

# Apply to the levelling up fund round 2

## Submission details

Submission reference	LUF20003
Created time	Wed, 10 Aug 2022 08:31
Signed-in user	5b4d6334-c769-4607-8150-7dbed8c279c3

## What is the legal name of the lead applicant organisation?

Swale Borough Council

## Where is your bid being delivered?

England

## Select your local authority

Swale

## Enter the name of your bid

Sheerness Revival

Does your bid contain any projects previously submitted in round 1?

No

## Bid manager contact details

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## Senior Responsible Officer contact details

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## Chief Finance Officer contact details

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## Local Authority Leader contact details

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Position	Leader of Swale Borough Council
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## Enter the name of any consultancy companies involved in the preparation of the bid

SQW Ltd – bid lead and coordinator

Specialist project inputs provided by:

GT3 Architects  
Gleeds  
HMY Architects  
AP Cost Consultants  
Max Associates

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## Enter the total grant requested from the Levelling Up Fund

£20000000

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## Investment themes

Regeneration and town centre	100%
Cultural	0%
Transport	0%

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## Which bid allowance are you using?

Full constituency allowance

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## How many component projects are there in your bid?

3

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## Are you submitting a joint bid?

No

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## Grant value declaration

I am submitting a bid as a single applicant and can confirm that the bid overall does not exceed £20 million grant value

Tick to confirm

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## Gateway criteria: costings, planning and defrayment

I confirm that some LUF grant funding will be defrayed in the 2022/23 financial year

Tick to confirm

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Costings and Planning Workbook

Annex E - LUF Package Bid Costings - Planning Workbook V2.xlsx

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## Provide bid name

Sheerness Revival

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## Provide a short description of your bid

The Sheerness Revival package bid comprises three complementary town centre regeneration projects:

1) Beachfields regeneration - This prominent town centre and seafront site will provide reconfigured, upgraded and expanded health, wellbeing, community, leisure, visitor facilities and placemaking interventions to deliver visible and catalytic change.

2) Sheppey College extension - The extension of this Further Education college will deliver new creative and digital and Junior College teaching facilities alongside additional adult and community learning.

3) Masters House workspace - The conversion and environmental upgrade of

## Provide a more detailed overview of your bid proposal

The Sheerness Revival package comprises three complementary projects in Sheerness town centre.

Sheerness is characterised by deep-rooted socio-economic and health inequalities: the town centre LSOA is ranked in the top 0.14% of deprived places in England. The causes of this deprivation and inequality are complex, interlinked and interdependent. Accordingly, Swale Borough Council (SBC), working and consulting with partners and the local community, has developed these projects to address the interlinked drivers of deprivation, encompassing employment, skills, education, health, wellbeing and amenity.

This package will deliver visible change the community can be proud of and put Sheerness back on the map.

1) Health, wellbeing, leisure, community, visitor economy and placemaking: Beachfields regeneration:

SBC own a prominent town centre and seafront site, Beachfields, comprising an ageing leisure complex integrated with a Healthy Living Centre (home to a GP practice and a local health and wellbeing charity), situated within extensive public realm. The existing facilities require significant investment and are increasingly not fit for purpose. Whilst adjacent to the seafront and town centre, Beachfields makes a limited contribution to placemaking.

Working with partners, including the existing leisure operator, community trust, Clinical Commissioning Group and GP practice, SBC proposes the comprehensive reconfiguration, refurbishment and extension of the existing leisure facility and Healthy Living Centre to deliver enhanced and expanded health, community and leisure services (creating a 12% larger building – increasing from 2,803sqm as existing to 3,139 sqm GIA).

This project will deliver wide-ranging health, wellbeing, amenity, and economic benefits for the existing community and attract new visitors. The proposals will upgrade the environmental performance of the existing structure whilst preserving the embodied carbon of the existing building.

Placemaking interventions will reinforce Beachfields' position as a key node connecting the railway station, the nearby high-street, the seafront and the surrounding community, delivering catalytic and visible change in the heart of Sheerness.

2) Education and skills: Sheppey College extension:

SBC is working in partnership with the owner and operator of Sheppey College, EKC Group, to extend this existing Further Education facility, situated adjacent to the west of the Beachfields site. The 750sqm extension will provide additional capacity for the College to expand its curriculum to deliver digital and creative courses, in addition to supporting a new Junior College (14-16 age groups). There will also be spaces to deliver adult provision in logistics and data analysis, essential numeracy, literacy, and digital skills, and community learning. The project will deliver skills and employability outcomes for young people and adults in Sheerness, equipping them with skills for the future and enabling progression to further learning and careers.

3) Economy: Masters House workspace:

The proposed conversion of a redundant former Council office will create 589sqm of flexible office workspaces suitable for SMEs, in addition to the conversion of obsolete sheds to create 82sqm of studio spaces suitable for SMEs and/or creative enterprises. This will address the lack of supply of high-quality, flexible workspace suitable for SMEs in Sheerness and support employment and GVA related outcomes.

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## Provide a short description of the area where the investment will take place

The Sheerness Revival package of projects are all located in the town centre of Sheerness, situated on the north-west coast of the Isle of Sheppey, within the borough of Swale. To the west of the Isle of Sheppey is the River Medway; to the north and east is the Thames Estuary. Whilst an island, separated from the mainland by the body of water known as 'the Swale', the largely rural Isle of Sheppey is connected to the mainland by road and rail.

Sheerness has a population of 13,480 and is one of the three principal towns within the borough of Swale, with a total population of 151,000.

Sheerness was historically a traditional seaside destination – starting in the mid-nineteenth century providing amenities for the workers at the adjacent shipyard and for visitors taking advantage of the railway. Whilst the Isle of Sheppey is still home to a number of holiday parks and attracts seasonal tourists, the role of Sheerness as a major tourist destination has drastically declined over time. The wider economy of Sheerness is dominated by the existing port, operated by Peel Ports, which provides deep-water berths and handles a significant amount of cargo trade, particularly in the automotive sector. The existing Port is a legacy of the historic naval dockyard presence in Sheerness, which is still evident in the many historic buildings within and adjacent to the Port. Sheerness is currently the main retail and service centre for the Isle of Sheppey's residents.

The projects are all located in Sheerness town centre. The projects are identified on a plan provided at Annex P.

SBC is the principal landowner for all of the sites comprising the package where LUF investment is proposed:

1) Beachfields regeneration: the Council owns all of the land known as Beachfields, a buffer between Sheerness town centre to the south and the sea front to the north (with sea defences protecting the site from flooding). The existing site comprises an existing, ageing leisure centre integrated with a Healthy Living Centre within extensive but under-utilised public realm, along with parking facilities and some limited visitor amenities (kiosks, sandpit, paddling pool, skate park, landscaped gardens). SBC's land ownership of Beachfields extends to the south-west of the site towards the end of the high street and Sheerness train station.

2) Sheppey College – the existing two-storey College is situated to the immediate west of the Beachfields site, close to the town centre and railway station. EKC own the existing College and SBC own the land adjacent to the east (part of the Beachfields site). SBC propose to transfer the freehold of part of its own land – comprising existing car parking – to EKC to facilitate the proposed extension.

3) Masters House – this existing building is located to the south of Beachfields and to the east of the high street in the town centre on Trinity Road.

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### Optional Map Upload

Annex P - Location Plan.pdf

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## Does your bid include any transport projects?

No

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## Provide location information

### Location 1

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Enter location postcode

ME12 1HH

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Enter location grid reference TQ 92122 75015

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Percentage of bid invested at the location 65%

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Optional GIS file upload for the location Annex O - Zipfile GIS Shapefile Boundaries.zip

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#### Location 2

Enter location postcode ME12 1HL

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Enter location grid reference TQ 91790 75026

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Percentage of bid invested at the location 27%

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Optional GIS file upload for the location

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#### Location 3

Enter location postcode ME12 2PJ

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Enter location grid reference TQ 92200 74757

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Percentage of bid invested at the location 8%

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Optional GIS file upload for the location

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### Select the constituencies covered in the bid

#### Constituency 1

Constituency name Sittingbourne and Sheppey

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Estimate the percentage of the bid invested in this constituency 100%

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### Select the local authorities covered in the bid

#### Local Authority 1

Local authority name Swale

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Estimate the percentage of the bid invested in this local authority 100%

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### Sub-categories that are relevant to your investment

Select one or more regeneration sub-categories that are relevant to your investment

Commercial  
Other Regeneration

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**Describe other regeneration sub-category**

Health; Education; Public Realm; Sports and athletics facilities (with integrated visitor economy offer); Community

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**Provide details of any applications made to other funding schemes for this same bid that are currently pending an outcome**

N/A.

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**Provide VAT number if applicable to your organisation**

572199025 (for EKC Group – delivering and managing the proposed Sheppey College extension)

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**Bidders are invited to outline how their bid will promote good community relations, help reduce disparities amongst different groups, or strengthen integration across the local community**

Sheerness Revival will form (and to an extent, has already formed) a focal point for local cohesion. Significant community engagement has taken place during project preparation stages, with the community coming together to share and debate priorities and possibilities. This provides an excellent platform for future community engagement and communication during project delivery.

Sheerness Revival will deliver benefits across the multiple domains of health, wellbeing, leisure, education, skills and employment. This will provide a range of opportunities for communities of all groups and backgrounds to come together, and share and celebrate project achievements, and a change in the area's trajectory.

A key outcome targeted by Sheerness Revival is an increase in civic pride. This is a cohesive outcome with community integration at its heart.

Swale Borough Council has as one of its four corporate priorities (as set out in the Corporate Plan 2020-2023) "tackling deprivation and creating equal opportunities for everyone". Levelling-Up Fund investment will provide a significant opportunity to enact this commitment at scale - a scale that the existing inequalities in Sheerness very much merit.

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**Is the support provided by a 'public authority' and does the support constitute a financial (or in kind) contribution such as a grant, loan or guarantee?**

Yes

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**Does the support measure confer an economic advantage on one or more economic actors?**

No

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**Provide further information supporting your answer**

We have consulted with our legal advisor with regard to all subsidy control questions.

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**Is the support measure specific insofar as it benefits, as a matter of law or fact, certain economic actors over others in relation to the production of certain goods or services?**

No

**Provide further information supporting your answer**

We have consulted with our legal advisor with regard to all subsidy control questions.

**Does the support measure have the potential to cause a distortion in or harm to competition, trade or investment?**

No

**Provide further information supporting your answer**

We have consulted with our legal advisor with regard to all subsidy control questions. We do not believe the award has the potential to cause harm to, or distortion of, competition, trade and investment given the nature of the investment outlined.

**Will you be disbursing the funds as a potential subsidy to third parties?**

Yes

**Upload a statement of compliance signed by your Chief Finance Officer**

**Statement of compliance document**

Annex I - Statement of Compliance Proforma 5.pdf

**Has an MP given formal priority support for this bid?**

Yes

**Full name of MP**

Gordon Henderson MP

**MP's constituency**

Sittingbourne and Sheppey

**Upload pro forma 6**

Annex J - Pro Forma 6 - MP Support.pdf

**Describe what engagement you have undertaken with local relevant stakeholders. How has this informed your bid and what support do you have from them?**

Swale Borough Council (SBC) has undertaken extensive engagement with key local stakeholders over the last 12 months to shape the development of this Sheerness Revival package.

Initial consideration of a long-list of potential regeneration projects was undertaken by SBC Officers and Members between July 2021 and January 2022. This process established Sheerness as the strategic regeneration priority for Swale with indicative projects identified in line with existing regeneration priorities .

SBC has worked closely with key stakeholders to develop the scope and design of the proposed projects. These stakeholders include:



Beachfields regeneration:

- Swale Community Leisure Trust (which manages the existing leisure centre);
- Serco (the leisure centre operator);
- Sheppey Matters (registered charity which manages the Healthy Living Centre);
- Minster Medical Group (GP practice occupying part of the HLC), and
- Medway and Swale Clinical Commissioning Group, representing the NHS;
- Sheerness Town Council;
- Environment Agency (noting site proximity to sea defences).

Sheppey College:

- EKC Group (owner and operator of the existing FE College)

Masters House:

- Locate in Kent (inward investment agency).

Letters of support are provided from key stakeholders in Annex N, with further details provided in this bid regarding their respective roles and inputs.

SBC launched a wide-ranging public consultation exercise during January - February 2022, seeking stakeholder views to shape the selected projects including online surveys, press briefings, 1-2-1 stakeholder meetings (including a visioning and objectives workshop with key stakeholders) and public committee meetings.

A total of 324 consultation surveys were completed online, in addition to 8 written responses. Representations were provided by local groups, arts organisations, charitable organisations, civic and green space interest groups and local businesses.

Headline findings indicated strong support for the Sheerness Revival package:

- 76% of respondents supported the Beachfields proposals
- 78% of respondents supported the Sheppey College extension
- 74% of respondents supported the Master's House studios project
- 86% of respondents support the wider placemaking objective.

Fuller details of stakeholder engagement are provided in a Cabinet Paper (16 March 2022) and accompanying consultation summary provided at Annex M. Cabinet approval for the bid was made in March 2022.

Many of the suggestions raised by stakeholders have been incorporated into the proposals, for example:

"Consider inclusion of soft play within the new leisure centre": Soft play has been incorporated.

"Explore the concept of town centre gateways": The Beachfields public realm will include a gateway 'node' connecting the high street, train station, College, sea front and Beachfields.

"Emphasis history and heritage": The proposals will reinvigorate Beachfields' historic role as a visitor destination.

"Focus the proposed Masters House studios towards arts and culture based uses": The proposed studios will be flexible in design to accommodate arts and cultural uses.

"Place more emphasis on placemaking, including making the most of natural assets including connectivity with the sea": The proposed public realm interventions will enhance the sense of place, and celebrate the seaside location.

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## Has your proposal faced any opposition?

The project development process has sought, wherever feasible, to respond to and incorporate stakeholder feedback and suggestions. Given the scale and

ambition of the Sheerness Revival package balanced against cost pressures and stakeholder priorities, it has not been feasible or viable to incorporate all ideas generated by members of the public and key stakeholders. However, as evidenced above, there is strong public and stakeholder support for the regeneration package as a whole and there is no representative public opposition to any of the constituent projects.

Importantly, the vision and key package outputs were established at the outset in partnership with key stakeholders and the public, shaped through public consultation processes to ensure that the interests of Sheppey's communities have been represented as fully as possible.

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## **Do you have statutory responsibility for the delivery of all aspects of the bid?**

Yes

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## **Provide evidence of the local challenges / barriers to growth and context that the bid is seeking to respond to**

Sheerness is characterised by significant levels of deprivation:

- All five of its LSOA areas are in the most deprived 10% of LSOAs nationally.
- All five LSOA areas are in the top 10% most deprived nationally for skills and training (children and adults)
- 4/5 of the LSOA areas are either in the 10% or 20% decile for health deprivation and disability.

This Sheerness Revival package will address multiple challenges:

Health and wellbeing:

- o Only 65% of Swale adults are physically active, lower than the regional average (69.8%).
- o Life expectancy in Sheerness (West) is 75.5(F)/73.7(M), compared with 86.7(F)82.8(M) in the mainland ward of Woodstock, and set against the national average of 83.2(F)/79.6(M).
- o 27.5% of children in Swale aged 4-5 are classified as overweight or obese, compared with the England average of 23%.
- o Only 38.9% of Sheerness residents report as being in very good health, compared with the UK average of 53%.

Education and skills:

- o The proportion of Y12 and Y13 age school children in 2021 classed as Not in Employment Education or Training in Swale was higher (3.4%) than the Kent average (2.6%).
- o Only 10% of students at Sheerness' principal secondary education provider achieve Grade 5 or above in English and Maths GCSEs, compared with 46% across Swale, and an England average of 43%.
- o 10% of adults (16-64 years) in Swale have no qualifications, which is higher than the regional (8%) and national (10%) comparators.

Economy and labour market:

- o Average resident weekly earnings (£580.20) are significantly lower in Swale than the south-east average (£660.10).
- o There is a lack of good quality supply of workspace suitable for SMEs and new build developments of this land use are typically unviable in Sheerness .
- o 59% of Sheppey's workforce commute off the island.

To address these challenges, SBC is working with partners with established track records in managing and operating assets and delivering programmes in Sheerness:

Beachfields regeneration – a health, leisure and wellbeing project that will provide reconfigured, upgraded and expanded facilities for the existing dry-side leisure facility, the Minster Medical GP practice and for an existing health and wellbeing charity. The provision of enhanced and expanded facilities for

these stakeholders in a single integrated building will support wide-ranging health and wellbeing outcomes and provide visitor attractions to support the tourist economy.

Sheppey College – expanded Further Education and Junior College provision, run by experienced FE provider EKC Group will support digital skills and education outcomes for young people and adults.

Masters House – delivery of SME office and studio workspace will deliver new supply of high-quality workspace to the local market to support business creation and the retention of higher-paid jobs on the Isle of Sheppey.

The Sheerness Revival package will make a visible, regenerative impact in the town centre, generating increased pride in place, boosting the visitor economy and putting Sheerness back on the map.

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## **Explain why Government investment is needed (what is the market failure)**

The Sheerness Revival package comprises three principal projects which are proposed in response to interlinked market failures.

Reliance on the market alone would fail to see the delivery of any of the projects which comprise the Sheerness Revival bid: none of the public goods or positive externalities would be generated and, as a result, negative externalities would exacerbate from the deteriorating condition of public buildings and places, and which over time will result in reduced capacity and quality of public service provision.

Beachfields regeneration:

As existing, the Beachfields site comprises a mix of leisure, community and healthcare facilities situated within extensive public realm.

Whilst historically an important visitor destination, the site is now home to only limited visitor amenities, the majority owned and maintained by the Council generating minimal income (a sandpit, paddling pool and landscaped gardens are freely accessible).

The existing leisure facilities are owned and operated by the Council to provide services for the local community; the deprivation of Sheerness has been evidenced (see above), emphasising the importance of affordable service provision. The existing facilities also include a Healthy Living Centre occupied by a GP Practice and local health and wellbeing charity to provide healthcare, public health and wellbeing services (public goods).

The Council provides, accommodates and subsidises services (public goods) which generate positive health and wellbeing outcomes for the existing community, none of which would be delivered by private providers.

A lack of sustainable income-producing uses on the site, combined with wider budgetary pressures, has left the Council unable to invest in the wider public realm or built facilities at Beachfields creating an increasingly run-down environment with limited amenity value which experiences anti-social behaviour (negative externalities).

The lack of sustainable long-term income streams to invest in the assets also threatens the future provision of services (public goods).

This project will enhance and expand capacity to provide services for the local community (a public good), promoting increased level of physical activity and enhanced health and wellbeing outcomes. This will be complemented by enhanced and expanded healthcare and community space provision to support enhanced service provision (a public good) further supporting increased health and wellbeing outcomes.

Additionally, the proposals will include the provision of increased visitor attractions which will create long-term sustainable income for further

reinvestment in the facilities and wider site.

Investment in the physical design and appearance of Beachfields public realm and buildings (a public good), combined with the increased facility offer, will generate positive externalities through enhanced perception of place, amenity value and through attracting increased visitors will contribute to wider positive economic outcomes.

Sheppey College extension:

The proposed extension of Sheppey College will support education and skills outcomes through supporting additional student numbers and course provision. The provision of Further Education services is an example of a public good on the basis that the positive educational outcomes (enhanced skills and educational attainment, enhanced jobs prospects) would not be delivered by the market without public investment; additionally, investment in this Further Education provision will also generate positive externalities.

Masters House SME offices and studios:

The costs of investing in the conversion and upgrade of Masters House would exceed the market value of the property in its refurbished state. The economic outcomes which would be supported – employment, productivity, amenity – will not generate land value uplift sufficient to attract private sources of financial investment.

Failure of the Council to invest in the refurbishment of an existing, historic building would result in increased negative externalities – amenity, placemaking, sense of pride – caused by a deteriorating, prominent town centre building

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## **Explain what you are proposing to invest in and why the proposed interventions in the bid will address those challenges and barriers**

The Sheerness Revival package has been developed to respond to the complex, interlinked socio-economic challenges and barriers evidenced above.

Beachfields regeneration:

Sheerness is characterised by significant deprivation, including health-related inequalities. As existing, the Sheppey Leisure Complex and Health Living Centre (HLC) provide leisure facilities for the community alongside a GP practice and spaces managed by a health and wellbeing charity. The existing facility was originally constructed in the 1980s and extended at various points, with the integrated HLC added in the late 1990s.

All of the existing facilities, including the HLC, are deteriorating and generate significant ongoing maintenance and repair costs which are not sustainable in the long-term (see Options Review and Business Case at Annex R).

The existing Leisure Complex includes under-utilised spaces (sports hall) and other facilities which are not optimised to meet demand (see Options Review and Business Case at Annex R).

The GP practice space is under-sized for the number of patients and limits the service offer; there are accessibility issues with its first-floor location and limits on opening hours due to the shared entrance with the leisure complex.

The Beachfields proposals have been subject to options testing. This included examination of 'light touch' refurbishment and full 'new build' redevelopment options (see LUF Design Feasibility Study at Annex Q).

The light-touch refurbishment option was discarded as it would fail to generate significant additional benefits or safeguard provision of services in the long-term.

The comprehensive new build proposal was discarded on the basis of the

significant costs required which could not be funded either via LUF or other sources.

The proposals in this bid are deliverable: much of the existing structure will be retained but internally reconfigured, upgraded and extended, to provide dedicated and optimised facilities for the GP practice, the community charity and the leisure complex.

The reconfigured and extended building will be futureproofed to allow for a potential future wet-side leisure extension (subject to future funding).

The reconfigured and extended dry-leisure complex will support increased participation in physical activity which will create enhanced social, health and wellbeing outcomes. This will be complemented by enhanced and reconfigured spaces for the GP practice and community charity to support further increased health and wellbeing outcomes (including via cross-service programme delivery, e.g. enhanced social prescription).

The proposals will also deliver additional facilities and targeted placemaking enhancements to reinvigorate Sheerness as a visitor destination. This will generate positive economic outcomes and externalities, as well as income streams to safeguard the long-term delivery of public services, and maintenance of the Beachfields site.

Sheppey College extension:

The proposed extension to Sheppey College will support EKC Group's Further Education (FE) provision through adding dedicated facilities and capacity to deliver creative and digital courses and providing capacity to supporting a new Junior College.

Sheppey College is the only provider of FE on the Isle of Sheppey. In an area of low educational attainment (evidenced above), a significant proportion of the student population travel off the island to Sittingbourne at secondary level due to the low quality of provision locally, so whilst it is also notable that over 42% of school leavers of the island's principal secondary education provider go onto Further Education, higher than the local authority average of 28% demonstrating the importance of FE provision to the island, this figure is inflated due to students travelling off the island. The provision of creative and digital courses, and introducing a technical offer at Age 14 at Sheppey College will broaden curriculum choices, increase options for learners locally and equip learners with essential skills to improve life chances (literacy, numeracy, digital) and provide opportunities for sustainable careers.

Options tested included a larger facility and a standalone building (rather than the proposed extension). Both were discarded on the basis of cost and operational considerations, respectively.

EKC did not consider investing in its other campuses elsewhere in Kent as this would fail to address the needs of the Isle of Sheppey community.

Masters House SME workspaces and studios:

Masters House is a former Council office which had become obsolete. SBC is intervening to deliver high-quality workspace which the market would not otherwise deliver (see market failures, above). This will support SME businesses to locate in Sheerness town centre, generating direct and indirect economic outcomes and supporting the increased retention of Sheerness residents to reduce levels of out-commuting.

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**Upload Option Assessment report (optional)**

Annex R - Beachfields Options Review & Business Case.pdf

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**How will you deliver the outputs and confirm how results are likely to flow from the interventions?**

A detailed Theory of Change for this proposed Sheerness Revival package of

projects is provided at Annex F.

The proposed Theory of Change positions the three identified, complementary projects within an overall framework identifying the overarching Theory of Change inclusive of underpinning rationale and context along with the overall objectives for the Sheerness Revival package.

Detailed logic models are provided for each project identifying their own specific Theory of Change, proposed input, activities, outputs and outcomes.

Wider impacts and underpinning assumptions are then articulated at a package level, illustrating the reinforcing and interdependent nature of the three proposed projects.

The principal outputs and associated outcomes are described below in summary only to explain, at a high-level, the principal interventions and anticipated results.

The Package has been specifically developed to respond to the multiple drivers and causes of deprivation and inequality which characterise Sheerness (evidenced earlier in this bid). The proposed outputs and outcomes span health, wellbeing, education, skills and economic prosperity with the ambition of cumulatively delivering a package of transformational projects which will transform resident and external perceptions of Sheerness and catalyse further regeneration impacts.

Beachfields Regeneration:

Outputs:

- A reconfigured, upgraded and extended integrated leisure, health and community centre (existing floorspace 2,803sqm; proposed floorspace 3,139sqm – net additional 336sqm) which will provide the following:
  - Sports hall
  - Soft play facility
  - Tag Active
  - Café
  - Fitness suite
  - Spin studio
  - Cycling studio
  - Enhanced GP Practice provision
  - Community spaces
  - Outdoor gym
  - Upgraded public realm (0.33Ha) and placemaking interventions
  - Adventure golf
- Green retrofit

Outcomes:

- Improved health and wellbeing outcomes for Sheerness' disadvantaged community
- Safeguarded and expanded leisure, health and wellbeing services
- Increased visitor numbers
- Economic growth opportunities
- Improved perceptions and pride in place
- Reduced carbon footprint

Sheppey College Extension:

Outputs:

- The 750 sqm extension of Sheppey College including classrooms and student amenities

Outcomes:

- Enhanced learner outcomes – qualifications and skills, earnings, progression to Higher Education and employment

- FTE job creation
- Reputational benefits
- Increased economic productivity

Masters House Workspace:

Outputs:

- Green retrofit
- 671sqm of commercial floorspace created (589sqm small offices; 82sqm studios)

Outcomes:

- FTE job creation
- SME businesses supported
- Enhanced business perceptions of Sheerness
- Reduced outcommuting

The successful delivery of this package of projects will rely on close partnership working between SBC, EKC and other stakeholders engaged in the management and operation of the Beachfields Leisure Complex and Health Living Centre. SBC has specifically chosen to deliver projects on sites within its ownership and in collaboration with delivery and operational partners with strong existing track records working effectively with the Sheerness community to optimise the prospects of unlocking the outputs and outcomes targeted.

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**Theory of change upload (optional)**

Annex F - Sheerness Revival Package - Theory of Change.pdf

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## **Explain how the component projects in your package bid are aligned with each other and represent a coherent set of interventions**

The projects comprising this Sheerness Revival bid represent a place-based approach to the regeneration of Sheerness.

All three projects are located on prominent, town centre sites owned by SBC, and collectively are intended to support improved perceptions of Sheerness both for the existing community and for visitors. The selection of three projects within close spatial proximity is also intended to maximise potential future catalytic regenerative impacts.

The three projects have been developed by SBC alongside key partners, and shaped by the local community to respond holistically to the challenges Sheerness faces with proportionate and aligned focus on education, skills, health, wellbeing, employment and placemaking outcomes. This approach will ensure a rounded approach to addressing the root causes of deprivation and inequality both within the town and relative to the surrounding context rather than overly focusing on one specific dimension.

The projects are aligned in seeking to address a number of the opportunities identified in the Sheerness and West Sheppey Strategic Regeneration Framework – which set out the evidence base and programme of interventions for the regeneration of Sheerness – including:

- Utilising Council-owned assets to catalyse regeneration
- A focus on strategic development sites with transformational potential
- Showcasing urban character and heritage
- Investing in the town centre to support the visitor economy

Sheerness Revival will deliver on all of these opportunities collectively, rather than focusing on one specific challenge / barrier or opportunity, representing a



## **Set out how other public and private funding will be leveraged as part of the intervention**

Swale Borough Council has worked closely with key stakeholders engaged in the operation and management of the existing assets and facilities which form the basis of this package bid. The majority of the stakeholders involved with the delivery of the Sheerness Revival projects are either public or charitable bodies. Accordingly, the scale of funding which will be contributed by these partners, leveraged by this LUF bid, is proportionate to the budgetary constraints within which these organisations operate and the nature of the public services they deliver.

Notwithstanding existing budgetary constraints, the partners involved with this project will be providing funding contributions to support the bid:

Swale Borough Council:

- Match funding from Council reserves to support both the delivery of the office conversion component of the Masters House project in addition to generally contributing to the Beachfields regeneration costs
- Contributing capital funding towards specific placemaking interventions at Beachfields (urban gym, lighting upgrades, road resurfacing, new public toilets)
- Using part of its UK Shared Prosperity Fund allocation to support the Beachfields regeneration proposals

EKC Group:

- Providing match funding from its capital budget to invest in the proposed Sheppey College extension

The proposals for Beachfields have specifically been designed with long-term transformation in mind. A masterplan has been prepared for the wider site indicating potential future phases for potential further development, inclusive of public realm and placemaking enhancements. Importantly, the proposed enhanced and extended dry-side leisure facility contained in this bid, inclusive of community and health care facilities, has been designed to be 'futureproofed' such that additional wet-side facilities could be integrated as a future phase to form part of a single consolidated facility.

The delivery of the leisure and visitor attraction facilities comprised in this LUF bid will support the establishing of a business model (see Options Review and Business Case at Annex R) including revenue streams which could potentially sustain future borrowing to support investment in new and enhanced wet leisure facilities for the community. This would need to be complemented by other funding sources, and the futureproofed scheme designs, together with wider design work undertaken in parallel with this LUF bid, will support future dialogue with Sport England with the aspiration of securing grant funding.

The delivery of the Sheerness Revival projects will be catalytic: putting Sheerness back on the map for visitors and supporting increased pride in place for the existing community. The wide-ranging positive outcomes which are targeted will then reinforce the case for future public investment, and potentially support the case for attracting private investment. In recent times Sheerness has struggled to attract private investment in physical regeneration projects for a range of reasons, not least low residential and commercial capital values, emphasising the importance of initial public investment in Sheerness to kickstart the regeneration process.

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## **Explain how your bid aligns to and supports relevant local strategies and local objectives for investment, improving infrastructure and levelling up**



Regional context: focus on coastal communities:

Swale is situated within the South East LEP (SELEP) region. SELEP's post-Covid economic recovery and renewal strategy identified four strategic priorities including 'coastal catalyst', recognising that the region's coastal towns underperform against inland, regional and national socio-economic areas. This includes a focus on increasing access to learning at all levels; supporting the recovery, adaptation and growth of the coastal visitor economy; and supporting coastal businesses to innovate and grow. This strategic focus is reinforced by the economic prospectus also published focused on boosting coastal productivity and closing the economic gap between coastal places and the rest of the region. This included a focus on providing coastal residents and communities with improved skills and workforce development, in addition to improving the physical environment of coastal towns. The proposed Sheerness Revival package will deliver on these regional strategic policy and investment priorities and objectives.

Local policy: the rejuvenation of Sheerness:

The adopted Local Plan for Swale identifies a vision for Sheerness as a 'beacon of coastal regeneration'. It identifies the importance of the Council using its own land in the town centre to unlock regeneration and catalyse wider benefits. The Local Plan further identifies the importance of investing in the quality of the townscape environment to prevent its decline. Reducing levels of deprivation is a key Local Plan priority for the Isle of Sheppey; tackling deprivation across Swale is also a core priority of SBC's Corporate Plan.

The Sheerness and West Sheppey Regeneration Framework (2017) identifies opportunities for renewal and growth and a programme of potential projects and investment priorities to deliver on the Local Plan priorities. The regeneration of Beachfields is an identified priority.

Education and skills:

The proposed extension of Sheppey College to provide increased capacity for digital skills courses is strongly aligned with identified need. The Kent and Medway Workforce Skills Evidence Base (2021) identifies digitalisation as a key driver of future skills requirements, a growth sector with high earnings potential and recommends the importance of embedding digital technology in curriculums of schools, FE (i.e. Sheppey College) and HE.

Health and wellbeing:

The Medway and Swale Health and Care Partnership, linked to the Kent and Medway Clinical Commissioning Group, is a key stakeholder: one of their strategic priorities is to shift the focus of care from treatment to prevention – the proposed integration of a fit-for-purpose GP practice alongside high-quality leisure facilities and community space will open up opportunities for integrated programming and promotion of preventative activities and social prescribing to address health inequalities.

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## **Explain how the bid aligns to and supports the UK Government policy objectives**

Levelling Up:

Swale Borough Council, working with partners, has developed projects which will address multiple 'capitals' – identified in the Levelling Up White Paper - to tackle the complex and multi-faceted causes of deprivation and economic under-performance in Sheerness:

- Physical: physical regeneration of built assets and placemaking interventions to deliver wide-ranging socio-economic outcomes and impacts
- Human: enhanced and expanded health, wellbeing, leisure and education facilities and services to deliver related outcomes and impacts.
- Social: working with the community to deliver the changes they want to see, transforming perceptions of Sheerness and building pride in place.
- Institutional: working closely with existing key stakeholders embedded within

the Isle of Sheppey Community, delivering projects tailored to the needs and priorities of institutions with a track record of successful delivery.

Swale has been designated as a 'Levelling Up for Culture Priority Place' by the Arts Council. Accordingly, SBC has worked closely with Creative Estuary – a public sector and cultural consortium – during this bid development and who will provide supporting inputs during delivery, particularly regarding the role of the creative industries in the proposed placemaking initiatives.

Town Centres:

The projects are prominent in Sheerness town centre and by driving footfall will complement ongoing work by SBC in conjunction with the High Streets Task Force to identify interventions to revitalise Sheerness high street, aligning with the strategic vision of the UK Government's strategy to Build Back Better High Streets.

Further Education:

The UK Government is committed to supporting a high-wage and high-skill economy, including the strengthening of the role of locally accessible Further Education colleges (Skills for Jobs White Paper). Similarly, it places significant emphasis on FE providers equipping students with the digital skills increasingly required by employers. The extension of Sheppey College will cater for digital skills, aligned with this government policy priority. The UK Government's investment in the Multiply adult numeracy programme will align with this project which will provide for adult numeracy course provision.

Health:

The Levelling Up White Paper identifies health and wellbeing outcomes and inequality as a key driver of spatial disparity. The Sheerness Revival package prioritises enhancing health and wellbeing outcomes through a mix of leisure, community wellbeing and health services.

The proposed model of co-located health, wellbeing and leisure services aligns with the NHS's Long Term Plan's focus on population health and local partnerships as part of a 'whole populations', preventative approach .

Net Zero Carbon:

The Masters House and Beachfields regeneration projects will entail the upgrading of the environmental performance of existing building fabric. The Masters House project will deliver improvements estimated to reduce annual carbon emissions by 84 tonnes, making a significant contribution towards the Council achieving its target of net zero carbon Council operations by 2025 - this approach strongly aligns with the UK Government's priority set out in its Clean Growth Strategy for the public sector to be a leader in reducing carbon emissions.

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## Alignment and support for existing investments

**Where applicable explain how the bid complements or aligns to and supports existing and/or planned investments in the same locality**

This proposed LUF investment will complement some existing and ongoing public investment on the Isle of Sheppey:

Queenborough and Rushenden regeneration:

A £400m strategic housing programme being led by Homes England three miles to the south of Sheerness which will deliver 1,100 new homes, a new primary school and 64Ha of new employment. £6m was recently secured from the Housing Infrastructure Fund to remediate the housing land.

High Street Task Force (HSTF):

SBC and local partners are currently working with the HSTF with a focus on Sheerness Town Centre. Whilst the partnership with the HSTF is at an early stage, this work is looking to galvanise future partnership working amongst a disparate set of stakeholders and set the direction of travel in the town centre more clearly. Emphasis will be on improving the physical environment,

supporting activation and driving footfall, which will be complemented by the LUF projects which will attract increased visitors and users to the town centre.

UK Shared Prosperity Fund:

Whilst SBC's approach to the allocation of UKSPF has yet to be formally confirmed, SBC is intending to prioritise investments that support its most vulnerable residents, prioritizing place-based priorities and supporting local businesses. The Isle of Sheppey and Sheerness are of particular concern and this will be reflected in the Council's Local Investment Plan and subsequent delivery.

More historically, back in 2015 funding was secured from the South East LEP to facilitate expanded construction teaching facilities at Sheppey College to meet local and regional skills needs.

The proposed Sheerness Revival bid will complement these existing funding commitments, however it is also notable that there has been a relative lack of strategic public investment on the Island, particularly in Sheerness, in recent years.

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## Confirm which Levelling Up White Paper Missions your project contributes to

Select Levelling Up White Paper Missions (p.120-21)

Living Standards  
Skills  
Health  
Wellbeing  
Pride in Place

Write a short sentence to demonstrate how your bid contributes to the Mission(s)

Living Standards - Supporting job creation including delivery of SME workspace to support higher-value employment.

Skills - Expanded capacity of Sheppey College (Further Education provider) to support digital skills curriculum and new Junior College facilities supporting increased numbers trained in high-quality skills.

Health - Investment in upgraded and expanded leisure, community and medical facilities in a co-located facility to support increased health outcomes, including promoting physical activity with the associated health outcomes (increased life expectancy).

Wellbeing - Increased wellbeing promoted through a combination of investment in leisure, health, education, placemaking and wellbeing facilities and interventions.

Pride in Place - Investment in existing, deteriorating physical assets and public realm will improve their visual appearance and amenity, supporting improved perceptions of Sheerness town centre for the local community and visitors.

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## Provide up to date evidence to demonstrate the scale and significance of local problems and issues

Details are provided below regarding the relevant themes, measures, and evidence provided at the highest available level of granularity and most up to date basis possible, contextualised against wider comparators, as appropriate. The specific data sources utilised for each theme and measure follow.

The identified challenges are complex and inter-related. The common thread between the issues is the significant scale of deprivation on the Isle of Sheppey, and Sheerness in particular. Swale Borough Council has made the reduction of deprivation and creating equal opportunities a core priority of its Corporate Plan alongside supporting education and skills outcomes for all, with a focus on decreasing health inequalities, improving access to leisure and sports facilities to support enhanced wellbeing and developing targeted interventions to respond to the complex needs of Swale's most deprived

communities.

Theme & Measure: Deprivation

Local context vs comparator: All five of Sheerness' constituent LSOA areas are in the most deprived 10% of LSOAs nationally.

Theme & Measure: Health – adults engaging in physical activity

Local context vs comparator: Only 65% of adults are physically active in Swale, lower than the regional average (69.8%).

Theme & Measure: Health – life expectancy at birth

Local context vs comparator: Life expectancy in Sheerness is significantly lower than local, more affluent comparator areas and the national average (both benchmarked at the point of the latest available ward level data, and the most up to date national figures):

Sheerness West (2011):

- M – 73.7

- F – 78.2

Sheerness East (2011):

- M – 73.5

- F – 79.4

Local comparator:

Woodstock Ward, Swale – mainland; (2011):

- M – 82.8

- F – 86.7

National Average (2009-11):

- M – 78.4

- F – 82.4

Theme & Measure: Health - deprivation

Local context vs comparator: 4/5 of Sheerness' LSOAs are either in the 10% or 20% most deprived decile for health deprivation and disability.

Theme & Measure: Health – access to GP services

Local context vs comparator: The existing medical practice has equivalent provision of 1 GP per 3,343 patients; compared with the England average of 1 GP per 2,333 patients.

Theme & Measure: Education & skills - Education, skills and training deprivation domain

Local context vs comparator: All five LSOAs are in the top 10% most deprived nationally for skills and training (children and adults).

Theme & Measure: Education & skills - Young people Not in Employment Education or Training (NEETs)

Local context vs comparator: The proportion of Y12-Y13 age school children in 2021 classed as NEETs in Swale was higher (3.4%) than the Kent average (2.6%).

Theme & Measure: Education & skills - GCSE Grade 5 attainment (English and Maths)

Local context vs comparator: Only 10% of students at Sheerness' principal secondary education provider achieve Grade 5 or above in English and Maths, compared with 46% across Swale, and an England average of 43%.

Theme & Measure: Economy – average weekly earnings

Local context vs comparator: Average resident weekly earnings (£580.20) are significantly lower in Swale than the south-east average (£660.10).

Theme & Measure: Economy – viability of commercial development

Local context vs comparator: There is a lack of good quality supply of workspace suitable for SMEs and new build developments of this land use are typically unviable in Sheerness.

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## **Demonstrate the quality assurance of data analysis and evidence for explaining the scale and significance of local problems and issues**

To demonstrate the scale and significance of problems and issues, wherever possible, localised ONS datasets and the latest evidence available for local performance have been used. We have summarised below the data that has been used and identified principal data sources.

Theme & Measure : Deprivation

Data Source: Indices of Multiple Deprivation (MHCLG, 2019)

Theme & Measure: Health – adults engaging in physical activity

Data Source: Local Authority Health Profile (Public Health England, 2019)

Theme & Measure: Health – life expectancy at birth

Data Source: Ward level data – ONS Census, 2011

National data – Public Health England (2019) using data source from ONS life expectancy datasets from 2009-11 & 2018-20 (noting that ward level data is only available for 2011 so a 2011 comparison is made and contextualised with 2020 national data)

Theme & Measure: Health – Health and Disability Domain

Data Source: Indices of Multiple Deprivation (MHCLG, 2019)

Theme & Measure: Health – GP service provision

Data Source: NHS General Practice Workforce Survey, NHS Digital (May 2022)

Theme & Measure: Education & skills - Education, skills and training deprivation domain

Data Source: Indices of Multiple Deprivation (MHCLG, 2019)

Theme & Measure: Education & skills - Young people Not in Employment Education or Training (NEETs)

Data Source: Kent County Council, Dec 2021 (KCC monthly NEET Report, December 2021)

Theme & Measure: Education & skills - GCSE Grade 5 attainment (English and Maths)

Data Source: Department for Education, 2022 (performance data for 2019)

Theme & Measure: Economy – average weekly earnings

Data Source: ONS Annual Population Survey, December 2020

Theme & Measure: Economy – viability of commercial development

Data Source: Local Plan Viability Study (2020)

All of the data has been accessed from the official data source website (which includes ONS, former MHCLG, DfE and Nomis), and has been analysed to provide an unbiased view of the principal socio-economic challenges experienced by this locality. Where it exists, data has been sourced at either the Lower Super Output Area or Medium Super Output Area to provide a granular level of analysis specific to Sheerness. Otherwise, data has been analysed at Ward level and borough-level (Swale) relative to county (Kent), regional (South East) and national performance. The evidence base has not relied on local surveys or public consultations to ensure that the basis for identifying the scale of local issues is as objective as possible.

Data has been sourced at the most recent date available, specific to the relevant source and measure.

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## **Demonstrate that the data and evidence supplied is appropriate to the area of influence of the interventions**

The Sheerness Revival Package of projects includes three projects within

close proximity located in Sheerness Town Centre split between the Sheerness West Middle Super Output Area (MSOA) and the Sheerness East MSOA. All projects are within 0.5-1km proximity of each other.

Sheerness is located on the Isle of Sheppey which, whilst connected to the mainland, is relatively isolated and experiences more extreme deprivation and inequality compared with parts of mainland Swale. A key driver of this package of interventions is the current under-provision of health, education, skills and leisure services on the Isle of Sheppey; many residents of both Sheerness and the Isle of Sheppey have to travel significant distances to the mainland to access these services. Enhancing access to high-quality services is a key mechanism for addressing the complex and entrenched root causes of deprivation. Accordingly, the principal impact area for the proposed interventions is the Isle of Sheppey, inclusive of Sheerness, with the secondary impact area being the wider borough of Swale – data has been identified at an appropriate level of granularity including ward-level, LSOA, MSOA and borough-level.

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## **Provide analysis and evidence to demonstrate how the proposal will address existing or anticipated future problems**

The Theory of Change (Annex F) articulates the logic models for the individual proposed interventions, tracing the links between inputs, activities, outputs and outcomes, contextualised within an overarching Theory of Change with a unifying framework, rationale and consideration of cumulative impacts and underpinning assumptions.

The analysis below further elaborates on specifically how the proposed interventions will positively address the key issues and challenges identified and the mechanisms which will deliver positive impacts.

For simplicity, these have been grouped into three principal areas of intervention specific to each project (full articulation of how interventions will address issues is provided in the supporting Theory of Change).

- Beachfields Regeneration: Health and wellbeing
- Sheppey College Extension: Education and skills
- Masters House: Economy

Beachfields Regeneration: Health and Wellbeing:

Existing problems:

- High levels of deprivation
- Significant localised health inequalities
- Significantly low local life expectancy
- Low adult engagement with physical activity
- Low levels of GP provision per head in Swale
- Inaccessible existing GP surgery (first floor not accessible to wheelchair users).

Implications of existing problems...

- Lower levels of physical activity lead to worse public health outcomes
- Higher levels of deprivation lead to higher overall public costs of healthcare provision
- Residents of more deprived areas are less likely to access preventative health services
- Determinants of life expectancy are complex, but lack of engagement with preventative health services is a key driver
- Access (proximity and accessibility) to GP services is also a driver of health inequality
- Only 67% of existing patients at the Healthy Living Centre feel they have had enough support from local services or organisations to manage their long-term health conditions (relative to 74% nationally)

How the intervention will address the problems...

- Reconfigured, safeguarded and expanded leisure facility will support increased membership of health and fitness facilities (existing leisure facility 1,943 sqm; proposed 2,392 sqm GIA = +449 sqm net additional sqm,



alongside external facilities):

- Forecast increase in membership from 1,235 (existing) by 33% to 1,639 (after 3 years of operation) – projection based on robust business plan modelling inclusive of latent demand, demographic and competition analysis (see Options Review and Business Case at Annex R)
- Increased membership and usage will support improved levels of resident adult population engaging in physical activity
- Increased resident productivity through improved health outcomes and reduction in demand for NHS services (forecasts derived from projected net additional health and fitness members per annum and a proportionate benefit from users of active leisure facilities)
- Relocation (first floor to ground floor), reconfigured and optimised GP practice co-located with the expanded leisure facility and health and wellbeing charity will facilitate the following outcomes:
  - A more physically accessible GP practice
  - Increased GP capacity for Sheerness to enhance accessibility for local residents
  - Expanded service provision to include physiotherapy, mental health, podiatry and nursing services to further improve access to health services for Sheerness residents
  - Proposed provision of social prescribing services in partnership with the co-located leisure facility and health and wellbeing charity to deliver increased engagement of Sheerness residents with preventative healthcare measures (and to increase patient satisfaction)

Additional benefits:

- Revenue benefit to the Council through generating an annual revenue surplus available for reinvestment into public services
- Visitor economy benefits from expanded visitor offer – expenditure beyond Beachfields, supporting the town centre economy
- Amenity benefit from public realm upgrades and interventions
- Enhanced perceptions of place from the rejuvenation of a prominent town centre site
- Enhanced environmental performance of the existing building and reduced carbon footprint

Sheppey College Extension: Education & Skills:

Existing problems:

- High levels of education, skills and training deprivation in Sheerness
- Higher than average numbers of NEETs
- Low attainment at GCSE level (English and Maths) on the Isle of Sheppey
- Significant numbers of students need to travel off the Isle of Sheppey to access post-16 education.

Implications of existing problems...

- Lack of secondary vocational options for Isle of Sheppey young people
- Lack of creative and digital course provision at any level on the Isle of Sheppey (secondary and FE)
- A lack of available options will lead to increased numbers of young people not progressing to higher education or employment
- The further students need to travel for their education, evidence shows that these students engage less in physical activity – with associated negative health and wellbeing outcomes.

How the intervention will address the problems...

The proposed 750sqm extension of Sheppey College will support the delivery of a range of additional educational and skills pathways ranging from 14-16 provision, FE and adult education

- Junior College provision – technical education for students aged 14-16, to include core GCSE English and Maths alongside other core areas of the national curriculum and technical and vocational alternatives
- Introduction of a creative and digital course provision, including T-Levels
- Delivery of adult programmes including logistics and data analysis, essential numeracy and literacy and digital skills and community learning provision
- Supporting progression to higher education (8no. additional entrants per annum)
- Supporting progression to employment (21no. additional entrants to employment per annum)
- Reducing the number of students commuting off the island for education /

skills training, contributing to enhanced wellbeing and increased physical activity

Additional benefits:

- 9 FTE jobs created for permanent staff
- Construction jobs and GVA benefit

Masters House: Economy:

Existing problems:

- Low average resident wages
- Lack of SME workspaces due to unviability of commercial development
- Significant levels of commuting to employment off the island

Implications of existing problems...

- Relative lack of high-wage, high productivity jobs on the island – residents commute elsewhere
- Small commercial sector in the town centre contributes to overall lack of footfall, resilience and vibrancy
- Lack of high-quality, affordable flexible workspace in Sheerness which is not supportive of SME start-ups and growth

How the intervention will address the problems...

- Delivery of 671 sqm of high-quality workspace – both offices and studios – will provide flexible accommodation for SMEs and to support higher-paid employment
- Forecast net 31.6 FTE jobs created

Additional benefits:

- Wider economic benefits from boosting footfall and vibrancy in the town centre
- Construction jobs and GVA benefit
- Enhanced perceptions of place from bringing a vacant building back into active use

## **Describe the robustness of the analysis and evidence supplied such as the forecasting assumptions, methodology and model outputs**

The proposed package of projects are anticipated to deliver a wide range of outcomes, as articulated above and detailed more fully in the economic appraisal (see Annex E).

Where economic benefits have been modelled, these forecasts are on the basis of robust data sources and evidence, as detailed below:

Beachfields Regeneration:

Benefit: Wellbeing and satisfaction – monetised equivalent value derived from usage of health and leisure facilities

Model inputs:

- Total per annum visits projected: net additional figure calculated by deducting existing annual visits (actual figures for 2019 provided by Sheppey Community Leisure) from projected figures, (see Annex R) using proposed facility mix and floorspace outputs and applying Sport England Benchmark System (SENBS, 2019)
- Application of a monetary value per visit (DMCS Guidance, 2014 )

Benefit: Impact on NHS demand – monetised equivalent value derived from NHS cost savings from a healthier population

Model inputs:

Calculation of benefits modelled using:

- Projected net additional annual membership of health and leisure facilities modelled based on actual figures (see above) deducted from SENBS derived forecast (see above and Annex R)
- % working age population reporting poor health (Sheerness MSOA; ONS, 2011)
- Research from DCMS quantifying the reduction in GP visits and risk of



depression from participation in sport .

Benefit: Productivity effects – monetised equivalent value derived from a healthier working-age population.

Model inputs:

Calculation of benefits modelled using:

- Projected net additional annual membership of health and leisure facilities modelled based on actual figures (see above) deducted from SENBS derived forecast figures (see above and Annex R)
- % working age population reporting poor health (Sheerness MSOA; ONS, 2011)
- Estimates from Vitality research provide an estimate of lost hours working per employee per annum.

Benefit: Revenue benefit for reinvestment in Council services

Model inputs:

- A robust business plan has been developed for the reconfigured, upgraded and expanded leisure complex (see Annex R) with the proposed facility mix, costs and revenue derived from robust analysis of the existing facility, local demand (existing and latent), supply and competitor analysis and Sport England benchmarking

Benefit: Amenity benefit – monetised equivalent value derived from enhanced amenity

Model inputs:

Calculation of monetised benefit:

- Input of 0.33ha of placemaking improvements
- Value of amenity benefits for urban sites as per MHCLG Appraisal Guidance (2016)

Benefit: Visitor economy – economic benefit from wider expenditure of visitors (from out of catchment)

Model inputs:

Calculation of additional visitor spend:

- Total projected out of catchment annual users (see Annex R business plan, including SENBS 2019 benchmarking)
- Average day trip expenditure of visitors to Swale (Economic Impact of Tourism in Swale; Visit Kent, 2020) deducting assumed revenue spend at the Beachfields site already factored into business plan to establish net spend in the wider locality

Benefit: Construction GVA

Model inputs:

- Construction costs provided by cost consultant based on scheme designs (see Annex S)
- Construction jobs per £1m spend (DCLG Guidance, 2010 ; HCA Guidance 2015 )
- ONS GVA datasets

Benefit: FTE jobs created

Model inputs:

- FTE estimates of leisure and support staff provided by Sheppey Community Leisure benchmarked on well evidenced operational assumptions and similar leisure facilities operated elsewhere

Sheppey College Extension: Education & Skills:

Benefit:FTE jobs created

Model inputs and assumptions:

FTE estimates of teaching and support staff provided by EKC Group benchmarked on well evidenced operational assumptions of the existing Sheppey College and similar teaching facilities operated elsewhere

Benefit:Additional student enrolments

Model inputs and assumptions:

Student numbers projected by EKC Group based on known capacity of proposed facilities (drawn and costed scheme at Annexes T and U) and projected new entrants – derived from experience as established FE provider

Benefit: Additional student progression to HE

Model inputs and assumptions:

- Forecast progression of entrants to HE benchmarked by EKC Group from historic datasets
- Wage premium data and assumptions derived from BEIS Guidance (2014; 2015) and Graduate Labour Market Data Sets (DfE, 2021)

Benefit: Additional student progression to employment

Model inputs and assumptions:

- Forecast progression of students to employment benchmarked by EKC Group from historic datasets
- Salary and wage premium data and assumptions derived from BEIS Guidance (2014; 2015) and Graduate Labour Market Data Sets (DfE, 2021)

Benefit: Construction GVA

Model inputs and assumptions:

- Construction costs provided by cost consultant based on scheme designs (see Annex U)
- Construction jobs per £1m spend (DCLG Guidance, 2010 ; HCA Guidance 2015 )
- ONS GVA datasets

Masters House Workspace:

Benefit: New employment created

Model inputs and assumptions:

- Floorspace outputs (671sqm) provided (costed and designed scheme)
- HCA Employment Density Guidance used to derive projected employment figures
- Annual Survey of Pay and Earnings data used to derive benefit of jobs created

Benefit: Land value uplift

Model inputs and assumptions:

- Standard methodology applied using VOA land value estimates

Benefit: Construction GVA

Model inputs and assumptions:

- Construction costs provided by cost consultant based on scheme designs (see Annexes W and X)
- Construction jobs per £1m spend (DCLG Guidance, 2010 ; HCA Guidance 2015 )
- ONS GVA datasets

In relation to all modelling of benefits, a consistent approach has been taken to ensure high-quality evidence and analysis underpinning accurate forecasts:

- Use of verified existing datasets (e.g. visitor numbers, membership) to ensure that all projected benefits appropriately take account of the reference case existing position
- All designs have been prepared by professional architects and cost consultants, in dialogue with existing operators (and proposed end users) to ensure the proposed project outputs (e.g. facilities, floorspace, capacity for users/students/employees etc) are deliverable, to underpin robust forecast projected benefits
- All modelled benefits are considered plausible and grounded in best practice
- All measures and metrics used as inputs in the economic model have been derived from national guidance, where relevant, and use locally specific datasets (i.e. ONS) or operator led evidenced data

## **Explain how the economic costs of the bid have been calculated, including the whole life costs**

The economic costs underpinning the Sheerness Revival Package of projects have been developed in accordance with the requirements of HM Treasury's Green Book and associated guidance. All relevant costs to government and society of all options have been valued. The key assumptions have been detailed below. Where specific requirements and characteristics of the individual projects have necessitated a bespoke approach this is identified:

#### Development costs:

Cost estimates for each specific project have been provided by cost consultants using industry standard measures and comparable project benchmarking. Inflation projections (in line with BCIS forecasts) have been incorporated within the financial case; inflation has been stripped out from the development costs as an input into the economic case, in line with HMT Green Book Guidance. All match funding comes from public sources with all costs therefore regarded as public costs.

#### Operating costs:

These have been calculated and benchmarked for each project utilising a range of evidence:

- o Beachfields Regeneration – existing operating costs combined with Sport England benchmarks overlaid with the proposed scheme to establish a robust operating cost and revenue model
- o Sheppey College – use of DfE benchmark inputs for average per sqm operating costs, validated by EKC Group
- o Masters House – use of comparable market evidence and data to inform operational costs

Base year – 2022 has been selected as the base year, with costs inflated/deflated using Green Book inflation guidelines.

Appraisal period – economic costs have been profiled for each project over a thirty-year period (operational stage), inclusive of operational costs where appropriate

Impact Area – the overall impact area is the borough of Swale geography.

Contingency & Risk Allowance – a total of 10% contingency has been assumed at package level (for all project costs) recognising the early stage of project design and macro-economic inflationary pressures and uncertainty (see above)

Optimism Bias - Optimism bias of 15% has been applied to the capital costs for all projects, following supplementary Green Book guidance. An upper bound capital expenditure optimism bias value for a standard building project is 24%. However, after mitigating factors were applied (e.g. prior experience and using designated project management resource), the optimism bias was reduced to 15% based on supplementary Green Book guidance.

Discount Rate – this has been applied for all projects following HM Treasury's standard guidance at 3.5% per annum on all costs

The economic costs for the individual projects comprising the Sheerness Revival Package are detailed below.

#### Economic Costs, 2022 prices:

##### Beachfields Regeneration:

Total costs: £14.8m

Net costs (including optimism bias): £17.7m

NPV of new public costs (including optimism bias) £16.0m

##### Sheppey College Extension:

Total costs: £6.1m

Net costs (including optimism bias): £7.4m

NPV of new public costs (including optimism bias) £6.3m

##### Masters House:

Total costs: £1.8m

Net costs (including optimism bias): £2.1m

NPV of new public costs (including optimism bias) £2.0m

#### TOTAL:

Total costs: £22.7m

Net costs (including optimism bias): £27.1m

NPV of new public costs (including optimism bias) £24.3m

## Describe how the economic benefits have been estimated

We provide above a detailed breakdown of the methodology and assumptions that have been made in calculating the economic benefits that will be delivered by this investment. Please refer to this section for detailed information on how benefits have been modelled.

Rather than repeat the methodology used to calculate economic benefits, this section provides detail on the additionality assumptions used in the calculations.

All additionality assumptions are based on guidance from the Additional Guide, Fourth Edition (2014).

Beachfields:

Benefit: Wellbeing and satisfaction

Additionality applied: 30%

Rationale: Limited leakage likely given geographical location (10% applied) and displacement likely to be small (20%).

Benefit: Impact on NHS demand

Additionality applied: 30%

Rationale: As above

Benefit: Productivity effects

Additionality applied: 30%

Rationale: As above

Benefit: Revenue benefit for reinvestment in Council services

Additionality applied: 0%

Rationale: N/A

Benefit: Amenity benefit

Additionality applied: 0%

Rationale: No leakage, displacement or substitution effects applied as all benefits will be felt in Swale.

Benefit: Visitor economy

Additionality applied: 45%

Rationale: Leakage effects likely to be higher (25%) given tourism flows, and displacement effects applied (20%), although likely to be low.

Benefit: Construction GVA benefit

Additionality applied: 50%

Rationale: High leakage applied (50%) as high proportion of construction firms/jobs may be outside Swale. No displacement or substitution effects applied.

Benefit: FTE jobs created

Additionality applied: 35%

Rationale: Displacement (20%) and leakage (15%) effects applied, although likely to be small given Sheerness' location.

Sheppey College Extension:

Benefit: FTE jobs created

Additionality applied: 35%

Rationale: Displacement (20% and leakage (15%) effects applied, although likely to be small given Sheerness' location.

Benefit: Additional student progression to HE

Additionality applied: 25%

Rationale: Deadweight (15%) applied to element of wage premium effect, and leakage effects (10%) applied, but no displacement assumed as wage premium represents additional skills into the market.

Benefit: Additional student progression to employment

Additionality applied: 25%  
Rationale: As above

Benefit: Construction GVA benefit  
Additionality applied: 50%  
Rationale: High leakage applied (50%) as high proportion of construction firms/jobs may be outside Swale. No displacement or substitution effects applied

Masters House Workspace:

Benefit: New employment created  
Additionality applied: 35%  
Rationale: Displacement (20% and leakage (15%) effects applied, although likely to be small given Sheerness' location.

Benefit: Land value uplift  
Additionality applied: 30%  
Rationale: Displacement (20% and leakage (10%) effects applied, but likely to be low

Benefit: Construction GVA benefit  
Additionality applied: 50%  
Rationale: High leakage applied (50%) as high proportion of construction firms/jobs may be outside Swale. No displacement or substitution effects applied.

Optimism bias has been applied to both the costs and benefits using an Optimism Bias Mitigation Model based on the Supplementary Green Book Guidance produced by Mott MacDonald. A description of optimism bias applied to each project is provided below.

Beachfield Regeneration:

Optimism Bias applied: 20%

Rationale: Beachfields has been assessed to be a "Non-standard building" with an upper bound optimism bias of 51%. The mitigations made to optimism bias for the intervention are: ensuring an adequate business case by drawing on expert advisors to ensure the works are appropriately scoped, costed and programmed; and reducing the impact of procurement issues through a closely managed procurement process which will ensure disputes are avoided; the appointment of specialist leisure consultants to develop these proposals with experience in developing new leisure facilities.

Sheppey College Extension:

Optimism Bias applied: 20%

Rationale: Sheppey College has been assessed to be a "Non-standard building" with an upper bound optimism bias of 51%. The mitigations made to optimism bias for the intervention are: ensuring an adequate business case by drawing on expert advisors to ensure the works are appropriately scoped, costed and programmed; and reducing the impact of procurement issues through a closely managed procurement process which will ensure disputes are avoided; and the experience of EKC in developing new buildings, which has been used to inform this submission.

Masters House Workspace

Optimism Bias applied: 15%

Rationale: Masters House has been assessed to be a "Standard building" with an upper bound optimism bias of 24%. The mitigations made to optimism bias for the intervention are: ensuring an adequate business case by drawing on expert advisors to ensure the works are appropriately scoped, costed and programmed; and reducing the impact of procurement issues through a closely managed procurement process which will ensure disputes are avoided.

Drawing on the assumptions detailed above, the economic benefits for the individual projects comprising the Sheerness Revival Package are detailed below (2022 prices).

Beachfield Regeneration:

Total benefits (including additionality): £89.1m

NPV of benefits (including optimism bias): £60.4m

Sheppey College Extension:  
Total benefits (including additionality): £34.3m  
NPV of benefits (including optimism bias): £19.3m

Masters House Workspace:  
Total benefits (including additionality): £5.8m  
NPV of benefits (including optimism bias): £4.9m

Overall Sheerness Revival package:  
Total benefits (including additionality): £129.1m  
NPV of benefits (including optimism bias): £84.7m

## Provide a summary of the overall Value for Money of the proposal

The Value for Money of the Sheerness Revival Package is set out below, presenting both the individual BCRs for the projects, and the cumulative package BCR.

The BCRs are consistent with those set out in the Costings and Planning Workbook. The approach taken is consistent with both the HMT Green Book and DLUHC Appraisal Guidance.

A single initial BCR has been calculated on the basis that all projected monetised benefits are regarded as plausible, evidence based and on the basis of conservative assumptions regarding additionality.

A number of non-monetised impacts have also been identified in relation to the proposed Healthy Living Centre reconfiguration, upgrade and expansion. The proposed designs and specification have been developed to respond to the needs of the Medical Practice and community charity which occupy the existing space, and by delivering additional and more efficiently designed space will facilitate expanded service provision, programme delivery and patient numbers. However, the forecast additional uplift in benefits has not yet been precisely identified as further work is required to detail the service and programme design in partnership between SBC, the Medical Practice, the CCG and Sheppey Matters (community wellbeing charity). Accordingly, these anticipated benefits have not yet been forecast or monetised – these might have otherwise increased an adjusted BCR.

The full set of monetised economic benefits have been detailed above (explanation of the model and explanation of the monetised benefits) so are not explained in detail here. A more detailed methodology note is provided at Annex Y to explain the BCR calculation in more depth.

Full Appraisal Summary Tables are provided elsewhere, however the BCRs for the individual projects and the package are summarised below:

- The Beachfields Regeneration project is expected to generate a BCR of 3.8. This represents High value for money (based on evidence provided in the Department for Transport Value for Money Guidance, which considers a BCR of between 2 and 4 as representing High Value for Money)
- The Sheppey College Extension is expected to generate a BCR of 3.0. This represents High value for money, in line with Department for Transport Guidance.
- The Masters House is expected to generate a BCR of 2.4. This represents High value for money, in line with Department for Transport Guidance.

As a whole, the package has a combined BCR of 3.5, representing High value for money, with the package having a strong combined effect. If any of the wider benefits and impacts identified as non-monetised had been identified (which could be plausible subject to further programme and service design by the end-user) then the cumulative BCR would be even higher, showing very strong value for money.

**Upload explanatory note  
(optional)**

Annex Y - BCR Explanatory Note.pdf

## Have you estimated a Benefit Cost Ratio (BCR)?

Yes

### Estimated Benefit Cost Ratios

Initial BCR	3.5
Adjusted BCR	3.5

### Describe the non-monetised impacts the bid will have and provide a summary of how these have been assessed

The Sheerness Revival package will deliver a range of non-monetised benefits, although many of these can be measured and quantified. A qualitative, subjective assessment of the potential significance of these non-monetised benefits has been provided. Typically the more significant the non-monetised benefit, the greater the emphasis is being placed on both measuring and quantifying the proposed benefit.

Beachfields Regeneration:

Benefit & level of significance: Safeguarded and expanded leisure, health and wellbeing service provision arising from increased capacity (project outputs – see Theory of Change). SIGNIFICANT.

Quantifiable? Yes – once detailed design, service and programme design finalised with leisure facility and healthy living centre operators (including GP practice), service and programme increase can be captured.

Benefit & level of significance: Increased community engagement with public health and wellbeing programmes facilitated through additional facilities, physical and service capacity. SIGNIFICANT.

Quantifiable? Yes – data can be collected from existing GP practice and community charity and engagement levels post-delivery can be monitored.

Benefit & level of significance: Increased GP accessibility for Sheerness residents (increasing the number of GPs per head of population). MODERATE SIGNIFICANCE.

Quantifiable? Yes – reporting via GP Workforce Survey (NHS Digital).

Benefit & level of significance: More accessible GP premises from relocating the GP practice to the ground floor (existing faulty lift prevents those with mobility issues accessing the first floor due to fire safety). MODERATE SIGNIFICANCE.

Quantifiable? Narrative only – delivered through design (key requirement of GP practice)

Benefit & level of significance: Increased pride in place through the delivering of visible, physical change in the town centre. MODERATE SIGNIFICANCE.

Quantifiable? Yes – surveys can be undertaken pre/post delivery

Benefit & level of significance: Increased environmental performance of the existing building with reduced carbon emissions. MODERATE SIGNIFICANCE.

Quantifiable? Yes – Enhanced BREEAM certification and modelled carbon emission reductions

Benefit & level of significance: Increased social capital formation by providing facilities (e.g. café) to support relationship building. LOWER SIGNIFICANCE

Quantifiable? Yes – surveys can be undertaken pre/post delivery.

Sheppey College Extension:

Benefit & level of significance: Supporting increased numbers of students to obtain qualifications and skills through providing more places and a more diverse course offering. SIGNIFICANT.

Quantifiable? Yes – student enrolments and graduation data will be monitored

Benefit & level of significance: Multiplier effect on the local economy. LOWER SIGNIFICANCE

Quantifiable? Narrative only – limited in scale and difficult to trace attribution

Benefit & level of significance: Enhanced productivity of local labour market. LOWER SIGNIFICANCE

Quantifiable? Narrative only – limited in scale and difficult to trace attribution

Benefit & level of significance: Increased pool of skilled local residents for local businesses. MODERATE SIGNIFICANCE

Quantifiable? Yes – data could be collected re. destinations of students and employment on the Isle of Sheppey

Masters House Workspace:

Benefit & level of significance: SME business formation supported.

MODERATE SIGNIFICANCE

Quantifiable? Yes – occupier-business survey monitoring data can be collected

Benefit & level of significance: Enhanced business perceptions of Sheerness.

MODERATE SIGNIFICANCE

Quantifiable? Yes – incoming tenant survey data can be collected

Additionally, there are a number of broader, and longer term impacts which have been identified which will arise due to the cumulative impact of the Sheerness Revival package. It is not considered that these longer term impacts are necessarily quantifiable or measurable in the short-term and will take time to manifest in the longer-term.

- Reduced deprivation and inequality of Sheerness relative to its Swale context across multiple indicators
- Improved socio-economic outcomes for the wider Isle of Sheppey community
- Enhanced resident and visitor perceptions of Sheerness
- Enhanced pride in place
- Enhanced reputation and credibility of SBC and key partners as capable regeneration delivery bodies
- A more resilient and diverse town centre economy, benefitting from increased footfall
- Catalytic effect on the regeneration of Sheerness

## **Provide an assessment of the risks and uncertainties that could affect the overall Value for Money of the bid**

There are a significant number of variables, risks and uncertainties which could impact upon the potential Value for Money of the bid.

Risk factors and uncertainties could impact both on the economic costs (inclusive of capital costs, and operational revenues and costs) and the projected benefits.

Key risks have been identified in the risk register (see Annex H) and discussed above.

We used a scenario matrix to illustrate (sensitivity test) the potential BCR impacts based on -20%, -10%, +10% and +20% variances in economic costs and benefits modelled at a package level. Based on this sensitivity testing, even under a worst-case scenario (in which costs increased by 20% and benefits reduced by 20%), the Package BCR would be 2.3, still representing good value for money.

The principal risks regarding economic costs and benefits can be grouped into two stages: delivery and operational:



- Risks during delivery – a healthy 10% contingency has been factored into the project costs, substantiated by cost plans prepared by professional cost consultants; the delivery model and procurement route will seek an appropriate cost and risk allocation model which will insulate SBC from cost risks during construction; there is sufficient temporal contingency in the programme to account for project and programme delays within the LUF funding timeframes.

- Lower than foreseen economic benefits during operation – whilst there are risks and uncertainties inherent in all of the projected monetised benefits, these risks have been managed so far through close engagement with existing service providers (who are also end-users) to ensure appropriately designed and costed schemes, evidenced assumptions based on known local conditions, benchmarked against best practice guidance. The end users will be closely engaged in the design and delivery process with ongoing market and demand testing to ensure assumptions and forecasts remain robust.

## **Upload an Appraisal Summary Table to enable a full range of impacts to be considered**

### **Appraisal Summary Table 1**

**Upload appraisal summary table**      Annex Z - Appraisal Summary Table.docx

## **Additional evidence for economic case**

### **Additional evidence 1**

**Upload additional evidence**      Annex S - Beachfields Regeneration Cost Plan.pdf

### **Additional evidence 2**

**Upload additional evidence**      Annex U - Sheppey College Extension Cost Plan.pdf

### **Additional evidence 3**

**Upload additional evidence**      Annex X - Masters House Workspace - Cost Plan.pdf

## **Confirm the total value of your bid**

**Total value of bid**      £22693515

## **Confirm the value of the capital grant you are requesting from LUF**

**Value of capital grant**      £20000000

## **Confirm the value of match funding secured**

£2693515

**Evidence of match funding (optional)**      Annex V - Sheppey College extension land valuation.pdf

## Where match funding is still to be secured please set out details below

Importantly, there is no match funding still to be secured.

A total of £2,693,515 match funding (11.9% of bid value) will be contributed by two principal stakeholders.

Match funding will be contributed from a range of sources, as set out below:

Swale Borough Council (inclusive of allocated grant funding) – total £2,293,515:

Beachfields Regeneration - £804,336:

o Capital investment committed to specific outputs (outdoor gym, promenade lighting, road resurfacing, public toilets) - £210,000

o Reserves allocation towards project costs - £509,336

o UK Shared Prosperity Fund allocation towards project costs - £85,000

Sheppey College Extension – £180,000

o Land value contribution - £180,000

Masters House - £1,309,179

o Capital investment committed to office conversion - £1,035,770

o Public Sector Decarbonisation Scheme Grant allocation - £273,409

EKC Group – total £400,000 (see letter of support)

Sheppey College Extension

o Capital investment committed - £400,000

Grant funding components:

The Public Sector Decarbonisation Fund grant contribution has already been secured and allocated. There is no risk to this match funding.

The proposed UK Shared Prosperity Fund allocation forms part of SBC's proposed Investment Plan which will be submitted to the UK Government for approval on 1 August 2022. This is supported at Member level, but as a worst case position, if this ultimately not formally approved, then Members have agreed to underwrite the UKSPF from Council reserves.

## Land contribution

**If you are intending to make a land contribution (via the use of existing owned land), provide further details below**

All of the projects comprising the Sheerness Revival package will be located on land currently owned by Swale Borough Council (SBC). The only land which the Council, as lead applicant, is relying on in terms of its match funding contribution to the package costs relates to the proposed Sheppey College Extension project.

EKC Group owns the site which is home to Sheppey College to the north of Bridge Road in Sheerness Town Centre. Immediately to the east of the College is a car park which sits within the ownership of SBC.

SBC intend to transfer the freehold ownership of this car park to EKC to facilitate the proposed extension of the College.

A valuation report has been prepared by Wilks Head and Eve, in accordance with RICS Guidance, on behalf of SBC to inform this process (see Annex V). This estimates the market value of the car park land at £180,000. This figure has been used to inform the bid preparation although it should be noted that this valuation report was prepared for internal / advisory purposes and a formal valuation will be instructed in due course. Any subsequent valuation will also take into account minor adjustments to the red line of the valuation to reflect the interface between SBC's residual title interests and EKC's proposed ownership interests. It is not anticipated this will have a material impact on the land value as estimated

**Confirm if your budget includes unrecoverable VAT costs and describe what these are, providing further details below**

EKC Group is a Further Education Corporation established under the FE and HE Act 1992. FE Corporations are required to pay VAT however, unlike maintained schools and multi academy trusts, are unable to reclaim it as they are not included in the Section 33B refund scheme.

Accordingly, the project costs for the proposed Sheppey College extension include unrecoverable VAT.

VAT is otherwise recoverable for the two projects being delivered by Swale Borough Council.

**Describe what benchmarking or research activity you have undertaken to help you determine the costs you have proposed in your budget**

All of the projects comprising the Sheerness Revival package have separate cost plans – shown at Annexes S, U and X.

SBC delivery team costs have been included and pro-rated against each of the projects. This cost has been provided by SBC and has been built up using the actual additional staffing costs required to deliver the package.

Beachfields regeneration:

- Beachfields improvements: SBC are directly contributing to this cost through a combination of the use of reserves and capital funding allocation. Improvements will include upgrades to road surfaces, promenade lighting, toilets and the provision of an outdoor gym. These costs are based on evidence provided by SBC on their assessment of the cost delivery.

- Beachfields construction: Gleeds, the Cost Consultant who completed the cost plan, have undertaken many projects of this scale and nature that have been completed in recent years around the UK, allowing them to capture a significant amount of cost and programme data. This data is then used to build a benchmark analysis of comparative projects that is used to establish a robust order of cost for the proposed project. Published data shows that the cost of building in different parts of the country attracts different costs, be these labour, plant or materials. Location factors have been applied to establish a common cost as if all the projects were built in Swale.

Analysis of tender prices by the BCIS identifies the effects of Tender price inflation over time, and this data is translated into a set of indices – the All-in Tender Price Index. It is common practice to use these indices to adjust project costs for time.

- GP fit-out + PM fee: a budget has been estimated at this early stage following discussions between the Minster Medical Practice, CCG and SBC.

- Planning, legal and evaluation costs – initial budget estimates have been apportioned to the projects based on forecast costs.

Sheppey College:

- Land acquisition cost: has been informed by a recent RICS Red Book compliant valuation report provided at Annex V. This valuation is supported by benchmarked comparable evidence and assumptions provided by the surveyor. The opinion of market value has been directly included as the land value cost for the project.

- Sheppey College construction: the cost plan (Annex U) has details of key relevant assumptions made when determining the overall build cost. The schemes costs have been based upon itemised £psm construction costs to which prelims, overheads and profit have been added to come to a base build cost of £3,163 psm (exclusive of external works, facilitating works, works to existing buildings, incoming services, professional fees, inflation, contingency, FF&E).

- This has been benchmarked against BCIS costs for similar projects shown in Annex U. The adopted cost lies between the minimum and maximum BCIS figures shown of £2,225 psm and £3,534 psm (figures include minor adjustments made to include drainage and exclude FF&E). Though the adopted figure is higher than the mean cost it is only marginal at circa. 10% which is considered reasonable due to pressures and uncertainties associated with COVID, Brexit and the war in Ukraine.

The adopted costs have also been benchmarked against a relevant comparable project available on BCIS shown in Annex U.

- Professional fees: have been included at 15% built up from the following

- o Architect 5.60%
- o QS 1%
- o CA 1%
- o PM 2%
- o SE 1.25%
- o M&E 1.25%
- o BC 0.35%
- o PD 1%
- o Surveys and others 1.55%

- Other construction costs: External works and works to the existing property are based on industry standard general rates. Consequential improvements have been included and these were provided by the architect. The allowance for FF&E was advised by EKC and contingency has been excluded from the cost plan.

- Planning, legal and evaluation costs. – initial budget estimates have been apportioned to the projects based on forecast costs

Masters House:

- Serviced office construction: has been based on confirmed contracted costs. The total costs have been adjusted to reflect expenditure in 2022/23.

- Workshops construction: has been informed by a cost plan undertaken by a qualified cost consultant (Annex X). The costs have been benchmarked against industry standard sources such as BICS and the contracted works for Phase 1 currently under construction.

- Decarbonisation upgrades: The decarbonisation costs have been secured through a Salix grant. These costs were evidenced and benchmarked during the grant bidding process.

- Planning, legal and evaluation costs. These have been based on industry standard assumptions.

## **Provide information on margins and contingencies that have been allowed for and the rationale behind them**

As all the project leads are either from the public or charitable sector no developer return/margin will be taken as part of the schemes. This assumption is realistic and Swale Borough Council (SBC) and EKC Group (EKC) have confirmed that they do not expect a return/margin.

Each project benefits from a cost plan incorporating present day pricing and BCIS inflation forecasts, and where an allowance for contractor overheads and

profits have been included at prevailing rates. This approach is reasonable and has been based on evidence and the professional judgement of a qualified cost consultant.

Contingency has not been allowed for in the individual cost plans. Instead an overall contingency allowance of 10% has been included across the whole package of projects which is factored into this LUF funding request. This overall allowance has been pro-rated against each of the base construction costs for each of the projects. For Masters House, contingency has only been applied to the Phase 2 works because Phase 1 has already gone through procurement and there is currently a contractor on site.

Having a single approach to contingency across all projects is appropriate because the projects are at a similar stage in the design process. Each project lead will report on progress as part of regular project management dashboard reporting to the proposed LUF Programme Steering Group (see annexed Delivery Plan). Provisions will be put in place to allow for contingency release and/or reallocation at programme-level – if contingency is not utilised based on individual project performance and delivery against milestones.

The 10% contingency allowance is deemed to be reasonable at this stage in the development process because each of the projects has gone through initial design work, feasibility testing and a costing / benchmarking exercise but reflects that risks and uncertainties remain to be mitigated through further project design and development.

In due course a number of mitigations will be implemented to seek to reduce the contingency allowance inclusive of:

- Further detailed design through to securing planning permission
- Emphasis on minimising design complexity
- Early supplier and contractor engagement re. design, cost and delivery
- Site investigations and surveys to take place to de-risk assumptions
- Ongoing benchmarking of cost plans for scheme development against comparable projects, BCIS inflation metrics and supply chain inputs
- Robust project and contract management procedures

Additional contingency allowance has been included in the economic appraisal through an optimism bias allowance (with inflation stripped out), in line with adopted HMT Green Book guidance

Whilst procurement routes for each project have not been finalised at this early stage of project development (see above), a key requirement of the selected procurement route will be that cost risk is transferred to any contracting partner

## **Describe the main financial risks and how they will be mitigated**

There are several financial risks that are outlined in the Risk Register (Annex H). Key financial risks are summarised below:

- Higher than expected construction costs:

Due to inflation and/or underestimation of works. To mitigate this each project has been subject to a costing exercise undertaken by a Quantity Surveyor. These cost plans are all recent making the cost inputs as accurate as possible. Each cost plan has included inflation to understand the likely impact on the project. Inflation assumptions have been based on the most current forecasting relevant to each project. As the projects move through the detailed design process, initial cost plans will be revisited to ensure requisite accuracy.

- All projects require LUF funding to be granted in full to proceed:

If funding is not granted then projects will not be delivered, either at all, or at the very least during the short-medium term. This has been mitigated through the submission of a robust evidence-based bid.

- Facilities are closed longer than anticipated:

This could result in increased costs from the provision of temporary facilities and existing staffing costs. There would also be costs of the additional revenue lost throughout this period. To mitigate this risk construction timings will be

carefully assessed and continually monitored to ensure they are realistic.

- Condition of existing buildings is poorer than anticipated:

All projects include works to existing buildings or extensions. There is a risk that the condition of these buildings is worse than expected and either changes to design are required and/or there are additional costs. To mitigate this, surveys of high risk areas will be completed at the earliest opportunity and any impacts to programme and costs taken account of.

- Revenue is lower than expected (Masters House and Beachfields):

Whether rental income or visitor spend there is a risk for Masters House and Beachfields regeneration that the income is lower than expected due to changes in the market. This will be mitigated through regular updates to the evidence base to ensure assumptions are reasonable supplemented by comprehensive marketing strategies for both projects.

- Visitor numbers are lower than expected to the new facility (Beachfields):

This could impact the ongoing viability of the facility and potentially result in the requirement for ongoing financial support from SBC. This is mitigated by ensuring that the feasibility of the new facilities is continually monitored through considering any changes in the market and supplemented by a robust marketing strategy. Additionally, projections have been informed by an Options Review and Business Case prepared by an expert (see Annex R).

- EKC cannot provide match funding (Sheppey College):

Whether due to a change in priorities or financial difficulties there is a risk that the match funding cannot be provided by EKC. This would result in their being a funding gap in this project. This has been mitigated by early and regular engagement with EKC and the securing of a commitment to provide the match funding set out in this bid

During the project the risk register (Annex H) will be continuously monitored and updated as required by the project and programme management team. A plan for managing significant project risks will be developed at the start of the project and reviewed as the project progresses.

Each project has a project lead, who will carry the commercial risk associated with this project. This risk will be managed and reallocated as appropriate through the procurement process. As part of the open tender process for the construction works strict due diligence will be carried out, and if this is not to the required standard the contractor will fail the process. Ultimately during this period, ahead of procuring a contractor solution, each project lead absorb any cost overrun (using the project contingency) or implement appropriate value engineering, in accordance with required authorisation and approval procedures. Each project lead has confirmed that they are prepared to do this.

During the construction process the financial risk of construction will pass to the contractor as they will be required to deliver the scheme within the cost quoted or be liable for the additional costs; this assumes that no further changes are made to the design post contractor procurement, and during the construction phase there will be a strict change control process followed to manage the cost and programme implication of any changes required.

Ultimately if mitigation of risks fail SBC take responsibility across the whole package to determine an appropriate solution and way forward.

**Upload risk register**

Annex H - Sheerness Revival Package - Risk Register.xlsx

**If you are intending to award a share of your LUF grant to a partner via a contract or sub-grant, please advise below**

Swale Borough Council propose to award a share of grant to two delivery partners.

Funding Method:

In all instances the Council will enter into a funding agreement with partners to

mirror the clauses and conditions of the Grant Agreement to be entered into by SBC with DLUHC in relation to the principal grant. All funding agreements with delivery partners will be agreed and signed in advance of the first payments being made. The disbursement of all grants will be undertaken in accordance with subsidy controls and public procurement rules, in accordance with the Council's Financial Regulations with oversight by the Council's S151 Officer, Head of Commissioning and Monitoring Officer.

Delivery partners:

Beachfields Regeneration:

Minster Medical Group

- The Minster Medical Group GP Practice is an existing tenant of the Healthy Living Centre. Funding will be allocated to them to fund (a) their temporary relocation during construction, (b) the fit out and FF&E for their new surgery and (c) project management support from the CCG.

- A total of £480,000 will be available to the Minster Medical Group to cover these items and for them to commission directly

Sheppey College Extension;

EKC Group

- The EKC Group will be responsible for the delivery of the proposed Sheppey College extension and will lead the design, planning, procurement and delivery (and subsequent operation) of this facility

- A total maximum of £5,557,708 will be allocated to Sheppey College to cover all project costs, inclusive of contingency (see 6.1.8 for further details regarding contingency management and utilisation across the programme)

Disbursement of grant by SBC to delivery stakeholders will be undertaken on a quarterly basis in advance in accordance with the project cashflow and funding profile with payments contingent upon appropriate evidence of previous quarter delivery, anticipated spend requirements and adjustments made accordingly.

## **What legal / governance structure do you intend to put in place with any bid partners who have a financial interest in the project?**

The proposed programme management governance structure envisages the establishing of a Programme Steering Group. The key leads responsible for delivering each project (i.e. the LUF Capital Programme Manager at SBC – Beachfields Regeneration and Masters House; EKC representative – Sheppey College) will be in attendance.

Project leads will report on project progress against the delivery plan, procurement, milestones, KPIs, project expenditure to date and forecast. This forum will have operational accountability for the programme delivery, spend, monitoring and reporting with ownership of risk management.

Accordingly, delivery partners will report into the Programme Steering Group. EKC will report regarding Sheppey College throughout the programme; the Minster Medical Group's engagement will be focused at the times linked to the procurement and delivery of their specific works packages, which are more limited. The Programme Steering Group will have oversight and responsibility for SBC's delivery partners' commitments in accordance with their respective LUF funding agreements.

Support will be provided to the Programme Steering Group by SBC's Commissioning Manager and Head of Legal Partnership in relation to the agreement, administering and monitoring of the terms of delivery partners' LUF funding agreements with SBC.

SBC's proposed delivery partners – East Kent College Group and the Minster Medical Group – are organisations with established track records of delivering public services on the Isle of Sheppey. EKC Group owns and operates across a significant estate across East Kent and has delivered a significant pipeline of

capital projects. Long-established partnership working between SBC and its identified delivery partners ensures confidence in their capacity to effectively deliver on the obligations which will be embedded in their respective funding agreements.

All funding agreements with delivery partners will be entered into in strict accordance with the Council's Financial Regulations.

Operation:

In relation to the proposed reconfigured, refurbished and extended Beachfields Leisure Complex and Healthy Living Centre, the Council will be reviewing the existing commercial arrangements with current leaseholders, tenants and service providers. These stakeholders will form part of the proposed External LUF Programme Steering Group to shape and inform the project development process. The current assumption underpinning the business plan is that existing arrangements will remain in place during the proposed delivery phase.

The existing leisure centre contract has mechanisms in place for review and refurbishment. As it is expected that the project will enhance the offer and attract new users and visitors this is not expected to cause issues. The new contract will be reviewed and retendered for 1 April 2025.

Should the Council seek to revisit its existing commercial operational and management arrangements this will take place in the context of a broader facilities and services review across the Council's leisure assets. Any procurement exercise would be undertaken in accordance with the Public Contracts Regulations 2015, the Council's Financial Regulations, Contract Standing Orders and Procurement & Commissioning Policy with appropriate financial scrutiny and due diligence undertaken in respect of tendering parties.

## **Summarise your commercial structure, risk allocation and procurement strategy which sets out the rationale for the strategy selected and other options considered and discounted**

Swale Borough Council (SBC) will lead the procurement and delivery of two of the principal projects: Beachfields Regeneration and Masters House; East Kent College Group (EKC) will procure and deliver the Sheppey College Extension.

In support of this bid both SBC and EKC appointed professional teams to provide design and cost consulting services to develop the projects to RIBA 1+ stage.

Both SBC and EKC Group have considered the alternative available procurement routes to deliver these projects and, at this stage, whilst they have a preference, they have not formally confirmed the preferred approach to delivery. This is a deliberate decision driven by a number of factors including macro-economic uncertainty, inflation and construction supply chain pressures.

Both SBC and EKC have experience of delivering and procuring capital projects using alternative approaches.

It is likely that the Beachfields Regeneration and Sheppey College extension will be delivered via Design and Build contracting routes for reasons articulated below, however this view is currently indicative. A decision will be formalised once the project designs, site investigations, costs and risks have been progressed to the next level of detail to support further, informed early engagement with prospective supply chain and delivery partners – to inform a robust procurement strategy and appraisal process. This will ensure that the contracting approach and procurement route(s) selected for all three projects are the most appropriate for each of the projects and their specific characteristics, optimised to deliver value for money.

Swale Borough Council: Beachfields Regeneration & Masters House



Key considerations for the selection of a preferred contracting approach and route to market for the Beachfields Regeneration project include:

- a) Relatively limited available Council capacity and resource for project management and leading design development.
- b) Complexity inherent in reconfiguring, upgrading and extending an existing building – which has already been extended over time – to deliver a range of leisure, health and wellbeing facilities for use by multiple stakeholders.
- c) Relative scale and complexity of this project compared to other leisure projects the Council has delivered.
- d) The importance of considering whole-life costs and operational considerations for the asset given the Council's long-term ownership, existing and ongoing partnership with leisure, health and wellbeing service operators.
- e) Options for potentially splitting building and external works packages.
- f) Requirement to secure best value within a challenging inflationary market
- g) The imperative for all works funded via LUF to be completed by March 2025.
- h) The need to secure the highest quality outcome in terms of design, materials and workmanship
- i) Ensuring the lowest possible risk to SBC.
- j) Optimising net zero and environmental outcomes in line with the objective stated in the Council's adopted Climate and Ecological Emergency Action Plan (2020) for the Council's own operations to be carbon neutral by 2025.
- k) Ensuring compliance with all statutory requirements to be achieved through delivering on the guidance set out in the Council's own Commissioning and Procurement Policy which includes the following requirements:
  - a. Social value contributions (in line with the Public Services (Social Value) Act 2012 and the Council's adopted Local First Policy);
  - b. adopting a Sustainable Procurement approach to deliver on the Council's Climate and Ecological Emergency Action Plan;
  - c. requiring compulsory adherence to statutory requirements including around Modern Slavery.

In relation to Masters House, the considerations and risk profile are different to Beachfields:

- a) The Council has direct experience of leading similar scale refurbishment and upgrade projects so has confidence in its ability and capacity to deliver in addition to managing the risks inherent in this sort of project
- b) The Council has already procured the delivery of the first phase using a JCT Design and Build contract appointing a local contractor through open procurement
- c) It is highly likely that the same approach to the first phase delivery will be taken for Phase 2
- d) Depending on the timescales for the award of LUF funds the Phase 1 contractor may be able to stay on site to deliver Phase 2.
- e) All key considerations made from Beachfields between f) – k)

The contracting options available for both projects include:

- a) Traditional – this would see the Council take responsibility for developing the detailed designs before procuring a contractor. The Council would be fully responsible for design and associated risk.
- b) Design and Build – the Council would develop designs to RIBA 2-3 to establish the Employers Requirements before engaging a Principal Contractor to develop the design and construct the scheme against a fixed cost. The contractor would hold the design risk against a fixed cost. This approach can be split into two stages where Contractors initially tender for Prelims, Overheads and Profits (inc. fees) to then develop the contract price under a Pre Construction Service Agreement to allow for early contractor engagement and a collaborative approach to managing design development, risk and cost.
- c) Construction Management – the Council would develop the designs to RIBA 3 before procuring separate works packages, overseen by an appointed construction manager, with the Council's hold the design risk.

The available route to market options being considered are:

- a) Restricted tender – using a two-stage Expression of Interest (with pre-qualification questionnaire) to establish a shortlist of parties to conduct the tender. This procurement route takes the longest.
- b) Open tender – a fully open tender process that allows maximum competition.
- c) Framework – the Council has access to the UK Leisure Framework with the option of engaging Alliance Leisure Services (ALS) as a development partner.

The ALS model would engage them at an early stage to lead the design process, and who would then procure a design and build contractor. It is likely that this is the Council's preferred procurement route for Beachfields to ensure streamlined delivery, but this is subject to further appraisal.

Appraising the key project considerations and risks in the context of the available procurement and contracting routes, the Council will seek to mitigate its exposure to risk and ensure as far as reasonably possible, the delivery of both Beachfields and Masters House projects on time and to budget.

The Council's appointed design and project team have experience in delivering comparable leisure and health projects which has informed this early view of potential preferred procurement strategy and route to market. In relation to Beachfields, the complexity, cost and scale of the project mean that the Council are most likely to utilise a Design and Build procurement approach, with further consideration to be given to the relative merits of running an open tender or engaging with the UK Leisure Framework. This would ensure cost and risk would be held principally by the contractor; a two-stage D&B approach would further mitigate risk and ensure the Council has sufficient input regarding design progression alongside its appointed contractor.

Further appraisal of the Council's options will be undertaken in dialogue with potential delivery partners and contractors alongside further development of the project designs to RIBA 2 – 3 to further refine the project scope and risk profile to best identify the optimal approach to delivery, ensuring that this process is undertaken in line with the Government's Sourcing Playbook (2021), Construction Playbook (2021) and Resolution Planning Guidance Note (2021) all of which have informed this bid.

This will include recommendation of the appropriate approach to managing contractors and suppliers to securing, monitoring and evaluating the required project and programme outcomes (see above), in accordance with the Council's adopted Commissioning and Procurement Policy and guidance and Financial Regulations, both of which will also ensure compliance with all relevant statutory requirements (i.e. Public Contract Regulations 2015, as amended, and the Modern Slavery Act 2015).

In respect of Masters House, it is likely the Council will take advantage of existing supply chain relationships established during the delivery of Phase 1 and will seek to adopt a comparable approach to the delivery of Phase 2. Phase 1 utilised a local contractor procured through the Kent Business Portal using an open tender process. We understand that the procurement process and delivery approach to Phase 1 has been successful. As Phase 2, though a slightly different use, is reasonably similar to Phase 1 it is very likely a similar process will be undertaken when delivering the workshops in Phase 2.

Sheppey College extension:

EKC Group prioritise the following considerations in delivering any capital project, regardless of procurement route:

- d) A full and clear brief
- e) Full information on the existing conditions of the site
- f) Full and clear design information and specification from the design team available before commencement of construction
- g) Complete and accurate tender and contract documentation
- h) A logical progressing of the design
- i) A well-considered and reasonable programme for the construction.
- j) Minimum changes during the construction period.

EKC have managed the above effectively using both Traditional and Design and Build routes, so are open to either of these main procurement approaches to delivering Sheppey College. A Traditional route would enable EKC to fully 'own' the requirements prior to appointing a contractor, however EKC are mindful of the lack of contractor involvement and input at the design stage. Current preference is for the Design and Build route and the programme has been configured accordingly.

From EKC's previous experience of FE capital programmes, when the design is relatively straightforward, a Design and Build approach is more effective and helps to derisk the project for the client. Being mindful of these issues, EKC

will ask its professional advisors to develop a full procurement strategy report with recommendations of the most appropriate route.

EKC Group already has a capital programme in progress, including projects in Ashford, Folkestone, Dover, Broadstairs, and Margate. EKC have a strong knowledge of the current market and have already carried out soft pre-engagement activity with contractors currently working on their estate. Based on experience, this size and type of project would be most suitable for a medium-sized local contractor with a well-established supply chain that can mobilise quickly and reliably. This approach will also mitigate procurement and project delivery timescales, whilst being able to attract appropriate contractors who would be keen to build out the project. EKC Group would also consider use of appropriate frameworks to accelerate the procurement route.

As an FE Corporation that is publicly funded, EKC Group is required by the Department for Education to have sound systems of financial management and control. EKC have a comprehensive set of financial regulations that sets out how goods and services must be procured and managed. These include clear procurement rules, strong due diligence processes, and controls for regularity and propriety, supported by effective contract management. The regulations are regularly reviewed to ensure that the Group complies with appropriate legislation and embeds best practice. This includes 'buy local' and other sustainable procurement measures. All contracts for this project will be procured and managed according to the Group's financial regulations and associated policies and procedures. EKC Group also has a Modern Slavery Statement that is updated annually, which complements the financial regulations and covers services and supply chains.

**Who will lead on the procurement and contractor management on this bid and explain what expertise and skills do they have in managing procurements and contracts of this nature?**

Swale Borough Council (SBC) – Beachfields Regeneration and Masters House:

Procurement and contractor management on behalf of SBC will be led by the LUF Capital Programme Manager, supported by a Capital Projects Officer, who will both be recruited pending successful securing of LUF funding. The job description will prioritise project / programme management and contractor management experience.

The Capital Programme Manager will report to SBC's Head of Regeneration, Economic Development and Property – Joanne Johnson – with over twenty years of procurement and contract management experience including overseeing the delivery of a £40m+ programme of Local Growth Fund, Getting Building Fund and Growing Places Fund investment in regeneration schemes whilst at Medway Council prior to joining SBC in 2021.

Senior inputs will also be provided by the Head of Environment and Leisure, Martyn Cassell, as part of the proposed Internal and External Steering Groups which will have oversight of all tender and contracting processes being led by the Capital Programme Manager. Martyn has over 16 years local government experience with extensive contract management experience and delivering large leisure capital projects; until recently he was the Head of Commissioning at SBC so understands procurement processes well.

Internal procurement and contract management support will be provided by Swale Borough Council's Commissioning Manager, Charlotte Knowles, and the Head of Legal Partnership, Claudette Valmond.

All procurement and contract management – inclusive of senior oversight and approvals - will be undertaken in accordance with the Council's Contract Standing Orders, Financial Regulations and Procurement & Commissioning Policy.

East Kent College – Sheppey College Extension

EKC Group will be responsible for the procurement and contractor management for the delivery of the proposed Sheppey College extension.

EKC Group's Chief Financial Officer and Chief Strategy Officer will lead on procurement and contract management. The Chief Financial Officer is a highly experienced senior finance professional with overall responsibility for a £70m turnover. This includes responsibility for procurement of over £40m of capital programmes at EKC Group over the last 10 years. The Chief Strategy Officer is also experienced at leading on capital programmes, including a current £9m Ashford College extension project and procurement of all professional advisors and main contractor.

They will be supported by the Director of Projects, who has successfully contract managed a range of major capital projects across the Group's estate to create industry-standard technical education facilities. This includes the development of The Yarrow hotel in Broadstairs (£9m), new developments at Folkstone College and Dover Technical College (£6m), and Engineering and Plumbing Centre in Broadstairs (£6m).

The EKC Group will interface with SBC via the Chief Strategy Officer's attendance at the proposed External Steering Group, providing updates regarding tender progress, contract management, delivery, KPI performance and risk management.

## **Are you intending to outsource or sub-contract any other work on this bid to third parties?**

Swale Borough Council – Project Management Resourcing (Insourcing vs Outsourcing):

Swale Borough Council has a number of options available to ensure it has sufficient expertise and capacity to effectively manage the delivery of the Sheerness Revival Package.

As a pre-requisite, and subject to funding, SBC propose to recruit a LUF Capital Programme Manager and LUF Capital Project Officer to bolster internal project management and monitoring expertise and capacity and meet an identified capability gap.

This will provide SBC with the capacity to undertake an open tender process to procure directly (with options available regarding either Traditional or Design & Build approaches) either via open tender or existing framework arrangements (see above).

Whilst the preferred solution is to recruit for in-house positions – the costs of which are included in this LUF bid – some outsourcing might be required.

As a fallback, SBC has a pre-existing contractual arrangement with an existing service provider who could provide project management support, if required.

One potential advantage of engaging with an existing delivery framework – the UK Leisure Framework run by Alliance Leisure – would be the early engagement of Alliance Leisure to lead on design and procurement and reduce the project management burden on SBC, outsourcing an element of the roles SBC is seeking to recruit for internally, although not removing the need for either of these posts altogether. This framework option is being actively considered by SBC, in dialogue with key stakeholders.

SBC has experience of both direct delivery and of outsourcing project management responsibilities.

Should SBC opt to outsource project management capabilities then any contractor would be appointed in accordance with SBC's Procurement and Commissioning Policy. Approval processes for commissioning and procurement will align with the thresholds defined in the SBC's adopted Contract Standing Orders and the processes defined in its core Procurement

and Commissioning Policy. SBC's policy requires appropriate contractor KPIs to be defined which in this instance would be linked to key outputs, milestones, funding drawdown, cost monitoring and programme. Reporting on, and monitoring of, KPIs will be embedded within the proposed governance structure (see above).

As set out in its adopted Procurement and Commissioning Policy, should SBC need to outsource project / programme management – or indeed any services - and secure third-party support then in seeking to procure and select a preferred contractor the Council will follow its adopted policies and procedures, inclusive (but not limited to) the following key elements:

- SBC commitment to paying the Real Living Wage
- SBC commitment to acting with integrity, openness and transparency (in accordance with the Public Contract Regulations 2015)
- Working with SMEs and local businesses where feasible
- Embedding Social Value requirements, as appropriate
- Commitment to Sustainable Procurement in line with SBC's Climate and Ecological Action Plan
- Balancing Quality vs Cost as appropriate

The same principles, policies and procedures will apply to the Council's procurement of all contracts including all works and professional services required for each project, beyond the project management.

Sheppey College Extension:

EKC Group will appoint an external Project Manager from its pre-tendered framework of experienced providers. This role will formally report to the Project Management Group, with day-to-day reporting to the EKC Group Director of Projects.

## **How will you engage with key suppliers to effectively manage their contracts so that they deliver your desired outcomes**

Swale Borough Council (SBC) will engage with suppliers tasked with delivering the projects. All contracts will be procured and managed in accordance with the Council's Commissioning and Procurement Policy (specifically all requirements relating to Contract Management), the Council's Financial Regulations (Swale Borough Council Constitution Part 4.10) and its Contract Standing Orders (Swale Borough Council Constitution Part 4.10).

Similarly, EKC Group (EKC) will procure and manage contracts and suppliers in accordance with its own Financial Regulations and related procurement policies and procedures.

Alignment between SBC and EKC's contract management approaches – with specific reference to brief and specification definition, performance measures, reporting and monitoring, and payment – will be ensured at the outset of the delivery programme to ensure a consistent approach across the programme.

SBC's and EKC's Financial Regulations and associated policies and procedures provide the framework which will be applied in the context of the proposed delivery of the Sheerness Revival Package (SBC – Beachfields & Masters House; EKC – Sheppey College), within the associated proposed project governance structure (see above), to ensure contractor / supplier performance and risks are managed appropriately in order to deliver the required outputs and outcomes to the quality expected.

Specifically, the following approach will be taken to effectively manage contracts, mitigate risks, impose controls and ensure high-quality outcomes are delivered:

- Whilst both SBC and EKC retain flexibility in their preferred procurement routes at this stage, priority will be placed by both parties, regardless of procurement route, on defining clear briefs, specifications, tender requirements and relevant KPIs for tendering contractors and suppliers at an early stage – where appropriate this will be undertaken in dialogue with suppliers / contractors (i.e. this approach would be relevant in a two-stage Design and

Build procurement route).

- All contracts will include standard terms and conditions and performance measures based on the outcomes defined in the specification inclusive of clear definitions, the adopting of an 'outcome based' approach to defining KPIs, reporting and monitoring requirements (frequency, metrics, format etc). Defining these will be the responsibility of the LUF Capital Programme Manager (SBC) and EKC's Director of Projects with the support of their appointed professional teams, and inputs from the LUF Programme Steering Group, as appropriate.

- Performance will be measured using a range of tools including programme updates, project review meetings, contractor/sub-contractor progress meetings, health and safety and quality audits and project dashboards.

- It is a requirement of the Council that any selected contractor / supplier agrees to all Council policies and statutory requirements (i.e. Freedom of Information Act 2000, Bribery Act 2010, Modern Slavery Act 2015 etc – as per Swale Borough Council's Contract Standing Orders) – EKC's Financial Regulations and procurement policies include similar provisions. This will ensure a consistent approach and professional standards from any contractor or supplier engaged on the projects.

- The LUF Capital Programme Manager will have monthly meetings with SBC's contractors to discuss progress against KPIs, to review and monitor risk and report on project progress. The LUF Capital Programme Manager will report into, and seek feedback from, the LUF Programme Steering Groups – EKC's representative will also report to the LUF Programme Steering Group on the same basis. Principal risks, issues and mitigations related to contractor performance will be reviewed in this forum, along with follow-on actions.

- Any contract changes will be fully documented and material changes will take place in consultation with legal services for both SBC and EKC-led projects, with authorisations required in accordance with the Council's Financial Regulations, EKC's financial regulations and the Council's Scheme of Officer Delegations. The LUF Programme Steering Group will take responsibility for either approving or making recommendations regarding contract variations to SBC's Executive Management Team for approval, as appropriate.

- In the event of the contractor / supplier failing to meet agreed KPIs, an action plan will be agreed to restore performance. All contracts will be clear about the ladder of escalation up to and including contract termination and the use of financial penalties, if appropriate.

- Effective contract and payment structures will be adopted in accordance with the Council's Financial Regulations (Swale Borough Council Constitution Part 4.10) and its Contract Standing Orders (Swale Borough Council Constitution Part 4.10), which includes specific provisions applicable to capital projects – similarly all contract and payment structures for EKC's project will accord with the provisions in its Financial Regulations and Procurement Policy.

- The Council and EKC will adopt robust due diligence checks inclusive of technical and professional ability and economic and financial standing for all of its proposed contractors and suppliers at the point of tendering in accordance with The Public Contract Regulations 2015, the Council's Financial Regulations, EKC's Financial Regulations, the Council's Contract Standing Orders and both the Council and EKC's respective Procurement & Commissioning Policies, as applicable.

- The Council and EKC Group will prioritise early supply chain engagement to drive early discussions around design, expectations, quality, cost, programme and delivery. This will set up the projects for success from the start and minimise the risk of unforeseen issues arising too late in the programme to be mitigated and to best manage risk.

- Risk allocation will be approached from the outset by SBC and EKC with contractors and suppliers and kept under continuing monitoring and review

## **Set out how you plan to deliver the bid**

The Delivery Plan (Annex G) provides a comprehensive overview of how the Sheerness Revival Package will be delivered, the arrangements at programme-level and interfaces with project-level delivery structures.

Specifically, this Delivery Plan includes the following:

- Programme governance – overview of roles, responsibilities, approvals and escalation procedures, lines of reporting and communication, operational

responsibilities, strategic oversight and accountability structures and forums, and interfaces with project management and delivery structures.

- Diagrams to clearly articulate the proposed programme governance structures (Figure 1 – Annex G) and external stakeholder group structure (Figure 2 – Annex G).

- Project-specific delivery plans (Beachfields Regeneration; Sheppey College Extension; Masters House) setting out: programme, land ownership, statutory consent requirements, key milestones and dependencies and proposed arrangements for benefits realisation, project monitoring and impact monitoring and evaluation.

The Sheerness Revival Package will be delivered by Swale Borough Council (SBC) in partnership with EKC Group (EKC). SBC will take responsibility for the delivery of two projects: (a) Beachfields Regeneration and (b) Masters House Workspace; EKC will deliver the Sheppey College Extension. Both SBC and EKC will form part of the proposed LUF Programme Steering Group which will take responsibility for programme management, delivery and monitoring at a strategic level. Strategic oversight and accountability will be provided by SBC's Executive Management team, EKC Group's Governing Body and constituent committees, and SBC's Regeneration and Property Committee (Member oversight and scrutiny).

Programme, milestones and dependencies:

At a programme-level, it is imperative that all projects are completed – with all LUF funding defrayed – by March 2025. The programmes for each project have therefore been developed with this consideration in mind (see Annex G for detailed programmes and milestones). Whilst this is the long-stop deadline, the individual projects proposed are relatively limited in scale and complexity such that the programmes will be achievable in advance of this date (also allowing for programme contingency). The principal programme milestones and dependencies are highlighted for each project below (noting these are highlighted for illustrative purposes – further detail is provided at Annex G):

- Beachfields Regeneration – a key dependency at the outset of the project includes agreeing the temporary relocation strategy with existing occupiers (noting that options have been discussed in outline and a budget allocated) once the proposed construction programme and timeframe has been crystallised through the contractor procurement process – this is essential to secure vacant possession; proposed commercial and occupier terms for existing stakeholders will also need to be formalised in principle prior to contracting to de-risk the operational phase and proposed benefits realisation. Subject to confirmation of LUF funding, the following headline programme milestones are targeted:

- Design (up to RIBA 4) and procurement – Jan '23 – Jan '24
- Planning permission – secured by Dec '23
- Construction – Feb '24 – November '24
- Operation – January '25

- Sheppey College Extension – The key project dependency at the outset of the process will involve securing the transfer of land from SBC to EKC (agreed in principle) to facilitate delivery. The following headline milestones are targeted:

- Design (up to RIBA 4) and procurement – Dec '22 – June '23
- Planning permission – secured by July '23
- Construction – June '23 – July '24
- Operation – August '24

- Masters House Workspace – subject to the securing of LUF funding this project will be relatively low-risk to deliver with significant work already undertaken to establish the principles and approach to delivering Phase 1, with Phase 2 seeking to replicate this approach. The intention is to have completed both Phases 1 and 2 ready for occupation by October '23.

Statutory consents required:

Planning permission will be required for both the Beachfields Regeneration and Sheppey College Extension projects.

Initial pre-application discussions have taken place with SBC planning officers to shape the design development to date and a letter summarising their view is provided at Annex N.

Project monitoring, impact monitoring and benefits realisation:

In addition to two proposed delivery partners, there are a number of end-user interests, existing organisations operating and delivering services at Beachfields. Each of these entities (Swale Community Leisure, Sheppey Matters community and wellbeing charity, Minster Medical Group) will be essential to the future operation and delivery of services from the proposed reconfigured, upgraded and expanded Beachfields facility and therefore at the heart of future benefits realisation. Their role in project design and delivery will therefore be formalised through their participation in an External Steering Group, in addition to 1-2-1 stakeholder engagement with the relevant project teams throughout (inclusive of negotiation of future commercial terms, operational and management arrangements).

Project monitoring dashboards will be regularly reported by project leads to the LUF Programme Steering Group throughout the process, which will form the basis for SBC's regular programme reporting and updates to the government, inclusive of project, milestone and programme progress updates, cost monitoring and tracking of funds defrayed.

In relation to all three projects, an external evaluation partner will be appointed early in the process to support the development of an impact monitoring framework in collaboration with key delivery partners and end-users to provide structure to the monitoring and evaluation of impacts to capture benefits realisation.

Stakeholder communications and engagement:

The External Stakeholder Group will be the principal forum for SBC and EKC to engage with end-user stakeholders (see above). Additionally, the project leads will be responsible for developing project-specific stakeholder communication and engagement strategies which will be reviewed and coordinated at a programme-level by the External Stakeholder Group.

The communication and engagement strategies will encompass the following stages:

- Planning process – seeking feedback on detailed designs, updates on progress
- Development milestones – updating on progress with key construction milestones
- Operational matters – updates regarding access to existing, relocated and proposed new services and facilities

The strategies will build on the extensive public and stakeholder engagement undertaken to date and will involve a mix of public meetings, online surveys, press releases, social media updates, newsletters and website updates.

## **Demonstrate that some bid activity can be delivered in 2022-23**

All three projects comprising the package will deliver bid activity in 2022-23:

- Beachfields Regeneration – key activities which will commence during 2022-23 will include detailed design and securing planning approval.
- Sheppey College Extension – key activities which will commence during 2022-23 will include detailed design, securing planning approval and commencing the land transfer process (transfer of land from SBC to EKC).
- Masters House – Phase 1 (office conversion) will be complete by the end of 22-23 with design and procurement commencing in respect of Phase 2 (studio conversion) during this financial year as well.



## Risk Management: Set out your detailed risk assessment

A full Risk Register is provided at Annex H which includes an assessment of both over-arching programme and specific project risks, impacts, owners and mitigations.

Principal programme and project risks are highlighted and commented on below for illustrative purposes only – the full Risk Register provides full details:

### Planning:

Planning permission is required for both the Beachfields Regeneration and Sheppey Extension projects. Mitigation to date has been led by SBC by engaging planning services in initial pre-application discussions to provide constructive inputs to design development and to ensure adherence with principal policy considerations. Pre-application engagement will also take place throughout the detailed design process – alongside public and stakeholder engagement - to further mitigate this risk.

### Site conditions:

Early site investigations and building condition surveys will be instructed by SBC and EKC as soon as LUF funding is confirmed to inform detailed design development and mitigate risks around cost certainty ahead of contractor procurement, regardless of approach.

### Cost inflation:

Build costs are currently subject to significant inflationary pressures for a range of reasons, and this is forecast to continue. To manage and mitigate this risk SBC and EKC have sought independent, expert cost advice during concept development and have adopted consequent approaches to cost inflation. Both SBC and EKC will adopt a procurement strategy which best mitigates their exposure to cost inflation and which secures value for money.

### Procurement:

For all projects there are risks around potential contractor capacity, availability and pricing. Accordingly, both SBC and EKC are managing and mitigating this risk by not committing too early to selecting a procurement route based on concept designs and will instead adopt a procurement strategy, once LUF funding is secured, detailed designs and site investigations have been progressed and which will reflect a pragmatic response to the specific scheme and project requirements, supply chain and contractor market conditions, and the macro-economic environment at the time of decision-making.

### Operator requirements:

To mitigate the risk of the designs not aligning with occupier requirements, key stakeholders have been involved in the project concept design development, providing operational inputs and feedback on emerging designs. To manage this risk during scheme development and delivery, the role and involvement of principal stakeholders will be formalised through the proposed Stakeholder Engagement Steering Group. Where appropriate, funding will be delegated to stakeholders to enable them to efficiently deliver on their operational requirements.

### End-user demand:

End-user demand has been informed by consultation with existing service providers and supported by detailed feasibility appraisal and business plan modelling (see 6.3.6). To mitigate this risk during the delivery stage, prior to the operational phase, robust marketing plans will be developed, bespoke for all projects.

### Decision-making:

Delays in decision-making could lead to delays in programme and project delivery. To mitigate this risk the proposed programme and project delivery structures have been designed to enable lean and efficient decision-making at an appropriate level of delegated authority in line with SBC and EKC established policies, procedures and best practice.

## **Provide details of your core project team and provide evidence of their track record and experience of delivering schemes of this nature**

Sheerness Revival Package Team:

Swale Borough Council (SBC) has overall responsibility for delivering this LUF-funded package of projects. SBC will directly deliver two projects: the Beachfields Regeneration and Masters House project; additionally, SBC will disburse a funding allocation to East Kent College (EKC) who will lead the delivery of the Sheppey College extension.

Details of proposed project and contract management responsibilities, and approach to potential outsourcing, are provided above.

Swale Borough Council:

The key proposed members of SBC's core project management team – forming part of the LUF Programme Steering Group – are identified below

Director of Regeneration and Neighbourhoods (Emma Wiggins) – As Senior Responsible Officer for Sheerness Revival, Emma is a public sector professional with over twenty-one years' experience in local government, twelve of which at a senior officer level. Emma led on the delivery of £56million regeneration of Sittingbourne Town Centre and other regeneration projects across the borough with extensive project and programme management, contract and commissioning experience.

Head of Regeneration, Economic Development and Property (Joanne Johnson) – Joanne is the bid manager and will have oversight and responsibility for delivery of the LUF programme. Joanne has over twenty years' experience in local government procuring, managing and delivering complex regeneration projects and programmes including a £40m+ regeneration programme in her previous role at Medway Council.

Head of Environment and Leisure (Martyn Cassell) – Martyn has over 16 years' experience working in local government, principally in leisure services and has been involved with the delivery of numerous capital projects and programmes inclusive of new build and refurbishment projects. Martyn will provide strategic and service-specific expertise as part of the LUF Programme Steering Group, working closely with the LUF Capital Programme Manager and the appointed professional team to support the Beachfields Regeneration leisure, health and wellbeing proposals.

LUF Capital Programme Manager (supported by a LUF Capital Projects Officer) – It is the intention of SBC to recruit two positions internally to boost SBC's programme and project management capacity. These two recruits will form part of SBC's core LUF project management team; a key requirement of the LUF Capital Programme Management role will be significant project and contract management experience in the delivery of capital projects.

Economic Development and Funding Manager (Kieren Mansfield) – Kieren has 27 years' experience working in local economic development and regeneration at Swale Borough Council. He has extensive experience of project and programme management in the local context, including the £6m Housing Infrastructure Fund investment at Queensborough and Rushenden, now nearing completion on time and to budget.

East Kent College:

EKC is responsible for the delivery of the proposed Sheppey College extension.

The principal project delivery team will comprise the Chief Strategy Officer, Paul Sayers, alongside the Director of Projects, Stewart Haywood. The Chief Financial Officer, Chris Legg, will work with the core team in respect of procurement and contract management matters.

Capital project delivery – credentials:

Both the SBC and EKC project delivery teams have extensive experience of delivering capital projects.

- SBC - Swallows Leisure Centre (Sittingbourne) refurbishment (2018-19)– the £2.5m refurbishment and reconfiguration of a leisure centre to include upgraded and expanded facilities for families together with fabric repairs and upgrades.

- SBC - Swale House refurbishment (2021-ongoing) – a £1.6m upgrade and refurbishment of Swale Council's offices to deliver significant environmental performance improvements (over 70 tonnes of carbon saved per annum).

- SBC - Housing Infrastructure Fund investment at Queensborough and Rushenden (2020-2022) - £6m land remediation, raising and ecological improvements scheme to enable housing growth. Delivered on time and in budget using a third party project manager.

- SBC – Sittingbourne town centre regeneration (2014-21) – a £56m joint venture to create a new leisure quarter for Sittingbourne town centre, supporting High Street regeneration via a focus on commercial leisure, connectivity and high quality public realm

- EKC Group - Ashford College extension (2021 – ongoing) – a £9m project to deliver new facilities for Ashford College including IT, engineering and business, supporting an additional 250 students.

- Yarrow Hotel Broadstairs (2015-16) – the £6m conversion of a Grade II listed building to create a 23-bed boutique hotel, events space and restaurant to provide work experience for EKC's hospitality students.

- Folkestone College development (2021 – ongoing) the proposed upgrade and expansion of the existing college to deliver upgraded teaching facilities and offer expanded T-Level and Higher Education routes including in construction, digital production, early years, professional services and catering.

## **Set out what governance procedures will be put in place to manage the grant and project**

Swale Borough Council (SBC) – Governance and Assurance:

SBC's proposed programme and project management structure is set out above. This structure is integrated with the Council's adopted governance and assurance policies and procedures and is in alignment with the HM Government published Code of Conduct for Recipients of Government General Grants.

The proposed programme and project governance and management structure includes two steering groups with direct links to SBC's Executive Management Team – including the Chief Executive Officer, S151 Officer and Monitoring Officer – with oversight from the Regeneration and Property Committee. Delegated decision-making authority for the delivery of the LUF programme will principally reside with the Head of Regeneration, Economic Development and Property, reporting to the Director of Regeneration and Neighbourhoods.

Regular programme and project management reviews will take place as part of the proposed LUF Programme Management Steering Group (with EKC also reporting into this forum). Key milestones and decision gateways will be established linked to the principal RIBA stages, tendering, procurement, appointments and programme delivery stages.

SBC's adopted governance and assurance procedures are embedded in its adopted Constitution as follows:

- Delegated authority approvals – the Council's constitution (Part 2.8 – Scheme of Officer Delegation), adopted April 2022, sets out clear and concise delegations to committees, the Chief Executive Officer, Directors and Heads of Services (collectively and individually). The principles and rules set out in the constitution have shaped the proposed governance and management structure

detailed more fully above.

- Financial controls – SBC's financial controls are clearly articulated in the Council's Financial Regulations (Part 3.5 of the Council's adopted Constitution), supplemented by the Council's adopted Contract Standing Orders and Procurement & Commissioning Policy.

- Audit – the Council's audit requirements, policies and procedures are set out in Part 3.5.3.3. of its Financial Regulations.

- Counter fraud, corruption and anti-bribery – the Council's Financial Regulations include robust requirements and guidance regarding these matters, complemented by adopted policies (Bribery Act Policy, Counter Fraud Policy) including compliance with all statutory requirements such as the Bribery Act 2011.

- Procedures to avoid conflict of interest – the Council's adopted Procurement & Commissioning Policy contains guidance and provisions to ensure conflicts of interest are avoided

- Cyber security and data management – all SBC officers are required to undertake cyber security, cyber-crime, GDPR and FOI training to ensure standards are consistently upheld, with requirements relating to these areas also embedded into contracts with suppliers where appropriate (i.e. GDPR compliance).

- Code of conduct setting standards for ethical and professional behaviour – SBC has an adopted Officer's Code of Conduct Guide along with a Members Code of Conduct which has been adopted by Full Council.

East Kent College – Governance and Assurance:

EKC will be responsible for the delivery of the proposed Sheppey College.

Robust governance and management arrangements will be in place throughout the delivery of this project. The EKC Group Governing Body will have overall governance accountability and these arrangements flow through other governing body committees, to the Executive, and the main contractor and supply chain. This includes:

- Governing Body - overall governance accountability

- Audit Committee - responsible for overseeing the project risk management framework (in the context of the overall Group risk management framework), mitigation, assurance and controls. The Committee will also provide independent advice to the Governing Body.

- Business Committee - Responsible for governance oversight and scrutiny of this project

- Executive Leadership Board - Responsible for oversight and scrutiny. Includes the Chief Executive Officer and the full Executive Team

- Project Management Group - Chaired by the Chief Strategy Officer. Membership includes the Chief Financial Officer, Director of Projects, with representation from external advisors (e.g. cost consultants) and the main contractor. The group will have overall project management responsibility.

- 'Client-side' Project Management - the EKC Group Director of Projects will be responsible for all client-side project management with support from the dedicated EKC Group Projects Team who are Prince2 accredited and use industry standard software to track and monitor project progress.

- An external Project Manager will formally reporting to the Project Management Group, with day-to-day reporting to the EKC Group Director of Projects. The Project Managers will be appointed from EKC's pre-tendered framework of experienced providers.

EKC Group has successfully used these arrangements and personnel on previous projects, including those detailed above.

## **If applicable, explain how you will cover the operational costs for the day-to-day management of the new asset / facility once it is complete to ensure project benefits are realised**

All three of the projects comprising the Sheerness Revival package bid have been developed in parallel with robust business planning to ensure that each asset can demonstrate long-term financial sustainability sufficient to safeguard the long-term delivery of services and benefits realisation.

### Beachfields Regeneration:

As existing the Beachfields site comprises a Leisure Complex co-located with a Healthy Living Centre. The existing financial model is essentially split into two components: the Leisure Complex, operated on behalf of SBC by Swale Community Leisure, with Serco Leisure Ltd delivering services. SBC, as landlord, are responsible for maintenance. As existing, the leisure complex operates at a loss, at a cost to SBC, and requires subsidising once management and maintenance liabilities are taken into account.

A detailed demand and needs assessment, options assessment and business case has been prepared by Max Associates, on behalf of SBC, which includes a detailed proposed revenue business plan (see Annex R). The proposed reconfigured and expanded facility will continue to deliver affordable leisure facilities for the local community, catering for latent demand which has been evidenced, and also include leisure attractions – soft play, tag active and adventure golf – which will generate additional revenue streams. Accordingly, the proposed business plan revenue model – inclusive of all operational costs including staffing, management and maintenance – will generate a robust operational surplus of c. £200,000 per annum. This operational surplus will be reinvested into other Council services and potentially support future investment in additional facilities and improvements across the wider Beachfields site.

The business plan is underpinned by robust assessment and analysis, including:

- Comprehensive analysis of the existing facility and its performance
- Demographic analysis
- Competition analysis
- Latent demand analysis
- Consultation findings
- Options analysis
- Benchmarking
- Sensitivity analysis

All of which substantiates the proposed revenue model which will safeguard the ongoing operation of leisure and wellbeing facilities at Beachfields.

In relation to the Healthy Living Centre (integrated with the existing dry-side leisure), the Council currently receives a peppercorn rent from Sheppey Matters, a charitable organisation which delivers wider community health benefits/services and sessions and, in turn, sub-leases part of the space to the Minster Medical Group (GP surgery). SBC remain responsible for maintenance, at cost. As part of the proposed reconfiguration and expansion of the HLC the existing lease arrangements will be revisited giving renewed certainty to Sheppey Matters to continue delivering health services from the site. This will not result in additional occupational costs for Sheppey Matters, with the proposed uplift in rental income from the GP Practice (derived from the increased floorspace) being reinvested within the complex and Council services.

### Sheppey College Extension:

Running costs for Sheppey College inclusive of ongoing maintenance, repair, staffing and utilities have been estimated using Department for Education benchmarks (inflated to present day costs) cross-referenced with existing running costs for Sheppey College. Economies of scale apply in terms of integrating an extension with an existing facility, in addition to the energy efficiency performance of a new build extension relative to an existing, older

building. Accordingly, the proposed running costs incorporated into the ongoing revenue model for Sheppey College have been robustly benchmarked. These costs have been factored into account by EKC which, as a provider of Further Education, principally relies on public funding via the Education and Skills Funding Agency as its principal source of income. EKC Group has confirmed that the running costs of the facility will be covered by the additional income that will be generated from these student numbers. Student numbers has modelled its student projections based on current market share, population forecasts and expected progression from local schools.

Masters House:

The proposed commercial conversion of Masters House to create small offices and studios will generate an ongoing revenue stream for SBC. This will exceed the estimated ongoing costs of management, maintenance, repair, staffing, utilities and rates (assuming a serviced office operational model with small business rates relief and minimised utility costs as a result of the proposed environmental upgrades to the existing building fabric).

Environmental performance:

Importantly, all projects will aspire to the highest feasible standard of environmental fabric performance as this will serve to reduce and mitigate energy costs.

**Upload further information (optional)**

Annex R - Beachfields Options Review & Business Case.pdf

## **Set out proportionate plans for monitoring and evaluation**

Swale Borough Council (SBC), EKC Group (EKC) and key stakeholders recognise the importance of embedding a robust approach to monitoring and evaluation in the delivery of Sheerness Revival .

SBC is adopting a partnership approach to both delivery and operation of the projects comprising the Sheerness Revival package, working not just with FE provider EKC Group, but also Swale Community Leisure (leisure operator), Sheppey Matters (health and wellbeing charity) and the Minster Medical Group (GP Practice). These stakeholders are central both to both informing delivery (i.e. shaping the designs to ensure they are fit for purpose operationally) and in realising benefits during the operational phase, with the primary objective being to deliver on the Package objectives, and specific project logic models, outlined in the Theory of Change (Annex F).

Accordingly, this Monitoring and Evaluation Plan (MEP) articulates the roles and responsibilities each of these stakeholders have in the implementation of a robust MEP process with the twin objective of both feeding lessons learnt up to DLUHC to support the wider levelling up agenda, in addition to providing learning at a local level to inform future partnership working and project delivery in Swale.

Budget allowance has been made within the package costs to appoint an external consultant to undertake the evaluation of Sheerness Revival, inclusive of evaluating package delivery, impacts and value for money. All evaluation will be undertaken in accordance with Magenta Book Guidance.

Package delivery – monitoring and evaluation:

Monitoring and evaluation has been embedded into the proposed project governance and management procedures articulated above and in the Delivery Plan (Annex G)

Project management leads at SBC and EKC will have responsibility for preparing monthly project progress dashboard updates reported into the Sheerness Revival LUF Programme Steering Group.

Project data – programme, progress towards delivering project outputs,

milestones, risk management, budget drawdown requirements / forecasts – will be obtained by the respective project leads in their contract management capacity liaising with appointed contractors and professional team members. Delivery (KPI) and reporting responsibilities and requirements will be embedded into all contracts procured.

These monthly dashboard updates will be used to form the basis of the proposed quarterly bid updates provided by SBC's LUF Capital Programme Manager to DLUHC. On a six-monthly basis during the delivery stage updates will be provided regarding progress towards delivering project outputs (see Theory of Change – Annex F and Table E of the Costings and Planning Workbook).

At the project delivery stage this external M&E consultant will be tasked with working with the Sheerness Revival LUF Steering Group to evaluate the success of the delivery of the LUF package, to be undertaken at the point of completion and handover of all projects. This will be a summative evaluation focused on the process of delivering the projects to identify lessons learnt (e.g. what worked well and less well during delivery, what could be done differently) with outputs from this evaluation reported to DLUHC and disseminated to the Sheerness Revival LUF Programme Steering Group, the SBC Executive Management Team, SBC's Regeneration and Property Committee (Member oversight) and key delivery stakeholders to provide learnings to support future successful project delivery and partnership working.

Impact monitoring and evaluation (benefits realisation):

The same external evaluation partner procured to undertake a process evaluation will also undertake a impact evaluation of the Sheerness Revival package, to be undertaken in line with Magenta Book Guidance. Reporting will be undertaken on an annual basis (interim) basis for two years following practical completion and handover of all three projects, recognising that this is the period forecast for all three projects to reach operational maturity, with a final report provided after three years.

The specific quantifiable project outcomes and measures set out below are consistent with the Theory of Change (Annex F) and detailed fully in Table E of the Costings and Planning Workbook (Annex E). These outcomes relate to both monetised and non-monetised benefits.

Beachfields Regeneration: Project Outcomes and Measures:

Safeguarded and expanded leisure, health and wellbeing service provision:

- Sqm of new leisure, health and wellbeing floorspace created and improved
- No. of memberships (leisure)
- No. of annual visitors (leisure)
- No. of GP patients
- Additional health services / programmes run by GP practice
- Additional community and wellbeing programmes / services run by Sheppey Matters.

Revenue benefit:

- Financial accounts (annual surplus/deficit position) from leisure operator

Increased community engagement with public health and wellbeing programmes and services:

- No. of participants in new/additional public health programmes delivered by GP practice
- No. of participants in new/additional wellbeing programmes delivered by Sheppey Matters
- GP satisfaction levels

Increased GP accessibility for Sheerness residents:

- No. of patients per GP
- No. of mobility impaired patients of the GP practice able to use new facility

Safeguarding of existing, and creation of additional FTE jobs:

- No. of additional FTE employees supported

Enhanced visitor economy:

- No. of visitors per annum to new facilities
- Increased visual amenity
- Ha of public realm delivered
- Increased social capital
- Sqm of café provided as part of leisure facility
- Sqm of additional space for community hire and usage

Increased pride in place:

- Survey data re. resident and visitor pride and perception

Construction jobs:

- No. of jobs reported by contractor

Environmental benefits:

- Carbon savings from building upgrades and new build extension
- BREEAM certification

Sheppey College Extension: Project Outcomes and Measures:

Increased learner outcomes:

- Sqm of additional educational floorspace delivered
- Additional courses and programmes delivered
- No. of learner enrolments and graduations
- No. of learners progressing to higher education
- No. of learners progressing to employment

Job creation:

- No. of additional FTE jobs created by the college
- No. of construction jobs

Masters House Workspace: Project Outcomes and Measures:

Economic benefits:

- Sqm of additional commercial floorspace created
- No. of SMEs supported
- No. of FTE jobs supported
- No. of construction jobs

Environmental benefits:

- Carbon savings from building upgrades and new build extension
- BREEAM certification

The majority of this data will be collected and provided by the service providers:

- Beachfields Regeneration – leisure operator; Sheppey Matters; Minster Medical Group
- Sheppey College extension – EKC Group
- Masters House – SBC and/or appointed workspace operator

The arrangements and mechanisms for data collection (i.e. membership details, financial accounts, surveys etc) will be formalised with these stakeholders via the proposed LUF External Steering Group during the delivery stage – in conjunction with the appointed external M&E consultant - to ensure that at the point of handover of the projects and the commencement of the operational phase, expectations, requirements and protocols for monitoring and reporting are clearly established. As part of this process, each project manager will prepare and own a benefits realisation register (predicated on Table E of the Costings and Planning Workbook) and will report on progress against the register – using data collected and validated by the project stakeholders - to SBC's LUF Capital Programme Manager (alongside the external M&E consultant) for up to 3 years post-delivery until the delivery of the final MEP Impact Report by the external consultant. Annual interim updates re. benefits realisation (or six-monthly, if required by DLUHC) will be reported to the government.

It is not considered proportionate to attempt to measure wider impacts of the projects and the Package at a cumulative level, as per the Theory of Change, given the complexities inherent in attribution of impacts arising from LUF funded projects and other drivers / contributors.



Value for Money (VfM) evaluation:

The economic appraisal model presented in this business case has deliberately been predicated on measurable outputs, outcomes and proxies. A VfM assessment will be undertaken by the externally appointed M&E consultant for the Sheerness Revival package in two stages:

- A baseline assessment will be undertaken upon project completion predicated solely on accurately appraising the project costs entailed in the delivery of the projects.

- A final VfM appraisal will be undertaken three years following the completion of the projects in conjunction with the final impact report (see above), utilising the outputs and outcomes measured during the impact stage together with updated proxies and measures to test and validate the economic model from a BCR perspective (i.e. monetised economic costs and benefits – see above) as well as the identified non-monetised benefits (also above).

## Senior Responsible Owner Declaration

**Upload pro forma 7 - Senior Responsible Owner Declaration**      Annex K - Pro Forma 7 - SRO Declaration.pdf

## Chief Finance Officer Declaration

**Upload pro forma 8 - Chief Finance Officer Declaration**      Annex L - CFO Declaration Pro Forma 8.pdf

## Publishing

**URL of website where this bid will be published**      <https://swale.gov.uk/planning-and-regeneration/regeneration>

## Additional attachments

### Additional file attachment 1

**Upload attachment**      Annex D - Schedule of Annexes and References.pdf

### Additional file attachment 2

**Upload attachment**      Annex G - Sheerness Revival Package - Delivery Plan.pdf

### Additional file attachment 3

**Upload attachment**      Annex M - SBC Cabinet Paper and Appendix - Bid approval and consultation summary.pdf

### Additional file attachment 4

**Upload attachment**      Annex N - Letters of support.pdf

### Additional file attachment 5

**Upload attachment**      Annex Q - Beachfields Regeneration Design Feasibility Study.pdf

## **Additional file attachment 6**

**Upload attachment** Annex T - Sheppey College Extension Plans.pdf

## **Additional file attachment 7**

**Upload attachment** Annex W - Masters House Workspace - Plans.pdf

## **Project 1 Name**

Beachfields Regeneration

## **Provide a short description of this project**

The Beachfields regeneration project focuses on health, wellbeing, leisure, community, visitor economy and placemaking.

The project will deliver the comprehensive reconfiguration, refurbishment and extension of the existing dry-side leisure facility and Healthy Living Centre to deliver enhanced and expanded health, wellbeing, community and leisure provision.

This project will deliver upgraded public realm and placemaking interventions to reinforce Beachfields' position as a key node connecting the railway station, the nearby high-street, the seafront and the surrounding community, delivering catalytic and visible change in the heart of Sheerness.

## **Provide a more detailed overview of the project**

Sheerness is an area that suffers from deep socio-economic and health inequalities. The Sheerness Revival package comprises three interlinked, complementary projects, located in Sheerness town centre that can address the interlinked drivers of deprivation encompassing employment, skills, education, health, wellbeing and amenity.

The Beachfields regeneration project focuses on health, wellbeing, leisure, community, visitor economy and placemaking. SBC own a prominent town centre and seafront site, known as Beachfields, which comprises an ageing leisure centre integrated with a Healthy Living Centre (comprising a GP practice and accommodating a local health and wellbeing charity), situated within extensive public realm. The existing facilities require significant investment and are no longer fit for purpose. Whilst adjacent to the seafront and town centre, Beachfields makes a limited contribution to placemaking and permeability.

Working with partners, including the existing leisure operator, community trust, CCG and GP practice, SBC proposes the comprehensive reconfiguration, refurbishment and extension of the existing dry-side leisure facility and Healthy Living Centre to deliver enhanced and expanded health, community and leisure provision. This project will deliver wide-ranging health, wellbeing, amenity, and economic benefits for the existing community and attract new visitors. The proposals will upgrade the environmental performance of the existing structure whilst preserving the embodied carbon of the existing buildings.

This project will deliver upgraded public realm and placemaking interventions to reinforce Beachfields position as a key node connecting the railway station, the nearby high-street, the seafront and the surrounding community, delivering catalytic and visible change in the heart of Sheerness.

## Provide a short description of the area where the investment will take place for this project

The Sheerness Revival package of projects are all located in the town centre of Sheerness, situated on the north-west coast of the Isle of Sheppey, part of the borough of Swale. To the west of the Isle of Sheppey is the River Medway; to the north and east is the Thames Estuary. Whilst an island, separated from the mainland by the body of water known as 'the Swale', the largely rural Isle of Sheppey is connected to the mainland by road and rail. See Annex P for a plan showing the location of all package projects.

Sheerness was historically a seaside destination. Whilst the Isle of Sheppey is still home to a number of holiday parks and attracts seasonal tourists, the role of Sheerness as a tourist destination has declined over time. The wider economy of Sheerness is dominated by the existing port, operated by Peel Ports. Sheerness is currently the main retail and service centre for the Isle of Sheppey's residents.

Swale Borough Council owns all of the land known as Beachfields, a buffer between Sheerness town centre to the south and the sea front to the north. The existing site comprises an existing, ageing leisure centre integrated with a Healthy Living Centre within extensive but under-utilised public realm, along with parking facilities and some limited visitor amenities (kiosks, sandpit, paddling pool, skate park, landscaped gardens). SBC's land ownership of Beachfields extends to the south-west of the site towards the end of the high street and Sheerness train station.

## Further location details for this project

### Project location 1

Postcode	ME12 1HH
Grid reference	TQ 92122 75015
Upload GIS/map file (optional)	Annex O - Zipfile GIS Shapefile Boundaries.zip
% of project investment in this location	65%

## Select the constituencies covered by this project

### Project constituency 1

Select constituency	Sittingbourne and Sheppey
Estimate the percentage of this package project invested in this constituency	100%

## Select the local authorities / NI councils covered by this project

### Project local authority 1

Select local authority Swale

Estimate the percentage of this package project invested in this Local Authority 100%

### What is the total grant requested from LUF for this project?

£13966282

### What is the proportion of funding requested for each of the Fund's three investment themes?

Regeneration and Town Centre 100%

Cultural 0%

Transport 0%

### Confirm the value of match funding secured for the component project

£804336

### Provide details of all the sources of match funding within your bid for this component project

All match funding for Beachfields regeneration is being provided by Swale Borough Council (SBC). This totals £804,336 (inclusive of allocated grant funding). The break down of SBC's match funding is as follows:

- Capital investment committed to specific outputs (outdoor gym, road resurfacing, public toilets) - £210,000
- Reserves allocation towards project costs - £509,336
- UK Shared Prosperity Fund allocation towards project costs - £85,000

SBC capital investment and reserves allocation are both secured. The proposed UK Shared Prosperity Fund allocation forms part of SBC's proposed Investment Plan which will be submitted to the UK Government for approval on 1 August 2022 so is subject to formal approval.

### Value for money

The inputs and assumptions underpinning each of the economic benefits, and the NPV of the benefit in monetary terms, are detailed below:

Benefit: Wellbeing and satisfaction – monetised equivalent value derived from usage of health and leisure facilities

Model inputs:

- Total per annum visits projected: net additional figure calculated by deducting existing annual visits (actual figures for 2019 provided by Sheppey Community Leisure) from projected figures, (see Annex R) using proposed facility mix and floorspace outputs and applying Sport England Benchmark System (SENBS, 2019)
- Application of a monetary value per visit (DMCS Guidance, 2014 )

Benefit: Impact on NHS demand – monetised equivalent value derived from NHS cost savings from a healthier population

Model inputs:

Calculation of benefits modelled using:

- Projected net additional annual membership of health and leisure facilities modelled based on actual figures (see above) deducted from SENBS derived forecast (see above and Annex R)
- % working age population reporting poor health (Sheerness MSOA; ONS, 2011)
- Research from DCMS quantifying the reduction in GP visits and risk of depression from participation in sport .

Benefit: Productivity effects – monetised equivalent value derived from a healthier working-age population

Model inputs:

Calculation of benefits modelled using:

- Projected net additional annual membership of health and leisure facilities modelled based on actual figures (see above) deducted from SENBS derived forecast figures (see above and Annex R)
- % working age population reporting poor health (Sheerness MSOA; ONS, 2011)
- Estimates from Vitality research provide an estimate of lost hours working per employee per annum.

Benefit: Revenue benefit for reinvestment in Council services

Model inputs:

- A robust business plan has been developed for the reconfigured, upgraded and expanded leisure complex (Annex R) with the proposed facility mix, costs and revenue derived from robust analysis of the existing facility, local demand (existing and latent), supply and competitor analysis and Sport England benchmarking

Benefit: Amenity benefit – monetised equivalent value derived from enhanced amenity.

Model inputs:

Calculation of monetised benefit:

- Input of 0.33ha of placemaking improvements
- Value of amenity benefits for urban sites as per MHCLG Appraisal Guidance (2016)

Benefit: Visitor economy – economic benefit from wider expenditure of visitors (from out of catchment)

Model inputs:

Calculation of additional visitor spend:

- Total projected out of catchment annual users (see Annex R, including SENBS 2019 benchmarking)
- Average day trip expenditure of visitors to Swale (Economic Impact of Tourism in Swale; Visit Kent, 2020) deducting assumed revenue spend at the Beachfields site already factored into business plan to establish net spend in the wider locality

Benefit: Construction GVA benefit

Model inputs:

- Construction costs provided by cost consultant based on scheme designs (see Annex S)
- Construction jobs per £1m spend (DCLG Guidance, 2010 ; HCA Guidance 2015 )
- ONS GVA datasets

Benefits:FTE jobs created

Model inputs:

- FTE estimates of leisure and support staff provided by Sheppey Community Leisure benchmarked on well evidenced operational assumptions and similar leisure facilities operated elsewhere

**If it is not possible to provide an overall BCR for your package bid, explain why below**

A Benefit Cost Ratio and Value for Money Assessment has been provided at question 5.5.

## **Benefit Cost Ratios**

<b>Initial BCR</b>	3.8
<b>Adjusted BCR</b>	3.8

## **Non-monetised benefits for this project**

The Beachfields regeneration project will deliver a range of non-monetisable benefits, although many of these can be measured and quantified. A qualitative, subjective assessment of the potential significance of these non-monetised benefits has been provided.

Benefit & level of significance: Safeguarded and expanded leisure, health and wellbeing service provision arising from increased capacity (project outputs – see Theory of Change). SIGNIFICANT

Quantifiable? Yes – once detailed design, service and programme design finalised with leisure facility and healthy living centre operators (including GP practice), service and programme increase can be captured

Benefit & level of significance: Increased community engagement with public health and wellbeing programmes facilitated through additional facilities, physical and service capacity. SIGNIFICANT,

Quantifiable? Yes – data can be collected from existing GP practice and community charity and engagement levels post-delivery can be monitored

Benefit & level of significance: Increased GP accessibility for Sheerness residents (increasing the number of GPs per head of population). MODERATE SIGNIFICANCE.

Quantifiable? Yes – reporting via GP Workforce Survey (NHS Digital)

Benefit & level of significance: More accessible GP premises from relocating the GP practice to the ground floor (existing faulty lift prevents those with mobility issues accessing the first floor due to fire safety). MODERATE SIGNIFICANCE.

Quantifiable? Narrative only – delivered through design (key requirement of GP practice).

Benefit & level of significance: Increased pride in place through the delivering of visible, physical change in the town centre. MODERATE SIGNIFICANCE.

Quantifiable? Yes – surveys can be undertaken pre/post delivery

Benefit & level of significance: Increased environmental performance of the existing building with reduced carbon emissions. MODERATE SIGNIFICANCE.

Quantifiable? Yes – Enhanced BREEAM certification and modelled carbon emission reductions

Benefit & level of significance: Increased social capital formation by providing facilities (e.g. café) to support relationship building. LOWER SIGNIFICANCE.

Quantifiable? Yes – surveys can be undertaken pre/post delivery.

## **Does this project include plans for some LUF grant expenditure in 2022-23?**

Yes

## Could this project be delivered as a standalone project?

Yes - the project could be delivered as a standalone project

## Demonstrate that activity for this project can be delivered in 2022-23

Key activities which will commence during 2022-23 will include detailed design and securing planning approval. Specifically the LUF fund in 2022/23 will contribute toward:

- Construction costs
- CCG costs
- Planning, legal and evaluation costs
- SBC delivery team
- Contingency

## Statutory Powers and Consents

List separately below each power/consents etc. obtained for this project

N/a.

Upload content documents (optional)

## Outstanding statutory powers/consents

Planning permission will be required for Beachfields Regeneration.

Initial pre-application discussions have taken place with SBC planning officers to shape the design development to date and their letter of advice is provided at Annex N. It is assumed that planning permission can be achieved in 2022/23.

## Project 2 Name

Sheppey College Extension

## Provide a short description of this project

The extension of Sheppey College involves Swale Borough Council working in partnership with the owner and operator of Sheppey College, EKC Group, to extend this existing Further Education facility, situated adjacent to the west of the Beachfields site. The 750sqm extension will provide additional capacity for the College to expand its curriculum to deliver digital and creative courses, in addition to supporting a new Junior College (14-16 age groups) and adult education. The project will deliver skills and employability outcomes for people in Sheerness, equipping them with digital, and other, skills for the future.

## Provide a more detailed overview of the project

The Sheerness Revival package comprises three interlinked, complementary

projects, located in Sheerness town centre.

Sheerness is characterised by deep-rooted socio-economic and health inequalities: the town centre LSOA is ranked 48/32,844 most deprived in the country – in the top 0.14% of deprived places in England . The causes of this deprivation and inequality are complex, interlinked and interdependent . Accordingly, Swale Borough Council (SBC), working and consulting with partners and the local community, has developed a package of interventions capable of addressing the multiple interlinked drivers of deprivation, encompassing employment, skills, education, health, wellbeing and amenity.

This package of visible, prominent regeneration projects will deliver change the community can be proud of and put Sheerness back on the map for visitors.

Education and skills: the extension of Sheppey College – SBC is working in partnership with the owner and operator of Sheppey College, East Kent College (EKC), to extend this existing Further Education facility, situated adjacent to the west of the Beachfields site. The 750sqm extension will provide additional capacity for the College to expand its curriculum to deliver digital and creative courses, in addition to supporting a new Junior College (14-16 age groups). The project will deliver skills and employability outcomes for young people in Sheerness, equipping them with digital skills for the future

## **Provide a short description of the area where the investment will take place for this project**

The Sheerness Revival package of projects are all located in the town centre of Sheerness, situated on the north-west coast of the Isle of Sheppey, part of the borough of Swale. To the west of the Isle of Sheppey is the River Medway; to the north and east is the Thames Estuary. Whilst an island, separated from the mainland by the body of water known as ‘the Swale’, the largely rural Isle of Sheppey is connected to the mainland by road and rail. See Annex P for a plan showing the location of all the package projects.

Sheerness was historically a seaside destination. Whilst the Isle of Sheppey is still home to a number of holiday parks and attracts seasonal tourists, the role of Sheerness as a tourist destination has declined over time. The wider economy of Sheerness is dominated by the existing port, operated by Peel Ports. Sheerness is currently the main retail and service centre for the Isle of Sheppey’s residents.

Sheppey College – the existing two-storey College is situated to the immediate west of the Beachfields site, close to the town centre and railway station. EKC own the existing College and SBC own the land adjacent to the east (part of the Beachfields site). SBC propose to transfer the freehold of some of its own land – comprising existing car parking – to EKC to facilitate the proposed extension.

## **Further location details for this project**

### **Project location 1**

<b>Postcode</b>	ME12 1HL
<b>Grid reference</b>	TQ 91790 75026
<b>Upload GIS/map file (optional)</b>	
<b>% of project investment in this location</b>	100%



## Select the constituencies covered by this project

### Project constituency 1

Select constituency Sittingbourne and Sheppey

Estimate the percentage of this package project invested in this constituency 100%

## Select the local authorities / NI councils covered by this project

### Project local authority 1

Select local authority Swale

Estimate the percentage of this package project invested in this Local Authority 100%

## What is the total grant requested from LUF for this project?

£5557708

## What is the proportion of funding requested for each of the Fund's three investment themes?

Regeneration and Town Centre 100%

Cultural 0%

Transport 0%

## Confirm the value of match funding secured for the component project

£580000

## Provide details of all the sources of match funding within your bid for this component project

Match funding for Sheppey College is being provided by both Swale Borough Council and East Kent College Group. This totals - £580,000. The break down of the match funding is as follows:  
- SBC land value contribution - £180,000  
- East Kent College Group capital investment committed - £400,000

## Value for money

The inputs and assumptions underpinning each of the economic benefits, and the NPV of the benefit in monetary terms, are detailed below:

Benefit: FTE jobs created

Model inputs and assumptions: FTE estimates of teaching and support staff provided by EKC Group benchmarked on well evidenced operational assumptions of the existing Sheppey College and similar teaching facilities operated elsewhere.

Benefit: Additional student enrolments

Model inputs and assumptions: Student numbers projected by EKC Group based on known capacity of proposed facilities (drawn and costed scheme at Annexes T and U) and projected new entrants – derived from experience as established FE provider

Benefit: Additional student progression to HE

Model inputs and assumptions:

- Forecast progression of entrants to HE benchmarked by EKC Group from historic datasets
- Wage premium data and assumptions derived from BEIS Guidance (2014; 2015) and Graduate Labour Market Data Sets (DfE, 2021)

Benefit: Additional student progression to employment

Model inputs and assumptions:

- Forecast progression of students to employment benchmarked by EKC Group from historic datasets
- Salary and wage premium data and assumptions derived from BEIS Guidance (2014; 2015) and Graduate Labour Market Data Sets (DfE, 2021)

Benefit: Construction GVA

Model inputs and assumptions:

- Construction costs provided by cost consultant based on scheme designs (see Annex U)
- Construction jobs per £1m spend (DCLG Guidance, 2010 ; HCA Guidance 2015 )
- ONS GVA datasets

Benefit: Ongoing operation and maintenance costs (Disbenefit)

Model inputs and assumptions:

- Ongoing revenue would be spent on ongoing maintenance and operation costs.
- To calculate these, DfE benchmark inputs for average per sqm operating costs have been used, which have been validated by EKC Group.

## BCR and value assessment

**If it is not possible to provide an overall BCR for your package bid, explain why below**

A Benefit Cost Ratio and Value for Money Assessment has been provided at question 5.5.

## Benefit Cost Ratios

Initial BCR 3.1

Adjusted BCR 3.1

## Non-monetised benefits for this project

The Sheppey College project will deliver a range of non-monetisable benefits, although many of these can be measured and quantified. A qualitative,

subjective assessment of the potential significance of these non-monetised benefits has been provided.

Benefit: Supporting increased numbers of students to obtain qualifications and skills through providing more places and a more diverse course offering.  
SIGNIFICANT.

Quantifiable? Yes – student enrolments and graduation data will be monitored

Benefit: Multiplier effect on the local economy. LOWER SIGNIFICANCE

Quantifiable? Narrative only – limited in scale and difficult to trace attribution

Benefit: Enhanced productivity of local labour market. LOWER SIGNIFICANCE.

Quantifiable? Narrative only – limited in scale and difficult to trace attribution

Benefit: Increased pool of skilled local residents for local businesses.  
MODERATE SIGNIFICANCE

Quantifiable? Yes – data could be collected re. destinations of students and employment on the Isle of Sheppey

There are also several broader and longer-term impacts which have been identified which will arise due to the cumulative impact of the Sheerness Revival package. These have been discussed in detail above.

## **Does this project include plans for some LUF grant expenditure in 2022-23?**

Yes

## **Could this project be delivered as a standalone project?**

Yes - the project could be delivered as a standalone project

## **Demonstrate that activity for this project can be delivered in 2022-23**

Key activities which will commence during 2022-23 will include detailed design, securing planning approval and commencing the land transfer process (transfer of land from SBC to EKC). Specifically the LUF fund in 2022/23 will contribute toward:

- Construction costs
- Planning, legal and evaluation costs
- SBC delivery team
- Contingency

## **Statutory Powers and Consents**

List separately below each power/consents etc. obtained for this project

N/a.

Upload content documents (optional)

## **Outstanding statutory powers/consents**

Planning permission will be required for Sheppey College.

Initial pre-application discussions have taken place with Swale Borough Council planning officers to shape the design development to date and their letter of advice is provided at Annex N. It is assumed that planning permission can be achieved in 2022/23.

## **Project 3 Name**

Masters House

## **Provide a short description of this project**

Masters House workspace is the proposed conversion of a redundant former Council office to create 589sqm of flexible office workspaces suitable for SMEs, in addition to the conversion of obsolete sheds to create 82sqm of studio spaces suitable for SMEs and/or creative enterprises. This will address the lack of supply of high-quality, flexible workspace suitable for SMEs in Sheerness and support employment and GVA related outcomes.

## **Provide a more detailed overview of the project**

The Sheerness Revival package comprises three interlinked, complementary projects, located in Sheerness town centre.

Sheerness is characterised by deep-rooted socio-economic and health inequalities: the town centre LSOA is ranked 48/32,844 most deprived in the country – in the top 0.14% of deprived places in England . The causes of this deprivation and inequality are complex, interlinked and interdependent . Accordingly, Swale Borough Council (SBC), working and consulting with partners and the local community, has developed a package of interventions capable of addressing the multiple interlinked drivers of deprivation, encompassing employment, skills, education, health, wellbeing and amenity.

This package of visible, prominent regeneration projects will deliver change the community can be proud of and put Sheerness back on the map for visitors.

Masters House workspace – the proposed conversion of a redundant former Council office will create 589sqm of flexible office workspaces suitable for SMEs, in addition to the conversion of obsolete sheds to create 82sqm of studio spaces suitable for SMEs and/or creative enterprises. This will address the lack of supply of high-quality, flexible workspace suitable for SMEs in Sheerness and support employment and GVA related outcomes.

## **Provide a short description of the area where the investment will take place for this project**

The Sheerness Revival package of projects are all located in the town centre of Sheerness, situated on the north-west coast of the Isle of Sheppey, part of the borough of Swale. To the west of the Isle of Sheppey is the River Medway; to the north and east is the Thames Estuary. Whilst an island, separated from the mainland by the body of water known as 'the Swale', the largely rural Isle of Sheppey is connected to the mainland by road and rail. A plan is provided at Annex P showing the location of all of the projects.

Sheerness was historically a seaside destination. Whilst the Isle of Sheppey is still home to a number of holiday parks and attracts seasonal tourists, the role of Sheerness as a tourist destination has declined over time. The wider economy of Sheerness is dominated by the existing port, operated by Peel

Ports. Sheerness is currently the main retail and service centre for the Isle of Sheppey's residents.

Masters House – this existing building is located to the south of Beachfields and to the east of the high street in the town centre on Trinity Road..

## Further location details for this project

### Project location 1

Postcode	ME12 2PJ
Grid reference	TQ 92200 74757
Upload GIS/map file (optional)	
% of project investment in this location	100%

## Select the constituencies covered by this project

### Project constituency 1

Select constituency	Sittingbourne and Sheppey
Estimate the percentage of this package project invested in this constituency	100%

## Select the local authorities / NI councils covered by this project

### Project local authority 1

Select local authority	Swale
Estimate the percentage of this package project invested in this Local Authority	100%

## What is the total grant requested from LUF for this project?

£476010

## What is the proportion of funding requested for each of the Fund's three investment themes?

Regeneration and Town Centre	100%
Cultural	0%
Transport	0%

## Confirm the value of match funding secured for the component project

£1309179

## Provide details of all the sources of match funding within your bid for this component project

All match funding for Masters House is being provided by Swale Borough Council (SBC). This totals £1,309,179 (inclusive of allocated grant funding). The break down of SBCs match funding is as follows:

- Capital investment committed to office conversion - £1,035,770
- Public Sector Decarbonisation Scheme Grant allocation - £273,409

SBC capital investment and The Public Sector Decarbonisation Fund grant contribution has already been secured and allocated. There is no risk to this match funding

## Value for money

The inputs and assumptions underpinning each of the economic benefits, and the NPV of the benefit in monetary terms, are detailed below:

Benefit: New employment created

Model inputs and assumptions:

- Floorspace outputs (671sqm) provided (costed and designed scheme)
- HCA Employment Density Guidance used to derive projected employment figures
- Annual Survey of Pay and Earnings data used to derive benefit of jobs created

Benefit: Land value uplift

Model inputs and assumptions: Standard methodology applied using VOA land value estimates

Benefit: Construction GVA

Model inputs and assumptions:

- Construction costs provided by cost consultant based on scheme designs (see Annexes W and X)
- Construction jobs per £1m spend (DCLG Guidance, 2010 ; HCA Guidance 2015 )
- ONS GVA datasets

Benefit: Public sector revenue

Model inputs and assumptions:

- Additional revenue would be generated through the letting of workspace to the private sector over time.
- A revenue model has been developed within the Business Plan for Masters House, which estimates rental values and occupancy over time. The values from this model have been used to estimate revenue to the public sector from the completed project.

## BCR and value assessment

**If it is not possible to provide an overall BCR for your package bid, explain why below**

A Benefit Cost Ratio and Value for Money Assessment has been provided at question 5.5.

## Benefit Cost Ratios

Initial BCR	2.5
Adjusted BCR	2.5

## Non-monetised benefits for this project

Masters House will deliver a range of non-monetisable benefits, although many of these can be measured and quantified. A qualitative, subjective assessment of the potential significance of these non-monetised benefits has been provided.

Benefit: SME business formation supported. MODERATE SIGNIFICANCE  
Quantifiable? Yes – occupier-business survey monitoring data can be collected

Benefit: Enhanced business perceptions of Sheerness. MODERATE SIGNIFICANCE  
Quantifiable? Yes – incoming tenant survey data can be collected

There are also several broader and longer term impacts which have been identified which will arise due to the cumulative impact of the Sheerness Revival package. These have been discussed in detail above.

## Does this project include plans for some LUF grant expenditure in 2022-23?

Yes

## Could this project be delivered as a standalone project?

Yes - the project could be delivered as a standalone project

## Demonstrate that activity for this project can be delivered in 2022-23

The Masters House project includes grant expenditure in 2022/23. Specifically the LUF fund in 2022/23 will contribute toward:

- Workshop construction costs
- Planning, legal and evaluation costs
- SBC delivery team
- Contingency

## Statutory Powers and Consents

List separately below each power/consents etc. obtained for this project

Planning permission for the project was granted on 9th September 2021 - 21/502661/FULL.

Construction of Phase 1 commenced in January 2022, with Phase 2 due to commence once LUF funding is granted.

Upload content documents (optional)

Annex AA - Planning Committee Decision Masters House.pdf

## **Outstanding statutory powers/consents**

None.