

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

Date: 15 September 2015

By: Director of Communities, Economy and Transport

Title: North Bexhill Access Road: Funding Agreement with Seachange Sussex

Purpose: To seek approval for the County Council to loan funding of £200,000 to Seachange Sussex towards the scheme development costs for the North Bexhill Access Road Local Growth Fund scheme

RECOMMENDATIONS: The Lead Member is recommended to:

- (1) Approve loan funding of £200,000 to Seachange Sussex towards the scheme development costs for the North Bexhill Access Road; and**
 - (2) Delegate authority to the Director of Communities, Economy and Transport to approve the terms of any agreements and to take all other necessary actions in respect of recommendation 1 above.**
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1 Background Information

1.1 In March 2014, the South East Local Enterprise Partnership (SE LEP), which comprises businesses, local authorities and education leaders across East Sussex, Essex, Kent, Medway, Southend and Thurrock, submitted their proposals to Government for a Growth Deal to drive economic expansion in the area over the next 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 The SE LEP's initial Growth Deal was agreed in July 2014 with a further Growth Deal agreed in February 2015. Within East Sussex, over £71m has been secured to date towards infrastructure projects, with a particular focus on transport schemes that will bring forward new jobs and homes. One of the East Sussex Local Growth Fund (LGF) schemes identified as integral to the growth plans in the A21/A259 Bexhill/Hastings Growth Corridor is the North Bexhill Access Road.

1.3 The North Bexhill Access Road, as shown in Appendix 1, would comprise a single carriageway road from the roundabout on the Bexhill Hastings Link Road, running north of the village of Sidley and joining the A269 just south of Freezeland's Lane. The North Bexhill Access Road would provide direct access to up to 38,000 sqm of employment land as well as housing land allocations identified for North Bexhill in the Rother District Local Plan. The SE LEP's Growth Deal allocates £5m of funding towards the scheme.

1.4 Sea Change Sussex (SCS), as the promoter of the scheme, has been developing proposals for the North Bexhill Access Road since late last year and recently consulted with local residents on the proposals. A planning application is programmed for submission this Autumn. Seachange Sussex have also been developing the business case for the scheme which will be submitted in September to the SE LEP's Independent Technical Evaluator (ITE) for assessment to ensure the scheme represents good value for money; the business case is expected to be signed off by the LEP by the end of 2015 and this will enable the Local Growth Fund monies allocated to the scheme to be released by the LEP.

2 Supporting Information

2.1 Sea Change Sussex is a company limited by guarantee and is a key delivery partner for the County Council. Hastings Borough Council, Rother District Council and the County Council together hold 19.9% of the company, University of Brighton 30.1% and local businesses the remaining 50%. The County Council has appointed the Lead Cabinet Member for Economy as a

Director of the Company. SCS is a not-for-profit economic development and regeneration company, working to expand the area's economy and business community by working with the County Council and other key partners.

2.2 The Council has a well established and successful relationship with SCS in implementing economic development projects and SCS has a noteworthy record of project delivery in the county. SCS are currently delivering a number of other projects using Growing Places funding secured by the County Council through SE LEP – office space at Glovers House and North East Bexhill Gateway Road are nearing completion on the southern section of the employment land that is being unlocked by the Bexhill Hastings Link Road, and office space at Pacific House (Sovereign Harbour) in Eastbourne.

2.3 In the County Council's Capital Programme, £839,000 of County Council funding has been allocated within the Economic Growth and Strategic Infrastructure programme towards the costs of developing East Sussex's LGF schemes. This funding enables the County Council to develop our LGF schemes to a stage, including development of a business case for submission to the LEP, to then unlock the LGF monies allocated and committed by Government to the County Council, and its delivery partners, to deliver these schemes.

2.4 A £200,000 loan to SCS from this LGF scheme development budget will contribute towards the development costs incurred to date on the scheme design and project management for the North Bexhill Access Road as well as for continuing to progress the scheme through the planning process. This will not be state aid as SCS will be paying a commercial rate of interest under the terms of the loan. The loan funding will need to be repaid by SCS once a full business case has been approved by SE LEP, which is expected by the end of 2015. Once the LGF monies for the scheme have been released, then SCS can claim any scheme costs incurred against these monies.

2.5 The loan exposes the County Council to some increased financial risk as it has not been possible to secure legal charges to protect the loan. However in reaching the recommendation set out in this report we have sought to minimise the risks by understanding the financial position of SCS and the likelihood of generating funds to meet the repayment requirements. This is in addition to considerable due diligence work on assessing the viability of the project. Some further reassurance is provided to the County Council by having a County Councillor on the Board at SCS to ensure financial propriety is observed at all times. In addition, an internal governance team comprising Legal, Finance and CET representatives help ensure County Council oversight as well as providing advice and support to the County Councillor on the SCS Board. This includes advising on financial governance to provide assurance of the financial capability of SCC to deliver its business plan.

3 Conclusion and Reasons for Recommendations

3.1 The North Bexhill Access Road is one of the SE LEP Local Growth Deal schemes to come forward in East Sussex. Along with the Bexhill Hastings Link Road and Queensway Gateway Road, its delivery will help unlock employment space and create jobs in the A21/A259 Bexhill/Hastings growth corridor.

3.2 Sea Change Sussex is a key delivery partner for the County Council in achieving its ambitions for driving economic growth in the county. The loan of £200,000 will contribute towards Sea Change Sussex taking their proposals for the North Bexhill Access Road through to the end of the planning process and submission of a business case to the SE LEP. The Lead Member is therefore recommended to approve the loan of this funding to Seachange Sussex and delegate authority to the Director of Communities, Economy and Transport to agree the terms of the legal agreement between the County Council and Sea Change Sussex, and take all other necessary actions.

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LOCAL MEMBERS

Councillors Ensor and Phillips

BACKGROUND DOCUMENTS

South East Local Enterprise Partnership - Strategic Economic Plan, March 2014

<http://southeastlep.com/our-local-growth-deal-and-strategic-economic-plan>

South East Local Enterprise Partnership - Growth Deal, July 2014

<http://southeastlep.com/growth-deal>

Appendix 1 – North Bexhill Access Road (proposed alignment)

