

Greater Birmingham and Solihull Local Enterprise Partnership

Application for Local Growth Funding

Outline Business Case

Project name	Churchfields Urban Village Highway Infrastructure
Reference Number (from EoI)	<i>to be inserted by the GBSLEP Executive after submission</i>

About the Applicant	
Name of the lead organisation	Worcestershire County Council and Wyre Forest District Council
Name of the project lead / main contact	Mike Parker, Director of Economic Prosperity and Place, Wyre Forest District Council.
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Senior Responsible Owner	Andy Baker, Worcestershire County Council

About the Project	
Location of the project	Churchfields, Kidderminster
Postcode	DY10 2JY
Project start date	July 2017
Project completion date	April 2019
Project Longstop date	2023
Total project cost	£4,883,000. This costing is based on Option B.
Total Local Growth Funding (LGF) <i>loan</i> funding contribution requested	n/a
Total LGF capital <i>grant</i> funding contribution requested	£3,559,000 is requested from GBSLEP. £1,000,000 is requested from Worcestershire LEP (WLEP). £324,000 will be from S106 contributions.
Are you seeking to apply for development costs as part of your application?	No

Revision History

Please keep record of the document's Revision History using the table below:

Version Number	File Name	Date submitted	Summary of changes made compared to previous version (please refer to previously received feedback and how issues have been addressed)
1.0	GBSLEP Churchfields OBC Submission v1.0	22 nd March 2017	Initial OBC Issue

Introduction

This document provides a template for an Outline Business Case (OBC) in support of Greater Birmingham and Solihull Local Enterprise Partnership's (GBSLEP) investment in a project to be funded through the Local Growth Fund.

The main purpose of the OBC is to: put forward the strategic case for change and the preferred way forward identified in previously submitted Expression of Interest; 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, along with supporting risk register.

Please note that this template should be completed following the principles laid out in HM Treasury's Green Book and Supplementary Guidance which can be found at: <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>.

The OBC should cover the five 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 this OBC and any subsequent Full Business Case should be **proportionate** to the scale of the project or programme and the expenditure involved.

Please send completed Outline Business Case templates to tom.fletcher@birmingham.gov.uk in Microsoft Word format and include a scan of the signed original in PDF format.

All the Applicant's costs and charges incurred as a result of making this outline application shall be for the Applicant's account, but can be claimed as part of the development costs of the project should the application be successful (*eligibility criteria applies and is outlined in Section H*).

Outline Business Case Template Structure

This application is divided into the following sections:

- A. Project Overview
- B. Strategic Case
- C. Economic Case
- D. Commercial Case
- E. Financial Case
- F. Management Case
- G. Declaration
- H. Development Costs

A. Project Overview

A1. Summary of the Project (300 words max)

Please be specific about what the project will do and achieve (who, what, where, how)

Please append a map of the project location, if available.

This project targets Churchfields (see Figure 1), a strategically important residential development, located to the north of Kidderminster town centre. The area is allocated in the adopted Development Plan (Kidderminster Central Area Action Plan (KCAAP)) and subject to a separate Supplementary Planning Document – Churchfields Masterplan.

Following the launch of the ReWyre Initiative, the HCA recognised Churchfields as one of a limited number of priority housing locations in the West Midlands. The aim is to recreate a residential community around a host of existing and new community assets.

The project seeks funding to deliver improved access to the Churchfields masterplan area in order to unlock significant housing-led development. **It will facilitate the delivery of 287 dwellings.** These homes, forming parts of Phases 2 and 3, of the housing-led urban village masterplan cannot be progressed without the highway improvements this project will deliver as the existing highway network is at capacity.

The transport focus, and the purpose of this project, is therefore on providing the infrastructure required in order for this development to come forward and on better connecting Churchfields into the wider town. Specifically it will provide:

- A significant enhancement to the A456 roundabout at Blackwell Street (for which two options, A and B, are being considered).
- A new T junction providing a new access point to Churchfields from the ring road.
- Creation of a new link road linking the A456 ring road to the development area.
- Creation of a one way system on Blackwell Street, improving pedestrian experience and addressing air quality issues within a designated Air Quality Management Area (AQMA).
- Provision of new pedestrian and cycle crossing points to link across the ring road to the town centre.

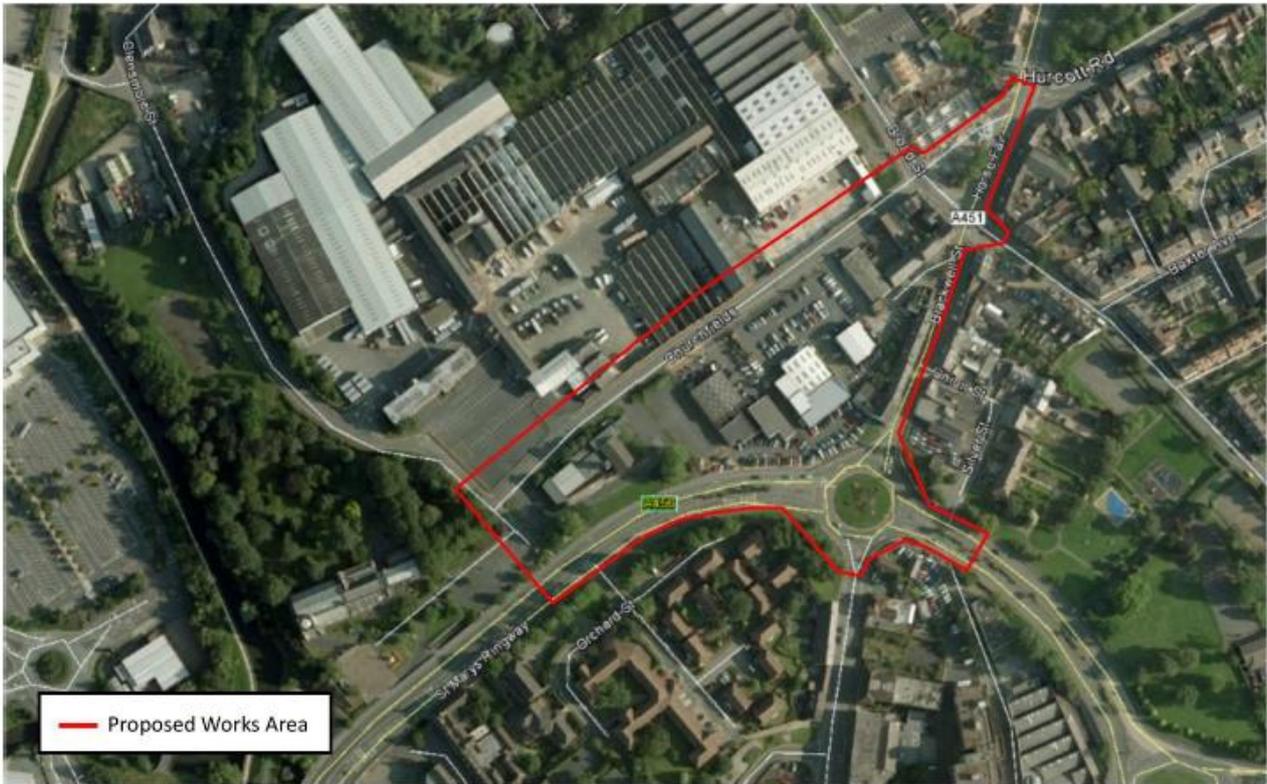


Figure 1 – Scheme location

A2. Has the project been submitted to another LEP for funding?

An EOI was submitted to WLEP in June 2016.

The project has been identified as a priority project for funding by the WLEP. It has been agreed between GBSLEP and WLEP that GBSLEP will lead on this project.

£1m is currently being sought from WLEP.

A3. Has the project been submitted to any other organisation or funding body for funding or co-funding?

No

A4. What is the current position of the project and what has changed since the Expression of Interest was submitted? (500 words)

Please provide a summary of any changes to objectives, scope, funding sources and financial costs, expected outputs and outcomes, timescales, risks and stakeholder relations.

The EOI previously submitted is included as Appendix B. We note below where there have been changes compared to the EOI.

Objectives

The project objectives have been refined. They are to:

- Support the regeneration of Kidderminster and delivery of the Churchfields urban village by providing the necessary highway infrastructure to deliver an additional 287 homes.
- Improve air quality in Blackwell Street to meet Air Quality Management Area (AQMA) objectives.
- Improve the connectivity and accessibility of Churchfields, and in particular to improve the pedestrian experience.

- Boost the vitality and viability of the retail offer in Kidderminster Town Centre and Horsefair local centre.
- Deliver an enhanced gateway to Kidderminster town centre.

Scope

The broad scope of the project remains as per the EOI and focusses on delivering the infrastructure required to facilitate housing-led development. However, the detailed scope has evolved and the scheme currently comprises the following elements.

- The replacement of the existing A456 (St Marys Ringway) roundabout at Blackwell Street (A451), Kidderminster, with a revised junction. The EOI was based on a signalised option but since this time various alternative options have been explored. We are currently looking at 2 refined options:

Option A – is based on a new roundabout with five arms in geometry (two of the arms are one way, one onto the roundabout and one from it). This option is shown on drawing 473946.KZ.02.00.DR-043 included in Appendix C.

Option B – is based on a signalised layout for the A456 junction. This option is shown on drawings 473946.KZ.02.00.DR-046/7, included in Appendix D.

Within this OBC the scheme costings and value for money assessment/BCR is based on the signalised solution, Option B.

- A new T junction will be formed at Churchfields to facilitate the construction of a new one-way link road through the existing CMS/Vauxhall Garage site from the A456 ring road.
- Horsefair gyratory introduced.
- Creation of a one-way system on Blackwell Street.
- Clensmore Street junction from/onto east bound Ring Road for cars only. HGVs to use the new link.
- Enhanced streetscape, including pavement widening and new pedestrian/cyclist crossing points (details to be confirmed in due course).

Financial costs

A review of scheme costs has been undertaken, based on the Option B scheme now being considered. The cost of the scheme now stands at £4,883,000.

Outputs and outcomes

Further analysis of outputs and outcomes has been undertaken since the EOI. The scheme will help to deliver:

- 287 new homes within the overall vision of the Churchfields masterplan.
- Additional retail expenditure and increased utilisation of retail accommodation.
- 21 gross FTE jobs in the retail industry.
- A gross GVA uplift, associated with the creation of retail jobs.
- Air quality improvements to help meet European Objective levels.
- Improved pedestrian experience.
- Improvements to the environment, townscape and sense of place.

Timescales

A more detailed programme has been developed since the EOI. Full details are provided in F3. Work on site is now planned to commence earlier than stated in the EOI, in April 2018.

Risks

An updated risk register has been compiled and this is included as Appendix A.

A5. Please list any other organisations involved in delivery of the project and their roles

Partner Name	Role
Worcestershire County Council	Highways Authority
Worcestershire LEP	Funding body
Wyre Forest District Council	Local Planning Authority Delivery of the Churchfields Masterplan
HCA	Regeneration of Kidderminster Delivery of housing and mixed use communities
Kidderminster Property Investments Limited	Land owner and developer of the Churchfields site

B. The Strategic Case

B1. Why is the project required? (300 words max)

Kidderminster's economy is marked by below average performance across multiple economic indicators compared to sub-regional (i.e. Worcestershire and Greater Birmingham) and national benchmarks. In particular, trends in employment and business activity point towards worsening performance in Kidderminster, at a time when the sub-regional and national economies are growing. These characteristics are magnified in the Churchfields area, where economic conditions are depressed even by Kidderminster standards.

These trends have resulted in significant areas of former employment land not being viable as employment locations. Hence, the KCAAP has set a strategy that has the objective of regenerating former employment areas as housing areas.

However, the former employment sites have poor accesses to the road network. The Churchfields Masterplan has identified that a new access arrangement is required to the Churchfields area. This access arrangement has proved to be a challenge to deliver by those interested in the regeneration of the former employment sites, and hence funding is being sought to provide the new accesses and hence unlock the housing development.

Within this context the project is essential for the following key reasons:

- 1) To support the Council and the HCA's regeneration vision for Churchfields.
- 2) To unlock housing-led development. Figure 2 provides an overview of the masterplan context. It shows the elements of the Churchfields masterplan area (edged in red) which are constrained by the current highway network. The residential element will not generate enough S106 value to fund the full extent of the highway works required and without public sector support the works will not proceed; consequentially these sites, with a capacity of 287 dwellings, will not come forward for development. With the highways infrastructure in place it is envisaged that this development could come forward as follows: 100 dwellings 2019/20, 100 dwellings 2020/21 and 87 dwellings in 2022/23.
- 3) Address the recognised transport challenges, including providing additional highway capacity and reducing severance.
- 4) To address known air quality issues. The project falls within the Kidderminster Ring Road AQMA.
- 5) To enhance the vitality and viability of Horsefair local centre, at the heart of the Churchfields area.

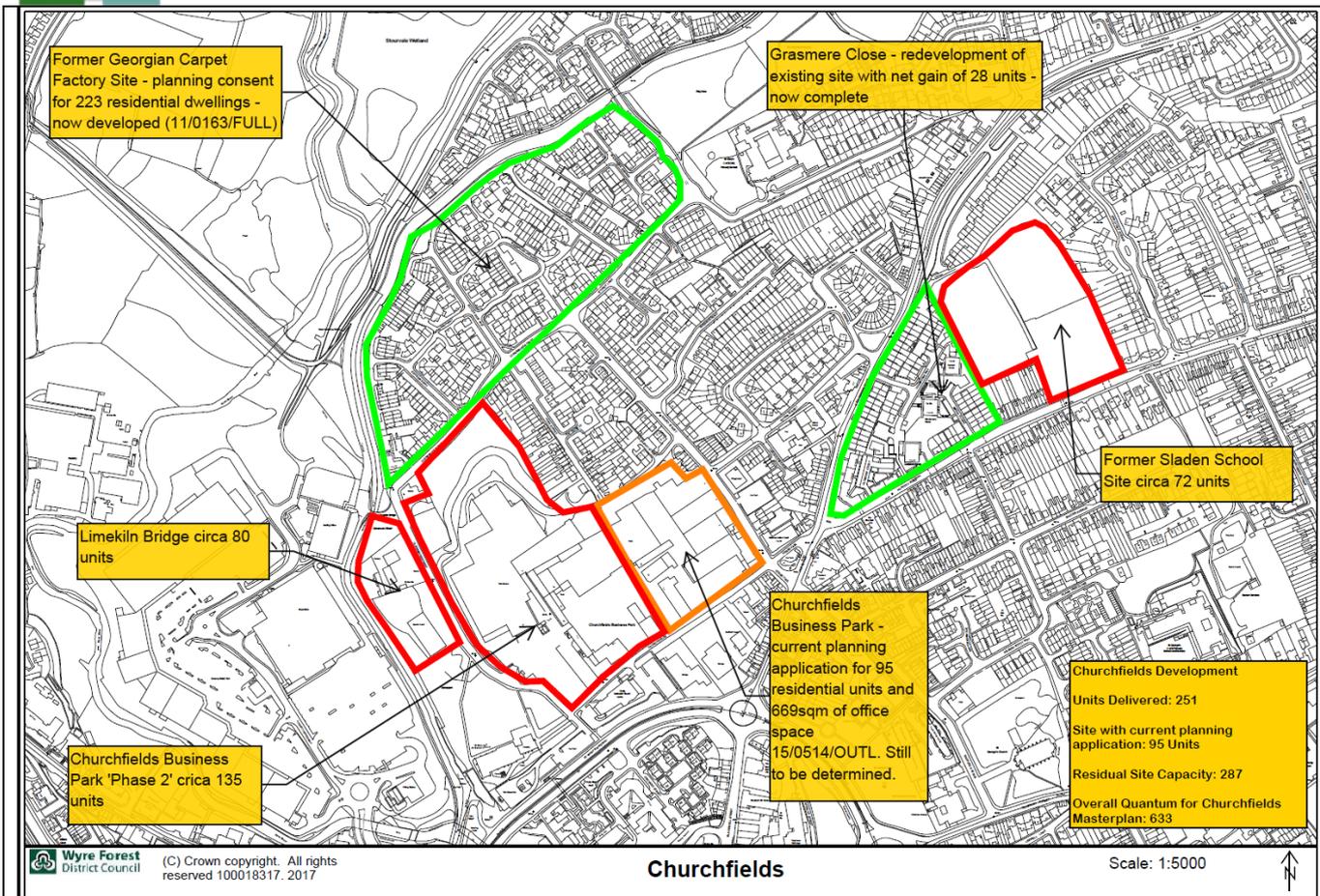


Figure 2 – Masterplan context. Sites edged in red are dependent upon the highway infrastructure detailed within this Business Case.

B2. How does the project support the delivery of the GBSLEP Strategic Economic Plan 2016-2030? (300 words)

Please see <http://centreofenterprise.com/wp-content/uploads/2016/11/SEP-FINAL.pdf>

The LEP identifies 3 'pillars' that underpin the economy. These are business, place and people. The project will contribute towards all three of the LEP 'pillars' but most specifically towards 'people' and 'place' by helping to deliver against the response and commitments identified, as shown below.

Overall, this project is very closely aligned with the aims of the SEP.

Key opportunity / challenge identified in the SEP	Response identified in the SEP	How this project will contribute
People: Increase skills and reduce unemployment	Retune: targeting unemployed people and those in employment whose skills no longer match labour market demand.	it will facilitate a small number of jobs in key sectors (including retail)
Place: Enhance connectivity and mobility	Reduce demand by investing in towns and local centres to ensure very short trips can be made safely by walking, cycling and public transport. Increase capacity by investing in infrastructure that provides faster and more reliable journeys within and between our towns and local centres and the regional economic hub.	It will enhance and formalise linkages between Churchfields and Kidderminster. Public realm and streetscape enhancements will promote a sense of place, footfall and therefore expenditure.
Place: Deliver major growth and regeneration opportunities	Secure investment in priority sites and the infrastructure required to unlock them to support our ambition to create new jobs and homes	It will help to facilitate the development of 287 homes.
Place: Develop thriving towns and local centres	Unlock residential opportunities to drive activity and footfall into our town centres	The project will improve connectivity between Churchfields, Horsefair local centre and Kidderminster town centre increasing footfall and retail expenditure therefore ensuring vitality and viability of both retail destinations.
Place: Increase the supply of viable housing	Bring forward well located, quality and readily available land for housing and employ	

B3. How does the project fit with national, sub-regional and local investment plans and strategies? (300 words)

For instance, this may be the HMG Industrial Strategy, West Midlands Combined Authority Strategic Economic Plan or that of a neighbouring LEP, Midlands Connect, a Local Plan, etc.

National Planning Policy Framework (NPPF)

The NPPF recognises the important role of mixed-use development, and residential schemes in particular, in ensuring the vitality and viability of retail centres. Such development can enhance footfall and retail expenditure in existing retail centres.

Implication – This project will help to ensure the vitality and viability of Horsefair local centre and Kidderminster Town Centre.

Kidderminster Central Area Action Plan (KCAAP).

The regeneration of Churchfields as a housing-led urban village is a key objective of the KCAAP. It states that “It is the largest single housing growth opportunity” and notes that “potential for major transformational impact exists.” The area is expected to provide housing, together with opportunities for new office, small-scale retail and leisure development.

The AAP identifies that the site brings particular challenges including addressing the ring road and canal as barriers to movement, addressing public transport permeability and improving air quality.

The Council's vision the site is enshrined within the adopted Churchfields Masterplan SPD. This identifies a range of transport constraints that act as a barrier to development – including congestion, a disconnected roadwork and severance.

Implication - This project will facilitate development of a key site which has an established policy context.

Worcestershire LTP

LTP 3, and emerging LTP4, focus on supporting growth through delivery of an efficient transport network, whilst minimising the impact of transport on the environment. Both recognise poor air quality as an issue for Kidderminster. The draft LTP 4 notes that the delivery of transport schemes to help accommodate development growth as a particular challenge and sets out policies on the management of transport related air quality issues (Policy AQ1).

Implication – The scheme will address the priorities of the adopted and emerging LTP by helping to deliver growth and tackle air quality issues.

Air Quality Action Plan

The scheme falls within the Horsefair and Coventry Street AQMA. Monitoring documented in the AQMA Annual Status Report 2016 shows that measured exceedances of NO₂ on Horsefair and Coventry Street were between 49 and 69 µg/m³ in 2015 (bias adjusted measurement) compared to the NO₂ annual mean objective of 40 µg/m³. Specifically at sites on Blackwell Street the report notes 2015 NO₂ annual mean concentration figures of 56.4 and 61.2 µg/m³.

Implication: The scheme addresses a known Air Quality issue.

Worcestershire SEP

The Worcestershire SEP supports a programme of investment in city and town centres, aimed at releasing employment land, enabling new housing and improving transport and civic amenity. Within the package for Kidderminster, Churchfields is specifically mentioned in the context of housing investment and regeneration of retail centres

Implication – This project is aligned with the objectives of the Worcestershire SEP.

B4. Why is public sector intervention required? What evidence is there of market failure? (300 words)

There are two key arguments supporting public sector intervention at Churchfields, relating to removal of market failures:

- Facilitating full development of the Churchfields Masterplan; and
- Overcoming development viability of the Churchfields Masterplan.

The Churchfields Masterplan is partially delivered. Completion of the Masterplan is constrained by transport issues, meaning the full regeneration potential of the redevelopment opportunity may not be realised.

In particular, the full delivery of the Churchfields Masterplan cannot be progressed unless the project is implemented as the existing highway network is at capacity and cannot accommodate the additional dwellings that have been identified in the masterplan. Therefore, the project is a prerequisite for further housing-led mixed use regeneration as part of the Churchfields Masterplan. It will facilitate the redevelopment of a large brownfield site with the potential to deliver up to 287 new homes, which will be delayed or stalled in the absence of the project.

At the same time, development viability issues with delivering the Masterplan mean that the private sector cannot fund the project alone. The WFDC Planning Officers' Report for a previous phase of the Masterplan suggests that development at the site is not financially viable if developers are expected to fulfil all planning obligations. Within this context, the private sector is unable to meet the infrastructure burden to unlock the full potential of the Masterplan alone. Current and anticipated contributions generated through Section 106 agreements will not be sufficient to meet the capital costs of the project.

As a result, in the absence of public sector intervention to fund the project, the project will not be able to come forward and the residual development sites within the Churchfields Masterplan will remain constrained. As a result, positive economic externalities associated with delivery of residential units, public realm, transport and connectivity improvements, leading to revitalisation of the town and local centres as well as wider regeneration, will not materialise in the absence of public sector intervention to fund the project.

B5. Who are the intended beneficiaries of the project? (200 words)

A range of different groups would benefit from the realisation of this project as shown below.

Group	Will benefit from:
Retailers/business occupants in Horsefair local centre and Kidderminster Town Centre.	Enhanced connectivity to customers and employees Improved footfall generated by enhanced public realm and housing-led mixed use regeneration.
Local residents	Improved air quality Enhanced retail offer through a revitalised Horsefair centre Enhanced connectivity to Kidderminster town centre.
Businesses across wider Kidderminster and Wyre Forest area	Enhancements to the ring road, resulting in improved journey times and reliability on one of the main arterial routes through the District.
Local labour market	Increased employment opportunities unlocked by redevelopment and regeneration. Jobs during the construction phases
Land owners and developers	Increased development viability and accelerated delivery due to public sector intervention to address transport constraints.
Vehicular users of the A456 Kidderminster Ring Road and A451 Blackwell Street/Stourbridge Road	Will benefit from additional highway capacity.

B6. What stakeholder consultation has been undertaken / support received? (300 words)

Key stakeholders for the project include: Worcestershire County Council, Wyre Forest District Council, key landowners, local businesses.

The identification of the area covered by the Kidderminster Central Area Action Plan was described in the Core Strategy and debated at the EIP.

Wyre Forest District Council adopted the Churchfields Masterplan (2011) and the Kidderminster Central Area Action Plan (2013), which were both subject to public consultation and engagement.

The key landowner is involved in regular direct discussion with the district and county councils.

B7. Is the project dependent upon any other projects or investment? (200 words)

No

C. The Economic Case

C1. What are the critical success factors for the project? (200 words)

The following are identified as the critical success factors for the project.

- CSF1: The chosen option(s) must satisfy the objectives outlined in WFDC Adopted Core Strategy 2010 policy CP03 Promoting Transport Choice and Improving Accessibility and justification paragraph 6.49.
- CSF2: The option chosen must contribute to the objectives outlined in WFDC Adopted Core Strategy 2010 policy DS02 Kidderminster Regeneration Area. The Churchfields area is within the KCAAP.
- CSF3: The option chosen must align with the key aims outlined in LTP3 and draft LTP4 by supporting growth and helping to accommodate local plan development.
- CSF4: The chosen option must be capable of facilitating the delivery of the remaining phases of the Churchfields masterplan and support delivery of the remaining 287 dwellings.
- CSF5: The option chosen must have potential to address the identified air quality issue within the AQMA
- CSF6: The option chosen must be capable of being aligned with current highway upgrade programme within the County.
- CSF7: The option chosen must show a high benefit cost ratio to ensure the maximum benefit of the project are realised.
- CSF8: The option chosen must conform to the terms in the Term Civil Engineering Contract. This contract is currently in place with a single supplier tendered in compliance with the Public Contract regulations and EU Directives.
- CSF9: The option chosen must be affordable and project risk must be taken into account. Any private funding must be secured.

C2. What ways and options have been considered for delivering the project?

N.B. this question relates to e.g. size, scope, location, costs, outputs and outcomes.

Please briefly outline the different ways forward, if appropriate, and several different options to address the problem / opportunity.

Reference Case	<i>the position in terms of outcomes and benefits that would occur if the project did not proceed</i>
Proposed Option	<p>As set out in Section B above.</p> <p>Two options are currently being further considered. These differ in their treatment of the A456 ring road junction:</p> <ul style="list-style-type: none"> • Option A includes a roundabout at the A456; and • Option B includes a traffic signal controlled junction at the A456. <p>Within this OBC the scheme costings and value for money assessment/BCR is based on the signalised solution, Option B.</p>

<p>Alternative Option 1</p>	<p><i>This may be based on changes to the scale, scope and cost of the proposed option</i></p> <p>The two options currently being considered have been selected based on an optioneering exercise which considered alternative arrangements for both Horsefair gyratory and the A456 junction. This is set out in the January 2017 Options Report (see Appendix E).</p> <p><u>Horsefair</u></p> <p>Option 1 – This was the original junction solution used as the basis for the EOI. This involved a mini roundabout at Horsefair. Subsequent assessment showed that this layout was not appropriate for HGVs, therefore a number of alternatives were considered, as follows.</p> <ul style="list-style-type: none"> • Option 1A – An iteration of option 1, with wider kerb lines to facilitate HGV movements. • Option 1B – An iteration of option 1, allowing access (left turn) from Dudley Street. • Option 1C – Removes the mini roundabout and closes Horsefair to through traffic. • Option 1D – Removes the mini-roundabout, introduces lane discipline and some signals. • Option 1E – Removes the mini-roundabout and signalises the junction. • Option 1F – A combination of 1E and 1F. • Option 1G – Signalised junction with access from Dudley Street to the gyratory. <p>Option 1G was identified as the preferred option. This was identified as the preferred option and is included in both Option A and B now being taken forward.</p>
<p>Alternative Option 2</p>	<p><u>A456 ring road junction</u></p> <p>A number of alternative options for the junction with the A456 ring road were also considered. See Appendix E. In brief:</p> <p>Option 2 – this was the original option included within the EOI, showing a 5 arm signalised junction. It was found that this layout could not be implemented in geometric terms. A number of alternatives were therefore explored:</p> <ul style="list-style-type: none"> • Option 2A –with islands removed • Option 2B –with islands and right turn lanes to enable through lanes • Option 2C – each arm gets a green stage and all other movements are held at red • Option 2D – left turn filter from west to north <p>This work concluded that a solution could not be found with all arms and traffic movements maintained. Additional options were then considered:</p> <ul style="list-style-type: none"> • Option 3 – signalised junction, but with Blackwell Street closed off completely • Option 3A – close Blackwell Street northbound, but retain access to the town centre • Option 3B – as above, but with no right turn from east ring road north • Option 3C – as above, but with short link road to Blackwell Street • Option 3D – considers parking requirements <p>In addition, consideration was given to a roundabout solution, rather than a signalised junction.</p> <ul style="list-style-type: none"> • Option 4 – retains the existing ring road roundabout, but with the addition of a new link (5th arm) • Option 4B – signalises the roundabout with the new link. • Option 4C – looks at signalising, but at remote locations some distance from the give way lines on the roundabout. <p>Based on this work options 4, 3 and 3A were identified as having the most advantages. Option 4 is taken forward into Option A now being further considered. Options 3 and 3A are also being further considered through Option B.</p>

C3. What is the preferred option and why? (300 words)

At the current time two options are under consideration (Option A and Option B). These are discussed below.

Both options include the same arrangement at Horsefair, taking forward Option1G as the preferred arrangement because of the following advantages:

- By signalling the Churchfields /Broad Street/Radford Avenue junction then egress from Churchfields is safely performed for the primary route northwards.
- Exit from Broad Street is provided whilst stopping Churchfields, HGV egress is possible when required.
- Providing two lanes at Horsefair permits right turn/U turn movement without blocking the primary route north to Stourbridge.
- By providing two lanes at Stourbridge Road. This enables uninterrupted southward flow to Blackwell Street. Signalisation at this junction provides Radford Avenue egress when required and the Dudley Street egress northwards enables vehicles from this street to depart in any desired direction.
- Pedestrian and cycle crossing points can be facilitated in conjunction with the traffic signals or pelican crossing points in detail design.

Option A is shown on Figure 473946.KZ.02.00.DR-043 (Appendix C). At the A456 ring road, Option A incorporates Option 4 from the Options Report – a roundabout with additional link - as the preferred option. This was identified as the best option for the A456 ring road because of the simplicity of the solution and the reduction of queue lengths within Blackwell Street and the A456. In addition, this Option was preferred because it does not prevent traffic from the north continuing into the town centre nor prevent existing manoeuvres from east to north (as would be the case for OPTION B).

Option B introduces a signalised junction at the A456 ring road, rather than a roundabout. Two iterations are being considered, B1 and B2, and these incorporate Option 3 or 3A of the Options Report. They would prevent traffic from the north continuing into the town centre and prevent existing manoeuvres from east to north. These Options are shown on Figure 473946.KZ.02.00.DR-046/7 (Appendix D).

As noted above the scheme costings and value for money assessment/BCR is based on the signalised solution, Option B.

C4. Please explain how your preferred option represents value for money.

If a cost-benefit analysis has been carried out, please briefly describe the outcome of this and append details of the calculations in a separate document. If not, please briefly summarise the expected costs and benefits of the preferred option.

Value for money assessment

An outline assessment of the value for money of the scheme was carried out at EOI stage and has been updated to reflect the latest scheme costs.

The assessment identified benefits related to travel time delay and congestion improvements, and off-set them against the scheme costs to produce a net present value (NPV) and benefit-cost ratio (BCR). The calculation of benefits was based on techniques and parameters set out in WebTAG.

The methodology made use of Arcady and Linsig models of the existing roundabout and proposed signal junction (as designed at the time of the EOI) with current year (2016) and future year (2026) traffic flows.

Arcady was used to calculate delays to traffic with the junction in its existing configuration as a

roundabout. Linsig was used to calculate delays to traffic with the junction in its proposed future form, incorporating the revised signal-controlled junction and associated changes to other roads linking to/from the Churchfields area.

Input traffic flows for all modelled scenarios were drawn from the wide-area multi-modal Wyre Forest Transport Model VISUM model. The nature of the scheme, focused as it is on a single junction, means that the local junction models (using Arcady and Linsig) are more appropriate to generate detailed local changes for input to the value for money assessment.

The calculation of benefits is based on delays to traffic using the junction in the AM peak hour (08:00-09:00), an average inter-peak hour (between 10:00 and 16:00) and the PM peak hour (17:00-18:00). Delays per vehicle using the junction are calculated for each scenario, and the travel time savings (some of which are negative) aggregated to daily figures using factors derived from traffic counts in the Kidderminster area (to uplift the single hours modelled to periods and whole day). The 'rule of a half' has been used to determine travel time saving benefits (WebTAG A1.3). Time savings are monetised using parameters provided in the WebTAG data-book (2015). All values costs and values have been deflated and discounted to 2010 prices.

The resulting cost benefit analysis is summarised as follows:

Cost benefit analysis	
Present value of benefits (PVB)	£14,650.74
Present value of costs (PVC)	£6,921.80
Net present value (NPV)	£8,358.94
Benefit cost ratio (BCR)	2.329

costs/benefits are £'000s : 2010 values in 2010 prices

Note that this cost benefit analysis is a partial assessment based on local junction modelling. As such, while it provides aggregate costs and benefits, it does not include some of the disaggregated details usually contained in TEE, AMCB or PA tables, as follows:

- Benefits are based only on highway effects, with no collateral changes to other modes.
- There is no sub-division of benefits for commuting, other and business users.
- The principal constituent of benefit is travel time, with limited assessment of local vehicle operating costs (not identified separately).
- Neither user charges nor effects during construction and maintenance are included.
- The effect on indirect tax revenues is not included.
- Environmental benefits are not included.
- Wider economic impacts are not included.

Regeneration impacts

Since the EOI was submitted a separate assessment has been undertaken to understand wider economic and regeneration impacts.

In terms of economic development and regeneration impacts, the preferred option will result in the following outcomes:

- Delivery of 287 dwellings that is contingent on the scheme and completion of the housing-led Churchfields urban village.
- Support additional retail expenditure in Kidderminster Town Centre in the region of £1.3m as a result of additional population at dependent development and enhanced linkages.
- Support additional retail expenditure in Horsefair local centre in the region of £2.6m, as a result of increased footfall and increased expenditure associated with public realm improvements.
- Increased utilisation of retail accommodation in Horsefair local centre (c. 167 sq. m of retail floor space brought back into use).
- Creation of up to 21 gross FTE jobs in the retail industry (11 in Kidderminster Town Centre and

- 10 at Horsefair), via increased footfall and expenditure in both locations as a result of the scheme.
- Generate gross GVA uplift of £2.5m, associated with the creation of retail jobs.

The analysis underpinning the estimation of these economic outcomes is presented in more detail below (C6).

For the remainder of this document, please answer in relation to the preferred option.

C5. Please state what outputs and outcomes you expect the project will achieve.

Please leave blank those which do not apply.

Output / outcome	2017/18 forecast	2018/19 forecast	2019/20 forecast	2020/21 forecast	21/22 – 24/25 forecast	Total forecast
Jobs created or safeguarded <i>Permanent paid FTE that are newly created as a direct result of the intervention</i>						
Jobs created or safeguarded <i>Permanent paid FTE that are newly created as an indirect result of the intervention</i>			7	7	7	21
Housing units – No. directly completed as a result of project						
Housing units - No. indirectly completed as a result of project			100	100	87	287
Commercial / employment floorspace created (m²)	m ²	m ²	56m ²	56m ²	56m ²	167m ²
Skills – Number of new learners assisted <i>(in courses leading to a full qualification)</i>						
Skills – Area of new or improved learning / training floorspace (m²)	m ²	m ²				
Skills – Number of new apprenticeships delivered as a direct result of the project						
Transport Projects <i>BCR and vfm category</i>						2.329 (based on Option B costs)

C6. Please explain the assumptions used in your output and outcome assessment

Transport Projects – Please outline any additional actions you are taking to ensure your project is WebTAG compliant

Economic Development and Regeneration

The assessment shows that 287 dwellings will be unlocked by the scheme. This estimate is based on the residual quantum of residential development at Churchfields that has not come forward yet. Wyre Forest District Council and Worcestershire County Council have confirmed that development of the remaining residential sites will not be permitted in the absence of the scheme. Therefore, the residential development is contingent and dependent on the scheme.

The assessment suggests that Kidderminster Town Centre will benefit from £1.3m of additional

expenditure per annum as a result of the scheme. This estimate is based on the increase in population generated by 287 new dwellings that are contingent on the scheme, as well as the anticipated spending patterns of the additional population. Based on an average household size of 2.3 people per dwelling in Wyre Forest (ONS 2011 Census, Table H01UK), 287 additional units would generate 660 additional residents. The Wyre Forest Retail and Commercial Leisure Needs Study (2016) demonstrates that annual expenditure per capita on convenience goods and comparison goods is £2,061 and £3,158 respectively. Therefore, 660 additional residents could be expected to generate more than £3.4m in expenditure per annum.

Of this expenditure, 10% of convenience goods spending and 56% of comparison goods spending would be retained in Kidderminster Town Centre (including other key local centres and Crossley Retail Park). Therefore, the total uplift in expenditure in Kidderminster Town Centre is expected to be £1.3m per annum.

The assessment also suggests that Horsefair local centre will benefit from £2.6m of additional expenditure per annum as a result of the scheme. This estimate is based on retail units in the local centre currently achieving low sales densities, which could be enhanced in response to the public realm and streetscape improvements in the area that the scheme would deliver. The Wyre Forest Retail and Leisure Study Update (2010)¹ noted that Horsefair local centre captured around 6.5% of retail expenditure in Kidderminster's local centres. The 2016 Retail and Leisure Study indicates that £8.0m of retail expenditure takes place in local centres, suggesting Horsefair local centre captures around £517,000 of retail expenditure. Wyre Forest's Retail Monitoring Report (2013) suggests there are 1,111 sq m of net retail floor space in Horsefair local centre, but with a 20% vacancy rate reported for locations such as Horsefair in the Retail and Leisure Study, the effective net retail floor space is estimated at 889 sq m. Based on these metrics, the sales density achieved at Horsefair local centre is £581 per sq m. In contrast, the sales density achieved across Kidderminster's local shops is £3,500 per sq m.

The scheme will deliver public realm and streetscape improvements around Horsefair and also improve accessibility to Kidderminster Town Centre. Case study evidence² indicates that public realm improvements can increase footfall and expenditure significantly, with conservative benchmark figures suggesting an increase of around 25-35%. By increasing these measures of retail vitality, the scheme could increase the sales density achieved by units located in Horsefair local centre to £3,500 per sq m, as per the benchmark for local shops. Increasing the sales density to the benchmark rate would increase expenditure in Horsefair local centre by £2.6m, to a total of £3.1m.

It should be noted that expenditure impacts estimated for Kidderminster Town Centre and Horsefair local centre are gross estimates – factors of additionality (e.g. displacement) have not been considered.

By increasing footfall, expenditure and the overall vitality of Horsefair local centre through public realm and streetscape enhancements, the project could also reduce existing vacancy rates. As noted, the Retail and Leisure Study (2016) presents a vacancy rate of 20% for locations such as Horsefair. If the scheme could reduce the vacancy rate to 5% (i.e. closer to the national average), then 167 sq m of retail accommodation could be brought back into use.

By revitalising 167 sq m of retail accommodation in Horsefair local centre, the scheme could create new retail jobs. The Homes and Communities Agency's Employment Densities Guide (2015) suggests that the average employment density for retail land uses is 17.5 sq m per employee. Therefore, 167 sq m of utilised floor space at Horsefair local centre could support almost ten gross full time equivalent (FTE) jobs.

No employment impact is estimated as a result of increased expenditure in Horsefair local centre, as the increased expenditure is only expected to bring overall expenditure in the area up to local sales density benchmark values. However, additional expenditure in Kidderminster Town Centre is expected to

¹ A breakdown at Horsefair local centre level is not provided in the 2016 version of the Retail and Leisure Study

² E.g. as reported in Living Streets (2014), 'The pedestrian pound: The business case for better streets and places' Local Growth Fund - Outline Business Case template v1.0 (10/02/2017)

catalyse job creation. The Annual Business Survey (2015) suggests that £118,000 of retail expenditure/turnover is sufficient to support one job in the retail industry. Therefore, increased retail expenditure amounting to £1.3m in Kidderminster Town Centre as a result of the scheme could support eleven gross FTE jobs. The combined employment impact in Horsefair local centre and Kidderminster Town Centre would therefore equate to some 21 FTE retail jobs.

By creating 21 FTE retail jobs, the scheme could also facilitate uplift in GVA. The benchmark for GVA uplift per employee in the retail industry in Worcestershire is estimated at £24,000³. Assuming a staggered build-up of jobs over a three year period from 2019/20 onward (i.e. after completion of the scheme), a ten-year persistence rate for jobs created and undiscounted values, the scheme could generate GVA uplift of £2.5m between 2016-17 and 2024-25.

C7. Please briefly describe any other specific outputs or outcomes not listed, including any non-quantifiable benefits

Please also consider what the social or environmental impact may be from the project

Additional outputs and outcomes, which have not been quantified at this stage include:

Improved air quality: The traffic management measures proposed should have an overall beneficial impact on local air quality in this area.

Improved streetscape, sense of place and environment. There is a real opportunity to improve quality of life in this local area by addressing air quality matters and taking advantage of improved highway works to improve the streetscape, for example by improving footways and introducing pavement build outs. In addition there is opportunity for Horsefair and Blackwell Street to become an enhanced gateway to Kidderminster.

Improved conditions for pedestrians. The scheme will enhance the pedestrian experience through Blackwell Street as traffic will be limited to one direction enabling wider pavements. The scheme will help to support an associated public/private approach to shop front improvements and including proactive use of upper floors.

D. The Commercial Case

D1. What is the evidence of demand or market interest? (300 words)

Please include any details on market testing and any private sector negotiations or discussions where possible, and how this demonstrates that the proposal will be commercially feasible / deliverable.

As noted in D2 below, WFDC has been in a positive dialogue with the owners of the land to be redeveloped, Kidderminster Property Investments (KPI), for a number of years and continues to engage positively with them. KPI has confirmed its intent to bring the residential development forward as soon as the highway capacity can be increased.

³ Based on ONS Subregional Productivity data for Worcestershire (£45,000) weighted by the differential between retail and all sectors at the national level from ABS (53%)

D2. If private development partners will be required to deliver project outputs, at what stage are discussions / negotiations? (200 words)

WFDC has been in a positive dialogue with the owners of the land to be redeveloped, Kidderminster Property Investments (KPI), for a number of years and continues to engage positively with them. KPI has confirmed its intent to bring the residential development forward as soon as the highway capacity can be increased. KPI has purchased a key piece of land to enable the highway infrastructure to be completed and currently leases it to a Vauxhall car dealership (CMS) until 2018. KPI remains committed to making this land available to facilitate the new highway infrastructure.

D3. Detail any 3rd party services that will be used to deliver this project, e.g. Legal, Finance, other consultancy (200 words)

CH2M, as term contractors to Worcestershire County Council will provide engineering design services.
Contractor to be procured in line with response to D4.

D4. Please outline what procurements will need to be undertaken and provide evidence that you have a robust contracting and procurement strategy in place that takes into account all appropriate UK and EU regulations (200 words)

The procurement will be in line with the WCC Procurement Strategy, which will be based on a number of key objectives and outcomes, against which alternative procurement options are assessed. Potentially WCC have the following three options (to choose preferred option):

- Traditional Approach - Client undertakes or commissions design and appoints construction contractor.
- Design and Build Single stage - Single Award to Single Supplier for detailed design and construction post planning and development.
- The Council's existing term contracts (runs out in 2018) for construction of simple schemes.

SWOT analyses will be used to provide a critique of the internal and external environment in delivering the project.

E. The Financial Case

E1. What is the estimated total project cost and the amount of LGF funding being applied for?

Please note that Local Growth Funding is capital funding and only available until 2020/21 financial year. Please insert additional future years into the table as required.

	Previous years	2017/18	2018/19	2019/20	2020/21	Future years	Total
Capital funding (£000s)							
Local authority							
Other public sector WLEP			975,000	25,000			1,000,000

Private sector			324,000				324,000
Third sector							
GBSLEP LGF Loan funding requested	-						
GBSLEP LGF Grant funding requested	-	443,000	3,095,000	21,000			3,559,000
GBSLEP LGF Development funding requested (eligibility applies)	-						
Total capital cost		443,000	4,394,000	46,000			4,883,000
Revenue funding (£000s)							
Local authority contribution.							
Other public sector contribution							
Private sector contribution							
Third sector contribution							
Total revenue cost							
Total project cost		443,000	4,394,000	46,000			4,883,000

E2. What assumptions have you made in your total project cost and funding estimates? Please provide evidence of match funding being secure or how any funding gap will be bridged

Please provide an overview of assumptions such as how the costs have been estimated, any optimism bias or contingencies included in your cost estimates, and any timing interdependencies of funding.

If you are applying for loan funding, then please outline your proposal for repayment.

The total project costs included within E1 are based on Option B, which is the signalled option for the ring road junction.

The attached Bill of Quantities, included within Appendix F, shows the assumptions made in the total project cost. Costs have been calculated based upon Spons rates adjusted to take into account HE ASF Rates and other industry rates. Rates have been uplifted to represent a Q1 2014 cost estimate at this stage. At next business case stage once the preferred option has been confirmed then a more detailed 2017 Q1 cost rates will need to be produced for the scheme estimate based upon the preliminary design stage to confirm scheme costs.

Optimism Bias not included in scheme cost produced. No Risk allocation included as no quantified risk assessment has been undertaken at this stage. 15% allowance made for unmeasured items.

No costs included for demolition /contamination of land.

The funding estimates presented in E1 assume a contribution of £1,000,000 from WLEP.

E3. Please provide evidence of match funding being secure or how any funding gap will be bridged

It is assumed that the scheme will not have any funding gap unless project outturn cost escalates to more than the £4,883,000 estimated. The project has been identified as a priority project by the WLEP for funding from their LGF3 award. The Council has already negotiated £324k through a S106 contribution from an earlier phase of residential development and will continue to negotiate additional S106 monies from subsequent phases where this is possible after viability has been assessed.

E4. Please outline the overall affordability and financial sustainability of the project

LGF3 is the only funding source available for this project. This scheme comes under the threshold for major schemes so must be developed through the LEP.

In terms of ongoing costs, maintenance costs would be covered within the WCC normal highway maintenance budgets. As a contingency, if additional maintenance funding was required it is expected that this could reasonably be generated through S106 contributions on the 287 dwellings.

E5. Why is LGF funding required? What specifically would it be used for? (200 words)

The LGF funding would be used to fund the construction of the highway works required. These works will enable mixed-use development to come forward and facilitate delivery of the Churchfields master plan.

E6. How would the project proceed without LGF funding? (200 words)

In the absence of public sector (LGF Round 3) funding, the highway scheme will not come forward and development will remain constrained.

As noted above, assessments of a previous phase of the Masterplan suggests that development at the site is not financially viable if developers are expected to fulfil all planning obligations. Within this context, the private sector has made it known that it is not able to meet the infrastructure burden to unlock the full potential of the Masterplan alone. Current and anticipated contributions generated through Section 106 agreements will not be sufficient to meet the capital costs of the project.

E7. What other means of financing the project have been explored?

As noted above, the residential element will not generate enough S106 value to fund the full extent of the highway works and without public sector support the works will not proceed; consequentially the land could not be released for new homes, the air quality matter will not be resolved and the local centre will remain a poor quality offer.

E8. If you are requesting capital grant funding, then please explain why LGF loan funding is not suitable to deliver the project? (200 words)

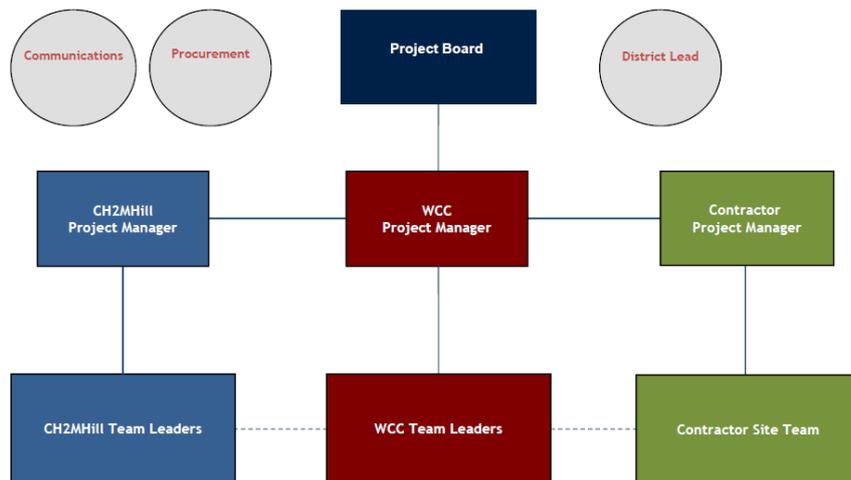
The project will not generate revenue, therefore is not suitable for loan funding.

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F. The Management Case

F1. Please outline your project management and delivery arrangements, including the project reporting structure and the roles and responsibilities of partners and key personnel

The project management arrangements for this project are based on the structure that has been successfully applied by WCC on other major schemes and is below.



The structure is based on PRINCE2 principles and the Project Management Handbook for Local Authorities, Version 5: Programme, Project and Change Management. It also considers the Office of Government Commerce (OGC) guidelines for delivering projects. Specific attention has been given to governance, to provide a clearly defined structure for the role of the Cabinet, Project Board, Project Manager and Project Teams.

Worcestershire County Council's Cabinet has ultimate authority for the project. The Cabinet meets on a monthly basis.

The scheme will be overseen by a Project Board. The Project Board will meet on a monthly basis. And throughout the life of the project to ensure Project Assurance objectives are met. The Project Board will also specifically meet at key milestones during the project, tying in with their role in procurement, design and financial approval in the next stages of the project.

Project Board Membership

Name	Organisation/Position	Role
Mike Parker	Wyre Forest District Council / Director of Economic Prosperity & Place	Project Lead
Jonathan Elmer	North Worcestershire Economic Development and Regeneration	Economic Development and Regeneration Manager
Abhi Bhasin	Worcestershire County Council / Senior Transport Planner	Business Case Manager
Karen Hanchett	Worcestershire County Council / Transport Policy and Strategy Team Leader	Transport Planning Manager
Andy Baker	Worcestershire County Council / Transport Planning and Commissioning Manager	Senior Responsible Officer
Gordon Williams	CH2M / Associate	Project Manager

The Responsible Officer is Andy Baker. The role of the Responsible Officer is to lead the management and delivery teams and provide the interface with the executive team. In this instance, the Responsible Officer is required to:

- Report to and receive feedback from the Project Board.
- Ensure the appropriate resources, project management and technical expertise are in place for the project.
- Make decisions and approve changes within agreed tolerances or seek authorisation if required.
- Monitor and evaluate project progress against milestones and assess outcomes.
- Provide guidance, support and direction to the Project Manager and project team.

The Business Case Manager is Abhi Bhasin. He manages the project using Prince 2 methods within set tolerances as agreed by the Project Board. He leads the work of the Project Teams and is a member of the Project Board. The role of the Business Case Manager is to:

- Lead and coordinate the project team and its work-streams.
- Procure consultants and contractors.
- Prepare and report project budgets.
- Manage project risks and issues.
- Report to and receive feedback from the responsible officer.
- Produce periodic progress reports to relevant committees.

The Project Manager is supported by a project team covering all related disciplines. In most cases a discipline has a lead officer or consultant who is, where relevant, supported by a co-ordinator and wider team.

F2. Why is your organisation the best placed to deliver this project? What is your track record of delivering similar projects? (200 words)

Worcestershire County Council has considerable experience of:

- Delivering large transport schemes on time and on budget.
- Successfully obtaining consents for large infrastructure schemes.
- Developing and maintaining good working relationship with key partners and stakeholders.
- Internal resourcing and governance requirements for major schemes.

Worcestershire County Council has recently successfully delivered the Hoobrook Link Road in Kidderminster, Wyre Forest. The link road is situated within South Kidderminster Enterprise Park which is identified in both the Greater Birmingham and Solihull and Worcestershire LEPS as being an important growth location. Congestion was viewed as a major barrier to economic growth in the immediate and wider area of Kidderminster. The Hoobrook Link Road which crosses both the Worcester Canal and River Stour, provides improved access and connectivity to two key employment corridors, and relieves congestion on the existing constrained routes.

In addition, in recent years Worcestershire County Council has also successfully delivered:

- Multiple phases of the A4440 Southern Link Road.
- Evesham Abbey Bridge.
- The Worcester Transport Strategy.

F3. Please provide a summary of key project milestones.

If you have a Gantt chart available, please also include this as an appendix.

Date	Milestone
	e.g. anticipated external funding award date, issue tender documents, contract award, start on site, works completed, etc. For full programme please see Appendix G
July 2017 – Nov 2017	Planning and other statutory approvals
Dec 2017 – March 2018	Tender period/appointment of preferred contractor
April 2018	Work commences on site
April 2019	Scheme opening

F4. Which of the following (or their nearest equivalents) have been completed?

Description	Complete?	Brief details and date
Concept study	✓	Options Report, January 2017, included in Appendix E.
Feasibility	✓	Option A and Option B drawing included in Appendices C&D
Preliminary design	In Progress	Currently underway, programmed to be complete end March 2017
Detailed design	Not Started	-
Risk register	✓	Risk register in Appendix A
Quantified risk assessment	Not Started	-
Environmental appraisal	✓	Preliminary Environmental Feasibility Report, Jan 2017 EIA screening letter submitted Feb 2017
Planning application	Not Started	-
Statutory approvals / planning permission	Not Started	-
Consultation with key stakeholders	✓	Via AAP and masterplan.
Internal or external funder strategic / outline business case	✓	EOIs were submitted to WLEP and GBSLEP in summer 2016.
Internal/other funder business case with benefit-cost ratio or established value for money case	✓	EOIs were submitted to WLEP and GBSLEP in summer 2016 These contained high level BCR
Quotes for work to be undertaken	Not Started	-

F5. Please briefly detail any other relevant preparatory work completed

All relevant preparatory work is noted above.

Please complete the risk register provided in Appendix A

Guidance on risk management is provided in the HMT Orange Book, which is available at <https://www.gov.uk/government/publications/orange-book>

F6. Please briefly explain if any of the following dependencies and potential risks/barriers apply

Issue	Applicable	Comments
Land ownership	Yes	Land is required.
Requirement for Compulsory Purchase Order powers	Possibly	Requirement for land will depend on the selection of final option. Option A has no land issues. The costing presented is based on Option B and makes an allowance for land acquisition.
Requirement for major statutory instruments (e.g. TWA, Side Road Orders, DCO)	Yes	Possible side road order and stopping up order
Requirement for planning consents	Yes	Planning consent will be required. We intend to submit a planning application in July 2017.
Known environmental impacts (e.g. SSSIs, Heritage sites, Ancient Monuments)	Yes	The scheme will benefit the AQMA
Match funding / partner commitment	No	
Any other contingencies or dependencies	No	

F7. If there are specific constraints on the project's start / end dates, please state these below:

	Date	Details
Project cannot start before	April 2018	Construction of the link road requires demolition of the CMS/Vauxhall Garage. The existing tenancy of the garage expires in April 2018. At this time Kidderminster Property Investments Limited will then take possession.
Project must be completed by	April 2019	(Current Estimate: One year of Construction Period)

F8. Please state how your project complies with State aid Regulations without contravening the State Aid Legislation.

Please outline what advice (e.g. legal advice) you have had in relation to State Aid. All applicants need to take steps to satisfy themselves that any LEP funding approved does not amount to unlawful State Aid. A declaration of compliance with EU State Aid regulations will be required prior to any LEP funding being provided.

Not applicable.

G. Declaration

Please confirm whether any information in this Outline Business Case is commercially sensitive.
Please outline why if so.

The scheme costs are estimates at this stage and therefore should not go into the public domain in order to get the best price from a contractor.

Senior Responsible Owner Declaration

As Senior Responsible Owner for [Churchfields Urban Village Highway Infrastructure](#) I hereby submit this request for [LGF 3](#) allocation on behalf of [Worcestershire County Council](#) and confirm that I have the necessary authority to do so.

Name: [Andy Baker](#)

Position: [Transport Planning and Commissioning Manager](#)

Date: [22 March 2017](#)

Signed:



Appendices

[Appendix A – Risk Register](#)

[Appendix B – EOI](#)

[Appendix C – Option A drawings](#)

[Appendix D – Option B drawings](#)

[Appendix E – Options Report](#)

[Appendix F – Bill of Quantities](#)

[Appendix G - Programme](#)

H. Development Costs

Please only complete this section if you wish to apply for a funding contribution towards the development costs of this project.

Your application for a funding contribution towards development costs will only be progressed if your OBC is assessed to meet the required criteria to proceed through to Full Business Case.

Please note that applications for development costs are only open to Local Authorities, TfWM, Universities and Colleges, and public sector health organisations.

Total Development Costs for this project <i>(up to and including Full Business Case submission)</i>	Not applicable
LGF contribution sought towards the Development Costs for this project	<i>This can only be to a maximum of 10% of the total LGF funding requested</i>

Please describe and provide a financial breakdown of the Development Work to be undertaken
Please include specifically what the LGF funding will be used for, key milestones towards the production of the Full Business Case, and governance arrangements, including any local gateway processes, change control and risk management for the delivery of the Full Business Case.

Not applicable

Estimated Full Business Case submission date	(Current Estimate: Six months from the Grant of Conditional Approval)
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By signing below, you certify that the above information is true and accurate.

Should your application for Development Costs be granted, you agree that the Local Growth Fund will be defrayed to you on the following conditions:

- The Local Growth Fund will be defrayed as an interest-free, repayable grant. The funding will be defrayed as capital, and should only be used for expenditure that can be capitalised.
- The funding will be defrayed from your projected capital allocation to your project as set out in the GBSLEP Growth Deal 3.
- Upon full approval, the balance of the total capital allocation to your scheme will be defrayed in accordance with the processes described in the GBSLEP Growth Deal Assurance Framework, i.e. quarterly in arrears on production of actual expenditure.
- After your submission of the Full Business Case, should full approval for the project not be granted, you will return all previously received LGF Development Costs to GBSLEP in full.
- You will include GBSLEP in the process for any decisions to be made regarding the scope, cost or timeframe for this project.
- You will provide regular update reports to GBSLEP on progress with the development of the full business case for the project, commencing from the date you sign this letter and at a frequency to be agreed.

<p>Sign: Since no development cost is sought, therefore this is not applicable.</p>	<p>Sign: Since no development cost is sought, therefore this is not applicable.</p>
Name:	Name:
Date:	Date:
Senior Responsible Officer	Chief Financial Officer

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