

Forward Plan reference number: FP/AB/211

Report title: Bexhill Enterprise Park North LGF funding decision	
Report to Accountability Board on 7th June 2019	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Date: 15 th May 2019	For: Decision
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SELEP Partner Authority affected: East Sussex	

Confidential Appendix

This report has a confidential appendix which is not for publication as it includes exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £1.94m LGF to the delivery of Bexhill Enterprise Park North, East Sussex (the Project). This Project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process.
- 1.2 The Business Case for the Project has been considered through the Independent Technical Evaluation (ITE) process and the Project has been assessed as presenting high value for money with medium to high certainty of achieving this.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the award of £1.94m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium to high certainty of achieving this.
 - 2.1.2. **Note** that in order to realise all the benefits set out in the Project Business Case all phases of the Project need to be delivered.

3. Bexhill Enterprise Park North

- 3.1. Bexhill Enterprise Park North is a key element in the package of developments that have been designed as a direct response to the socio-economic challenges facing the Bexhill area.

- 3.2. The Project will deliver the site and servicing infrastructure required to access individual development plots within the business park from the North Bexhill Access Road. Delivery of this infrastructure will directly enable development on the site to proceed with the benefit of access and enable private sector investment.
- 3.3. The Bexhill Enterprise Park North site gained planning approval in May 2018 for 33,500sqm of employment floor space within use classes B1 and B2.
- 3.4. The delivery of the enabling infrastructure will unlock the site and will allow delivery of the first light industrial units which are essential to address the local jobs deficit in the local area. In the first instance 8,000sqm of light industrial (B1) space will be brought forward, with the potential for 8,000sqm of manufacturing (B2) space to follow.
- 3.5. The key objectives of the Project are:
 - 3.5.1. The delivery of employment floorspace;
 - 3.5.2. Creation of jobs to benefit economic development;
 - 3.5.3. To enable private sector investment;
 - 3.5.4. To encourage foreign investment; and
 - 3.5.5. To demonstrate market viability.
- 3.6. In total, the wider Bexhill Enterprise Park North site has the capacity to support 493 net FTE jobs when fully delivered. Modelling of the take-up and occupancy of new development at the site suggests that the delivery of the wider project has the potential to generate £341m of GVA towards the economy by 2038.

4. Options Considered

- 4.1. The Bexhill Enterprise Park North site has received planning permission for 33,500sqm of business space. It is expected that this business space will be brought forward by the private sector, however, in order to facilitate this the site needs to be unlocked through the provision of enabling infrastructure. Without the provision of this infrastructure the private sector will not bring forward the business space.
- 4.2. The Project Business Case solely focuses on the options for bringing forward the enabling infrastructure required to generate the private sector investment. These options include:
 - 4.2.1. **Do Nothing** – under this option the Bexhill Enterprise Park North site would remain un-serviced, with no direct means of access to the site

from the North Bexhill Access Road. The Bexhill Enterprise Park North site would remain stalled and the approved business space development would not proceed. Engagement with the private sector has provided a clear indication that business space on the site will not be forthcoming until the enabling infrastructure has been delivered. This option is not considered viable as it will act as a barrier to development on the site, meaning that the opportunity will be lost to address the local jobs deficit in the area;

4.2.2. **Do Something** – Basic Enabling Works – under this option the infrastructure provision into the site would be partial, rather than comprehensive. It would involve infrastructure works comprising 144m of carriageway with footways, verges, drainage and associated engineering. This option would fail to achieve the ‘tipping point’ at which the private sector would invest in bringing forward the business space on the site. If this approach was adopted the private sector would be left with substantial costs in order to achieve suitable infrastructure provision to the majority of the site. Through this option a small parcel of land on the site would be unlocked for development, however, it is likely that this piecemeal approach to the delivery of the Bexhill Enterprise Park North site will fail to achieve the early critical mass necessary to establish the site as a prime employment location capable of attracting occupier interest from a wide market area. For these reasons this option was discounted;

4.2.3. **Do Optimum** – full package of enabling works – under this option the full package of pre-development infrastructure works would be delivered. This would include: 385m of carriageway with footways, verges, drainage and associated engineering. Completion of these works would ensure that the site is fully accessible and that the required advanced service infrastructure is in place to provide developers with ready to build development platforms. This option will maximise the scale and pace of private sector investment and will unlock the entire site for the delivery of business space, allowing immediate private sector investment in the first phase.

4.3. The preferred option is the Do Optimum scenario as it fully aligns with the objectives of bringing forward employment uses on the site, attracting committed private sector investment and establishing Bexhill Enterprise Park North as a key employment growth location, in accordance with local planning policies and the priorities set out in the SEP. The Do Optimum scenario ensures that the full potential of the site is realised and that new employment opportunities are delivered as early as possible.

5. Public Consultation and Engagement

5.1. A number of public consultation exercises have been undertaken in relation to the wider development of North East Bexhill. This has included statutory consultations relating to local strategic planning documents. These responses

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have been considered in detail by East Sussex County Council in finalising the Project specification.

- 5.2. There has been a long-standing intention to develop the area of north-east Bexhill, stemming right back to the County Structure Plan in 1980. This intention was followed through to the East Sussex and Brighton and Hove Structure Plan (1991) in which a major business park north of Sidley was proposed.
- 5.3. Subsequently the Rother District Local Plan in 2006 recognised north-east Bexhill as being critical to economic growth in the area, and established the principle of development, and the overall scale, mix and general disposition of uses within the site.
- 5.4. The site was the subject of a planning application in 2018. The application received strong support which resulted in the planning consent being granted in May 2018.
- 5.5. Wider stakeholders in the Project include: SELEP, East Sussex County Council, Rother District Council, Hastings Borough Council, Highways Authority, Statutory Consultees, Utility Companies, members of the public who have expressed an interest in the project, landowners, the business community, local residents, local interest groups, other organisations (both public and private sector), potential suppliers and the media.

6. Project Cost and Funding

- 6.1. East Sussex County Council is seeking a £1.94m LGF contribution towards the delivery of the Project. The remaining costs will be funded by Sea Change Sussex and Westcott Leach.
- 6.2. The full funding package for the Project is set out in a confidential appendix.

7. Outcome of ITE Review

- 7.1. The ITE review confirms that the Business Case analysis provides a proportionate assessment of the Project costs and benefits and results in a strong benefit cost ratio representing high value for money.
- 7.2. The analysis was robustly carried out using Ministry for Homes, Communities and Local Government appraisal guidance and delivers high levels of certainty around this value for money categorisation.

8. Project Compliance with SELEP Assurance Framework

- 8.1. Table 2 below considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework. The assessment confirms the compliance of the Project with SELEP's Assurance Framework.

Table 2 - Assessment of the Project against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case identifies the current problems and why the scheme is needed now. The objectives presented align with the objectives identified in the Economic Strategy Statement.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out in the Business Case and are considered in the economic case. Comprehensive value for money analysis has been completed.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The Business Case demonstrates clear experience of delivering similar schemes. A comprehensive risk register has been developed which provides an itemised mitigation.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	An adjusted BCR of 7.9:1 has been calculated which indicates high value for money.

9. Financial Implications (Accountable Body comments)

- 9.1. All funding allocations that are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2019/20 have been confirmed, and the funding has been received, however, funding for future years is indicative.

- 9.2. Until confirmation of receipt of grant is received, any future year funding awards made by the Board remain at risk.
- 9.3. As the full benefits and value for money for this scheme are contingent on delivery of the full programme of investment, including the later phases, as set out in the confidential appendix, the Board is advised to clarify that funding allocations are subject to delivery of the full business case, unless otherwise approved by the Board.
- 9.4. All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear that future years' funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 9.5. The Funding Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the requirements of the grant or in accordance with the decisions of the Board.

10. Legal Implications (Accountable Body comments)

- 10.1. There are no legal implications arising out of this decision. The allocation will be released to the relevant Upper Tier Authority in accordance with the terms and conditions of the SLA already in place. It will be the responsibility of the Upper Tier Authority to ensure that there is a sufficient back to back agreement in place with the College ensuring that the conditions of the SLA are reflected and formulate the basis of any agreement put in place

11. Equality and Diversity implication

- 11.1. Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
 - (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not;
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 11.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 11.3. In the course of the development of the project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are

considered as part of their decision making process and where it is possible to identify mitigating factors where an impact against any of the protected characteristics has been identified.

12. List of Appendices

- 12.1. Appendix 1 - Report of the Independent Technical Evaluator (as attached to Agenda Item 6).
- 12.2. Appendix 2 – Confidential appendix

13. List of Background Papers

- 13.1. Business Case for Bexhill Enterprise Park North.

(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	 24/5/19