



LEADER AND LEAD MEMBER FOR STRATEGIC MANAGEMENT AND ECONOMIC DEVELOPMENT

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

MONDAY, 15 SEPTEMBER 2025 AT 10.00 AM

REMOTE MEETING VIA MICROSOFT TEAMS

AGENDA

1. Decisions made by the Lead Cabinet Member on 19 May 2025 (*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. Local Government Reorganisation: Proposal for a single tier of local government across East Sussex (*To Follow*)
Report by the Chief Executive
5. Devolution: Consent to the establishment of a Mayoral Strategic Authority for Sussex (*To Follow*)
Report by the Deputy Chief Executive
6. Update on Lane Rental Scheme following implementation (*Pages 5 - 8*)
Report by the Director of Communities, Economy and Transport
7. East Sussex Local Growth Assurance Framework (ESLGAF) Capital Programme report (*Pages 9 - 28*)
Report by the Director of Communities, Economy and Transport
8. Observer Building, Hastings - reprofiling finances (*Pages 29 - 32*)
Report by the Director of Communities, Economy and Transport
9. Any non-exempt urgent items previously notified under agenda item 3
10. Exclusion of the Public and Press
To consider excluding the public and press from the meeting for the remaining agenda item on the grounds that if the public and press were present there would be disclosure to them of exempt information as specified in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended), namely information relating to the financial or business affairs of any particular person (including the authority holding that information).
11. Observer Building, Hastings - reprofiling finances - Exempt Information (*Pages 33 - 36*)
Report by the Director of Communities, Economy and Transport
12. Any other exempt items previously notified under agenda item 3

PHILIP BAKER
Deputy Chief Executive
County Hall, St Anne's Crescent
LEWES BN7 1UE

5 September 2025

Contact Sophie Webb, Governance and Democracy Manager,
01273 337495
Email: sophie.webb@eastsussex.gov.uk

NOTE: As part of the County Council's drive to increase accessibility to its public meetings, this meeting will be broadcast live on its website. The live broadcast is accessible at:
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LEADER AND LEAD MEMBER FOR STRATEGIC MANAGEMENT AND ECONOMIC DEVELOPMENT

DECISIONS made by the Leader and Lead Member for Strategic Management and Economic Development, Councillor Keith Glazier, on 19 May 2025 at Remote Meeting via Microsoft Teams

34. DECISIONS MADE BY THE LEAD CABINET MEMBER ON 31 MARCH 2025

34.1 The Lead Member approved as a correct record the minutes of the meeting held on 31 March 2025.

35. DISCLOSURE OF INTERESTS

35.1 There were none.

36. URGENT ITEMS

36.1 There were none.

37. REPORTS

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

38. DELEGATIONS IN RELATION TO EXECUTIVE FUNCTIONS

38.1 The Leader and Lead Member considered a report by the Deputy Chief Executive.

DECISIONS

38.2 The Leader and Lead Member RESOLVED to:

(1) agree the delegation of Cabinet responsibilities and functions as set out in the Constitution including in Part 3 Table 1, 2 and 3 attached at Appendices 2 - 4 of the report;

(2) agree the Officer Scheme of Delegation attached at Appendix 5; and

(3) agree his annual report to the County Council to include the proposed amendments set out at Appendix 1 of the report.

REASONS

38.3 Part 4 of the Council's Constitution requires the Leader to present to the Council at the annual meeting a written record of delegations of executive functions made to Cabinet Members for inclusion in the Council's Scheme of Delegation.

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

Date of meeting: 15 September 2025

By: Director of Communities, Economy and Transport

Title: Update on Lane Rental Scheme following implementation

Purpose: To provide Leader and Lead Member with an update on the recent implementation of the Lane Rental scheme, the details of the governance for the surplus revenue, and to seek delegation to the Director of Communities, Economy and Transport to approve projects with a value of up to £500,000.

RECOMMENDATIONS: The Leader and Lead Member is recommended to:

- (1) Note the current progress of the implementation of the East Sussex Lane Rental Scheme;**
 - (2) Note how the surplus Lane Rental funds will be allocated;**
 - (3) Agree the delegation to the Director of Communities, Economy and Transport to approve projects with a value of up to £500,000 be included in the Council's Scheme of Delegation to Officers; and**
 - (4) Recommend to the County Council that the Constitution is updated accordingly.**
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1 Background Information

1.1 The County Council's Lane Rental Scheme (LRS) commenced on 1 April 2025. Approximately 5.9% of East Sussex roads (mainly A and B class roads) are designated as lane rental roads, where charges up to a maximum of £2,500 per day apply for anyone wishing to work on these roads during traffic-sensitive times. There are no charge caps, but daily charge discounts and waivers can be applied under certain conditions, e.g. working outside peak times or for the first 48 hours of emergency works.

1.2 The LRS applies to all works carried out on these roads, including the Council's own highway maintenance work. Transitional arrangements mean that pre-planned works for a period of up to 2 years up to 1 April 2027 will not accrue charges.

1.3 The main aims of the scheme are to minimise disruption on the roads in East Sussex by reducing the duration of roadworks, encouraging companies to work at less busy times and to work collaboratively with others to minimise the impact on the network. Where charges are unavoidable, the revenue is used to initially cover set up and operating costs of the lane rental scheme, and after this a surplus will be created.

1.4 To date, the volume and application of lane rental fees has been as forecast in the modelling for the scheme. Approximately 10% of works on lane rental roads are being charged, with the

remaining receiving a waiver or discount due to the works being undertaken outside of lane rental applicable times or in a different way that reduces disruption.

2 Supporting Information

Department for Transport Surplus Spend Guidance

2.1 As part of a Lane Rental Scheme application, authorities need to summarise the arrangements for determining how surplus funds will be applied. Authorities are also expected to establish joint working arrangements under which both the highway authority and works promoters are actively consulted on how surplus funds are applied.

2.2 The Department for Transport (DfT) have recently confirmed that 50% of the net surplus must be allocated to highway maintenance and the other 50% to purposes intended to reduce disruption and other adverse effects caused by street works assigned through an application process. The 50% for maintenance will need to be assigned using the application process initially and then will become automatic once the Statutory Instrument is in place (expected early 2026).

2.3 The DfT have recently reviewed where the surplus funds can be spent and have removed 'Transportation Initiatives, Enabling infrastructure and Research and development' from the list that the East Sussex LRS was originally approved for. The following is the new list of suitable areas for surplus spend detailed in the latest DfT guidance:

- Investment in innovation and developing new products or disruption-saving techniques.
- Trials of new techniques and products.
- Installing 'pipe subways' or ducting that enable apparatus to be accessed more easily and without disrupting traffic.
- Measures to improve the quality or accessibility of records about the location of underground pipes, wires and other apparatus.
- Measures to help abate noise, pollution or safety hazards arising because of works.
- Repairing potholes caused by utility street works.
- Implementing extraordinary measures to mitigate congestion caused by works, especially major works projects.

Lane Rental Surplus Group

2.4 Following implementation of the scheme, work has been undertaken to set up the "Lane Rental Surplus Group" that will promote the surplus fund, support and assess applications and make recommendations to the relevant decision maker as to where the surplus funds should be spent. The Group will be responsible for ensuring consideration of all applications made to the surplus fund. The group will be made up of representatives from the utility companies, Balfour Beatty Living Places (BBLP) Network Management Team, and East Sussex County Council (ESCC) officer representatives from the Highways Maintenance, Transport and Economic Development team. The Group will have an independent chair.

2.5 Documentation to support the application process has been drafted by the current chair of the Surplus Group. To support consistent cross-border application processes these documents are similar to those used in the West Sussex County Council.

2.6 To allow a more efficient application of surplus funds, it is proposed that the Scheme of Delegation to Officers is updated to include a delegation to the Director of Communities, Economy and Transport to approve any schemes and/or projects with a value of up to £500,000. Approval of projects at £500,000 and above will be considered by the Lead Member for Transport and Environment.

Historic Costs

2.7 The scheme allows for set-up costs to be recovered by the revenue generated from lane rental fees. Historic costs to cover BBLP and ESCC Officer time, resources and consultant costs have been calculated at £317,470, as per table 1 below. This includes project management and commercial, finance and admin support, from 2023 onwards.

Table 1

Set up costs	Total £
ESCC Highways Officer time	34,028
ESCC Finance Officer time	4,108
Consultant Costs	125,450
BBLP costs (including additional staff and resources)	153,884
Total	317,470

3 Conclusion and reasons for recommendations

3.1 Work to implement and progress the Lane Rental Scheme has been successful and is operating as envisaged and therefore the Leader and Lead Member is recommended to note the current progress of the East Sussex Lane Rental Scheme.

3.2 Since the Cabinet agreed that a Lane Rental scheme be developed, the arrangements for the spend of the surplus funds have been updated in accordance with Government expectations, with 50% of surplus being applied to highway maintenance. The Leader and Lead Member is therefore recommended to note how the surplus Lane Rental funds will be allocated.

3.3 Delegation to the Director of Communities, Economy and Transport to approve any schemes and/or projects with a value of up to £500,000 will allow a more efficient application of surplus funds therefore the Leader and Lead Member is recommended to agree the delegation to the Director of Communities, Economy and Transport to approve projects up to £500,000 in value be included in the Council's Scheme of Delegation to Officers; and recommend to the County Council that the Constitution is updated accordingly.

RUPERT CLUBB

Director Communities Economy and Transport

Contact Officer: Pippa Mabey

Tel. No: 01273 335506

Email: pippa.mabey@eastsussex.gov.uk

LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

Details of the Lane Rental Scheme, including designated lane rental streets and charges policy can be found on the East Sussex Highways website: [East Sussex lane rental scheme | live.eastsussexhighways.com](https://live.eastsussexhighways.com)

Report to:	Leader and Lead Member for Strategic Management and Economic Development
Date of meeting:	15 September 2025
By:	Director of Communities, Economy and Transport
Title:	East Sussex Local Growth Assurance Framework (ESLGAF) Capital Programme report
Purpose:	To present the project progress, and project spend across the Local Growth Fund, Growing Places Fund and Getting Building Fund for 2024/25 and the forecast for 2025/26.

RECOMMENDATIONS: The Leader and Lead Member is recommended to:

- (1) Note the final spend in 2024/25 for the Local Growth Fund and Growing Places Fund programmes;**
- (2) Note the project updates that took place across the Local Growth Fund, Growing Places Fund and Getting Building Fund programmes in 2024/25; and**
- (3) Agree the forecast scheme spend profiles for the Local Growth Fund programme as detailed at Appendix 3 and Growing Places Fund programme as detailed at Appendix 6 for the 2025/26 financial year.**

1. Background Information

1.1 As part of the closure of the South East Local Enterprise Partnership (SELEP) and the Government mandated transfer of relevant responsibilities to Upper Tier local Authorities (UTLAs), the County Council became the Accountable Body for the capital programmes delivered in East Sussex from 1 April 2024.

1.2 To manage these responsibilities, the East Sussex Local Growth Assurance Framework (ESLGAF) was established to provide local scrutiny, checks, balances and accountability to manage these new responsibilities.

1.3 The ESGAF was approved by the Leader and Lead Member for Strategic Management and Economic Development at a decision-making meeting held on 26 February 2025.

1.4 As outlined in the ESGAF, reports will be presented to the Leader and Lead Member for Strategic Management and Economic Development twice a year highlighting project and financial updates, decisions made under delegated approvals, and any significant changes to projects since the last update.

1.5 The last SELEP capital programme financial statement report that the Leader and Lead Member received was on 26 February 2025 and covered the confirmed spend in 2023/24 and the forecast spend for 2024/25.

Programme overview

1.6 The County Council has become the Accountable Body for the following capital programmes in East Sussex:

- **Local Growth Fund (LGF)** - £82m of LGF grant funding has been secured from SELEP which has been invested in 17 capital projects in East Sussex.
- **Growing Places Fund (GPF)** - Originally launched in 2011 this is a 'recyclable loan scheme'. East Sussex has benefitted from over £23.76m of GPF which has been invested in 8 projects in the county. As part of the disaggregation of the GPF, any repaid funding can potentially be used to run further GPF funding rounds in East Sussex, apart from funding repaid from the Sovereign Harbour project (see paragraph 2.8).
- **Getting Building Fund (GBF)** – Launched in June 2020 to help aid economic recovery in the wake of the Covid-19 pandemic. East Sussex has overseen 8 projects receiving total of £6.1m funding.

2. Supporting information

The Local Growth Fund

2024/25 Programme

2.1 Appendix 1 to this report sets out the final spend for the 2024/25 LGF programme. £556,420.88 was spent across 3 projects in 2024/25 against a baseline budget of £7.971m which had been carried forward from 2023/24. Further details on each of these projects and the current status of all the projects in the LGF programme is outlined at Appendix 2.

2.2 At the Leader and Lead Member for Strategic Management and Economic Development's decision-making meeting on 17 September 2024, a revised business case was approved for the Eastbourne and South Wealden Walking and Cycling Package project. This was required due to the significant increases in construction costs.

2.3 At the Leader and Lead Member for Strategic Management and Economic Development's decision-making meeting on 18 December 2024, an updated business case and project change request for the Eastbourne Town Centre Movement and Access Package Phase 2a project, which updated the scope of the project to reflect the increase in construction costs and extended the project end date to May 2026.

2.4 The following 5 projects were confirmed as complete in 2024/25 by The Ministry of Housing, Communities and Local Government (MHCLG) due to all financial, practical and output targets being achieved: 1) Newhaven Flood Defences, 2) Swallow Business Park (A22/A27 Growth Corridor), 3) Skills for Rural Businesses, 4) Bexhill Creative Workspace and 5) Eastbourne Fishermen's Quayside and Infrastructure Development project. Alongside Coastal Communities Housing Intervention (previously referred to as Housing Regeneration Project) and Devonshire Park, both completed in 2023/24 under SELEP, a total of 7 projects are completed.

2025/26 Programme

2.5 The remaining £7.414m of LGF funding is profiled to be spent over 2025/26 and future financial years as outlined in Appendix 3. This figure represented the forecasted spend at the beginning of the 2025/26 financial year.

Growing Places Fund

2.6 The end of year balances for the GPF projects in East Sussex for 2024/25 is outlined in Appendix 4 and the planned repayment schedule for 2025/26 is at Appendix 6.

2024/25 Programme

2.7 The final £40,000 instalment was received for the Charleston Centenary project in March 2024.

2.8 The County Council made payments of £1.424m to impacted Upper Tier Local Authorities relating to the Sovereign Harbour project as agreed as part of the SELEP transition and the disaggregation of the GPF funding.

2.9 Further details on each of the GPF projects is set out at Appendix 5.

Getting Building Fund

2024/25 Programme

2.10 As previously noted by the Leader and Lead Member at the decision-making meeting held on 15 January 2024, all the Getting Building Fund (GBF) projects in East Sussex had completed spend of their GBF grants by the end of 2022/23.

2.11 Updates and the current status of each of the GBF projects is outlined in Appendix 7.

Financial and Legal Implications

2.12 MHCLG have confirmed that from April 2025 onwards there will be no further funding provided to the County Council to deliver the LEP functions taken on, but the expectation remains that the requirements of the English Devolution Accountability Framework are met.

2.13 The nature of the GPF as a recyclable loan fund means that its ongoing function in East Sussex is dependent on the repayment of existing loans. Currently there is £40,000 available to be reissued. Once the available funding is more substantial, a new recyclable loan programme will be run to support the priorities for investment in the East Sussex Economic Prosperity Strategy and Investment Plan.

3. Conclusion and Reasons for Recommendation

3.1 As part of the closure of SELEP, the County Council has become the Accountable Body for the legacy capital programmes in East Sussex. A new governance structure, the East Sussex Local Growth Assurance Framework (ESLGAF) has been created to manage these new responsibilities. A smooth transfer has taken place with the remaining projects continuing towards completion and the completed projects delivering outputs and outcomes for the benefit of the East Sussex economy.

3.2 It is therefore recommended that the Leader and Lead Member notes the project progress across the GBF, LGF and GPF programmes.

3.3 It is also recommended that the Leader and Lead Member notes the final outturn spend in 2024/25 across the LGF and GPF programmes and approves the forecast budgets for the individual projects in the 2025/26 LGF and GPF programmes.

RUPERT CLUBB

Director of Communities, Economy and Transport

Contact Officer: Mirco Cordeiro
Tel. No. 07731 343 705
Email: Mirco.Cordeiro@eastsussex.gov.uk

LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

None

2024/25 Local Growth Fund (LGF) Programme: Final Spend and Mitigation

*Figures provided below relate only to LGF investment and do not include other scheme contributions

Scheme	Total LGF Allocation all Years (£)	LGF carried forward from 23/24 (£)	LGF Final Spend in 24/25 (£)
Newhaven Flood Defences	1,500,000.00	-	-
Hailsham/Polegate/Eastbourne movement and access transport scheme	2,100,000.00	121,334.84	63,706.06
Eastbourne and South Wealden walking and cycling LSTF package	6,600,000.00	1,931,751.53	83,301.39
Queensway Gateway Road	10,000,000.00	-	
Hastings and Bexhill movement and access package	9,000,000.00	4,250,282.00	409,413.43
Eastbourne town centre LSTF access and improvement package	8,000,000.00	1,667,689.66	-
Swallow Business Park	1,400,000.00	-	-
Sovereign Harbour (aka site infrastructure investment)	1,700,000.00	-	-
Coastal Communities Housing Intervention Hastings	666,667.00	-	-
North Bexhill Access Road and Bexhill Enterprise Park	18,600,000.00	-	-
East Sussex Strategic Growth package	8,200,000.00	-	-
Devonshire Park	5,000,000.00	-	-
Bexhill Enterprise Park North	1,940,000.00	-	-
Skills for rural businesses post-Brexit	4,413,000.00	-	-
Churchfields Business Centre (Sidney Little Road Business Incubator Hub)	500,000.00	-	-
Bexhill Creative Workspace	960,000.00	-	-
Eastbourne Fisherman's Quayside and Infrastructure Development	1,440,000.00	-	-
Total	82,019,667.00	7,971,058.03	556,420.88

LGF Project Updates

Newhaven Flood Alleviation Scheme - funded by both SELEP and C2C LEP (Project completed)

This is an Environment Agency (EA) led scheme to reduce flood risk in Newhaven and recognise the wider benefits this will bring in encouraging regeneration in the town.

Hailsham/Polegate/Eastbourne movement and access transport scheme (Delivery ongoing)

The sustainable Transport Corridor between Hailsham, Polegate & Eastbourne, is part of the strategic transport improvements identified to support planned housing and employment growth within the current Wealden & Eastbourne Local Plans. Construction is forecast to start in 2026/27.

Eastbourne & South Wealden Walking and Cycling Package (Delivery ongoing)

Package of walking & cycling schemes identified in Eastbourne & Wealden Cycle Strategies to support housing & employment growth in these areas. A revised Business Case and Economic Appraisal was conducted for the scheme and approval to proceed with this revised package was given by the Leader and Lead Member for Strategic Management and Economic Development on 17 September 2024. The installation of cycle stands was complete in early 2025/26.

Queensway Gateway Road (Grant spend completed, match fund and practical completion ongoing)

QGR provides a new road between Queensway and A21 in north Hastings. First phase of the road to the mid-roundabout opened December 2018 and Phase 2a (intermediate roundabout to Ramblers Coaches) was completed mid-2019. Phase 3a started onsite in autumn 2020, completing access to the last of the businesses with a QGR frontage and completing the road to the boundary of the car showroom. A signalised connection to provide a link between the completed road and the A21 received in-principle technical approval of the modelling aspect of the scheme from National Highways. The delivery of the final stage of the road, Phase 2b, was awarded £2.5m further funding from the Levelling Up Partnership (LUP) programme. This final connection is being delivered by the East Sussex Highways contractor who started work on site in September 2024. In Q1 of 2025/26 the project removed 6,000 tonnes of embankment soil, finished Junction Road, installed A21 National Highways infrastructure and traffic signals junction alongside Southern Water conclusion of freshwater pipeline works.

Hastings and Bexhill Movement and Access Package (Delivery ongoing)

This scheme of walking and cycling infrastructure improvements and junction capacity improvements to support housing and employment was awarded £9m LGF funding by the SELEP Accountability Board in February 2018. Varying slippage and delays were experienced across the package as a result of Covid-19, resulting in consultations being delayed which had knock-on impacts on schemes progressing through to construction. Subsequently, pedestrian crossings at the Ridge, Sandown Primary School, Battle Road and Collington Avenue have finished construction, Hastings and Bexhill bus stop upgrades have been delivered and the Hastings Wayfinding, Albert Road and Cooden Drive packages, as well as the mini roundabouts at Beeching Road and Sackville Road have all been completed. An updated business case outlining how ESCC intends to progress the remaining packages and extending the completion date to March 2026 was approved by the SELEP Accountability Board in September 2023. A design review is ongoing for the Station Approach scheme with construction planned for 2025/26.

Eastbourne Town Centre (ETC) (Delivery ongoing, Phase 1 completed)

A total of £8m LGF funding was awarded to the project across two phases. Phase 1, which focussed on the section of Terminus Road between Station roundabout and Bankers Corner, Cornfield Road and Gildredge Road was completed in January 2020. This scheme has significantly improved the pedestrian environment in this section of ETC as well as supported the wider investment in the extension to The Beacon shopping

centre. The programme for Phase 2a has progressed through preliminary and final detailed design with approval to proceed to construction provided by the Lead Member for Transport and Environment (LMTE) in July 2021. The appointment of ESCC's new highways contractor in May 2023 led to a design-review period and the handing over of pre-construction works. An updated business case for Phase 2a of the project, reflecting the design review was approved by the Lead Member for Transport and Economy on 18 November 2024. Following consultation with stakeholders, construction will start in September 2025 and the Traffic Regulation Order to enable this has been approved. Delivery is expected to be completed by May 2026.

Swallow Business Park (Project completed) The project provided enabling infrastructure to unlock the development of Swallow Business Park in the A22/A27 Eastbourne/South Wealden Growth Corridor.

Strategic Site Investment Package, formerly Sovereign Harbour Innovation Park (Practical and financial completion achieved). Project developed the site infrastructure on three sites at Sovereign Harbour, Eastbourne; North East Bexhill; and North Queensway, St Leonards.

Coastal Communities Housing Project Hastings (Project completed) The £0.67m of LGF investment was used alongside Hastings Borough Council and Optivo investment of over £2m in the purchase and refurbishment of a former care home in St Leonards for the creation of 16 social rent units.

North Bexhill Access Road (Practical and financial completion achieved) The £18.6m to develop North Bexhill Access Road (NBAR), which runs between Combe Valley Way and the A269 north of Sidley, was completed and opened to traffic in March 2019. NBAR runs from a roundabout on the BHLR to the A269 north of Sidley. The full length of NBAR was completed and opened to traffic in March 2019. However, there continues to be a delay in Sea Change Sussex (SCS) offering up the road for the formal adoption until after the Stage 3 road safety audit and identified works are completed.

East Sussex Strategic Growth Package (ESSGP) (Grant spend completed, match fund and practical completion ongoing) Awarded £8.2m in 2017 through the LGF round three. Work on the road extension at Bexhill Enterprise Park was completed in September 2017. The construction of High Weald House (HWH) at the Bexhill Enterprise Park (South) was completed in April 2019. Later stages of the ESSGP are subject to the sale of the HWH building and other land receipts which are expected to enable a recycling of funds that will lead to further developments at Sovereign Harbour, Bexhill, and Hastings Priory Quarter with additional development in South Wealden dependent on the need identified through the respective local plan processes.

Devonshire Park Quarter Redevelopment (Project completed). Part of a wider £50m investment to deliver a series of major investments to transform Devonshire Park, the £16m welcome centre opened in June 2019 with the £5m LGF investment fully spent in 2017/18.

Bexhill Enterprise Park North (Practical and financial completion achieved) The project developed site and servicing infrastructure to provide full access to the individual development plots within the Bexhill Enterprise Park North business park from the North Bexhill Access Road. The £1.94m LGF funding was used to deliver the site and servicing infrastructure required to provide full access to the individual development plots within the Bexhill Enterprise Business Park North off the North Bexhill Access Road. These works enabled the development of the business park and intend to facilitate private sector investment in the site to bring forward 8,000 sqm of light industrial units and up to 8,000 sqm of manufacturing space.

Skills for Rural Businesses (Project completed) The total £4.41m of LGF funding was used to support the provision of the infrastructure and training required to secure better AgriFood productivity and efficiency post-Brexit. This infrastructure comprises the first phase of an ambitious development on the college site involving the construction of a two-storey centre of excellence in AgriFood knowledge transfer; improved pedestrian and road user access to the new facilities; redevelopment of the pig production and beef and sheep handling facilities, including automated milking stations; and the development of a village green through landscaping opportunities.

Churchfields Business Centre (formerly Sidney Little Road Business Incubator Hub) (Grant spend completed, match fund and practical completion ongoing) The business case to deliver 28 new business incubator units on a redundant industrial site was approved by SELEP Accountability Board June 2019. Construction completed March 2023, and letting of incubator units underway. Building in active use with 23 units let from 29.

Bexhill Creative Workspace (Project completed) £0.96m of LGF investment was used towards the development of 1,599sqm of B1 light industrial space across six units, for the specific use of creative industry businesses to create entry level and starter jobs for young creatives in the area and supporting 36 net additional jobs. The total scheme costs £1.76m with Rother District Council match funding £0.8m for the purchase of the building. Construction was completed in March 2022 and the studios launched in April 2022.

Eastbourne Fisherman's Quay and Infrastructure Development – Phases 2 and 3. (Project completed) LGF investment supported the development of the Fisherman's Quay to maximise the local economic benefits arising from the fishing activity, through transforming an uneven, open yard into a resilient and productive community asset. The LGF funding was awarded to facilitate delivery of Phases 2 and 3, whilst delivery of Phase 1 of the project was supported by a Growing Places Fund loan. Phase 2 delivered two buildings, which are joined on the upper floors, offering 360 sqm of new space. The ground and first floors provide storage space for fishing and landing equipment as well as a repair workshop. Phase 3 provides a 150 sqm building which will be used as a Visitor Centre and as a base for the Eastbourne under 10m Fisherman's Community Interest Company's outreach and engagement work. Construction of both Phase 2 and 3 have been completed in 2022.

2025/26 Local Growth Fund (LGF): Proposed Spend Profile

*Figures provided below relate only to LGF investment and do not include other scheme contributions

Scheme	Total LGF Allocation (£)	LGF Spend to 31/03/25 (£)	25/26 LGF Profile (£)	Future Years spend (26 LGF Spend in future years (£)
Hailsham/Polegate/Eastbourne movement and access transport scheme	2,100,000.00	2,042,371.22	57,628.78	-
Eastbourne and South Wealden walking and cycling LSTF package	6,600,000.00	4,751,549.72	1,848,450.14	-
Hastings and Bexhill movement and access package	9,000,000.00	5,159,131.46	2,076,000.00	1,764,868.54
Eastbourne town centre LSTF access and improvement package	8,000,000.00	6,332,346.34	1,667,653.66	-
Total	25,700,000.00	18,285,398.74	5,649,732.58	1,764,868.54

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Growing Places Fund (GPF) Programme: Drawdown and Repayment Schedule

Figures provided below relate only to GPF investment and do not include other scheme contributions

2024/25 Actual

	GPF Funds Advanced			GPF Repayments Made			Outstanding balances of GPF loan at end of	
	Prior years (£)	24/25 (£)	Total (£)	Prior years (£)	24/25 (£)	Total (£)	Prior years (£)	24/25 (£)
Priory Quarter Phase 3	7,000,000.00	-	7,000,000.00	7,000,000.00	-	7,000,000.00	-	-
North Queensway	1,500,000.00	-	1,500,000.00	1,500,000.00	-	1,500,000.00	-	-
Bexhill Business Mall	6,000,000.00	-	6,000,000.00	6,000,000.00	-	6,000,000.00	-	-
Sovereign Harbour *	4,600,000.00	-	4,600,000.00	1,025,000.00	1,424,000.00	2,449,000.00	3,575,000.00	2,151,000.00
Charleston Centenary	120,000.00	-	120,000.00	80,000.00	40,000.00	120,000.00	40,000.00	-
Eastbourne U10 Fishermans CIC	1,150,000.00	-	1,150,000.00	325,000.00	-	325,000.00	825,000.00	825,000.00
Observer Building 1a	1,750,000.00	-	1,750,000.00	-	-	-	1,750,000.00	1,750,000.00
Observer Building 1b	1,616,500.00	-	1,616,500.00	-	-	-	1,616,500.00	1,616,500.00
Total	23,736,500.00	-	23,736,500.00	15,930,000.00	1,464,000.00	17,394,000.00	7,806,500.00	6,342,500.00

*As part of the agreed approach to the disaggregation of the GPF funding, from 2024/25, repayments for the Sovereign Harbour project are made from the County Council to impacted Upper Tier Local Authorities

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Growing Places Fund (GPF) Project Updates

Round 1 and 2 GPF Projects

Priory Quarter Phase 3 (Completed) This scheme was awarded £7m GPF in round 1 to provide 2,323 sqm of high-quality office premises at Priory Quarter in Hastings town centre, meeting the expressed needs of private sector employers to expand their operation in the town. The project was completed in Autumn 2014. The loan funding was repaid in full to the LEP in 2018/19 and the scheme has now been removed from the GPF programme

North Queensway (Completed) The £1.5m GPF has been invested in the construction of a new junction and preliminary site infrastructure works and the full £1.5m has been repaid by 31 March 2022.

Bexhill Business Mall/Glovers House, Bexhill (Completed) The £6m GPF has been invested into a new commercial development which was subsequently sold in late 2018/19. The full repayment of the GPF loan was completed in Q1 of 2019/20

Pacific House/Sovereign Harbour, Eastbourne (Loan spent, practical completion and outcomes achieved, repayment ongoing) The £4.6m GPF investment into the Sovereign Harbour Innovation Mall known as Pacific House, has delivered 2,345m² of high-quality office space. The County Council have completed transfer of the property from the original developers, as per the terms of the original loan agreement and will make the outstanding loan repayments, as agreed by the SELEP Accountability Board. Repayments totalling £2.49m had been made against the Project by 31 March 2025 with £1,424,000 scheduled to be repaid over the 2025/26 financial year.

Charleston Centenary (Completed) The £120k GPF loan towards their Centenary scheme has enabled Charleston to become more commercially sustainable and provide a year-round educational programme. Physical outputs comprise a new café-restaurant facility in the converted Threshing Barn, an auditorium and education space in the adjoining converted Hay Barn and completely new Wolfson gallery spaces with retail foyer. The final loan repayment was completed in 2024/25.

Round 3 GPF Projects

Observer Building Phase 1a, Hastings (Loan spent, practical completion and outcomes achieved, repayment ongoing) The business case for a £1.75m GPF loan to deliver Phase 1a of the Observer Building project was approved by the SELEP's Accountability Board on 18 September 2020. Phase 1a supported the renovation of a total of 1,174 sqm of the building. Work funded by the GPF loans on the project was completed in 2024. Phase 2 which will deliver a further 1,039 sqm of commercial space (Mezzanine and First Floor) as well as preparing the residential shell on the 2nd and 3rd floors.

Observer Building Phase 2, Hastings (Loan spent, practical completion and outcomes achieved, repayment ongoing) The business case for the further £1.6m on the GPF pipeline was approved by the SELEP Accountability Board on 2 July 2021. The loan funding supported the shortfall in the post-tender and post-value engineering contract price for the redevelopment of the lower four floors for commercial workspace and leisure uses and supported the development of Phase 2 of the project which delivered a further 1,039 sqm of commercial space (Mezzanine and First Floor) as well as preparing the residential shell on the 2nd and 3rd floors. Work funded by the GPF loans on the project was completed in 2024.

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Growing Places Fund (GPF) Programme: Proposed Drawdown and Repayment Schedule

Figures provided below relate only to GPF investment and do not include other scheme contributions

2025/26 forecast

	GPF Funds Advanced		GPF Repayments Made				Outstanding balances of GPF loan at end of	
	Prior years (£)	25/26 (£)	Total (£)	Prior years (£)	25/26 (£)	Total (£)	Prior years (£)	25/26 (£)
Priory Quarter Phase 3	7,000,000.00	-	7,000,000.00	7,000,000.00	-	7,000,000.00	-	-
North Queensway	1,500,000.00	-	1,500,000.00	1,500,000.00	-	1,500,000.00	-	-
Bexhill Business Mall	6,000,000.00	-	6,000,000.00	6,000,000.00	-	6,000,000.00	-	-
Sovereign Harbour*	4,600,000.00	-	4,600,000.00	2,449,000.00	1,424,000.00	3,873,000.00	2,151,000.00	727,000.00
Charleston Centenary	120,000.00	-	120,000.00	120,000.00	-	120,000.00	-	-
Eastbourne Fisherman's Quayside and Infrastructure Development	1,150,000.00	-	1,150,000.00	325,000.00	-	325,000.00	825,000.00	825,000.00
Observer Building 1a	1,750,000.00	-	1,750,000.00	-	-	-	1,750,000.00	1,750,000.00
Observer Building 1b	1,616,500.00	-	1,616,500.00	-	-	-	1,616,500.00	1,616,500.00
Total	23,736,500.00	0.00	23,736,500.00	17,394,000.00	1,424,000.00	18,818,000.00	6,342,500.00	4,918,500.00

*As part of the agreed approach to the disaggregation of the GPF funding, from 2024/25, repayments for the Sovereign Harbour project are made from the County Council to impacted Upper Tier Local Authorities

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Getting Building Fund (GBF) Programme: Project Updates

- **Restoring the Glory of the Winter Garden (Grant spend completed, match funding spend ongoing)** The £1.6m GBF grant was used to support the restoration of the Winter Garden, a historic Grade 2 listed Victorian pavilion within Devonshire Park. The elements of the project delivered with the GBF funding were completed in March 2022 with the facade replacement work remaining. Completion for this element of the project is currently forecast for 2026/27.
- **Observer Building, Hastings - Phase 2 (Practical and financial completion achieved).** The elements of the restoration project delivered with the initial £1.713m GBF funding were completed in March 2022 with a further £315k of GBF pipeline funding awarded at the November 2022 SELEP Accountability Board Meeting, and spend by March 2023, to enable works on the façade to take place. The remaining elements of the overall project are now complete.
- **Charleston Access Road (Practical and financial completion achieved)** A total of £329k GBF was awarded across two bids to widen and resurface the access track to Charleston and enable the addition of a cycle path along the access road and connection to other cycle routes.
- **Creative Hub, 4 Fisher Street, Lewes (Practical and financial completion achieved)** The £250k grant was used toward the Conversion of a vacant building into a new co-working hub and café. The new hub includes touch down, short occupation and longer term leased office space for the fast-growing creative industries in Greater Brighton.
- **Sussex Innovation Falmer: Covid-Secure Adaptions (Practical and financial completion achieved)** The £200k grant was utilised to refurbish the Innovation Centre to make it a Covid/pandemic-secure work environment.
- **UTC Maritime and Sustainable Technology Hub (Grant spend completed, match funding spend ongoing)** £1.3m GBF contributed towards the conversion of the former UTC@harbourside building into to include new office space for Lewes District Council and partners, an education-led skills training centre and commercial workspace for SMEs. Spend of the GBF grant was completed by March 2023 with work on the initial phase of the project completed in September 2023. Remaining match funding is being utilised to further improve internal spaces; this is scheduled to be spent by Q3 25/26.
- **Food Street (Practical and financial completion achieved)** £100k of GBF awarded to support bringing five commercial units back into use in Eastbourne Town Centre.
- **Seven Sisters Country Park Visitor Infrastructure Uplift (Practical and financial completion achieved)** An initial £200k of GBF investment was awarded at February 2022 Accountability Board to widen the scope of an existing project to incorporate a high footfall retail space to support local businesses and accommodation for the onsite warden. This was spent by September 2022 with a further £84,100 GBF pipeline funding awarded at the January 2023 SELEP Accountability Board Meeting, and spend by March 2023, to enable further work on the project.

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Report to:	Leader and Lead Member for Strategic Management and Economic Development
Date of meeting:	15 September 2025
By:	Director of Communities, Economy and Transport
Title:	Observer Building, Hastings – reprofiling finances
Purpose:	To consider reprofiling and further support proposals for the Observer Building project in respect of the Growing Places Fund loan.

RECOMMENDATIONS: The Leader and Lead Member is recommended to:

- (1) Agree to extend the repayment term of the two Growing Places Fund loans as outlined in this report; and**
 - (2) Agree the financial proposals set out in the exempt report**
 - (3) Delegate authority to the Director of Communities, Economy and Transport, to finalise the terms of the legal charge**
-

1 Background

1.1 The Observer Building project in Hastings redeveloped the empty and derelict former Hastings Observer offices into a mixed-use building covering 4,000 sqm, creating new homes, jobs and enterprise space.

1.2 The project is led by Hastings Commons Neighbourhood Ventures Ltd (HCNV), a Hastings based community-led regeneration company involved in several projects in Hastings town centre including some properties leased directly from the County Council including 12 Claremont, Hastings.

1.3 The project has benefitted from a variety of funding sources, including £3,366,500 of Growing Places Fund (GPF) loan funding, made across 2 separate decisions, from the South East Local Enterprise Partnership (SELEP):

- £1,750,000 awarded by SELEP in September 2020
- £1,616,500 awarded by SELEP in July 2021

1.4 All funding from the GPF programmes has been fully spent and the relevant phases of the project delivered. The building has reopened for use as co-working and office space, a venue, creative technology hub, gym and roof terrace. Work is ongoing to complete the 12 affordable housing units which are forecast for completion in 2026.

1.5 The project has been supported by Historic England and has won several awards including a Gold World Habitat Award and a national Pineapple Award that recognises projects delivering meaningful social, environmental, and economic change.

The Growing Places Fund (GPF)

1.6 The GPF was created as a revolving loan fund by SELEP, with repaid funding being used to enable further projects to come forward. The County Council became the Accountable Body for the GPF in East Sussex from 1 April 2024 as part of the closure of the LEPs and the transfer of relevant local responsibilities to upper tier local authorities. For there to be a functional and worthwhile GPF programme in East Sussex there needs to be a return of the current loans allocated to projects.

1.7 Both tranches of the GPF loan are scheduled for repayment in full by 31 March 2026.

East Sussex Local Growth Assurance Framework (ESLGAF)

1.8 As part of the closure of SELEP, the County Council has established the ESLGAF to provide local scrutiny, checks, balances, assurance and accountability for the responsibilities transferred from SELEP. A key part of the framework is the establishment of the Growth Programme Oversight and Escalation Board (OEB). The OEB provides the accountability structure for decision-making for the ESLGAF and is responsible for taking or endorsing appropriate decisions on legacy SELEP projects, subject to Leader and Lead Member approval as appropriate.

2 Supporting information

2.1 In late 2023, HCNV informed the County Council that due to unforeseen events since the award of the GPF loans, such as the impact of the COVID pandemic, Brexit impacts, and higher energy and interest costs, their original plans to repay the loan in full by 31 March 2026 were no longer viable.

2.2 County Council officers and HCNV have since held lengthy negotiations to agree a repayment plan that balances repayment of the GPF loans whilst continuing to offer support to HCNV.

2.3 Discussions with HCNV have also focused on negotiating security for the County Council over the GPF loans. The resulting outcome of this decision has enabled HCNV to continue their regeneration programme in Hastings town centre by securing significant further multi-million pound investment from other sources into the Observer Building and other properties within the HCNV portfolio.

2.4 The relevant commercial details are summarised in an exempt report later in the agenda to inform the decision-making process.

2.5 The outcome of the discussion was a proposal that the repayment period of the GPF loan is extended by 20 years, with regular monthly repayments, and with the County Council securing a legal charge against their investment. This is an appropriate compromise that will see the GPF loans repaid as soon as feasibly possible, so they can be reused for other potential East Sussex projects, whilst offering support to HCNV.

3 Conclusion and reasons for recommendations

3.1 The redevelopment of the Observer Building by Hastings Commons has been partly funded by £3,366,500 of Growing Places Fund (GPF) revolving loan funding awarded by SELEP and due for repayment in full by 31 March 2026.

3.2 As part of the closure of Local Enterprise Partnerships and the transition of relevant responsibilities to upper tier local authorities the County Council is now the accountable body for the Growing Places Fund (GPF) programme in the county.

3.3 Following a number of unforeseen events since the award of the loan, Hastings Commons notified the County Council in 2023 that they are seeking an extension of the terms of the repayment of the loan.

3.4 County Council officers have since been engaged in ongoing discussions with the project leads to find an approach to this issue that balances the need to see the timely return of the GPF loan and securing an appropriate level of security over the loan, whilst supporting the locally significant project and organisation.

3.5 Subsequently it is recommended that The Leader and Lead Member agree to extend the repayment period of the two Growing Places Fund loans as outlined in paragraph 2.5 of this report to best manage the repayment of the loans to enable future reinvestment of the Growing Places Fund in East Sussex. It is also recommended that the Leader agrees the financial proposals outlined in the Exempt report accompanying this one and delegates authority to the Director of Communities, Economy and Transport, to finalise the terms of the legal charge.

RUPERT CLUBB

Director Communities Economy and Transport

Contact Officer: Alex Colbran

Tel. No: 07729 108123

Email: alex.colbran@eastsussex.gov.uk

LOCAL MEMBERS

Cllr Godfrey Daniel

BACKGROUND DOCUMENTS

None

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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