

## **Appendix 6 - Growing Places Fund (GPF) Project Update**

### **Round 1 and 2 GPF Projects**

- **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.
- **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.
- **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 2,345m<sup>2</sup> 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 currently scheduled for repayment by 31 March 2024. A further revised repayment schedule has been submitted for approval at the 12 January 2024 SELEP 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 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 Charleston 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. Physical outputs comprise a new café-restaurant facility in the converted Threshing Barn with more than twice the covers of the previous café, an auditorium and education space in the adjoining converted Hay Barn and completely new Wolfson gallery spaces with retail foyer. To support these developments there is improved separate access to the Charleston site and a significantly enlarged and improved car park with landscaping. GPF elements of scheme complete - Charleston Centenary has met forecast jobs figure for the project and monitoring continues for post-delivery benefits realisation. Project updates indicate that completion of 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. Due to the substantial financial impact of Covid-19 to the charity, the project was granted flexibility on the GPF loan repayments, and a revised repayment schedule was approved at the July 2020 Accountability Board. 2021-22 and 22-23 repayments made in accordance with revised plan.

- **Eastbourne Fisherman's Quay** was awarded £1.15m GPF. 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. Subsequently a revised repayment schedule was submitted and approved at the April 2023 SELEP Accountability Board, that extended the repayment date to 2034/35 subject to the additional provision that additional annual updates on the ongoing viability of the repayment schedule are provided by the project. SELEP also agreed to waive interest payments on the outstanding balance subject to compliance with the proposed revised repayment schedule.

### 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 September 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.
- **Barnhorn Green Commercial and Healthcare Development (Phase 1), Bexhill** – GPF loan to support delivery of Commercial and Healthcare Development project at Barnhorn Green in Bexhill. GPF funding approved at February 2021 SELEP Accountability Board. Pre-planning work undertaken October/November 2022 - a funding condition was attached to the loan agreement with Essex/SELEP that funding cannot be defrayed to the project sponsor until planning is secured. Planning permission has now been received but no loan drawdowns made to date. Due to the need to disseminate all funding by March 2024, SELEP has set a requirement for the project to bring a full update, confirmation of funding, revised loan repayment profile and project change request to the January 2024 Accountability Board meeting.
- **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.