

Report to: Lead Member for Strategic Management and Economic Development
Date of meeting: 15 December 2020
By: Director of Communities, Economy and Transport
Title: Local Growth Fund, Growing Places Fund and Getting Building Fund Financial Statement - Confirmed Spend for 2019/20 and Forecast for 2020/21
Purpose: To present the Local Growth Fund, Growing Places Fund and Getting Building Fund spends received from the South East Local Enterprise Partnership for 2019/20 and the forecast for 2020/21

RECOMMENDATIONS: The Lead Cabinet Member is recommended to:

- (1) Note the final 2019/20 spend for the Local Growth Fund programme and the amount of funds re-profiled into the East Sussex County Council Capital Programme;
 - (2) Note the final 2019/20 spend for the Growing Places Fund programme and the amount of funds re-profiled into the East Sussex County Council Capital Programme;
 - (3) Agree the confirmed scheme spend profiles for the Local Growth Fund programme for the 2020/21 financial year;
 - (4) Agree the confirmed scheme spend profiles for the Growing Places Fund programme for the 2020/21 financial year; and
 - (5) Agree the confirmed scheme spend profiles for the Getting Building Fund programme for the 2020/21 financial year.
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1. Background Information

Local Growth Fund – East Sussex allocations

1.1 In March 2014, the South East Local Enterprise Partnerships (SELEP), 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 7 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 Since July 2014, over £90m of Local Growth Fund (LGF) monies has been secured towards economic growth and infrastructure projects in East Sussex. On 9 May 2019 the Lead Member for Strategic Management and Economic Development (LM SMED) approved the allocation of £16.41m LGF for the 2019/20 financial year profiled across nine projects.

LGF Spending Conditions

1.3 The management of the LGF is managed through a Service Level Agreement (SLA) with SELEP. The SELEP LGF SLA was updated and approved by the LM SMED in July 2020. The conditions of the SLA between SELEP Ltd, the Accountable Body (Essex County Council) and the local partner authority in our case East Sussex County Council, means that all LGF monies must be spent in the financial year in which they were drawn down. The LGF grant is drawn down quarterly in advance rather than the entire year's expected budget being transferred at the beginning of the year.

1.4 The SELEP Local Accountability and Assurance Framework provides a range of mitigation options to address potential slippage in local programmes. The five options are:

- 1) Bring forward LGF spend on schemes already in this year's programme;
- 2) Bringing forward future year's schemes to spend in the current financial year;
- 3) Transfer LGF spend on schemes between partner authorities;
- 4) Re-profile spend between LGF projects and own Council Capital Programme Projects;
- 5) Unclaimed funds retained by SELEP for use in later years.

Growing Places Fund – East Sussex allocations

1.5 The Growing Places Fund (GPF) was originally launched in 2011 by the Department for Communities and Local Government (DCLG) and Department for Transport (DfT) as a 'recyclable loan scheme'. SELEP was initially allocated around £50m to fund projects commensurate with the GPF criteria. Essex County Council (ECC), act as the lead accountable body, issuing funds on a project by

project basis to the relevant local partner (upper tier authority) through loan agreements. It is then the responsibility of the upper tier authorities to enter into legal agreements to defray funds to the project promoter, monitor progress, and secure repayment.

1.6 Over the first two funding rounds, East Sussex benefitted from over £20m of GPF investment. This was invested in six projects, all of which have either commenced delivery or have been completed and either have or are now making repayments back to SELEP. Due to early repayments, including two full early repayments from East Sussex GPF schemes in 2018/19 and 2019/20, the SELEP agreed to prioritise the re-investment of £12m on a third round of GPF projects.

1.7 At the SELEP's Strategic Board meeting on 12 June 2020, East Sussex successfully secured a further investment of £3.5m for two projects in East Sussex - The Observer Building Hastings, Phase 1 (£1.75m) and; Barnhorn Green Commercial and Healthcare Development project, Phase 1 (£1.75m). The second phase of each project remain on the SELEP GPF pipeline for funding once further funds are made available.

GPF Spending Conditions

1.8 Loans will mainly be between £0.25m and £3.5m, capital only, repayable by March 2026 (with penalties for late repayment) and with an interest rate 2% below the Public Works Loan Board (PWLB) or 0% whichever is higher from the point of the contract being signed. The loan repayment schedule for each GPF project is agreed within the credit agreement in place between Essex County Council, as Lead Accountable Body, and the local partner (upper tier authority) for each project.

1.9 The allocation of GPF to Round 3 projects is on the condition that funding will only be awarded by the SELEP Accountability Board or transferred to the lead authority if sufficient GPF is available through the repayments of GPF loans from Round 1 and 2 projects. Following repayments from the initial GPF investments, SELEP held £22m of GPF funding at the end of 2019/20 which was available for reinvestment during 2020/21. Following decisions at the SELEP's Strategic Board on 17 April and 12 June 2020, it was resolved that £12m of the £22m would be allocated as GPF loan funding, with the remaining £10m to be re-purposed to capital grants and loans to address the impacts of the COVID-19 lockdown.

1.10 All risk on the GPF investments is held by the fund itself (managed by Essex County Council as the Lead Accountable Body) and the granting of loans exposes the local partner (upper tier authorities) to no financial risk or obligation to underwrite should the borrowers default on repayments. However, it is clearly important to ensure that the GPF monies are repaid into the overall pot to enable the fund to continue to be recycled onto other schemes and because this is public money.

1.11 Where a project is unable to spend the full amount of GPF which has been allocated and transferred to the partner authority within a financial year, the partner authority may carry forward the GPF within Partner accounts, subject to approval by the SELEP's Accountability Board.

Getting Building Fund – East Sussex allocations

1.12 In 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, to be funded through its new £900m Getting Building Fund (GBF) programme.

1.13 In July 2020 MHCLG approved a final SELEP package of 34 GBF projects to the value of £85 million. This included eight East Sussex schemes with a GBF ask of £11,179,793:

- 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)

1.14 At the LM SMED meeting on 2 October 2020 it was resolved that the eight projects receive GBF funding, and that the County Council enters into grant agreements with the respective project promoters. The business cases for projects were approved at the SELEP's Accountability Board meetings on 18 September and 20 November 2020. In East Sussex, the above projects collectively seek to create over 400 jobs and deliver spend by March 2022.

GBF Spending Conditions

1.15 Essex County Council (ECC), as the lead accountable body for SELEP, issues GBF funds on a project-by-project basis to the relevant local upper tier (county/unitary) authority. That upper tier authority then acts as local accountable body, responsible for defraying the funds to the individual projects and monitoring progress.

1.16 The terms of this arrangement are set out in a Service Level Agreement (SLA) between SELEP Ltd, Essex County Council, and the relevant upper tier authority, which allows project funding and accountability to be devolved. The SLA for management of the GBF follows the same structure as the LGF SLA, which was approved by the LM SMED at his decision making meeting on 28 July 2020. The LM SMED resolved at his meeting on 24 November 2020 to delegate authority to the Director of Communities, Economy and Transport and the Chief Finance Officer to agree the terms of and enter into the GBF SLA.

2. Supporting Information

Local Growth Fund: 2019/20 Programme

2.1 Appendix 1 sets out the final spend and mitigation for the 2019/20 programme. £5.56m was spent across nine projects in 2019/20 against a baseline budget, as referred to in section 1.2, of £16.41m. £1.42m was carried forward from 2018/19 and the County Council drew down £4.99m from the LEP in 2019/20. Churchfields Business Centre (formerly known as Sidney Little Road Business Incubator Hub), Bexhill Enterprise Park North and Skills for Rural Business Post-Brexit received SELEP Accountability Board funding approval on 7 June 2019 to commence spend and delivery. Further details on each of these projects and the current status of the projects in the LGF programme is outlined in Appendix 2.

2.2 Overall schemes continued to progress during 2019/20. The Eastbourne Town Centre improvement scheme which focussed on pedestrian and public realm improvements in the section of Terminus Road between Station roundabout and Bankers Corner, Cornfield Road and Gildredge Road was completed in January 2020. However, due to delays in the delivery of eight of the projects £1.73m of LGF funds that were drawn down in 2019/20 across these projects needed to apply the mitigation Option 4 available under the SELEP Accountability and Assurance Framework (see paragraph 1.4 above).

2.3 The remaining £11.42m was not drawn down from the LEP and has therefore been re-profiled into the 20/21, 21/22 and 22/23 financial years without the need for any of the above mitigation options needing to be addressed again in this financial year.

Local Growth Fund: 2020/21 Programme

2.4 Appendix 3 shows the proposed spend profile for the 2020/21 financial year across nine schemes taking account of the mitigation options outlined in paragraph 1.4 above.

2.5 The Covid-19 pandemic has had a major impact on the delivery of LGF schemes over the last eight months, resulting in programme slippage across the board on many of the schemes. SELEP recognised the impact that Covid-19 was having on the overall LGF programme and extended the Growth Deal period for a six-month period from 31 March 2021 to 30 September 2021 to compensate for any impacts that had arisen. However, SELEP also recognised that some schemes may spend LGF monies beyond the extended Growth Deal period and set five conditions which projects needed to meet for this to occur and seek approval.

Spend beyond September 2021

2.6 At the SELEP Strategic Board meeting on 2 October 2020, three East Sussex LGF projects – (i) Eastbourne Town Centre Movement and Access Package Phase 2; (ii) Eastbourne and South Wealden Walking and Cycling Package and the (iii) Hastings/Bexhill Movement and Access Package – were given approval to spend beyond 30 September 2021 ensuring their completion and delivery of outputs and outcomes. Approval is also being sought at the 11 December 2020 meeting of the SELEP's Strategic Board for the Hailsham – Polegate – Eastbourne Movement and Access Corridor to spend beyond 31 September 2021. Whilst some construction has taken place this financial year, most of the construction of the LGF transport schemes is now programmed for 2021/22 and 2022/23. In addition, Plumpton College Rural Skills for Business Post Brexit has also submitted a revised spend programme which was recommended for approval at the SELEP's Strategic Board meeting on 11 December 2020.

LGF Covid Response Fund

2.7 Several existing LGF projects across the whole of the SELEP area have recently identified 'funding gaps' which potentially impact on their deliverability. SELEP is indicating that at present there is between £6m and £10m of unallocated LGF monies available as a result of monies being returned from other LGF projects across the SELEP programme. At its Strategic Board meeting on 2 October 2020, SELEP agreed for existing LGF projects with a genuine need and justification of a funding gap should make a case to their LGF Covid Response Fund for additional monies.

2.8 Two East Sussex existing LGF projects with an identified funding gap and which meet the SELEP's Covid Response Fund criteria are (i) the Eastbourne Fisherman's Quayside and Infrastructure Development (£0.36m) and (ii) Plumpton College Rural Skills for Business Post Brexit (£1.4m) and have submitted applications for additional monies through the LGF Covid Response Fund. The additional project asks have been assessed and Team East Sussex, the local federated area's growth board to the SELEP, have put forward both projects as high priorities for funding. The prioritisation of the pipeline of LGF Covid Response Fund schemes will be considered by the SELEP Strategic Board on 11 December 2020.

Schemes removed from the LGF programme

2.9 On 28 June 2019, the Exceat Bridge project was allocated £2.1m LGF on top of the £2.6m existing funding allocated in the County Council's capital programme. However, the subsequent detailed project costs have identified the scheme circa £8m, which has identified a further funding gap of over £3m. As part of the allocation of the LGF monies, SELEP sought assurances about additional monies being secured to plug this funding gap. Unfortunately, the project was unable to give these assurances and therefore did not fully meet the five funding conditions for the time-limited LGF spend beyond the end of the Growth Deal period. Consequently, following the SELEP Accountability Board's decision on 18 September 2020, the £2.1m LGF monies have been returned.

Use of Mitigation Option 4

2.10 Whilst MHCLG has made clear its expectation that LGF is spent in full in 2020/21, there are no conditions within the 20/21 Grant Determination Letter from Government to SELEP which prohibit the spend of LGF beyond 31 March 2021. As such, SELEP intends to use mitigation Option 4 capital swaps to demonstrate LGF spend in full by the end of the Growth Deal period where there are no substantial (Red) rated risks identified for the future delivery of the projects. The SELEP's Accountability Board will be asked to agree the expected value of the Option 4 swaps (+/-any minor slippages) at its final meetings on either the 12 February and/or the 12 March 2021.

Growing Places Fund Update

2.11 The end year balances for 2019/20 is at Appendix 4 and the revised planned Growing Places Fund (GPF) drawdown and repayment schedule for 2020/21 is Appendix 5.

2.12 On 17 April 2020 the SELEP Strategic Board agreed to recommend to the Accountability Board that flexibility should be granted to delay GPF repayments for existing projects where justification is provided of the impact of Covid-19. The Board also agreed a 12-month grace period, starting from 1st April 2020, in relation to the charging of interest on GPF loans where repayments are not able to be made in line with agreed repayment schedules due to the impact of the COVID-19 virus. As a consequence, a number of the existing GPF projects are seeking changes to the repayment schedules most notably North Queensway and Sovereign Harbour Innovation centre aiming to reprofile repayments into future years. The decision on these re-profiles was confirmed at the SELEP Accountability Board meeting on the 20 November 2020.

2.13 In relation to new GPF projects, the Business Case for Phase 1a of the Observer Building project (£1.75m) was approved by the SELEP's Accountability Board on 18 September 2020. The business case for a £1.75m GPF loan for the Barnhorn Green project will be submitted to the SELEP's Independent Technical Evaluator in November 2020 for assessment and will be considered by the SELEP's Accountability Board on 12 February 2021. Further details on each of the existing and new GPF projects is set out in Appendix 6.

2020/21 GBF Programme

2.14 As highlighted in sections 1.12 – 1.16 of the report, eight East Sussex projects have received Getting Building Fund monies to a value of over £11m. The funding approval for these projects has been considered at either the September or November 2020 meetings of the SELEP's Accountability Board.

2.15 All of these schemes are planned to commence spend by Q4 2020/21 and will need to spend the GBF monies by March 2022. The proposed spend profiles for all eight projects are set out in Appendix 7.

3 Conclusion and Reasons for Recommendations

3.1 East Sussex have been successfully delivering across both the Local Growth Fund and Growing Places Fund projects, with some slippage in spend in 2019/20 as covered in the report.

3.2 In most cases this slippage was anticipated to be of a short-term nature with spend occurring in the early quarters of the 2020/21 financial year. However, since, the outbreak of the COVID-19 pandemic and the ensuing restrictions put in place in March 2020, this has had a major impact on the delivery of LGF schemes across the SELEP area, resulting in further slippage across the board on many of the schemes.

3.3 Mitigation has been put in place including utilising the SELEP Assurance Framework 'Option 4' provision to swap out Local Growth Fund monies for local authority capital programmes; seeking approval to extend spend and delivery beyond the original Growth Deal deadline of March 2021 and; providing interest free flexibility on the repayments of the Growing Places Fund loans.

3.4 Through the Getting Building Fund programme, East Sussex has also been successful in securing much needed investment to the area across eight new projects delivering a diverse array of outputs supporting a much needed boost to the local economic recovery over the next 18 months in particular the creation of over 400 jobs.

3.5 It is recommended that the Lead Cabinet Member notes the final outturn spend in 2019/20 and approves the allocated budgets for the individual projects in the 2020/21 Local Growth Fund programme, including the use of the funds that were offset against the East Sussex County Council capital programme under mitigation Option 4.

3.6 It is recommended that the Lead Cabinet Member notes the final outturn in 2019/20 for Growing Places Fund and approves the allocated budgets for the individual projects in the 2020/21 Growing Places fund programme.

3.7 It is also recommended that the Lead Cabinet Member approves the allocated budgets for the individual projects in the 2020/21 Getting Building Fund programme.

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Local Members

All

BACKGROUND DOCUMENTS

None

Appendix 1: 2019/20 Local Growth Fund 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	19/20 Final spend	LGF Carried forward from 18/19	Grant Drawn Down in 19/20	Transfer to ESCC Capital Programme (mitigation option 4)	Unused funds slipped without mitigation (as mitigated in previous financial years)
North Bexhill Access Road	£18,600,000	£0	£0	£0	£0	£0
Queensway Gateway Road	£10,000,000	£1,066,000	£1,066,000	£0	£0	£0
East Sussex Strategic Growth Package	£8,200,000	£350,000	£350,000	£0	£0	£0
Hastings Bexhill Movement & Access Package	12,000,000	£1,316,000	£0	£1,345,000	£67,651	£0
Eastbourne/South Wealden Walking and Cycling Package	£6,600,000	£451,000	£0	£577,000	£275,273	£0
Hailsham/Polegate/Eastbourne Movement and Access Corridor	£2,100,000	£473,000	£0	£601,000	£128,013	£0
Eastbourne Town Centre Movement and Access Package	£8,000,000	£749,000	£0	£749,000	£0	£0
Plumpton College – Rural Skills for Business Post Brexit	£2,918,000	£229,000	£0	£384,000	£155,094	£0
Sidney Little Road Business Incubator Hub, Hastings	£500,000	£65,000	£0	£192,000	£126,685	£0
Bexhill Creative Workspace	£960,000	£14,000	£0	£700,000	£686,051	£0
Bexhill Enterprise Park North	£1,940,000	£0	£0	£440,000	£290,885	£0
TOTALS	£65,500,000	£4,835,000	£1,416,000	£4,988,000	£1,729,655	£0

Appendix 2 – Local Growth Fund project update

- ***Bexhill and Hastings Movement and Access Package*** - This scheme was approved for £9m spend by the SELEP Accountability Board in February 2018. We have been progressing a number of scheme designs for cycle routes in Hastings and Bexhill, including the western cycle route from the Combe Valley Way greenway, through the western section of Hastings providing access to existing schools, housing, and business developments, to central Silverhill area as well as the Alexandra Park cycle route. In addition, through the package we have developed proposals for Bexhill town centre focussed on London Road and Hastings town centre relating to improving connectivity between the rail station, town centre and seafront. Funded by LGF monies, these schemes are continuing through the design and consultation processes during 2020/21 with delivery programmed this financial year, 2021/22 and 2022/23.
- ***Newhaven Port Access Road*** - Following completion of the detailed engineering design, the scheme went to tender at the end of 2017. A preferred contractor (BAM Nuttall) was identified in January 2018. Following submission of the full business case to DfT in July 2018, funding approval was given by Government on 20 August 2018. Construction started in early 2019 and the scheme was completed in October 2020.
- ***East Sussex Strategic Growth Package (ESSGP)*** - 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 at the Bexhill Enterprise Park (South) is now complete and is ready for tenants to let. Later stages of the ESSGP will include further developments at Sovereign Harbour, Bexhill, and Hastings Priory Quarter with additional development in South Wealden dependent on the need identified through the local plan process.
- ***North Bexhill Access Road*** – the £18.6m North Bexhill Access Road, which runs between Combe Valley Way and the A269 north of Sidley, was completed and opened to traffic in Mar 2019. However, the road has still not been adopted by the County Council as a number of post construction road safety related issues still need to be resolved before we take on the maintenance liability. The road will unlock around 28,000sqm of employment space at the Bexhill Enterprise Park North site and residential development of approx. 500 dwellings.
- ***Queensway Gateway Road (QGR)*** - The total budget for the scheme is £12m – the initial budget of £6m was increased using £4m LGF reallocated from underspends elsewhere in the programme, which was complemented with a £2m commitment from Seachange Sussex (SCS).

At present, the road has been completed from Queensway through to the access into Ramblers Coaches. However, ongoing land issues have stalled the completion of the road through to the A21. SCS have put forward a temporary traffic solution to complete the road to the A21 whilst the land issues to enable the construction of the permanent solution are resolved.

Work to complete access to the last of the businesses with a frontage to the QGR started on 28 Sept 20 and this will then enable the temporary traffic solution to be delivered by the end of 2020. In parallel, we are working with SCS on resolving the land issues to enable the permanent scheme to be delivered and have agreed, in principle, to advertise a compulsory purchase order to secure the necessary land. Subject to resolving these land issues, construction on the permanent scheme is scheduled to commence in summer 2021.

Eastbourne Town Centre – Mildren Construction were awarded the contract in Feb 2018 for Phase 1 which focusses on the section of Terminus Road between Station roundabout and Bankers Corner, Cornfield Road and Gildredge Road. On top of the initial £3m allocation, an additional £2m of LGF was reallocated by the SELEP Accountability Board in February 2018 towards this scheme.

The scheme was substantially completed in Jan 2020 and has significantly improved the pedestrian environment in this section of Eastbourne Town Centre as well as supported the wider investment in the extension to The Beacon shopping centre. Some post construction works are still required following the Stage 3 Road Safety Audit and outcomes of the post construction Access Audit.

A business case for a further £3m investment in Phase 2 of movement and access in Eastbourne town centre was approved by the SELEP's Accountability Board in Feb 2019. Designs have been progressed for the Phase 2 works focussed on the section of Terminus Road between Bankers Corner and Langney Road. Consultation on these proposals was undertaken during Nov/Dec 2019. The consultation outcomes were reported and approval to progress to detailed design and construction was given by Lead Member for Transport and Environment in April 2020. Detailed design has commenced and construction is currently programmed for mid-2021.

- ***Eastbourne & South Wealden Walking and Cycling Package*** – The phase 1 works were completed in 2018/19 and centred on the delivery of the Horsey Way cycle path extension. The Phase 2 business case for a further £4m towards the package was approved by the SELEP's Accountability Board in

Feb 2019. The designs for the schemes within this package continue to be progressed for delivery this financial year, 2021/22 and 2022/23.

- **Devonshire Park Quarter Redevelopment** – Part of a wider £50m+ investment the £16m welcome centre opened in June 2019. The £5m LGF investment was fully spent in 2017/18.
- **Newhaven Eastside South Business Park** – completed Phase 1 of construction and site has been fully let upon opening for 2,360m². Phase 2 construction commenced in April 2018.
- **Newhaven Flood Alleviation Scheme** – 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. £10m from EA and £1.5m from Coast 2 Capital LEP, as well as SELEP funding of £1.5m; The EA appointed a main contractor (Jackson Hyder) to produce detailed designs and construct the flood defences with construction having started in Nov 2016. Area 1 embankments & tie-ins and areas 2, 3, 4 & 5 are completed. The only substantive work remaining is completion of rail flood barrier infrastructure in Area 1 - whilst the appropriate outline design approvals have not been received from Network Rail, verbal confirmation that they have been agreed in principal has been provided, so this currently remains on track for construction start in September 2020.
- **Coastal Communities Housing Project Hastings** – Using £0.67m of LGF investment, Hastings Borough Council and Optivo have invested over £2m in the purchase and refurbishment of a former care home in St Leonards for the creation of 16 social rent units.
- **Bexhill Enterprise Park North** - The LGF funding will be 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 will directly enable development of the business park and will 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. The planning application for the project was refused by Rother District Council and SCS, the scheme promoter, has appealed the decision. The appeal will be heard in Jan 2021.
- **Skills for Rural Businesses, Plumpton College** – The LGF funding will be 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)** – This project will deliver 28 new incubator units on a currently redundant site in the Churchfields Industrial Estate in Hastings. The 28 new incubator units will range from 322 sqft to 344 sqft in size, with a total area of 9,558 sqft. The scheme is currently through its tendering stage with construction expected to be completed next year.
- **Bexhill Creative Workspace** – This project will create 1,599sqm of B1 light industrial space across six units for the specific use of creative industry businesses. Creating entry level and starter jobs for young creatives in the area and supporting 36 net additional jobs. The project is also located within one of the East Sussex strategic priority Growth Corridors, the A259/A21. The total scheme costs £1.76m with Rother District Council (RDC) match funding £0.8m for the purchase of the building. The scheme is currently through its tendering stage with construction expected to be completed next year.
- **Exceat Bridge** - This project would address a long standing and well-known bottleneck within the East Sussex road network and will contribute towards economic growth within the area. The project would replace the deteriorating Exceat Road Bridge over the Cuckmere river and will unlock the full capacity of the network to support employment and housing growth. The project was allocated £2.1m LGF on top of the £2.6m in the County Council's capital programme. However, the overall project cost was approximately £8m meaning there was a further funding gap of over £3m. As part of the allocation of the LGF monies, SELEP sought assurances about additional monies being secured to plug this funding gap, but unfortunately the project was unable to give these assurances and therefore did not fully meet the five funding conditions for LGF spend beyond the end of the Growth Deal period. Consequently, following the SELEP Accountability Board's decision on 18 Sep 2020, the £2.1m LGF monies has been returned.

Appendix 3: 2020/21 Local Growth Fund Programme: Proposed Spend Profile

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

Scheme	Total LGF Allocation (at 31/03/2020)	LGF Spend to date	2020/21 LGF Profile (including 2019/20 slippage)	Future Years Spend (21/22 & 22/23)
North Bexhill Access Road	£18,600,000	£18,600,000	£0	£0
Queensway Gateway Road	£10,000,000	£10,000,000	£0	£0
East Sussex Strategic Growth Package	£8,200,000	£8,200,000	£0	£0
Hastings Bexhill Movement & Access Package	12,000,000	£2,617,000	£1,602,000	£4,781,000
Eastbourne/South Wealden Walking and Cycling Package	£6,600,000	£3,898,000	£692,000	£2,010,000
Hailsham/Polegate/Eastbourne Movement and Access Corridor	£2,100,000	£1,391,000	£212,000	£497,000
Eastbourne Town Centre Movement and Access Package	£8,000,000	£5,244,000	£390,000	£2,366,000
Plumpton College – Rural Skills for Business Post Brexit	£2,918,000	£384,000	£907,000	£1,627,000
Sidney Little Road Business Incubator Hub, Hastings	£500,000	£192,000	£119,000	£189,000
Bexhill Creative Workspace	£960,000	£700,000	£260,000	£0
Bexhill Enterprise Park North	£1,940,000	£440,000	£1,100,000	£400,000
Eastbourne Fishermen	£1,080,000	£0	£720,000	£360,000
TOTALS	£72,898,000	£51,666,000	£6,002,000	£12,230,000

Appendix 4: 2019/20 Growing Places Fund Programme: Drawdown and Repayment Schedule

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

	Funds Advanced			Repayments			Balances at end of Year	
	prior years	2019/20	total	prior years	2019/20	total	prior years	2019/20
	£m	£m	£m	£m	£m	£m	£m	£m
Priory Quarter Phase 3	7.000		7.000	7.000		7.000	0.000	0.000
North Queensway	1.500		1.500	0.500	0.500	1.000	1.000	0.500
Bexhill Business Mall	6.000		6.000	1.025	4.975	6.000	4.975	0.000
Sovereign Harbour	4.600		4.600	0.525	0.300	0.825	4.075	3.775
Charleston Centenary	0.120		0.120	0.000	0.000	0.000	0.120	0.120
Eastbourne Fishermans U10 CIC		0.575	0.575	0.000	0.000	0.000	0.000	0.575
WRNV Ltd - Observer Building			0.000			0.000	0.000	0.000
	19.220	0.575	19.795	9.050	5.775	14.825	10.170	4.970

Appendix 5: 2020/21 Growing Places Fund Programme: Proposed Drawdown and Repayment Schedule

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

	Funds Advanced			Repayments			Balances at end of Year	
	prior years	2020/21	total	prior years	2020/21	total	prior years	2020/21
	£m	£m	£m	£m	£m	£m	£m	£m
Priory Quarter Phase 3	7.000		7.000	7.000		7.000	0.000	0.000
North Queensway	1.500		1.500	1.000	0.000	1.000	0.500	0.500
Bexhill Business Mall	6.000		6.000	6.000	0.000	6.000	0.000	0.000
Sovereign Harbour	4.600		4.600	0.825	0.000	0.825	3.775	3.775
Charleston Centenary	0.120		0.120	0.000	0.000	0.000	0.120	0.120
Eastbourne Fishermans U10 CIC	0.575	0.575	1.150	0.000	0.225	0.225	0.575	0.925
WRNV Ltd - Observer Building		1.750	1.750	0.000	0.000	0.000	0.000	1.750
Barnhorn Green CHD		0.000	0.000	0.000	0.000	0.000	0.000	0.000
	19.795	2.325	22.120	14.825	0.225	15.050	4.970	7.070

Appendix 6 - Growing Places Fund Project Update

Round 1 and 2 GPF Projects

- **Glovers House, Bexhill** - Following the sale of Glovers House in late 2018/19, the full repayment of the outstanding GPF loan of £4.975m was made in Q1 of 2019/20, approximately one year ahead of schedule and this has now been removed from the GPF programme.
- **North Queensway, Hastings** - In relation to the North Queensway project, the £1.5m GPF has been invested in the construction of a new junction and preliminary site infrastructure works and to date £1m has been repaid to the SELEP with the remaining £0.5m outstanding. Due to the COVID-19 pandemic, the delivery of the further site enabling works at North Queensway has been delayed and as a result, it is expected this will impact the delivery of the commercial space on the site. The intention is to repay the remaining GPF loan monies through income generated by the sale of development plots. Therefore, a revised repayment schedule was approved by the SELEP's Accountability Board on 20 November 2020 with the outstanding £0.5m proposed to be repaid in Q4 21/22 rather than Q4 20/21 as previously agreed in February 2020.
- **Pacific House, Sovereign Harbour, Eastbourne** - The Sovereign Harbour Innovation Mall known as Pacific House, is now complete and has delivered 2,345m² of high-quality office space. This is currently 88% let and has delivered 220 jobs. Prior to the Covid-19 pandemic, and due to high uptake, on time loan repayments were expected to be made as scheduled. Repayments totalling £825,000 have been made against the Project, leaving an outstanding balance of £3.775m which is still to be repaid. Likewise, a revised repayment schedule for the outstanding balance was approved at the SELEP's November Accountability Board meeting.

In April 2020, as a direct result of the COVID-19 pandemic, Sea Change Sussex (SCS), as delivery partner, offered all tenants at Pacific House a three month rent-free period. This measure was offered to try and protect the tenants long term survival and their ability to meet their rental payments following the COVID-19 pandemic. Despite this measure, as the COVID-19 crisis continues to have an effect on the UK property market and with the likelihood of a second wave lasting until July 2021, there is a high risk of tenants serving notice and/or business failures resulting in empty workspace within Pacific House.

- **Charleston** - The Charleston Trust received a GPF loan of £0.12m from SELEP for Phase 2 of the Centenary Project – this element of the scheme has now been delivered. The combined impact of closing the site due to Covid lockdown measures, particularly during the approach to peak season, and the cancellation of the Charleston Festival has resulted in the loss of a large proportion of the Charleston Trust's annual income. On 3 July 2020, the SELEP Accountability Board approved the revised repayment schedule for Charleston Centenary project and agreed that despite repayments not being made in line with the original repayment schedule, no interest will be charged on the loans. The revised repayment schedule proposes resumed repayments from 2021/22 to 2024/25 financial years on the basis that the Charleston Museum and the wider site are able to fully resume trading in 2021.
- **Eastbourne Fisherman, Sovereign Harbour** - Work was due to commence onsite for the Eastbourne Fisherman's Quayside and Infrastructure Development project in 2019/20. The project has encountered several issues which have significantly delayed progress. As a result, the scheme did not commence delivery until July 2020 and it is expected to be completed by the end of April 2021. The entire £1.15m GPF funds will be spent in 2020/21 with repayment rescheduled over 2020/21 to 2022/23. The 18 Sept 2020 SELEP Accountability Board meeting approved the revised repayment schedule for the project agreeing that despite repayments not being made in line with the original repayment schedule, no interest will be charged on the loan.

Round 3 GPF projects

- **Observer Building, Hastings** - The Business Case for Phase 1a of the Observer Building project (£1.75m) was approved by the SELEP's Accountability Board in Sept 2020. Phase 1a will support the renovation of a total of 1,174 sqm of the building whilst preparing the building for Phase 2 which will deliver a further 1,039 sqm of commercial space as well as preparing the residential shell on the 2nd and 3rd floors. GPF spend is anticipated in Q3 of 20/21 with full drawdown of the GPF loan. The full £1.75m GPF loan will be repaid in 2025/26.
- **Barnhorn Green, Bexhill** - The business case for a £1.75m GPF loan for the Barnhorn Green project will be submitted to the SELEP's Independent Technical Evaluator in Nov 2020 for assessment and will be considered by the SELEP's Accountability Board in Feb 2021. The project will deliver Phase 1 which comprises the Medical Centre GP Surgery for 10 x FTE GPs and 2,750sqm B1 (c) light industrial floor space delivering 90 net additional jobs by December 2022. Full repayment of the loan is currently proposed by the end of 2025/26 financial year.

Appendix 7: 2020/21 Getting Building Fund Programme: Proposed Spend Profile

*figures provided below relate only to GBF investment and do not include other scheme contributions

Scheme	Total GBF Allocation All Years	2020/21 forecast spend	2021/22 forecast spend
Fast Track Business Solutions - for the Hastings Manufacturing Sector	£3,500,000	£250,000	£3,250,000
Restoring the Glory of the - Winter Garden	£1,600,000	£600,000	£1,000,000
The Observer Building, Hastings (Phase 1b)	£1,713,000	£914,000	£799,000
Charleston Access Road	£89,293	£89,293	£0
Creative Hub, 4 Fisher Street, Lewes	£250,000	£250,000	£0
Riding Sunbeams – Solar Railways	£2,527,500	£2,342,372	£185,128
Sussex Innovation – Covid secure adaptations, Falmer	£200,000	£200,000	£0
UTC Maritime and Sustainable Technology Hub	£1,300,000	£300,000	£1,000,000
TOTAL	£11,179,793	£4,945,665	£6,234,128