

Forward Plan reference number: FP/AB/260

Report title: Bexhill Enterprise Park North Project Update	
Report to Accountability Board on 14th February 2020	
Report author: Helen Dyer, SELEP Capital Programme Officer and Marwa Al-Qadi, Project Co-ordinator – East Sussex Growth, East Sussex County Council	
Date: 27 th January 2020	For: Decision
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SELEP Partner Authority affected: East Sussex	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to receive an update on the delivery of the Bexhill Enterprise Park North project (the Project).

2. Recommendations

- 2.1. The Board is asked to

2.1.1. **Note** the latest position on the delivery of the Project;

2.1.2. **Agree one of two options:**

2.1.2.1. Option 1 - **Agree** to pause LGF spend on the delivery of the Project, beyond the £440,000 LGF already transferred to East Sussex County Council, until planning consent has been granted; or

2.1.2.2. Option 2 - **Note** the risk to East Sussex County Council of abortive LGF spend on the Project, if the planning appeal is unsuccessful. If LGF spend on the Project becomes an abortive revenue cost, this must be repaid to SELEP by East Sussex County Council, under the terms of the Service Level Agreement with the SELEP Accountable Body.

2.1.3. **Agree** that a further update on the Project which confirms the outcome of the planning appeal should be provided to the Board at their meeting on 3rd July 2020.

3. Bexhill Enterprise Park North (the Project)

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- 3.1. The Project was identified by the Investment Panel as a priority through the LGF3b pipeline development process and was approved by the Board on 7th June 2019 for the award of £1.94m LGF.
- 3.2. 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.
- 3.3. 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.
- 3.4. The Bexhill Enterprise Park North site gained outline planning approval in May 2018 for 33,500sqm of employment floor space within use classes B1 and B2.
- 3.5. 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.
- 3.6. The key objectives of the Project are:
 - 3.6.1. the delivery of employment floorspace;
 - 3.6.2. creation of jobs to benefit economic development;
 - 3.6.3. to enable private sector investment;
 - 3.6.4. to encourage foreign investment; and
 - 3.6.5. to demonstrate market viability.
- 3.7. 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. Project delivery update

- 4.1. The original Project Business Case set out the intention to commence site preparation in August 2019, with the LGF funded enabling works being completed by March 2020. Thereby facilitating construction of the first industrial units on the site.

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- 4.2. The delivery of the Project has been slower than anticipated due to complications encountered in the planning process.
- 4.3. It was indicated in the Project Business Case that outline planning permission had been granted in May 2018 for up to 33,500 sqm (net internal area) of employment floor space (classes B1 and B2) with roads and ancillary infrastructure and services. Planning permission was granted subject to a number of conditions being satisfied.
- 4.4. In October 2018, an application for approval of reserved matters following outline planning approval was submitted by a private sector development partner to Rother District Council. After a lengthy period of engagement and consultation, the application was considered by Rother District Council planning committee on 10th October 2019.
- 4.5. The planning committee resolved to refuse the reserved matters application for a number of stated reasons including: unacceptable phasing of the development, lack of master-planning for the site, poor design, impact on landscape character, detrimental impact on existing protected trees and failure to mitigate impacts on biodiversity.
- 4.6. On 24th December 2019, an appeal was lodged with the Planning Inspectorate in respect of the refusal of the reserved matters application. The appeal documentation includes a request for an inquiry to be held as this approach will allow for examination of expert witnesses who have input into the planning application.
- 4.7. To date £440,000 of the LGF allocation to the Project has been transferred to East Sussex County Council to support delivery of the Project. Sea Change Sussex have reported total spend to date of £0.389m, which includes spend on design, site investigation works and land acquisition. Of the £0.389m spend to date, Sea Change Sussex have sought to claim LGF funding of £0.27m in the 2019/20 financial year from East Sussex County Council.
- 4.8. The decision to refuse the reserved matters application presents a significant deliverability risk to the Project. In light of this risk to delivery, it is considered prudent to place any further LGF spend on the Project on hold until such time as the deliverability risk has reduced to an acceptable level through resolution of the planning issues. It is noted that placing LGF spend, beyond the £440,000 already transferred to East Sussex County Council, on hold until the planning appeal has concluded, would further delay delivery of the Project increasing the risk of LGF spend beyond the end of the Growth Deal.
- 4.9. Following the decision by Rother District Council planning committee to refuse the reserved matters application, Sea Change Sussex, as scheme promoter, have taken advice from a number of leading consultants and are confident in the case to be presented.

4.10. It is still anticipated that if the planning issues can be satisfactorily resolved the Project will deliver the benefits as set out in the Business Case, albeit to a delayed timetable.

5. Next steps

- 5.1. Following submission of the appeal, the Planning Inspectorate will now determine whether they consider that an inquiry is the most appropriate approach to conducting the appeal.
- 5.2. Whilst a timescale for the appeal has not yet been confirmed, based on average timescales for planning appeals through inquiry as published by the Planning Inspectorate, it is likely to take approximately 25 weeks from submission of the appeal to final decision. Taking into account this information, the appeal is unlikely to be decided before June 2020.
- 5.3. The delay in securing the required planning consent will have a significant impact on the delivery programme. The original Project Business Case set out the intention to commence site preparation in August 2019, with the LGF funded enabling works due to be completed by March 2020. Based on the estimated timescale for the planning appeal, it is now unlikely that site preparation will commence prior to July 2020 increasing the risk of LGF spend beyond the Growth Deal period. A revised delivery programme will be developed once the timescales for the completion of the planning appeal have been confirmed. However, based on estimated timescales it is expected that the LGF enabling works will be completed by February 2021.
- 5.4. In light of the changes to the Project delivery programme, a revised LGF spend profile has been provided, as set out in Table 1. Based on the current estimated programme all LGF funding will be spent by the end of 2020/21, however, there remains a risk that spend will continue beyond the Growth Deal period if there is any delay to the consideration of the planning appeal. A revised LGF spend profile will be provided once the timescales for the completion of the planning appeal have been confirmed.

Table 1 – Bexhill Enterprise Park North LGF spend profile

	2019/20	2020/21	Total
Original spend profile	£1.94m	-	£1.94m
Revised spend profile	£0.27m	£1.67m	£1.94m

5.5. In January 2020, the Strategic Board received a report which identified those projects where there is a risk of spend beyond the 31st March 2021. The Project is included within that report. Should the updated delivery programme show that LGF spend will extend beyond the Growth Deal period, East Sussex County Council and Sea Change Sussex will be asked to demonstrate how the Project meets the five conditions for spend beyond 31st March 2021, as agreed by the Board in February 2019 and as set out below:

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- 5.5.1. A clear delivery plan with specific delivery milestones and completion date to be agreed by the Board;
 - 5.5.2. A direct link to the delivery of jobs, homes or improved skills levels within the SELEP area;
 - 5.5.3. All funding sources identified to enable the delivery of the project. Written commitment will be sought from the respective project delivery partner to confirm that the funding sources are in place to deliver the project beyond the Growth Deal period;
 - 5.5.4. Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond 31st March 2021; and
 - 5.5.5. Contractual commitments being in place with construction contractors by 31st March 2021 for the delivery of the project.
- 5.6. Based on the estimated timetable for the planning inquiry, it will not be feasible for a full Project update to be provided at the next Board meeting on 15th May 2020, as the planning appeal is likely to still be ongoing.
- 5.7. It is therefore recommended that a full Project update is provided at the Board meeting on 3rd July 2020 subject to confirmation of the expected timescales for the planning inquiry. It is expected that this update will:
- 5.7.1. Confirm the outcome of the planning appeal;
 - 5.7.2. Provide an updated delivery programme if the appeal is successful;
 - 5.7.3. Demonstrate how the Project meets the five conditions for spend beyond 31st March 2021 if applicable; and
 - 5.7.4. Outline the next steps if the planning appeal is refused, including any alternative options for delivery of the Project. Noting that if there are no alternative options for Project delivery that the recommendation will be made that the funding is reallocated to the next project on the LGF project pipeline. If an alternative approach to delivering the Project is identified, this will need to be presented to the Board for approval before the Project can progress.
- 5.8. Should it not be possible for the Project to progress to delivery, this will have an adverse effect on the economic development of North East Bexhill both in terms of job creation and inward investment by the private sector, which reflects the overarching objectives of both the Project and the adjacent North Bexhill Access Road project.
- 5.9. Two potential options are presented to the Board for consideration in relation to LGF spend on the Project:

- 5.10. **Option 1** – Agree to pause LGF spend on delivery of the Project, beyond the £440,000 LGF already transferred to East Sussex County Council, until planning consent has been granted.
- 5.11. Option 1 would reduce the amount of abortive LGF spend by East Sussex County Council if the planning appeal is unsuccessful and the Project cannot progress to delivery.
- 5.12. Sea Change Sussex have indicated that work needs to continue on both the design and groundworks prior to the conclusion of the planning appeal so as to prevent any further delay to the delivery of the Project. If further LGF spend on the Project is placed on hold until the planning issues have been satisfactorily resolved, this will increase the likelihood of the LGF spend extending beyond the end of the Growth Deal period.
- 5.13. **Option 2** – Note the risk to East Sussex County Council of abortive LGF spend on the Project, if the planning appeal is unsuccessful.
- 5.14. If LGF spend on the project becomes an abortive revenue cost, this must be repaid to SELEP by East Sussex County Council under the terms of the Service Level Agreement with the SELEP Accountable Body (Essex County Council). The grant conditions from Central Government strictly specify that the LGF must be spent on capital expenditure in delivering the Project. As such, if the Board agree to continue LGF spend on the Project in advance of resolution of the planning issues (Option 2), East Sussex County Council should consider this risk.

6. Financial Implications (Accountable Body comments)

- 6.1. Delays in the delivery of this Project increase the risks associated with the overall Project completion within the Growth Deal period.
- 6.2. Delivery of the Growth Deal forms part of the Annual Performance Review (APR) assessment undertaken by Government in advance of confirming the annual LGF funding allocations. The slippage experienced by this Project detrimentally impacts on this delivery assessment, placing a risk over the outcome of the APR.
- 6.3. It should be noted that delivery of this project beyond the Growth Deal in March 2021 is subject to meeting the five conditions agreed by the Board on 15 February 2019, including obtaining endorsement from the Strategic Board.
- 6.4. Option 1 to pause the LGF spend on the Project, potentially increases the risk of further delay to deliver the Project, however, given that planning permission has been refused and the outcome of the Planning Inspectorate appeal is unknown, this could be considered as the prudent approach to avoid the risk of abortive LGF spend to East Sussex County Council.

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- 6.5 To mitigate these risks, the Board is advised to keep under review the delivery progress of this project and to take this into account with regard to any further funding decisions made.
- 6.6 If LGF spend on the Project becomes an abortive revenue cost, the funding must be repaid to SELEP by East Sussex County Council, under the terms of the Service Level Agreement with the SELEP Accountable Body.
- 6.7 Essex County Council is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 6.8 All LGF is transferred to East Sussex County Council 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.
- 6.9 The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.

7. **Legal Implications (Accountable Body comments)**

- 7.1. There are no legal implications arising out of this decision.

8. **Equality and Diversity implication**

- 8.1. 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.
- 8.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 8.3. 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

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identify mitigating factors where an impact against any of the protected characteristics has been identified.

9. List of Background Papers

- 9.1. Business Case for the Bexhill Enterprise Park North project
- 9.2. Accountability Board Agenda Pack 7th June 2019, including decision to award funding to the Project

(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 Nicole Wood, S151 Officer, Essex County Council)	06/02/2020