

Report to: Lead Member for Strategic Management and Economic Development

Date of meeting: 2 October 2020

By: Director of Communities, Economy and Transport

Title: Getting Building Fund – Grant Agreements

Purpose: To approve East Sussex County Council (ESCC) entering into grant agreements to transfer Getting Building Fund (GBF) monies to eight projects in East Sussex, as approved by the South East Local Enterprise Partnership (SELEP)

Recommendations: The Lead Member is recommended to:

- (1) Approve grant funding to the total value of £11,179,793 to the following eight projects, subject to approval of each project’s business case by the SELEP Accountability Board:**
 - (i) grant funding to the value of £89,293 to South Downs National Park to fund the delivery of the ‘Charleston Access Road’ project;**
 - (ii) grant funding to the value of £250,000 to Lewes District Council to fund the delivery of the ‘Creative Hub Lewes’ project;**
 - (iii) grant funding to the value of £3,500,000 to East Sussex Energy Infrastructure & Development Ltd (trading as Sea Change Sussex) to fund the delivery of the ‘Fast Track Business Solutions for the Hastings Manufacturing Sector’ project;**
 - (iv) grant funding to the value of £1,713,000 to White Rock Neighbourhood Ventures Ltd to fund the delivery of the ‘Observer Building Hastings Phase 2’ project;**
 - (v) grant funding to the value of £1,600,000 to Eastbourne Borough Council to fund the delivery of the ‘Restoring the Glory of the Winter Garden’ project;**
 - (vi) grant funding to the value of £2,527,500 to Riding Sunbeams to fund the delivery of the ‘Riding Sunbeams Solar Railways’ project;**
 - (vii) grant funding to the value of £200,000 to University of Sussex to fund the delivery of the ‘Sussex Innovation Falmer Covid-Secure Adaptions’ project;**
 - (viii) grant funding to the value of £1,300,000 to Lewes District Council to fund the delivery of the ‘UTC Maritime and Sustainable Technology Hub’ project.**
 - (2) Delegate authority to the Director of Communities, Economy and Transport (CET), in consultation with the Chief Finance Officer, to agree the terms of the grant agreements and take all other necessary actions as required to implement Recommendation 1 above.**
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1. Background information

1.1. On 10 June 2020 the Ministry of Housing, Communities and Local Government (MHCLG) issued a call for projects through Local Enterprise Partnerships (LEPs) to help aid economic recovery in the wake of the Covid-19 pandemic. LEPs were given just seven days to provide MHCLG with a list of shovel-ready capital projects that could be delivered within 18 months (i.e. by March 2022) to help create jobs and raise overall demand in the economy.

1.2. East Sussex County Council (ESCC) officers, with the help of Borough and District colleagues, project promoters and other key partners, were able to provide the South East Local Enterprise Partnership (SELEP) with a list of 28 East Sussex projects. The final submission from SELEP to MHCLG on 18 June 2020 contained 170 projects across the SELEP geography – East Sussex, Essex, Kent, Medway, Southend and Thurrock – with an overall capital ask of around £573 million.

1.3. MHCLG announced their new £900 million 'Getting Building Fund' (GBF) on 1 July 2020 and confirmed that SELEP would be allocated £85 million. This meant that SELEP would need to prioritise its original submission into a 'package' of projects to that value.

1.4. Correspondence received from Government on 6 July 2020 included a shortlist of their 'favoured and interested' projects from SELEP's submission, plus a wider list of projects RAG-rated as Green or Green/Amber, all according to how far the projects hit the objectives and priority areas of the fund. The list included a good number of East Sussex schemes, which effectively removed the need for any local prioritisation. Instead, projects were banded (favoured, interested, RAG-rated and reserve) and then liaison took place with project promoters to make absolutely certain of the deliverability of the schemes and to gather any extra information that might help validate their cases (e.g. planning permissions, and in some instances revising the capital ask of a project to help meet the criteria and ensure it is truly deliverable within the 18-month timescale to March 2022).

1.5. The SELEP Chair, Deputy Chair, Federated Board Chairs and Government officials from the Cities and Local Growth Unit (CLGU) met on 10 and 14 July 2020 to consider the viability of the SELEP-wide submissions and formulate a draft version of the overall package. The schemes put forward from East Sussex were endorsed by Team East Sussex (TES) on 16 July 2020, and then the final SELEP package of projects was approved by the SELEP Strategic Board, also on 16 July 2020. The final SELEP package contained 34 projects to the value of £85 million, **including 8 East Sussex schemes with a GBF ask of £11,179,793** (see paragraph 2.1). MHCLG approved the SELEP GBF package of projects on 28 July 2020.

1.6. In order for GBF monies to be defrayed to the East Sussex projects, **grant agreements** need to be in place. Essex County Council (ECC), as the lead accountable body for SELEP, issues funds on a project-by-project basis to the relevant upper tier authority through a grant agreement with that authority – in this case ESCC. It is then the responsibility of the upper tier authority to defray funds to the individual projects and monitor progress. ESCC mitigates the repayment risk of grant awards (should projects not proceed to full delivery) through grant agreements with those individual projects.

2. Supporting information

2.1. The 8 East Sussex projects approved for GBF funding are as follows:

- Charleston Access Road (£89,293)
- Creative Hub Lewes (£250,000)
- Fast Track Business Solutions for the Hastings Manufacturing Sector (£3,500,000)
- Observer Building Hastings Phase 2 (£1,713,000)
- Restoring the Glory of the Winter Garden (£1,600,000)
- Riding Sunbeams Solar Railways (£2,527,500)
- Sussex Innovation Falmer Covid-Secure Adaptions (£200,000)
- UTC Maritime and Sustainable Technology Hub (£1,300,000)

2.2. A full description of each project is given in Appendix 1.

2.3. East Sussex will receive £11.18 million of the £85 million awarded to SELEP to support initiatives that will drive economic growth across the region. The funding will support projects to deliver 445 new jobs and safeguard a further 177 across East Sussex, as well as creating an additional 177 jobs during the construction period. More than 8,000 sqm of commercial space will be unlocked and over 400 new learners will be assisted through new skills facilities and programmes. The funding will also help release an additional £9.7 million in public/private sector contributions, meaning a total investment of nearly £21 million into East Sussex.

2.4. We have liaised directly with the project promoters of all 8 schemes to obtain as much information as possible prior to the original submission, including assurances on the *deliverability* of each project within the 18-month timeframe. The list of projects was endorsed by Team East Sussex (TES) and by the ESCC Chief Finance Officer.

2.5. Before any funds are defrayed, each project will undergo SELEP's full project assessment procedure – the 'gate' process as used for all previous Local Growth Fund (LGF) projects. Full business cases are submitted and are given a Gate 1 assessment by Steer, SELEP's Independent Technical Evaluator (ITE). Our Finance department also reviews the business cases and provides feedback. Updated business cases are then submitted for a Gate 2 assessment and our S151 Officer sign-off, before consideration by the SELEP Accountability Board who will make the final decision

on whether to award funding, with the ESCC Leader Councillor Glazier as our voting representative on that board. SELEP Accountability Board meetings will take place on 16 October and 20 November 2020.

2.6. The East Sussex projects being considered at the October Accountability Board meeting are Fast Track Business Solutions for the Hastings Manufacturing Sector, Observer Building Hastings Phase 2 and Restoring the Glory of the Winter Garden. All 3 projects have successfully completed the Gate 2 assessment and have received S151 sign-off. The remaining 5 East Sussex projects will go to the November Accountability Board meeting; they have all successfully completed the Gate 1 assessment and will submit their updated business cases for Gate 2 assessment by 9 October 2020.

2.7. In responding to the Covid-19 crisis the projects also directly respond to the aims and ambitions of the new East Sussex Economy Recovery Plan, launched by TES in mid-September 2020. Furthermore, delivery of these projects contributes to ESCC's core priorities of 'driving sustainable economic growth' and 'making best use of resources by maximising the funding available through external bidding'.

3. Conclusion and reason for recommendations

3.1. The 8 projects highlighted in this report all help to support the objectives and priority areas of the Government's new Getting Building Fund as well as the aims and ambitions of the East Sussex Economy Recovery Plan and the County Council's core priorities. The county will receive more than £11 million of funding, supporting projects to create new jobs, new workspace, assist new learners and unlock additional funding through public/private sector contributions to drive economic growth across the region.

3.2. All required due diligence has been, or will be, completed on each project prior to entering into any funding agreement. Therefore, as a result of SELEP obtaining an award of £85 million through the Getting Building Fund, and subject to the approval of each project's business case by the SELEP Accountability Board, the Lead Member is recommended to approve grant funding to the following 8 East Sussex projects:

- (i) £89,293 to South Downs National Park for 'Charleston Access Road';
- (ii) £250,000 to Lewes District Council for 'Creative Hub Lewes';
- (iii) £3,500,000 to East Sussex Energy Infrastructure & Development Ltd (trading as Sea Change Sussex) for 'Fast Track Business Solutions for the Hastings Manufacturing Sector';
- (iv) £1,713,000 to White Rock Neighbourhood Ventures Ltd for 'Observer Building Hastings Phase 2';
- (v) £1,600,000 to Eastbourne Borough Council for 'Restoring the Glory of the Winter Garden';
- (vi) £2,527,500 to Riding Sunbeams for 'Riding Sunbeams Solar Railways';
- (vii) £200,000 to University of Sussex for 'Sussex Innovation Falmer Covid-Secure Adaptions';
- (viii) £1,300,000 to Lewes District Council for 'UTC Maritime and Sustainable Technology Hub'.

3.3. The Lead Member is further recommended to delegate authority to the Director of Communities, Economy and Transport (CET), in consultation with the Chief Finance Officer, to agree the terms of the grant agreements and to take all other necessary actions as required to implement the above recommendation.

RUPERT CLUBB
Director of Communities, Economy and Transport

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LOCAL MEMBERS

Councillor Nick Bennett
Councillor Godfrey Daniel
Councillor Philip Daniel
Councillor Darren Grover
Councillor Ruth O'Keeffe
Councillor Sarah Osborne
Councillor Peter Pragnell
Councillor Barry Taylor

Background Documents

None