



LEAD MEMBER FOR STRATEGIC MANAGEMENT AND ECONOMIC DEVELOPMENT

DECISIONS to be made by the Lead Cabinet Member for Strategic Management and Economic Development, Councillor Keith Glazier

TUESDAY, 15 SEPTEMBER 2015 AT 2.00 PM

CC1, COUNTY HALL, LEWES

AGENDA

- 1 Decisions made by the Lead Cabinet Member on 29 June 2015 (*Pages 3 - 4*)
- 2 Disclosure of Interests
Disclosure by all Members present of personal interests in matters on the agenda, the nature of any interest and whether the Members regard the interest as prejudicial under the terms of the Code of Conduct.
- 3 Urgent items
Notification of any items which the Lead Member considers urgent and proposes to take at the appropriate part of the agenda.
- 4 Newhaven Flood Alleviation Scheme - re-profile of Local Growth Fund (*Pages 5 - 8*)
Report by the Director of Communities, Economy and Transport
- 5 North Bexhill Access Road: Funding Agreement with Seachange Sussex (*Pages 9 - 12*)
Report by the Director of Communities, Economy and Transport
- 6 Any urgent items previously notified under agenda item 3

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7 September 2015

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LEAD MEMBER FOR STRATEGIC MANAGEMENT AND ECONOMIC DEVELOPMENT

DECISIONS made by the Lead Member for Strategic Management and Economic Development, Councillor Keith Glazier, on 29 June 2015 at County Hall, Lewes

Councillors Howson and Simmons spoke on item 4 (see minute 10)

7 MINUTES

7.1 Councillor Glazier approved as a correct record the minutes of the meeting held on 11 June 2015.

8 DISCLOSURE OF INTERESTS

8.1 Councillor Simmons declared a personal interest in item 4 in that he is a Director of Seachange Sussex, but he did not consider this to be prejudicial.

9 REPORTS

9.2 Reports referred to in the minutes below are contained in the minute book.

10 QUEENSWAY GATEWAY ROAD, HASTINGS: FUNDING AGREEMENT WITH SEACHANGE SUSSEX

10.1 The Lead Member considered a report by the Director of Communities, Economy and Transport. It was confirmed that the planning permission granted by Hastings Borough Council had been quashed in the light of a legal challenge, and that the application will be reconsidered by the Borough Council at a further planning committee meeting.

DECISIONS

10.2 **RESOLVED** to (1) approve grant funding to the value of £10m in 2015/16 and £5m in 2016/17 to Seachange Sussex to fund the delivery of the Queensway Gateway Road; and

(2) delegate authority to the Director of Communities, Economy and Transport to approve the terms of any agreements and to take all other necessary actions in respect of recommendation 1 above.

Reasons

10.3 The Queensway Gateway Road is the first of the Local Growth Deal schemes to come forward in East Sussex and its delivery will help unlock employment space and create jobs in the A21/A259 Bexhill/Hastings growth corridor.

10.4 Seachange Sussex is a key delivery partner for the County Council in achieving its ambitions for driving economic growth in the county. The awarding of the grant will enable Seachange Sussex to deliver the Queensway Gateway Road.

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Agenda Item 4

Report to: Lead Cabinet Member for Strategic Management and Economic Development

Date of meeting: 15 September 2015

By: Director of Communities, Economy and Transport

Title: Newhaven Flood Alleviation Scheme – Re-profile of Local Growth Fund

Purpose: To seek agreement to request a re-profile of the South East Local Enterprise Partnership’s Local Growth Fund allocation for the Newhaven Flood Alleviation Scheme

RECOMMENDATIONS: The Lead Cabinet Member is recommended to:

- (1) Agree the re-profile of the South East Local Enterprise Partnership’s Local Growth Fund allocation for the Newhaven Flood Alleviation Scheme as set out in paragraph 1.6 within the agreed arrangements under the South East Local Enterprise Partnership’s Accountability and Assurance Framework;**
- (2) Subject to the above, agree that the Section 151 Officer recommend to the Local Enterprise Partnership’s Local Growth Board for East Sussex - Team East Sussex - under its ‘advisory capacity’ to formally agree the variation under the Local Accountability arrangements; and**
- (3) Subject to the above, delegate authority to the Section 151 Officer to take any further actions required to enable the scheme’s request for variation to be taken to the South East Local Enterprise Partnership’s Accountability Board for approval.**

1 Background Information

1.1 In March 2014, the South East Local Enterprise Partnership (SE LEP) and Coast to Capital Local Enterprise Partnership (C2C LEP) submitted their proposals to Government for a Growth Deal to drive economic expansion in their respective areas over the next 6 years up to 2021.

1.2 One of the East Sussex Local Growth Fund (LGF) schemes identified in both LEP’s Strategic Economic Plans as integral to the growth plans for the Newhaven Maritime and Clean Tech Growth Corridor was the Newhaven Flood Alleviation Scheme (NFAS). The NFAS, which comprises flood defences works to the east and west banks of the tidal Ouse in Newhaven was identified in the Environment Agency’s ‘River Ouse to Seaford Head Strategy’ approved in 2012.

1.3 Both LEP’s initial Growth Deals were agreed in July 2014 with further Growth Deals agreed in February 2015. Within East Sussex, over £71m across the two LEPs has been secured to date towards infrastructure projects that will bring new jobs and homes until 2021. A total of £3m LGF monies, £1.5m from SE LEP and £1.5m from Coast to Capital, has been secured through the respective Growth Deals towards the delivery of the NFAS. This will augment a further £10m from the Environment Agency (EA), who are responsible for leading and managing the overall scheme.

1.4 The implementation of the scheme would reduce the flood risk to over 1,060 existing residential and 476 commercial properties. It will directly create some 1,460 jobs, open up 98,241sq ft of commercial floor space and enable the delivery of 494 new homes. In addition, without the flood defence scheme, the further creation of 3,540 jobs and 78,759 sq ft of commercial floor space would not go ahead in the growth corridor.

1.5 The NFAS business case has been considered by both LEPs in order to ensure the scheme represented good value for money. Following assessment by SE LEP’s Independent Technical Evaluator, the business case was approved by the South East LEP’s Strategic Board in June 2015. C2C LEP was satisfied that the full and detailed appraisal undertaken by Government in order to secure the EA’s financial contribution to the project meant that the scheme represented good value for money.

1.6 Whilst the Environment Agency has been developing their designs, they have identified technical problems with part of the scheme which has resulted in a delay in the implementation of the scheme and the overall spend profile. As a consequence, the EA has contacted both C2C and

SE LEP requesting a re-profiling of their contributions towards the overall project. Following discussions with both the EA and C2C LEP, the proposed split of LEP funding across this and subsequent financial years to ensure the scheme is completed are set out below:

	15/16 ('000s)	16/17 ('000s)	17/18 ('000s)	Total ('000s)
Initial Allocation from SE LEP	750	750	0	1,500
Revised Allocation by SE LEP	400	700	400	1,500
<i>Other committed match funding allocations</i>				
Environment Agency	0	0	10,160	10,160
Coast 2 Capital LEP	300	1,100	100	1,500
Network Rail			250	250

1.7 The scheme is programmed to start in early 2016 and completed by 2019; the works have been programmed to reflect when the LGF monies are available. As the delivery agent, the Environment Agency will be managing the overall programme and cost of the scheme and any risk of overspend on the overall project would be theirs. Whilst the level of SE LEP LGF spend for 2015/16 is certain there is always a small risk that this funding and that in subsequent financial years may need to be re-profiled or re-allocated depending on scheme progress. However, overall there is minimal risk of the SE LEP LGF monies not being spent as the majority of the LGF spent is on early scheme interventions including design, procurement, investigations, surveys and initial construction materials in the delivery of the overall NFAS project. Any re-allocation of LGF spends from this project or any other, will be considered separately by the Lead Member within the framework for SE LEP Accountability and Assurance Framework (AAF).

2. Supporting Information

2.1 A key requirement of SE LEP's AAF, approved by the Lead Cabinet Member for Strategic Management and Economic Development at his decision making meeting on 2 June 2015, was the establishment of an Accountability Board alongside which each local federated area must establish its own agreed local accountability arrangements. As set out in Appendix 1, the Local accountability arrangements established in East Sussex for managing the devolved funding and responsibility for delivering (taking into account any associated risks) are:

- funding is devolved from Essex County Council as the Lead Accountable Body for the SE LEP to ESCC;
- ESCC is then the Local Accountability Body (LAB) for East Sussex LGF schemes;
- Team East Sussex (TES) is local federated board termed the 'Area Delivery Board Partnership' that will operate as an 'advisory body' responsible for overseeing local delivery; and
- Project Delivery Agents, which can be the County Council, are our local partners responsible for delivering projects on time and within budget.

2.2 In line with the SE LEP AAF, as the Local Accountability Body, the Lead Member's approval is required on any variations to spends/outputs within the tolerance thresholds on East Sussex LGF schemes. The proposed re-profile of the £1.5m Growth Deal allocation for the NFAS scheme as set out in table above would fall within this requirement.

2.3 Subject to the Lead Member's approval, this will then be referred by the County's Section 151 (S151) Officer to Team East Sussex (TES) for their consideration. As part of the devolved local accountability arrangements, TES have an 'advisory capacity' to consider the proposed changes and variations to any LGF schemes within the tolerance levels before final submission, along with TES's comments, to the SE LEP Accountability Board for approval.

2.4 We have discussed the proposed re-profiling and re-allocation of spend with the SE LEP Director and Essex County Council as the Lead Accountable Body to ensure our compliance with the SE LEP AAF and to receive their indicative support to this variation. In addition, the EA, the Project Delivery Agent, has stated they are confident of an overall £0.7m (SE LEP's £0.4m and C2C's £0.3m) spend this financial year.

3 Conclusion and Reasons for Recommendations

3.1 The delivery of the Newhaven Flood Alleviation Scheme by the Environment Agency is integral to realising the growth plans for the town as set out in SE LEP and C2C LEP's Growth Deal. The scheme will protect existing residential and commercial properties as well as enable further housing and employment sites to come forward.

3.2 In its Growth Deal, SE LEP was allocated £1.5m towards the cost of delivering the NFAS scheme. The EA have requested a re-profile of the available SE LEP funding, as set out in paragraph 1.6. Under Section 1 of the SE LEP's AFF and our local accountability arrangements, the agreement of the Lead Member and comments of TES are required on any changes or variations to LGF schemes before reporting by to the SE LEP Accountability Board for approval. It is recommended that the proposed spend re-profile for SE LEP's contribution to the Newhaven Flood Alleviation Scheme is put forward by our S151 Officer to TES and the Accountability Board for their consideration.

RUPERT CLUBB

Director of Communities, Economy and Transport

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LOCAL MEMBERS

Councillors Butler and Charlton

BACKGROUND PAPERS

None

Appendix 1 – SE LEP Assurance & Accountability Framework (governance & delivery)

Local framework – key responsibilities, functions and main actions

	Key responsibilities	Practical Functions / Main Actions
Government	(i) Awarding LGF funding and contract for each Round, whilst ensuring correct and appropriate use of public money within the Local Growth Fund	Agree projects and funding to SELEP area; Award contracts on yearly advance payments; monitoring against grant contract targets
South East Local Enterprise Partnership (SE LEP)	(i) SELEP Strategic Board (SSB), the main SE LEP interface with Government to influence and lobby, providing strategic leadership on vision and priorities, championing the SELEP area and supporting pan-LEP activity; (ii) The SELEP Accountability Board (SAB) to implement the SELEP Assurance and Accountability framework – the main management and accountability structure	On the SSB – representation from East Sussex includes three local government reps ESCC Cllr K.Glazier, ESCC Cllr Simmons & 1 B/DC rep, alongside 3 x TES business reps. On the SAB - For ESCC Cllr. K. Glazier Leader (executive member with voting right) and supported by ESCC Section 151 Officer in an advisory capacity Tolerance levels on over and underspends; agree inclusion of new projects Independent Technical Evaluator (ITE) assesses all business cases before approval; Applying the monitoring and evaluation framework
Essex County Council (ECC)	(i) The Accountable body for SELEP (ii) To ensure all relevant legal requirements are followed and the SE LEP Assurance Framework is adhered to	ECC responsible for overall LGF funding, management and accountability and devolving these responsibilities to local federated accountability arrangements under the Assurance Framework; Single grant SLAs from ECC to federated areas on agreed projects require ESCC S151 Officer approval
East Sussex County Council (ESCC)	(i) Local Accountable body for ES – LGF programme management, accountability, spend and monitoring, reporting and evaluation; (ii) Responsible for any project over / under spend and clawback	Financial and monitoring/reporting responsibility - Establish an Internal ESCC Accountability Board or, as a minimum, institute a formal robust checking process under the Assurance Framework by finance and legal? Tolerance levels of below 10% retain funds for ES LGF over/underspends; above 10% to go up to SELEP Acct. Board; Agree SLA from ECC, local procurement & contracts to include SELEP requirements under Assurance Framework e.g. finance, outputs, monitoring and evaluation
Team East Sussex (TES)	(i) Acts as an advisory partnership in respect of overseeing local delivery of LGF programme within agreed tolerance levels, working to the Assurance Framework provisions; (ii) To consider LGF project proposals under SELEP wide project evaluation matrix along with the ITE	Consider and recommend project variance within tolerance levels to include impacts on outputs and outcomes agreed; Monitoring and accountability procedures developed to include quarterly project reporting, agreed by the ESCC S151 Officer, to SELEP Acct. Board
Project Deliverers (internal to ESCC and external)	(i) Adherence to SLA/contract requirements and delivery of schemes; raising issues early incl. spend profile changes	Contracts produced to include accountability and finance, alongside reporting, monitoring and evaluation requirements; Cover for ESCC against clawback (external deliverers/Tier 1 contractors)

Report to: Lead Cabinet Member for Strategic Management and Economic Development

Date: 15 September 2015

By: Director of Communities, Economy and Transport

Title: North Bexhill Access Road: Funding Agreement with Seachange Sussex

Purpose: To seek approval for the County Council to loan funding of £200,000 to Seachange Sussex towards the scheme development costs for the North Bexhill Access Road Local Growth Fund scheme

RECOMMENDATIONS: The Lead Member is recommended to:

- (1) Approve loan funding of £200,000 to Seachange Sussex towards the scheme development costs for the North Bexhill Access Road; and**
 - (2) Delegate authority to the Director of Communities, Economy and Transport to approve the terms of any agreements and to take all other necessary actions in respect of recommendation 1 above.**
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1 Background Information

1.1 In March 2014, the South East Local Enterprise Partnership (SE LEP), which comprises businesses, local authorities and education leaders across East Sussex, Essex, Kent, Medway, Southend and Thurrock, submitted their proposals to Government for a Growth Deal to drive economic expansion in the area over the next 6 years up to 2021. Within this was a specific growth plan for East Sussex focussed around its three growth corridors – Newhaven, A22/A27 Eastbourne/South Wealden and the A21/A259 Bexhill/Hastings Growth Corridor.

1.2 The SE LEP's initial Growth Deal was agreed in July 2014 with a further Growth Deal agreed in February 2015. Within East Sussex, over £71m has been secured to date towards infrastructure projects, with a particular focus on transport schemes that will bring forward new jobs and homes. One of the East Sussex Local Growth Fund (LGF) schemes identified as integral to the growth plans in the A21/A259 Bexhill/Hastings Growth Corridor is the North Bexhill Access Road.

1.3 The North Bexhill Access Road, as shown in Appendix 1, would comprise a single carriageway road from the roundabout on the Bexhill Hastings Link Road, running north of the village of Sidley and joining the A269 just south of Freezeland's Lane. The North Bexhill Access Road would provide direct access to up to 38,000 sqm of employment land as well as housing land allocations identified for North Bexhill in the Rother District Local Plan. The SE LEP's Growth Deal allocates £5m of funding towards the scheme.

1.4 Sea Change Sussex (SCS), as the promoter of the scheme, has been developing proposals for the North Bexhill Access Road since late last year and recently consulted with local residents on the proposals. A planning application is programmed for submission this Autumn. Seachange Sussex have also been developing the business case for the scheme which will be submitted in September to the SE LEP's Independent Technical Evaluator (ITE) for assessment to ensure the scheme represents good value for money; the business case is expected to be signed off by the LEP by the end of 2015 and this will enable the Local Growth Fund monies allocated to the scheme to be released by the LEP.

2 Supporting Information

2.1 Sea Change Sussex is a company limited by guarantee and is a key delivery partner for the County Council. Hastings Borough Council, Rother District Council and the County Council together hold 19.9% of the company, University of Brighton 30.1% and local businesses the remaining 50%. The County Council has appointed the Lead Cabinet Member for Economy as a

Director of the Company. SCS is a not-for-profit economic development and regeneration company, working to expand the area's economy and business community by working with the County Council and other key partners.

2.2 The Council has a well established and successful relationship with SCS in implementing economic development projects and SCS has a noteworthy record of project delivery in the county. SCS are currently delivering a number of other projects using Growing Places funding secured by the County Council through SE LEP – office space at Glovers House and North East Bexhill Gateway Road are nearing completion on the southern section of the employment land that is being unlocked by the Bexhill Hastings Link Road, and office space at Pacific House (Sovereign Harbour) in Eastbourne.

2.3 In the County Council's Capital Programme, £839,000 of County Council funding has been allocated within the Economic Growth and Strategic Infrastructure programme towards the costs of developing East Sussex's LGF schemes. This funding enables the County Council to develop our LGF schemes to a stage, including development of a business case for submission to the LEP, to then unlock the LGF monies allocated and committed by Government to the County Council, and its delivery partners, to deliver these schemes.

2.4 A £200,000 loan to SCS from this LGF scheme development budget will contribute towards the development costs incurred to date on the scheme design and project management for the North Bexhill Access Road as well as for continuing to progress the scheme through the planning process. This will not be state aid as SCS will be paying a commercial rate of interest under the terms of the loan. The loan funding will need to be repaid by SCS once a full business case has been approved by SE LEP, which is expected by the end of 2015. Once the LGF monies for the scheme have been released, then SCS can claim any scheme costs incurred against these monies.

2.5 The loan exposes the County Council to some increased financial risk as it has not been possible to secure legal charges to protect the loan. However in reaching the recommendation set out in this report we have sought to minimise the risks by understanding the financial position of SCS and the likelihood of generating funds to meet the repayment requirements. This is in addition to considerable due diligence work on assessing the viability of the project. Some further reassurance is provided to the County Council by having a County Councillor on the Board at SCS to ensure financial propriety is observed at all times. In addition, an internal governance team comprising Legal, Finance and CET representatives help ensure County Council oversight as well as providing advice and support to the County Councillor on the SCS Board. This includes advising on financial governance to provide assurance of the financial capability of SCC to deliver its business plan.

3 Conclusion and Reasons for Recommendations

3.1 The North Bexhill Access Road is one of the SE LEP Local Growth Deal schemes to come forward in East Sussex. Along with the Bexhill Hastings Link Road and Queensway Gateway Road, its delivery will help unlock employment space and create jobs in the A21/A259 Bexhill/Hastings growth corridor.

3.2 Sea Change Sussex is a key delivery partner for the County Council in achieving its ambitions for driving economic growth in the county. The loan of £200,000 will contribute towards Sea Change Sussex taking their proposals for the North Bexhill Access Road through to the end of the planning process and submission of a business case to the SE LEP. The Lead Member is therefore recommended to approve the loan of this funding to Seachange Sussex and delegate authority to the Director of Communities, Economy and Transport to agree the terms of the legal agreement between the County Council and Sea Change Sussex, and take all other necessary actions.

RUPERT CLUBB

Director of Communities, Economy and Transport

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LOCAL MEMBERS

Councillors Ensor and Phillips

BACKGROUND DOCUMENTS

South East Local Enterprise Partnership - Strategic Economic Plan, March 2014

<http://southeastlep.com/our-local-growth-deal-and-strategic-economic-plan>

South East Local Enterprise Partnership - Growth Deal, July 2014

<http://southeastlep.com/growth-deal>

Appendix 1 – North Bexhill Access Road (proposed alignment)

