

Report to: Lead Member for Strategic Management and Economic Development
Date of meeting: 13 July 2021
By: Director of Communities, Economy and Transport
Title: SELEP Funded Capital Programme Financial Statement - Confirmed Spend for 2020/21 and Forecast for 2021/22
Purpose: To present the Local Growth Fund, Growing Places fund and Getting Building Fund spend for 2020/21 and the forecast for 2021/22

RECOMMENDATIONS: The Lead Cabinet Member is recommended to:

- (1) Note the final 2020/21 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 2020/21 spend for the Getting Building Fund programme and the amount of funds re-profiled into the East Sussex County Council Capital Programme;**
 - (3) Note the final 2020/21 spend for the Growing Places Fund programme and the amount of funds re-profiled into the East Sussex County Council Capital Programme;**
 - (4) Agree the confirmed scheme spend profiles for the Local Growth Fund programme for the 2021/22 financial year;**
 - (5) Agree the confirmed scheme spend profiles for the Getting Building Fund programme for the 2021/22 financial year; and**
 - (6) Agree the confirmed scheme spend profiles for the Growing Places Fund programme for the 2021/22 financial year.**
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1. Background Information

Local Growth Fund (LGF)

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 6 years up to 2021. Within this was a specific growth plan for East Sussex focussed around its three growth corridors – Newhaven, A22/A27 Eastbourne/South Wealden and the A21/A259 Bexhill/Hastings Growth Corridor.

1.2 Since July 2014, over £90m of Local Growth Fund (LGF) monies has been secured towards economic growth and infrastructure projects in East Sussex. On 15 December 2020 the Lead Member for Strategic Management and Economic Development approved the allocation of £6m LGF for the 2020/21 financial year profiled across nine projects.

2020 LGF Covid Response Fund

1.3 At its Strategic Board meeting on 2 October 2020, SELEP agreed to utilise the unallocated LGF monies to create a LGF Covid Response Fund and that existing LGF projects, with a genuine need and justification of a funding gap, should submit a case for securing additional monies.

1.4 Two East Sussex existing LGF projects with an identified funding gap and which met the SELEP's Covid Response Fund criteria submitted applications for additional monies through the LGF Covid Response Fund: the Eastbourne Fisherman's Quayside and Infrastructure Development (£0.36m) and the Plumpton College Rural Skills for Business Post Brexit (£1.49m). The SELEP approved the allocation of these monies at its Accountability Board on 12 February 2021 and the Lead Member resolved to enter into the respective legal agreements at his decision making meeting on 4 March 2021.

Spending Conditions

1.5 The management of the LGF is undertaken through a Service Level Agreement (SLA) with SELEP, which was updated and approved by the Lead Member for Strategic Management and Economic Development in July 2020. The conditions of the SLA between SELEP Ltd, Essex County Council (as the accountable body) and the local partner (the 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.

1.6 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

1.7 The 31 March 2021 marked the end of the official Government-SELEP Growth Deal period. In advance, the SELEP Strategic Board had previously agreed that where a project is reporting LGF spend beyond 31 March 2021, the monies would be transferred to the respective local authority for spend across their wider capital programme. During the subsequent financial years, local authorities will use their own capital programme to fund spend on the LGF project. SELEP also provided the option for local authorities to ring-fence grant funding allocated to projects that had been deemed a high risk for delivery as set out in section 2.3 below.

Growing Places Fund (GPF)

East Sussex allocations

1.8 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 approximately £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.

1.9 Over the first two funding rounds, East Sussex benefitted from over £20m of GPF which has been invested in six projects in the county. 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 into a third round of GPF projects.

1.10 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 the Barnhorn Green Commercial and Healthcare Development project, Phase 1 (£1.75m) in Bexhill.

GPF Spending Conditions

1.11 Capital loans will mainly be between £0.25m and £3.5m, 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 ECC, as lead accountable body, and the local partner (upper tier authority) for each project.

1.12 All risk on the GPF investments is held by the fund itself (managed by ECC) 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.

1.13 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 (GBF)

East Sussex allocations

1.14 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).

1.15 In July 2020 MHCLG approved a final SELEP package of 34 x GBF projects to the value of £85 million. This included eight East Sussex schemes with a GBF ask of £11,179,793. On 15 December 2020 the Lead Member for Strategic Management and Economic Development approved the allocation of £4.9m GBF for the 2020/21 financial year profiled across the eight projects.

1.16 At the 12 March 2021 Strategic Board meeting a GBF reserve pipeline was agreed to prioritise projects for unallocated and returned GBF monies, at which a further £0.24m was secured by East Sussex for the 'Charleston Access Road: removing the barrier to growth' project.

GBF Spending Conditions

1.17 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.

1.18 The terms of this arrangement are set out in a Service Level Agreement (SLA) between SELEP Ltd, ECC, 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 and as such the Lead Member for Strategic Management and Economic Development 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

2020/21 Programme

2.1 Appendix 1 sets out the final spend and mitigation for the 2020/21 LGF programme. £4.47m was spent across nine projects in 2020/21 against a baseline budget, as referred to in section 1.2, of £6m. £1.76m was carried forward from 2019/20 and the County Council drew down £20.09m from the SELEP in 2020/21. As highlighted in section 1.4, a further £1.85m was allocated from the SELEP's Covid Response Fund towards funding gaps on two East Sussex projects - Eastbourne Fisherman's Quayside and Infrastructure Development (£0.36m) and the Plumpton College Rural Skills for Business Post Brexit (£1.49m). Further details on each of these projects and the current status of all the projects in the LGF programme is outlined in Appendix 2.

2.2 Whilst MHCLG has made clear its expectation that LGF is spent in full in 2020/21, there are no conditions within the 2020/21 Grant Determination Letter which prohibit the spend of LGF beyond 31 March 2021. As such, SELEP has encouraged lead authorities to apply the capital swap mitigation option, as identified in section 1.6 above under point 4 to demonstrate LGF spend in full by the end of the Growth Deal where there were no substantial risks identified for the future delivery of the project. The SELEP's Accountability Board agreed the expected value of the capital swaps (+/-any minor slippages) per upper tier authority at its meeting on 12 March 2021.

2.3 Overall schemes continued to progress during 2020/21. However, the Covid-19 pandemic had a major impact on the delivery of LGF schemes, resulting in programme slippage across the board on many of the schemes. With these programme slippages, and the remaining LGF allocations being transferred over as the end of Growth Deal transfers to Lead Authorities, £15.8m of LGF funds that were drawn down in 2020/21 needed to apply the capital swap mitigation option available under the SELEP Accountability and Assurance Framework. A further £1.5m, allocated to the Bexhill

Enterprise Park North project was held as ringfenced grant until the grant condition of planning consent was secured. Further information is detailed in Appendix 2.

2.4 The remaining £17.8m has been profiled as spend over 2021/22 and 2022/23 financial years without the need for any of the above mitigation options needing to be addressed again in this financial year.

2021/22 Programme

2.5 In light of the impact that Covid-19 was having on the overall LGF programme, SELEP 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.

2.6 At the SELEP Strategic Board meetings on 2 October 2020, 11 December 2020 and 12 February 2021 Accountability Board meeting, SELEP approved spend beyond 30 September 2021 for six East Sussex projects: Eastbourne Town Centre Movement and Access Package Phase 2; Eastbourne and South Wealden Walking and Cycling Package and; the Hastings/Bexhill Movement and Access Package; the Hailsham – Polegate – Eastbourne Movement and Access Corridor; Plumpton College Rural Skills for Business Post Brexit, and the Eastbourne Fishermen Quayside and Infrastructure Development project.

2.7 Appendix 3 shows the proposed spend profile for the 2021/22 and 2022/3 financial years across 10 projects and taking into account the mitigation options outlined in paragraph 1.6 above.

Growing Places Fund

2.8 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 was provided of the impact of Covid-19. The Board also agreed a 12 month grace period, starting from 1 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. As a consequence, a number of the existing GPF projects received approval to revise their repayment schedules in 2020/21, including three East Sussex schemes: Charleston Centenary project; North Queensway and Sovereign Harbour. Phase 1 Eastbourne Fishermen Quayside and Infrastructure Development project has received provisional approval from SELEP and will receive confirmation of their revised repayment profile at the 3 July 2021 Accountability Board. In addition, the Eastbourne under 10m Fishermen's Community Interest Company (Eu10CIC) made their first loan repayment of £225,000 to SELEP in March 2021 for the Eastbourne Fishermen Quayside and Infrastructure Development project with further repayments scheduled in 2021/22. The end year balances for 2020/21 is at Appendix 4 and the planned GPF drawdown and repayment schedule for 2021/22 is Appendix 5.

2.9 In relation to the GPF Round 3 projects outlined in section 1.10 the Business Case for Phase 1a of the Observer Building project (£1.75m) was approved by the SELEP Accountability Board on 18 September 2020 and the business case for a £1.75m GPF loan for Phase 1 of the Barnhorn Green Commercial and Healthcare Development on 12 February 2021.

2.10 At the SELEP Accountability Board meeting held on 12 February 2021, Rother District Council agreed the removal of Phase 2 of the Barnhorn Green Commercial and Health Development project from the GPF project pipeline as the funding package for delivery of the project had been completed. The business case for the second tranche of GPF funding for Phase 2 of The Observer Building project (£1.62m) will be considered at the 2 July 2021 SELEP Accountability Board; approval to enter into the necessary GPF loan agreements associated with Phase 2 of the Observer Building is considered elsewhere on the 13 July 2021 Lead Member Strategic Management and Economic Development decision making meeting agenda. Further details on each of the existing and new GPF projects is set out in Appendix 6.

Getting Building Fund (GBF)

2020/21 Programme

2.11 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 were

considered at either the 18 September or 20 November 2020 meetings of the SELEP's Accountability Board.

2.12 Appendix 7 sets out the final spend and mitigation for the 2020/21 programme. £1.35m was spent across three projects - Winter Garden, Eastbourne; The Observer Building (Phase 1b) and; Creative Hub, Lewes in 2020/21 against a baseline budget, as referred to in section 1.15, of £4.9m. The Fast Track Business Solutions, Hastings; Riding Sunbeams; Sussex Innovation Falmer and UTC projects had not signed their grant agreement by the end of financial year 2020/21 and were therefore unable to draw down their GBF allocations. However, it is expected that their grant agreements will be in place to demonstrate GBF spend by Q2 2021/22 as they have all commenced delivery. The Charleston Access Road project delayed their start date to incorporate the work planned with the second tranche of GBF funding from the reserve pipeline list as referred to in section 1.16.

2.13 In November 2020 the SELEP Accountability Board were advised that funding for the current tranche had been received and that a further £42.5m GBF has been provisionally allocated to SELEP in 2021/22 but formal confirmation of this funding was not expected until April 2021. To mitigate risks on receiving the remaining tranche of the GBF allocation at the 12 February 2021 SELEP Accountability Board the County Council along with other Local Authority partners agreed to drawdown a further £1.5m of GBF allocated for spend in 2021/22 and therefore drew down £6.4m from the SELEP in 2020/21 to demonstrate spend.

2.14 However, due to delays in spend across the GBF programme due to Covid related impacts, issues within the delivery of individual projects, and the additional GBF allocation of £1.5m being transferred over at year end, £5.06m of GBF funds that were drawn down in 2020/21 needed to apply the capital swap mitigation option, referred to in section 1.16, under the SELEP Accountability and Assurance Framework. Further details on each of the GBF projects and the current status of spend and delivery is outlined in Appendix 8.

2021/22 Programme

2.15 At the 12 March 2021 Strategic Board meeting a GBF pipeline was agreed to prioritise projects for unallocated and returned GBF monies. As highlighted in section 2.12, the Charleston Access Road project received a further allocation of £0.24m from this pipeline fund to enable them to meet the full objectives of their initial bid. On 4 March 2021, the Lead Member resolved to approve the County Council entering into a grant agreement with the respective project promoter and the business case will be considered for a funding decision at the 2 July 2021 SELEP Accountability Board.

2.16 All GBF schemes will need to spend the GBF monies by 31 March 2022. The proposed spend profile for the 2021/22 financial year across eight schemes and taking into account the mitigation options outlined in paragraph 1.6 above is detailed in Appendix 9.

3 Conclusion and Reasons for Recommendations

3.1 Taking into consideration the severe impact of Covid on the delivery of capital infrastructure programmes, East Sussex has continued to be successful in delivering across the Local Growth Fund, Getting Building Fund and Growing Places Fund projects, with some slippage in spend in 2020/21 as referred to in section 2 of the report.

3.2 In most cases this slippage was initially anticipated to be short-term in nature with spend occurring in the early quarters of the 2021/22 financial year. However, the Covid-19 pandemic and the ensuing restrictions put in place since March 2020, has had a major impact on the delivery of LGF and GBF schemes across East Sussex and the wider 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 capital swap option in the SELEP Accountability and Assurance Framework to swap out LGF spend 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 GPF loans.

3.4 It is recommended that the Lead Cabinet Member notes the final outturn spend in 2020/21 and approves the allocated budgets for the individual projects in the 2021/22 LGF programme,

including the use of the funds that were offset against the East Sussex County Council capital programme under capital swap mitigation option.

3.5 In addition, it is recommended that the Lead Cabinet Member notes the final outturn in 2020/21 for GPF and approves the allocated budgets for the individual projects in the 2021/22 GPF programme.

3.6 It is also recommended that the Lead Cabinet Member notes the final outturn spend in 2020/21 and approves the allocated budgets for the individual projects in the 2021/22 GBF programme, including the use of the funds that were offset against the East Sussex County Council capital programme under capital swap mitigation option available in the SELEP Accountability and Assurance Framework.

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Local Members

All

BACKGROUND DOCUMENTS

None

Appendix 1: 2020/21 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	2020/21 Final Spend	LGF carried forward from 19/20	Grant Drawn Down in 20/21	Transfer to ESCC Capital Programme (mitigation option 4)	Mitigated
Hailsham/Polegate/Eastbourne movement and access transport scheme	2,100,000.00	290,516.06	128,013.90	709,000.00	546,497.84	546,497.84
Eastbourne and South Wealden walking and cycling LSTF package	6,600,000.00	475,935.89	275,273.35	2,702,000.00	2,352,337.46	2,352,337.46
Queensway Gateway Road	10,000,000.00	503,628.35	503,628.35	-	-	-
Hastings and Bexhill movement and access package	9,000,000.00	1,060,721.72	67,651.84	6,383,002.00	5,389,930.12	5,389,930.12
Eastbourne town centre LSTF access and improvement package	8,000,000.00	439,893.54	-	2,756,000.00	2,315,992.11	2,315,992.11
Bexhill Enterprise Park North	1,940,000.00	-	-	1,500,000.00	149,114.35	1,940,000.00
Skills for rural businesses post-Brexit	4,413,000.00	1,070,925.26	155,094.72	4,029,100.00	3,113,269.46	3,113,269.46
Churchfields Business Centre (Sidney Little Road Business Incubator Hub)	500,000.00	54,084.50	54,084.50	308,000.00	308,000.00	380,600.51
Bexhill Creative Workspace	960,000.00	577,407.93	577,407.93	260,000.00	260,000.00	368,643.07
Eastbourne Fisherman's Quayside and Infrastructure Development	1,440,000.00	-	-	1,440,000.00	1,440,000.00	1,440,000.00
Total	44,953,000.00	4,473,113.25	1,761,154.59	20,087,102.00	15,875,141.34	17,847,270.57

Appendix 2 – LGF project update

- ***Bexhill and Hastings Movement and Access Package*** - This scheme was approved for £9m spend by the SE LEP 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 have continued through the design processes during 2020/21 albeit progress has been delayed as a result of the Covid-19 pandemic. Consultation, design and delivery are programmed to continue into 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 with works completed in October 2020. Funded from the Port Infrastructure Fund, the construction of the first of the links off the Port Access Road into the Port has recently started.
- ***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*** - 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 SCS.

Following completion of the works to provide access to all existing businesses off the Gateway Road, SCS has put forward a temporary traffic solution to complete the road while the land issues related to providing the permanent connection to the A21 are resolved. Highways England have given an in principle approval to the transport modelling for the temporary connection and the scheme designs are also currently being considered by HE and ourselves.

The required legal agreements between Sea Change Sussex (SCS, as delivery partner), East Sussex County Council and Highways England to enable construction of the temporary solution remain outstanding and work continues to finalise these documents.

Subject to these necessary approvals being in place, it is now expected that the temporary connection will be delivered and fully open to traffic by early autumn 2021.

In parallel, we are working with SCS on resolving the land issues to enable the permanent scheme to be delivered. We have clearly indicated to Sea Change Sussex that our preference is for them to continue to pursue acquiring the necessary land for the permanent connection by negotiation.

At this stage it is not possible to give a definite timeline for the completion of the final phase of the permanent solution as it is dependent upon the outcome of the ongoing land acquisition negotiations.

Eastbourne Town Centre – The Phase 1 scheme focusses on the section of Terminus Road between Station roundabout and Bankers Corner, Cornfield Road and Gildredge Road was completed in Jan 2020. Funded in part with £5m of LGF, the scheme 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. Whilst the snagging works have been completed, some post construction works are still required in response to agreed recommendations from the Stage 3 Road Safety Audit and 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 February 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 Transport and Environment (LMTE) in April 2020. Detailed design commenced in summer 2020 and the final design will be reported to the LMTE in July 2021. Construction is currently programmed for early 2022.

- **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 have continued during 2020/21 albeit progress has been impacted by the Covid-19 pandemic. Consultation, design and delivery will continue in 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 C2C 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 works where the defences cross the railway in Area 1 were carried out making use of the scheduled railway closure possessions in December 2020 and March 2021. The final possession in March 2021 was restricted which prevented completion of a part of the cabling and construction work. The construction team is working together with Network Rail to schedule the completion of the work using a further possession in June 2021.
- **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 was heard in January 2021 and the Planning Inspectorate advised SCS on 1 April 2021 that their appeal had been successful. Subject to completion of the grant agreement with the County Council, the scheme is programmed for completion in late summer/early autumn 2021.
- **Skills for Rural Businesses** – 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 2 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. The project was awarded an additional £1.49m LGF through the LGF Covid Response Fund pipeline. The delivery programme

continues to be progressed however delivery is anticipated beyond the LGF six month Covid extension therefore the project has received SELEP Strategic Board approval for spend of the LGF beyond this deadline. Scheme completion is anticipated for December 2021.

- **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 in Spring 2022. LGF spend is still planned to be achieved by September 2021. The project experienced significant cost increases after receiving higher than anticipated tender returns, Hastings BC Cabinet made the decision in February 2021 to proceed with the development with the cost increase of £750k planned to be covered by the Hastings BC Stronger Towns Investment Plan proposal as a shovel ready project.
- **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 match funding £0.8m for the purchase of the building. The scheme is currently through its tendering stage with construction expected to be completed in July 2021.
- **Eastbourne Fisherman's Quay and Infrastructure Development – Phases 2 and 3** - Delivery of the Fisherman's Quay will 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 has been awarded to facilitate delivery of Phases 2 and 3, whilst delivery of Phase 1 of the project is supported by a Growing Places Fund loan. Phase 2 will deliver two buildings, which are joined on the upper floors, offering 360 sqm of new space. The ground and first floors will provide storage space for fishing and landing equipment as well as a repair workshop. Phase 3 will deliver a 150 sqm building which will be used as a Visitor Centre and as a base for the Eastbourne Fisherman's under 10m Community Interest Company's outreach and engagement work. Construction has commenced on Phases 2 and 3 as a continuation of the Phase 1 GPF works and are anticipated for completion in March 2022.

Appendix 3: 2021/22 LGF Programme: Proposed Spend Profile

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

Scheme	Total LGF Allocation (at 31/03/2021)	LGF Spend to date	2021/22 LGF Profile (including 2020/21 slippage)	Future years spend (22/23)
Hailsham/Polegate/Eastbourne movement and access transport scheme	2,100,000.00	1,553,502.16	456,000.00	90,497.84
Eastbourne and South Wealden walking and cycling LSTF package	6,600,000.00	4,247,662.54	525,000.00	1,827,337.46
Queensway Gateway Road	10,000,000.00	10,000,000.00		-
Hastings and Bexhill movement and access package	9,000,000.00	3,610,069.88	2,274,000.00	3,115,930.12
Eastbourne town centre LSTF access and improvement package	8,000,000.00	5,684,007.89	1,637,000.00	678,992.11
Bexhill Enterprise Park North	1,940,000.00	-	1,940,000.00	-
Skills for rural businesses post-Brexit	4,413,000.00	1,299,730.54	3,113,269.46	-
Churchfields Business Centre (Sidney Little Road Business Incubator Hub)	500,000.00	119,399.49	380,600.51	-
Bexhill Creative Workspace	960,000.00	591,356.93	368,643.07	-
Eastbourne Fisherman's Quayside and Infrastructure Development	1,440,000.00	-	1,440,000.00	-
Total	44,953,000.00	27,105,729.43	12,134,513.04	5,712,757.53

Appendix 4: 2020/21 GPF Programme: Drawdown and Repayment Schedule

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

2020/21 GPF Programme: Drawdown and Repayment Schedule

	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		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
	19.795	2.325	22.120	14.825	0.225	15.050	4.970	7.070

Appendix 5: 2021/22 GPF Programme: Proposed Drawdown and Repayment Schedule

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

2021/22 GPF Programme: Proposed Drawdown and Repayment Schedule

	Funds Advanced			Repayments			Balances at end of Year	
	prior years	2021/22	total	prior years	2021/22	total	prior years	2021/22
	£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	0.500	1.500	0.500	0.000
Bexhill Business Mall	6.000		6.000	6.000		6.000	0.000	0.000
Sovereign Harbour	4.600		4.600	0.825	0.200	1.025	3.775	3.575
Charleston Centenary	0.120		0.120	0.000	0.020	0.020	0.120	0.100
Eastbourne Fishermans U10 CIC	1.150		1.150	0.225	0.300	0.525	0.925	0.625
WRNV Ltd - Observer Building	1.750		1.750	0.000	0.000	0.000	1.750	1.750
Barnhorn Green CHD		1.750	1.750	0.000	0.000	0.000	0.000	1.750
	22.120	1.750	23.870	15.050	1.020	16.070	7.070	7.800

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 on 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 Accountability Board meeting on 20 November 2020.

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 House** – The £120k GPF loan towards their Centenary scheme has enabled them to become more commercially sustainable and provide a year-round educational programme. The Charleston Centenary project has now delivered the GPF elements of the scheme and the latest project update indicates that the project has enhanced the potential for secondary spend and offers a new attraction to the Charleston site which is independent of the house, potentially appealing to a wider market. 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's Quay** was awarded £1.15m GPF. Following the collapse of Carillion (who owned the land at Sovereign Harbour) the fishermen attempting to acquire the freehold for the land on which the quay is to be built. Carillion refused to sell the land to the fishermen as it would impact a deal for the Harbour side Restaurant Quarter with Premier Marina's. Premier purchased the freehold for the Fisherman's Quay land as part of the wider land purchase. A lease agreement was ratified in principle on 7 February 2019, however negotiations between the two parties solicitors over the details of some of the schedules to the lease took longer than anticipated. This has now been agreed by the legal teams and received final sign off from Premier Marinas. It was not possible to commence construction during 2018/19 as planned due to the preferred contractor entering administration. As a result, a revised funding drawdown schedule was approved at the April 2019 SELEP Accountability Board meeting for work to commence on site in 2019/20. A new contractor is now in place and costs have risen marginally from the original

contractor's bid, however the EU10CIC have secured increased grant from the European Maritime Fisheries Fund (EMFF) to cover the cost difference. Construction of both Phase 1 and Phases 2 and 3 of the Fisherman's Quay project has now started on site using the GPF, EMFF and LGF monies secured towards Phases 1 -3.

Round 3 GPF Projects

- **Observer Building Phase 1a, Hastings** - The business case for a £1.75m loan to deliver Phase 1a of the Observer Building project was approved by the SELEP's Accountability Board on 18 Sept 2020. Phase 1a will support the renovation of a total of 1,174 sqm of the building. It will directly support the first 18-20 estimated jobs and six enterprises while preparing the building for 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** - The business case for Phase 2 has been through the SELEP Independent Technical Evaluator assessment with the remaining £1.62m allocation being considered at the SELEP Accountability Board meeting on 3 July 2021.
- **Barnhorn Green Commercial and Healthcare Development (Phase 1), Bexhill** - The business cased for a £1.75m loan for the Barnhorn Green project received approval by the SELEP's Accountability Board on 12 Feb 2021. The project will deliver Phase 1 which comprises the Medical Centre General Practice (GP) Surgery for 10 x FTE GP's and 2,750sqm B1 (c) light industrial floor space delivering 90 net additional jobs by December 2022. Rother District Council have agreed the Phase 2 element of the project for the remaining £1.75m GBF has been removed from the SELEPs' pipeline as this has now been financed by District Council borrowing.

Appendix 7: 2020/21 GBF Programme: Final Spend and Mitigation

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

Scheme	Total GBF Allocation	Final Spend 2021	GBF carry 19/20	Grant drawn down 20/21	Transfer to ESCC Capital Programme (mitigation option 4)	mitigated
Fast Track Business Solutions for the Hastings Manufacturing Sector	3,500,000.00	-	-	804,365.00	804,365.00	-
Restoring the Glory of the Winter Garden	1,600,000.00	275,660.27	-	853,424.00	577,763.73	-
The Observer Building, Hastings (Phase 2) Option A	1,713,000.00	934,677.89	-	1,185,322.00	250,644.11	-
Charleston's access road: removing the barrier to growth	89,293.00	-	-	89,293.00	89,293.00	-
Creative Hub, 4 Fisher Street, Lewes	250,000.00	143,115.00	-	250,000.00	106,885.00	-
Riding Sunbeams Solar Railways	2,527,500.00	-	-	2,527,500.00	2,527,500.00	-
Sussex Innovation Falmer - Covid Secure adaptations-	200,000.00	-	-	200,000.00	200,000.00	-
UTC Maritime & Sustainable Technology Hub	1,300,000.00	-	-	505,907.00	505,907.00	-
Total	11,179,793.00	1,353,453.16	-	6,415,811.00	5,062,357.84	-

Appendix 8: GBF Programme: Project Updates

- **Charleston Access Road** – An initial £90k GBF was awarded to be used to widen and resurface the access track to Charleston as the poor condition of the access track is discouraging repeat visitors and is a barrier to growth. An additional £240k of GBF funding that had been returned to the SELEP was allocated to this project at the Strategic Board on 19 March 2021 to enable the addition of a cycle path along the access road and connection to other cycle routes. The business case for this additional funding will be considered at the SELEP's Accountability Board on 3 July 2021.
- **Creative Hub, 4 Fisher Street, Lewes** - The £250k grant will be used toward the Conversion of a vacant building into a new co-working hub and café. The new hub will include touch down, short occupation and longer term leased office space for the fast-growing creative industries in Greater Brighton. Phase 1 ground floor and café works have commenced, the building is watertight, and the boilers have been replaced. The anticipated completion date and opening of ground floor is June 2021, and the anticipated project completion is September 2021, subject to Covid-19 restrictions.
- **Fast Track Business Solutions for the Hastings Manufacturing Sector, North Queensway, Hastings** – This £3.5m project will deliver 4,000sqm GIA of Class B1/B2 industrial accommodation designed to be occupied as a whole or subdivided into units. The majority of pre-construction works have been completed on the project with the scheme design finalised and a planning application submitted in March 2021. Anticipated project completion March 2022.
- **Observer Building, Hastings (Phase 2)** - This iconic and much-loved local landmark will be brought to life with four floors of leisure, retail, offices, studios and community space. The £1.713m grant will also unlock the potential for 15 capped-rent flats and a large public roof terrace. Contracts have been awarded and construction is underway with practical completion anticipated in March 2022.
- **Restoring the Glory of the Winter Garden** – The £1.6m grant will be utilised to enable the restoration of the Winter Garden, a historic Grade 2 listed Victorian pavilion within Devonshire Park, to its former glory as a cultural destination of regional importance that supports and enhances Eastbourne's year-round visitor economy. Extensive works have been undertaken with various aspects of the project completed. project completion expected by March 2022.
- **Riding Sunbeams Solar Railway** - The £2,527,250 will be match funded by Network Rail to develop the route to market for direct rail subsidy free renewable energy directly supplying the UK's largest energy user. As outlined in the UK's Rail Decarbonisation Strategy, Riding Sunbeams Solar Railways will bring benefits to the region's energy capacity, carbon saving, costs saving and to local communities through option for community investment. Work on the pre-construction phases is nearly complete with contractors ready to be appointed. Practical completion anticipated in March 2022.
- **Sussex Innovation Falmer: Covid-Secure Adaptions** - The £200k grant will be utilised to refurbish the Innovation Centre to make it a Covid/pandemic-secure work environment. This will ensure that the space will be adapted to accommodate social distancing, provide technology to aid remote working and virtual meetings that are required to safeguard businesses and jobs in the centre, and create new jobs to fill the available space. Work has been completed on installation of electric car charging points, contactless doors and clean air-conditioning. Anticipated project completion July 2021.
- **UTC Maritime and Sustainable Technology Hub** - £1.3m GBF will contribute towards the conversion of the former UTC@harbourside building into an education-led skills training centre with commercial workspace for SMEs specialising in the marine sector. The proposals also include new office space for Lewes District Council and partners which is required to safeguard businesses and jobs in the town centre, as well as create new jobs to fill the available space. Significant work has been undertaken to develop and finesse the business case and feasibility studies, there have been delays in agreeing the building lease and possible mitigation solutions are explored with SELEP.

Appendix 9: 2021/22 GBF Programme: Proposed Spend Profile

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

Scheme	Total GBF Allocation	GBF Spend to date (20/21)	Spend profiled over 21/22
Fast Track Business Solutions for the Hastings Manufacturing Sector	3,500,000.00	-	3,500,000.00
Restoring the Glory of the Winter Garden	1,600,000.00	275,660.27	1,324,339.73
The Observer Building, Hastings (Phase 2) Option A	1,713,000.00	934,677.89	778,322.11
Charleston's access road: removing the barrier to growth	89,293.00	-	89,293.00
Creative Hub, 4 Fisher Street, Lewes	250,000.00	143,115.00	106,885.00
Riding Sunbeams Solar Railways	2,527,500.00	-	2,527,500.00
Sussex Innovation Falmer - Covid Secure adaptations-	200,000.00	-	200,000.00
UTC Maritime & Sustainable Technology Hub	1,300,000.00	-	1,300,000.00
Total	11,179,793.00	1,353,453.16	9,825,546.84