

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

Date: 5 February 2016

By: Director of Communities, Economy and Transport

Title: Funding Agreements with Sea Change Sussex – North Bexhill Access Road and Site Infrastructure Investment

Purpose: To seek approval, subject to the necessary planning permission/business case approvals being in place, for the County Council to enter into legal agreements to transfer the Local Growth Fund monies approved by the South East Local Enterprise Partnership to Sea Change Sussex to deliver the North Bexhill Access Road and a Site Infrastructure Investment Package

RECOMMENDATIONS: The Lead Member is recommended to:

- (1) Approve grant funding, to the value of £16.6m to Sea Change Sussex, subject to planning permission being granted, to fund the delivery of the North Bexhill Access Road;**
 - (2) Approve grant funding to the value of £1.7m to Sea Change Sussex, subject to approval of the business case by the South East Local Enterprise Partnership's Accountability Board, to fund the delivery of site infrastructure at the Sovereign Harbour, North Queensway and North Bexhill employment sites; and**
 - (3) 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 across the county.

1.3 The East Sussex element of the Growth Deal identifies the North Bexhill Access Road as integral to the growth plans in the A21/A259 Bexhill/Hastings Growth Corridor and a site infrastructure investment package as important to delivering jobs and employment space in the A21/A259 and A22/A27 Eastbourne/South Wealden growth corridors. The Growth Deal initially allocates £7.6m of funding for the North Bexhill Access Road and £1.7m towards the site infrastructure package.

North Bexhill Access Road

1.4 The North Bexhill Access Road, as shown in Appendix 1, comprises a 2.4km single carriageway road link between the A269 and the Bexhill Hastings Link Road (BHLR) with a roundabout at each end and two further roundabouts along the road's alignment. The road will unlock planned employment growth in North Bexhill identified under Policy BX3 of the 2006 Rother Local Plan with capacity for circa 38,000sqm of employment generating floorspace. The Access Road also provides the road infrastructure to unlock the proposed urban extension in North East Bexhill with potential to directly unlock land for up to approximately 780 new homes.

1.5 Sea Change Sussex, as the promoter of the scheme, submitted a planning application to Rother District Council for the road in October 2014; the District Council will be considering the planning application on 11 February 2016. Following assessment by the SE LEP's Independent Technical Evaluator (ITE) to ensure the scheme represented good value for money, the business case for the project was approved by the South East LEP's Accountability Board on 13 November 2015. Main construction of the road is expected in March 2016 and is programmed for completion by the end of 2017.

Site Infrastructure Package

1.6 When the Growth Deal extension was approved earlier this year, based on the outline business case submitted to Government, £1.7m was allocated towards a package of site infrastructure at Sovereign Harbour. Since then Sea Change Sussex have reviewed that outline business case and identified that the costings for the Sovereign Harbour infrastructure requirements were going to be less than envisaged. Accordingly, Sea Change Sussex have developed a full business case to use the £1.7m allocation instead towards a site infrastructure investment package across three sites – Sovereign Harbour as well as North Bexhill and North Queensway.

1.7 The business case has been assessed by the SE LEP's ITE and the assessment has identified that there is a high value for money for the infrastructure package. The business case will be considered by the LEP's Accountability Board on 12 February 2016.

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. Sea Change Sussex 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 County Council has a well established and successful relationship with Sea Change Sussex in implementing economic development projects and Sea Change Sussex has a noteworthy record of project delivery in the county. Such projects include the creation of the Innovation Centre, the Creative Media Centre, the Sussex Exchange and Lacuna Place in Hastings. Sea Change Sussex have recently delivered a number of other projects using Growing Places funding secured by the County Council through SE LEP - the Bexhill Innovation Mall (Glovers House) and North East Bexhill Gateway Road on the southern section of the employment land that is being unlocked by the Bexhill Hastings Link Road, and the Sovereign Harbour Innovation Mall (Pacific House) in Eastbourne.

2.3 The terms of the grant agreements will be in accordance with those between Essex County Council, as SE LEP's Lead Accountable Body, and the County Council, as the 'local' accountable body for the delivery of the scheme; SE LEP's accountability framework was considered by the Lead Member at his decision making meeting on 2 June 2015. The County Council will be using its general power of competence under the Localism Act 2011, and all other enabling powers, to make the grants to Sea Change Sussex.

North Bexhill Access Road

2.4 Following the development of the detailed business case, technical redesign and the extension of the North Bexhill Access Road to ensure the connection to the main A269 to support the now adopted Rother Local Plan in unlocking additional housing and commercial space, the total cost of the scheme is £16.6m in total, profiled over three years with spend of £5.4m in 2015/16, £7.2m in 2016/17 and £4m in 17/18.

2.5 At present, a total £13m of Local Growth Fund (LGF) monies is allocated towards the North Bexhill Access Road – this comprises the initial £7.6m of Local Growth Fund monies within the Local Growth Deal and the £5.4m reallocated from the East Sussex LGF 2015/16 allocation which was approved at the Lead Member's decision making meeting on 3 November 2015. Approval will need to be sought to reallocate a further £3.6m of the County Council's LGF allocation to fully fund the scheme once the annual LGF allocations for 2016/17

onwards for East Sussex schemes within the overall SE LEP programme are confirmed by Government and the LEP.

2.6 Subject to planning permission being granted, the grant funding would be awarded to Sea Change Sussex, as the promoter of the scheme, to fund pre-construction works, including design, site clearance, site investigation, land acquisition and the construction of the North Bexhill Access Road.

Site Infrastructure Package

2.7 As highlighted in paragraph 1.6, the £1.7m of Local Growth Fund monies would be used to deliver a package of site infrastructure improvements to assist in unlocking three key employment sites in the county for development – North Bexhill, North Queensway and Sovereign Harbour. Within the £1.7m, £0.6m would go towards Sovereign Harbour and £0.55m to both North Queensway and North Bexhill. As agreed at the Lead Member's decision making meeting on 2 November 2015, £0.7m would be allocated for spend in 2015/16 and £1m in 2016/17.

3 Conclusion and Reasons for Recommendations

3.1 The North Bexhill Access Road is one of the Local Growth Deal schemes to come forward in East Sussex and its delivery will help unlock employment space and create jobs in the A21/A259 Bexhill/Hastings growth corridor. Equally the improvement of site infrastructure at Sovereign Harbour, North Queensway and North Bexhill as a Local Growth scheme will help unlock employment space and create jobs in the A21/A259 and the A22/A27 Eastbourne/South Wealden growth corridors.

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. Subject to planning permission being granted, the awarding of the grant funding of £16.6m will enable Sea Change Sussex to deliver the North Bexhill Access Road whilst, subject to the approval of the SE LEP's Accountability Board, the grant of £1.7m will help unlock the development potential of three strategic employment sites in the county.

3.3 The Lead Member is therefore recommended to approve the awarding of these grants to Sea Change Sussex, subject to planning permission being granted for the North Bexhill Access Road and the approval of the Site Infrastructure Investment package business case by the LEP's Accountability Board, and delegate authority to the Director of Communities, Economy and Transport to agree the terms of the legal agreements between the County Council and Sea Change Sussex, and take all other necessary actions.

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LOCAL MEMBERS

Councillors Elkin, Ensor, Phillips, Pragnell and Scott

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

