

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

**Date:** 21 February 2017

**By:** Director of Communities, Economy and Transport

**Title:** Funding Agreement with Sea Change Sussex – East Sussex Strategic Growth Package

**Purpose:** To seek approval for the County Council to enter into legal agreements to transfer the Local Growth Fund monies approved by the South East Local Enterprise Partnership to Sea Change Sussex to deliver the East Sussex Strategic Growth Package

---

**RECOMMENDATIONS:** The Lead Member is recommended to:

- (1) Approve grant funding, to the value of £8.2m to Sea Change Sussex to fund the delivery of the East Sussex Strategic Growth Package; 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 and to give effect to recommendation 1 above.**
- 

## **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 six 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 second Growth Deal agreed in February 2015. In April 2016 the Department for Communities and Local Government put out a call to local enterprise partnerships to submit bids for a further Growth Deal.

1.3 In July 2016, the SE LEP submitted a comprehensive and ambitious bid worth £229m featuring 41 projects from across the LEP area. In January 2017, SE LEP's ambition for growth was recognised by government and rewarded with approval of £102m in grants to fund projects included within this third bidding round for LGF monies. East Sussex has been successful in securing £13.2m towards two major schemes, including the East Sussex Strategic Growth Package, which is being promoted by Sea Change Sussex (SCS).

1.4 Within East Sussex, almost £85m has now been secured to date towards infrastructure projects, with a particular focus on commercial floorspace and transport schemes that will bring forward new jobs and homes across the county.

## **2 Supporting Information**

2.1 SCS 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 County 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. Such projects include the creation of the Innovation Centre, the Creative Media Centre, the Sussex Exchange and Lacuna Place in Hastings.

2.3 SCS have recently delivered or in the process of delivering a number of other projects using Growing Places Fund (GPF) monies and funding from previous rounds of Local Growth Fund (LGF) secured by the County Council through SE LEP. Schemes that have been delivered by SCS include the Bexhill Innovation Mall (Glovers House) and North East Bexhill Gateway Road on the southern section of the employment land unlocked by the Bexhill Hastings Link Road and the Sovereign Harbour Innovation Mall (Pacific House) in Eastbourne. Those schemes currently being progressed by SCS include the North Bexhill Access Road, the Queensway Gateway Road and a Strategic Site Infrastructure Package covering three employment sites – Sovereign Harbour, North Bexhill and North Queensway.

2.4 The East Sussex Strategic Growth Package marks the next stage in realising and accelerating the full benefits of previous infrastructure projects highlighted in paragraph 2.3 above that have been delivered by SCS. A grant of £8.2m of LGF monies will fund a programme to enable SCS to develop 34,632sqm of additional B1(a) office and B1(c) light industrial production floorspace creating 3,000 jobs in East Sussex. The programme will see sites phased in across Hastings, Bexhill, Eastbourne and Wealden over five years, up to March 2021, with income generated from the early phases of development being effectively recycled to fund the construction of the further sites being phased in over the lifetime of the programme.

2.5 Initial phases of construction will focus on expansions to the Bexhill Enterprise Park as part of the A21/A259 Growth Corridor with subsequent phases to include expansions to the Sovereign Harbour as well as a site to be identified in the South Wealden area as part of the A22/A27 Growth Corridor. Follow on sites could also include Hastings Priory Quarter Phase 3 as well as within the Newhaven Enterprise Zone.

2.6 Following assessment by the SE LEP's Independent Technical Evaluator (ITE) to ensure the scheme represented good value for money, the business case (appended to this report) for the project was approved by the SELEP's Accountability Board on 20 January 2017. £8.2m of LGF monies will be allocated to the scheme with £6.3m in 2017/18 financial year and £1.9m in 2018/19.

2.7 The terms of the grant agreement with SCS will be in accordance with those between Essex County Council, as SE LEP's Lead Accountable Body (LAB), and the County Council, as the 'local accountable body' for the delivery of the scheme under the terms of the SE LEP Assurance Framework (2014) signed up to and previously agreed by the County Council. The County Council will be using its general power of competence under the Localism Act 2011, and all other enabling powers, to make the grants to SCS.

### **3 Conclusion and Reasons for Recommendations**

3.1 The East Sussex Strategic Growth Package is critical to accelerated economic development in key growth corridors and across the county. The ambition is to provide much needed, high quality commercial and office space that will catalyse additional private investment in the area and support the council's core priority of driving economic growth across the county.

3.2 The Lead Member is therefore recommended to approve the awarding of the grant of £8.2m of Local Growth Fund (LGF) monies to Sea Change Sussex and delegate authority to the Director of Communities, Economy and Transport to agree the terms of the legal agreements between the County Council and Sea Change Sussex, and take all other necessary actions.

RUPERT CLUBB

Director of Communities, Economy and Transport

Contact Officer: Ben Hook

Tel. No. 01273 336408

Email: [ben.hook@eastsussex.gov.uk](mailto:ben.hook@eastsussex.gov.uk)

#### **LOCAL MEMBERS**

Councillors Bennett, Butler, Clark, Earl, Elkin, Ensor, Phillips, S.Shing and D.Shing

BACKGROUND DOCUMENTS

Capital Project Business Case, East Sussex Strategic Growth Project