

Appendix 6 - Growing Places Fund Project Update

Round 1 and 2 GPF Projects

- **Glovers House, Bexhill** – the £6m GPF has been invested into a new commercial development and has led to 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.
- **Priory Quarter Phase 3** – This scheme was awarded £7m GPF in round 1 to provide 2,323 sqm of high quality office premises at Priory Quarter in Hastings town centre, meeting the expressed needs of private sector employers to expand their operation in the town. The project was completed in Autumn 2014 . The loan funding was repaid in full to the LEP in 2018/19 and the schemes 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 the full £1.5m has been repaid by 31 March 2022. 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.
- **Pacific House, Sovereign Harbour, Eastbourne** – the £4.6m GPF investment into 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 £1,025,000 have been made against the Project by 31 March 2022, leaving an outstanding balance of £3.575m which is still to be repaid currently planned by 31 March 2023. Likewise, a revised repayment schedule for the outstanding balance was approved at the SELEP's Accountability Board meeting on 20 Nov 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 continued to have an effect on the UK property market and with further waves having lasted into 2021/22, 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 Feb 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 was put 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 is now complete. Although the first repayment of the loan had been undertaken with £225k paid back to SELEP in March 2021, however due to the impact of Covid and Brexit, a revised GPF repayment profile was approved at July 2021 SELEP Accountability Board. A reduced repayment of £100,000 was made against the £250,000 repayment instalment due in Q4 2021/22 meaning that the project had defaulted on their agreed repayment terms. The risk to the agreed repayment schedule means that East Sussex County Council have asked the project deliverer to provide a revised repayment mechanism and schedule, with the outcome of these discussions likely to be reported to the SELEP Accountability Board in February 2023.

Round 3 GPF Projects

- **Observer Building Phase 1a, Hastings** - The business case for a £1.75m GPF loan to deliver Phase 1a of the Observer Building project was approved by the SELEP's Accountability Board on 18 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 the further £1.6m on the GPF pipeline was approved by the SELEP Accountability Board on 2 July 2021. The loan funding will support the shortfall in the post-tender and post-value engineering contract price for the redevelopment of the lower four floors for commercial workspace and leisure uses. In doing so, it will enable the transition towards delivering significant elements of Phase 2 of the project, particularly the external shell works, as well as provide refinancing of an extended loan from the Architectural Heritage Fund that has allowed the project to move to contract and start on site. Moreover, it will create the conditions for a successful application to the Homes England Affordable Homes Programme to unlock the final funding to bring forward and complete 15 new homes. The full loan has been defrayed to the scheme in March 2022.
- **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. There have been delays to the planning approvals for the project which are now expected in November 2022. A funding condition is attached to the loan agreement with Essex/SELEP that funding cannot be defrayed to the project sponsor until planning is secured. No loan drawdowns made to date.