money there.

The employment generating uses provided for in the regeneration not only respond to the Council's comments for the need to enhance the range of retail and leisure facilities within Sittingbourne, but also provides employment for local residents. The operation and maintenance of the proposed car park and public square could also provide and sustain employment.

- *List all main direct and indirect; quantitative and qualitative; cash releasing and non cash releasing benefits associated with the investment.*

The detail given below is based on phase 1 not phase 2, the £2.5m funding for infrastructure costs will unlock the following potential from the scheme;

Resident Population

The scheme includes 215 residential units. This could provide for a total population of 514 residents based on Swale's average household size.

Taking the assumptions of the SBC retail study, it is calculated that the new residents moving into the new homes will spend 59% of their total expenditure in Sittingbourne. This figure is equal to a

² FTE – Full Time Equivalent

³ GIA floorspaces have been reduced by 20% to achieve NIA, in accordance with guidance provided by the Employment Densities Guide, Page 3, paragraph 2.8.

⁴ GEA Floorspace provided by Applicant

total annual spend of £1.46m. Of this total 80% or £1.17m, will be spent from the new residents with the existing retailers within Sittingbourne.

Contracts have exchanged with a Private Rented Sector fund for the disposal of the residential units providing certainty on their delivery. The units will be managed by the PRS fund following completion. This disposal not only guarantees delivery of the new homes but also brings a demographic of economically active people into a town centre location.

Economic Activity

Based on Swale Borough's average economic activity rate of 49% (Nomis, Labour Market Profile 2013), the Scheme could accommodate 252 economically active residents, of which 231 are assumed to be in employment (assuming current unemployment rates, Nomis 2013). As such the Scheme could contribute to meeting future growth aspirations (labour demand) within the local area and wider District.

Gross Value Added

GVA data can be used to provide an estimate of a local area's contribution towards UK economic growth. New homes accommodate a growing workforce which will deliver economic output. Experian Labour Market Statistics provide data on total GVA output and workforce jobs at a District level. Utilising this data, it has been established that within Swale the GVA per worker is around £35,000 per annum (Experian Labour Market Statistics, 2011-2014). The residents accommodated by the Proposed Development, who are assumed to be within employment, could therefore generate up to £81m GVA over 10 years (based on current values).

Commercial Expenditure

Experian provides up to date leisure expenditure data for all local authorities across the UK. Experian report (Experian Retail Planner Data, 2012) that the average annual household leisure expenditure within Swale equates to £6,025. On this basis the provision of up to 214 households could generate an annual expenditure of £1.3m on leisure and services.

New Homes Bonus

The New Homes Bonus Calculator provided by the Department for Communities and Local Government confirms that the provision of up to 215 new homes could equate to a New Homes Bonus of £1.2m, over a 6-year period, of which around £1m would be a lower tier contribution to the local authority.

Council Tax

Based on the existing council tax values of new builds within the local area the proposed

development could generate £151,500 in council tax payments per annum.

Business Rates

The Proposed Development will generate annual business rates, contributing to the funding of local services. Table 4.2 sets out the assumptions made in calculating approximate annual business rates for the proposed scheme. It is estimated that the Proposed Development could generate £0.2m per annum in business rates.

Table : Rateable Value

Use	sqm (GIA)	Rateable value per sqm within Swale (£)	2008 NeSS Geography Hierarchy	Multiplier	Total Value (£)
A1 Retail	2,274	89	Rateable Value per m2; Retail Premises; (2005 Revaluation)	48.2	97,540
D2 Cinema	1,675	42	Rateable Value per m2; All Bulk Classes; (2005 Revaluation)	48.2	33,918
A3 Restaurant	1,204	42	Rateable Value per m2; All Bulk Classes; (2005 Revaluation)	48.2	24,371
Car Park (based on 308 space each spaces equating to 11.52 sqm)	2,555	42	Rateable Value per m2; All Bulk Classes; (2005 Revaluation)	48.2	51,717

Source: Commercial and Industrial Floorspace and Rateable Value Statistics (2005 Revaluation) 2008

it is estimated that over the 30 month construction period the development will contribute:

- Construction Jobs generated
 - Direct – 330
 - Indirect - 230
- Construction GVA, equating to £38.8m over a 40 month construction period
- Population generated - 514
- Economically Active generated - 252
- Economically Active in employment - 231
- GVA generated by residential population per annum , £8m
- Operational Jobs generated - 280
- Leisure Expenditure per annum - £1.3m

Economically Active

The table below sets out economic activity levels across the three study areas. Sittingbourne indicates a higher proportion of economically active residents in comparison to the wider the Swale and Kent area. Sittingbourne also presents a smaller proportion of the population who are retired.

The Council and SELEP have identified Sittingbourne as a key growth area. The table identifies that a high proportion of the population are of economically active age, and could therefore support the regeneration of the town centre and development of retail and leisure facilities.

Table : Economic Activity (aged 16-74)

	Faversham Study Area	Swale	Kent
All usual residents aged 16 to 74	34,003	98,607	1,055,397
Economically active	72.2%	68.9%	69.9%
<i>Unemployed</i>	4.7%	4.6%	3.9%
Economically Inactive	27.8%	31.1%	30.1%
<i>Retired</i>	13.1%	15.1%	15.1%
<i>Student (including full-time students)</i>	3.7%	3.7%	4.8%
<i>Looking after home or family</i>	5.2%	5.2%	4.7%
<i>Long-term sick or disabled</i>	4.0%	4.4%	3.6%
<i>Other</i>	1.9%	2.7%	1.9%

Source: NOMIS, 2011 Census

Occupation

The table below sets out the occupation profile within Sittingbourne, identifying that the highest proportion of residents work within elementary occupations. In comparison to the county profile a lower proportion of residents within Sittingbourne are occupied within managerial and professional employment, and higher proportion within elementary, skilled trade and process plant positions.

The Swale Economy Topic Paper comments that a high proportion of the labour force across Swale have lower skills levels. The proposed development would support the improvement of the town centre and retail facilities, and contribute to providing housing for smaller households. Together this could contribute to attracting increased investment into the area and therefore increase the range of occupations available.

Table : Occupation Profile across Faversham Study Area, Swale and Kent

	Sittingbourne	Swale	Kent
Managers, directors and senior officials	9.4%	10.4%	11.5%
Professional	11.6%	12.8%	16.1%
Associate professional and technical	11.8%	11.7%	12.6%
Administrative and secretarial	12.8%	11.9%	11.7%
Skilled trades	12.9%	13.5%	12.2%
Caring, leisure and other service	9.7%	9.7%	9.8%
Sales and customer service	8.9%	7.7%	8.5%
Process plant and machine operatives	9.9%	9.5%	6.7%
Elementary	13.2%	12.8%	10.8%

Nomis:2011 Census

Claimant Count

The following table sets out the claimant count by occupation across Swale and Kent. It is evident from the table that the highest claimant counts within Swale are within managerial occupations (595), followed by sale and customer service occupations (415 claims) and elementary occupations (405 claims). Across Kent there were a total of 255 claims made for managerial and senior official positions, and a further 245 for associate professional and technical posts.

The proposed development would create job opportunities for those currently seeking employment. Further to this the proposed uses will provide varying shift requirements, providing opportunities for those seeking part time or full time hours.

Table : Claimant Count by Occupation across Swale and Kent

Occupation	Swale	Kent
Occupation unknown	35 (2%)	430
Managers and Senior Officials	595(30%)	2,950
Professional Occupations	40(2%)	375
Associate Professional and Technical Occupations	35(2%)	395
Administrative and Secretarial Occupations	130(7%)	1,415
Skilled Trades Occupations	130(7%)	975
Personal Service Occupations	80(4%)	615
Sales and Customer Service occupations	415(21%)	5,270
Process, Plant and Machine Operatives	120(6%)	925
Elementary Occupations	405(20%)	3,430

Source: Nomis, August 2014

4. Risks

4.1. *Provide a summary of key risks to the delivery of the scheme (including financial, commercial, economic and management).*

As was mentioned in 1.4, All stakeholders involved with the scheme are supportive of the project. During public consultation 97% of those polled wanted to see the regeneration take place. Swale Borough Council (SBC) who are also project partners on the scheme and have signed a Development Agreement as part of the Spirit of Sittingbourne consortium.

The scheme gained a resolution to grant planning permission in March 2015 and all the elements are being taken through detailed design to get cost certainty and further de-risk the project prior to full consent and a start on site.

There are monthly project meetings and SBC alongside the project team have influenced the design of the project so it benefits as many of its residence as possible.

The project is being de-risked financially as the elements within the project will all be forward funded prior to commencement of works on site via a sale to a fund manager. The residential elements has already been sold to a Private Rented Sector (PRS) fund and so will the cinema, restaurants and large format retail. The roads will also be adopted on practical completion.

Expressions of interest has been received for the cinema and all of the retail and restaurant space. Formal marketing to interested parties will commence shortly.

4.2. Risk Assessment

Risk description	Likelihood	Impact	Likelihood x Impact	Mitigation
Build cost over-run	■	■	■	<p>Negotiations with a preferred building contractor have been accelerated with a detailed cost plan provided on the current design (RIBA Stage D) to provide greater cost certainty. A build contingency of ■ has also been allowed for in the cost plan, this percentage reflects the low potential of risk in delivery as a result of the level of detailed design. This figure has been agreed with a contractor as a suitable contingency, any build contract in place will be based on a fixed price so this is not subject to variation at a later date.</p> <p>The build cost also assumes a ■ Developers contingency, this alongside the contractor's contingency gives a sufficient level of precaution against risk.</p>

Build Cost Inflation	█	█	█	<p>The industry is currently experiencing uncertain future levels of build cost inflation due to the recent uptake in construction projects. To reflect this risk a █ inflation uplift has been included in the base build cost assumptions █ █ █. The █ figure accounts for inflation over the build period. Inflation will not be consistent during the construction as works are obviously undertaken at different times. For example groundworks would be unlikely to require any increased costs as the works are undertaken soon after tender but the finishing trades may require a higher rate of inflation.</p> <p>Therefore take a mid-point to calculate inflation during construction as recommended by the BCIS.</p> <p>The BCIS indices between September 2015 and February 2017 shows an increase of █ over this period. To find the mid-point we divide this number by █ which gives us our █ inflation rate included in the cost plan. The █ inflation costs equate to █ across the project.</p> <p>The professional fees assume all costs and benefits as set at present value, therefore there is no requirement to allow for inflation as the costs and benefits would cancel one another out.</p>
Excessive nuisance and disruption to the town centre during the development	2	3	6	Design undertaken in conjunction with Kent Council. Town Centre Manager to be appointed to liaise with existing traders and ensure on-going consultation throughout delivery.
Failure to secure Network Rail agreement for station forecourt works	1	5	5	Regular liaison and consultation with Network Rail to reduce the risk of delay to programme. Network Rail has agreed to changes in principle and attend regular High Level meetings.
Failure to delivery multi storey car park	1	5	5	Swale has obtained full cabinet approval to proceed. Tendering has been completed with tenders received in line with budgeted sum.
Traffic Regulation Orders required to support changes to traffic flow cannot be made owing to objections	3	3	9	Prior consultation of TROs to be undertaken to pre-empt possible objections and delay to the programme.

* Likelihood and impact scores:

- 5: Very high
- 4: High
- 3: Medium
- 2: Low
- 1: Very low

The Economic Case

5. Options

5.1. Please provide description of the main **options** for investment, together with their relative advantages and disadvantages (a SWOT analysis)

- *Do nothing*

Sittingbourne is currently a car led town with large areas of inefficient car parking and roadway. The environmental impact of the current car lead system is at a detriment to the sustainable development principles set out in the local plans.

The existing highway layout operates at a sub optimal level with limited facilities for pedestrians at a key position outside of a mainline train station. Without a significant regeneration programme, there are serious long term ramifications for the economic vitality of Sittingbourne and Swale.

- *Do minimum*

There is no middle ground, if the road cannot be rerouted then the central core of the regeneration proposals, namely a leisure led (cinema and restaurants) cannot come forward thus jeopardizing the economic future of Sittingbourne and the Spirit of Sittingbourne scheme. Previous options were found to be undeliverable due to serious constraints whilst the regeneration proposals will deliver much needed new homes and a new heart to the town centre

- *Do something (best and final option; least net present cost option; highest risk adjusted NPV option; etc)*

The best option is to reroute St Michael’s Road thus releasing a large area of land that allows a leisure led regeneration to happen. The consortium driving forward this development in conjunction with Swale Borough Council have assembled parcels of land that will enable the full delivery of the project and which deliver significant socio economic benefits to Sittingbourne and Swale. Given the project has been granted planning permission, all the requisite studies have been completed and the scheme has been derisked from an investment view point.

The delivery of new homes is a key factor in enabling the SELEP reach its own goals of unlocking the delivery of 100,000 new homes. All the residential units are programmed for delivery by 2017. The retail and leisure offering will create new jobs as well as supporting job growth in the area and through the supply chain contributing towards SELEP’s goal of creating 200,000 new jobs by 2021.

The residents of the new homes within the scheme are in a town centre location and have direct access to the public transport hub focussed around the train station. The schemes reliance on sustainable transport methods rather than private transport is not only an ambition of the SELEP but of Swales own Local Plan “Baring Fruits”.

5.2. Recommended Option: What is the preferred option – and why?

Essentially the scheme provides the best and most viable solution so that the alleviation of significant traffic pressures can be actioned. The scheme as designed to date is deliverable with no legal impediments and consultation advanced with key stakeholders.

****The scheme promoters are encouraged to use the existing datasets and model outputs to provide this information. The preference would be to use a spreadsheet type of analysis to provide information in the above table.***

5.4 Transport scheme assessment approach

5.4.1 Provide a brief description of a (spreadsheet-based) modelling and appraisal methodology as well as detail of data source used

A Transportation Assessment has been submitted in support of the planning application submitted by The Spirit of Sittingbourne LLP which has been approved. The Transport Assessment was scoped with Highway Officers and uses a spreadsheet model to predict traffic generation and distribution movements associated with the proposed development and baseline scenario. Industry standard software (Junctions8 and Linsig) has been used to provide an understanding of the capacity and operation of the highway network in Sittingbourne for the baseline and “with development” traffic movements, taking into account the proposed changes to the highway network. The Transport Assessment also considers the movement of other transport modes comprising walking, cycling and buses. This scheme was factored into the Visum modelling which has been undertaken to support the Swale Local Plan overall quantum of development at a strategic level. The principles of the scheme align with the draft Swale Transportation Strategy.

5.4.2 List all assumptions made for transport modelling and appraisal

The applicant has undertaken pre application meetings with KCC Highways. The assumptions are defined in the Transportation Assessment and include the following :

- TRICS database trip generation rates adopted for each land use.
- Residential development traffic distribution based upon 2001 census data.
- Retail development traffic distribution based upon existing retail distribution at The Wall.
- Existing car park use relocates to new multi storey car park.
- Present day signal timings adopted within Linsig models.
- Peak hours are 0815-0915, 1615-1715 during the weekday (based upon observed network throughput)
- Peak hour is 1130-1230 during Saturday (based upon observed network throughput)
- Background traffic not growth – based upon recent trends in Sittingbourne.
- Committed development traffic included based upon advice from KCC Officers.

5.4.3 Provide key positive and negative impacts of the schemes in the table below as described in the Appraisal Summary Table and Social Distribution Impact analysis, where it is appropriate, supported by evidence.

Category of impacts	Quantified/Qualitative impact (Large beneficial- Large Adverse)
Economy	Business users and providers (Large Beneficial) Reliability (Beneficial) Regeneration (Large Beneficial) Wider Impacts (Beneficial)

Environment	Noise (Beneficial) Air Quality (Beneficial) Greenhouse gas (Beneficial) Landscape (Beneficial) Townscape (Beneficial) Heritage (No impact) Biodiversity (Beneficial) Water Environment (Beneficial)
Social	Commuting & Other users (Large Beneficial) Accidents (Large Beneficial) Physical Activity (Beneficial – the scheme encourages walking) Journey Quality (Beneficial) Reliability Option and non-use values (Beneficial) Security (Beneficial) Access to Services (Beneficial) Affordability (Beneficial) Severance (Large beneficial)
Public Accounts	Cost to broad transport budget Indirect tax

- ***The scheme promoters are NOT required to use Tuba type appraisal analysis. If any scheme promoter is interested in estimating value for money then a spreadsheet based analysis should be undertaken.***

Barton Wilmore have produced an appraisal detailing the value for money of the scheme which is appended to this document. The calculations show that the scheme benefits from a cost benefits from a Best Cost Ratio (BCR) of 5.04. There is also a very healthy leverage per £1 of public investment of £16.25, which proves the schemes very strong value for money, this also will contribute towards the SELEP's goal of lever investing £10bn to promote housebuilding, job creation and accelerating growth.

The appraisal excludes the benefits to the exchequer through Council Tax and New Homes Bonus as well. The residential element will contribute a further £0.25m per annum to the exchequer and over a 6 year period the New Homes Bonus will generate a further £1.2m.

The calculations provided have assumed a 10 year span and estimate that £43,390 of public funding is required per new job created.

Value for Money Statement

	Present Values in 2015 prices and values
PVB	£12,175,887
PVC	£2,413,527
NPV = PVB - PVC	£9,762,360
Initial BCR = PVB/PVC	5.04

Commercial Case

6. Procurement Route

Define the approach taken to assess commercial viability

[redacted] were identified as the preferred contractor on most of the elements on the scheme [redacted]. The developer and [redacted] have procured the project [redacted] to ensure that the build cost is competitive and the management of the contractor is most efficient.

However as part of the competitive tender process the procurement process for contractor of the Multi-Storey Car Park will go through OJEU. The tender packages for OJEU are currently being drafted with an anticipated date of expressions of interest through OJEU of May 29th 2015.

[redacted].
[redacted].

Briefly describe the procurement strategy. Set out timescale involved in the procurement process to show that delivery can proceed quickly.

[redacted].

Due to the challenging budgets set for these projects, to achieve the desired returns we have concluded the most appropriate form of procurement needs to incorporate the following.

- a) Minimise lead in times to ensure a contractor is appointed at the earliest opportunity in order to minimise cost and complete at the earliest opportunity. [redacted].
- b) Work with a contractor to advise on design efficiencies for buildability and costing purposes.
- c) Ensure the contractor works with the Quantity Surveyor to produce a cost plan that is deliverable without the need for tendering and value engineering post tender.
- d) In order to minimise cost overruns and pass on design risk to the contractor a design and build form of contract is utilised for this project.

[redacted].

- f) A partnering approach such as described above, is vital to the viability of the project. The team need to successfully work with the contractor and one that will not claim for any unreasonable additional costs.

[redacted].
[redacted].
[redacted].

Additionally to this health framework, members of the team have worked successfully [redacted] on many other projects including Industrial, Leisure, Residential and Education.

An important gauge of their suitability for the Spirit of Sittingbourne scheme is that every project that members of the professional team have worked on with them has been successfully delivered with final accounts agreed and without any formal disputes being issued [redacted].

Financial Case

• **Total cost of the project**

List here the elements of gross costs, excluding optimisation bias.
Please provide the date the prices for the cost estimate is based on (e.g. Q1 2014)
Cost estimates were taken from Q3 to Q4 2014.

	* Cost Estimate status (E; F; D; T)	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Procurement Cost								
Feasibility Cost								
Detail Design Cost(1)	D		[redacted]	[redacted]				
Management Cost								
Construction Cost	D		[redacted]	[redacted]	[redacted]			
QRA(2) and Contingency			[redacted]	[redacted]	[redacted]			
Inflation			[redacted]	[redacted]	[redacted]			
Other (add as many lines as necessary)								
VAT (if appropriate)		-						
Sub-total Non-Works			[redacted]	[redacted]				
Sub-total Works			[redacted]	[redacted]	[redacted]			
TOTAL COST		[redacted]	[redacted]	[redacted]	[redacted]			

*E = Broad estimate, D = Detailed estimate, T = Tender price, F= Feasibility estimate

- (1) Design costs do not include inflation costs as they are based on present value for costs and benefits, therefore any inflation would be cancelled out by the same incremental increase in benefits.
- (2) QRA based on financial allowances based on the risk assessment. Including additional contractor's contingency for build cost overrun.

○ **Source of funding**

List here the amount of funding sought

Funding Source	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
LGF		£800	£1,700				
Private Developers							
Borrowing							
Income							
Other (insert as many rows as required)							
Local Contribution Total (leverage)							
Other Funding (ensure naming every institution; insert as many rows as required)							
TOTAL FUNDING							

Please note that the totals for funding should match with the total for project cost.

Type of Funding	Funding Source	Please identify how secure the funds are	When will the money be available
Public	LGF	Agreed with the LEP	1/6/2015
	Borrowing		
	Income		
	Other (insert as many rows as required)		
	Local Contribution Total (leverage)	£2,500,000	
Private	Please list all developers		
	Spirit of Sittingbourne (Cathedral Group (Holdings) LLP, Quinn Estates, Swale BC). Cathedral Group (Holdings) are a member of the Development Securities Group.	Development Securities are a FTSE 250 listed company on the London Stock Market with a balance of over £350m.	Subject to Board Approval once LGF backing is approved.
	Private Developers Total		
	Other Funding (ensure naming every institution; insert as many rows as required).		

6.1. Affordability gap

- *Is there an affordability gap?*

No, as the scheme is being forward funded through sale of the separate elements. The residential element has already been sold to a PRS fund and will be built out by the Spirit of Sittingbourne. The Cinema, residential and retail elements will be sold to a fund prior to construction and the highways elements will all be adopted on practical completion by KCC.

Management Case - Delivery

7. Delivery

7.1. Provide high level information about arrangements that will ensure delivery of this project

- *Project plan (Gantt chart)*

Please see Gantt chart appended that outlining indicative critical path to delivery.

- *Project management arrangement*

Mr Rob Sloper is the Project Director from Cathedral Group who are the main project sponsor. Cathedral Group are a Development Securities PLC group company and are funding the partner for the development.

In order to manage the project risks, there are regular project progress meetings involving all partners that is chaired by SBC. Risk elements are reported and strategies for resolution are discussed at these meetings. A risk register that is programme compliant and is updated regularly forms the basis of the project discussions and also identifies the critical path.

The project progress meetings are held monthly and attended by senior individuals from Swale and also the development teams of both Cathedral Group and Quinn Estates. There are high level meetings which are held bi-monthly and these are attended by senior figures of all parties including either the CEO or MD of Cathedral Group, the leader of the council and the CEO of Quinn Estates.

There are also weekly project review meetings between Cathedral and Quinn Estates with the risk register and programme forming the basis of the review meetings.

All necessary stakeholders have been engaged with and a copy of the stakeholder engagement report that was part of the planning application is submitted with this document. KCC have been engaged with regularly and participate in the project progress meetings.

A comprehensive public consultation programme took place from July to September 2014, and specific groups key stakeholder consultations took place for instance with the Sittingbourne Retail Association and the North Kent Economic Development Group. The scheme has received great support from local residence and businesses alike.

Quinn Estates, a member of the Spirit of Sittingbourne consortium have been identified as the client side Project Managers for the scheme, and Cathedral Group are funding the design. Cathedral are a Development Securities Group Company and listed on the London stock exchange.

Quinn Estates have previous experiences of schemes of a similar nature and size having delivered many projects throughout Kent and have worked previously with the preferred contractor for the residential and commercial uses, Cardy Construction.

SBC's Project Manager for the scheme is Mr. Peter Binnie, the Project Director is Mr. Rob Sloper from Cathedral Group and the Project Manager is Mr. Huw Evans from Quinn Estates. Cathedral Group have compiled a project risk register that is programme compliant is updated regularly and is discussed at every project progress meeting.



As part of the development agreement for the consortium there are numerous developer's conditions that required satisfaction prior to grant on a successful planning application. These conditions are legally required to obtain approval from Directors at Swale including the leader of the council Cllr Andrew Bowles and the Head of Regeneration Mr Pete Raine.

- *Benefit realisation plan and monitoring*

The data that underpins the proposed economic benefits is derived from the ONS and is based on past trends. This data is quality assured and regularly updated. Kent County Council will be monitoring the project post completion. But the benefits of the scheme will be realized on the following dates:

- Construction Jobs from 2015 – 2018
- Delivery and occupation of initial 127 units January 2017
- Delivery and occupation of remaining 88 units January 2018
- Delivery of Multi Storey Car Park September 2016
- Delivery of new Highway route promoting connection between Sittingbourne train station and the High Street September 2016
- Delivery of Cinema, Restaurants and new Public Realm March 2017. 110 new jobs from 2017/2018.
- Delivery of Retail April 2017. 120 new retail jobs 2017/2018.

As was mentioned in the answer to the project management arrangement, management meetings involving the consortium and key stakeholders are held regularly. The monthly progress meetings are set up to monitor the progress of the project and are chaired by SBC. These progress meetings allow for the development partners to update the attendees of the project progress and highlight any risks identified against the business plan and update and amend as necessary against programme.

KCC and Network Rail have attended these meetings on occasion and it allows for them to inform the group of any statutory requirements that are needed to progress the scheme within their separate bodies.

The development partners entered into a development agreement with Swale prior to the commencement of the planning application. The development agreement contains defined conditions regarding the project that need satisfaction and sign off from Swale's Head of Legal, Mr. John Scarborough, prior to delivery.

The development agreement conditions include a variety of legal, planning, and third party issues that require successful resolution by the development partner in order to progress the scheme.

[REDACTED]

[REDACTED]

- *Tenants and Operators*

Contracts have been exchanged with a Private Rented Sector fund for the sale and operation of all the 215 residential units guaranteeing their delivery and operation.

An operator has been identified for the cinema space and HOTs are being agreed.

Detailed market research has been undertaken on the commercial elements and expressions of interest have been secured for 100% of the retail and restaurant space.