

Report to: Lead Member for Strategic Management and Economic Development

Date: 23 January 2018

By: Director of Communities, Economy and Transport

Title: Local Growth Fund – Amendments to spend profiles 2017/18

Purpose: To seek approval for the reallocation of funds within the East Sussex Local Growth Fund programme.

RECOMMENDATIONS: The Lead Member is recommended to:

- (1) Approve the additional allocation of Local Growth Fund grant monies to Sea Change Sussex, subject to the approval of the South East Local Enterprise Partnership’s Accountability Board, to fund the completion of the North Bexhill Access Road and the Queensway Gateway Road;**
 - (2) Approve the additional allocation of Local Growth Fund to Phase 1 of the Eastbourne Town Centre Movement and Access Package, subject to the approval of the South East Local Enterprise Partnership’s Accountability Board, to fund the completion of the Eastbourne Town Centre Improvement Scheme (Terminus Road);**
 - (3) Endorse the acceleration of spend in 2017/18 on the Eastbourne and South Wealden Walking and Cycling Package and the Devonshire Park Quarter Redevelopment, as agreed by the South East Local Enterprise Partnership’s Accountability Board; and**
 - (4) Delegate authority to the Director of Communities, Economy and Transport to approve the terms of any amended 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 North Bexhill Access Road (NBAR) 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 further central roundabout. The business case for £16.6m was approved by the South East LEP’s Accountability Board on 13 November 2015. 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 floor space. 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 780 new homes.

1.3 The Queensway Gateway Road (QGR) comprises a single carriageway road between the A21 Sedlescombe Road North and Queensway. The road will connect via a new roundabout with Queensway south of its junction with the Ridge West, crossing the Hollington Stream valley on an embankment and then utilising the existing alignment of Whitworth Road to join the A21 at a new roundabout north of the existing Sainsbury's store. Junction Road will be closed to traffic as part of the scheme. The Gateway Road includes a central roundabout to facilitate access to the employment sites allocated in the adopted Hastings Local Plan Planning Strategy to the north and south of the road. The business case for £15m was approved by the South East LEP's Accountability Board on 20 March 2015. Following a redesign of the scheme, the budget for the project was amended to £6m. The road will facilitate approximately 12,000sqm of employment space on these sites, creating around 900 jobs.

1.4 Phase 1 of the Eastbourne Town Centre Improvement Scheme (ETCIS) is specifically focussed on the key town centre corridor of Terminus Road, Gildredge Road and Cornfield Road. This area includes a number of bus stops and retail frontages, and will complement the Arndale Centre extension to be completed in late 2018, by supporting the towns move to providing a stronger image and identity as a major retail centre. The project includes bus stop relocation, new bus stops integrating with rail, footway widening, improved pedestrian crossing facilities, and upgrading of the public realm with new street furniture and bus shelters. This scheme has a £6.25m budget and is funded through a mixture of LGF (48%), development contributions (4.8%), ESCC (40%) and Eastbourne Borough Council (7.2%).

1.5 Eastbourne and South Wealden Walking and Cycling Package (ESWWCP) is a series of interventions and developments designed to improve sustainable transport and access for non-motorised highway users. The current project focusses on the phase 3 development of the Horsey Way walking and cycle path, which will eventually look to better connect the Town Centre with Sovereign Harbour.

1.6 The Devonshire Park Quarter Redevelopment (DPQR) is the construction of a new welcome building as part of the large scale refurbishment and improvement of facilities including the Lawn Tennis Club, Theatres and surrounding public realm. The ambition of this scheme is to significantly increase the attractiveness of Eastbourne as a corporate event and conferencing destination, taking advantage of a growing market place.

2 Supporting Information

NBAR

2.1 NBAR and QGR are funded entirely through SE LEP Local Growth Fund (LGF) programme contributions and are being delivered by Sea Change Sussex (SCS). SCS is a company limited by guarantee and is a key delivery partner for the County Council and other local partners. Hastings Borough Council, Rother District Council and the County Council collectively hold a 19.9% share of the company, the 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.

2.3 The works have proceeded largely on programme with completion of the road expected in the spring of 2018. However, the project has incurred some unexpected additional costs, which have meant that the original budget now requires supplementing.

2.4 These additional costs relate to the diversion of utilities, specifically the undergrounding of powerlines and fibre optic cables, which have greatly exceeded initial expectations, even with value engineering undertaken. Original budget cost estimates were provided by both UK Power Networks (UKPN) and BT Openreach to underground or divert existing lines along the alignment of the new road. When more detailed designs have been undertaken by the utility providers these costs have increased substantially. There have also been a number of unexpected private water and electricity feeds used by local farmers that the developer has

had to divert or replace. In August 2017, a large quantity of illegally dumped asbestos was discovered and the costs for removal have been significant.

2.5 To mitigate the impact of the road development on nearby residents, additional noise bunds have been included within the design. This has meant significant amounts of earth material have needed to be moved to new locations along the road where mitigation is required. Extensive additional works have also been included within the design to ensure a minimal impact on the local environment, and wildlife and their habitats. The additional cost incurred has meant that the development will meet the highest ecological standards, ensuring conservation of the local area and proliferation of local plant species. ***It is now estimated that an additional budget of £2m is required to ensure completion of the road.***

QGR

2.6 This project experienced initial delays due to challenges in the planning process, including two applications for judicial review. To ensure that the project was delivered as early as possible and avoid further slippage CA Blackwells were commissioned to start land remediation work in December 2016, resulting in lost days and additional preliminary costs due to challenging winter ground conditions.

2.7 The Southern Water strategic fresh water main that serves much of St Leonards runs across the site half way up the western hill where the construction of the embankment was due to take place. In the original budget forecast it was anticipated that this pipe would simply be diverted by Southern Water at minimal cost. However, due to the material make up of the pipe and therefore the costs involved in realignment, Southern Water insisted upon the inclusion of an accessible concrete archway under the embankment. This has added significant time and cost to the construction of the embankment.

2.8 The relocation of Bartlett's SEAT car showroom at the eastern end of the proposed road alignment has been identified as an additional cost risk. The original budget was based on the dealership being able to finance the bulk of their own relocation to the North Queensway Business Park with compensation made available to the land owners. The dealership has not been able to secure the necessary funding to fully finance this move so additional allocation is required within the budget to ensure a continuation of this business.

2.9 A recent tender exercise for the final phases of the work has returned estimates much higher than originally anticipated. Work is being undertaken with the contractor to minimise costs through improved programming and reducing the time on site. ***The combination of these factors has meant that an estimated additional £6m is required to ensure the completion of the road.***

ETCIS

2.10 Following public consultation on the original design it became clear that local bus service providers were not satisfied with the initial proposal to relocate the bus stops in Cornfield Road. This led to a redesign of the scheme and a broadening of the scope to include the relocation of the eastbound bus stops to Gildredge Road with the westbound stops remaining in Cornfield Road.

2.11 The delivery of this scheme is tied in with the works at the Arndale Centre and needs to be complete in time for the re-opening of the shopping centre at the end of 2018. ***Following a tender exercise, an additional £2m is required to ensure a sufficient budget is secured to complete the scheme within the timeframes.***

ESWWCP & DPQR

2.12 Delivery of these schemes has progressed well and they are both now well into the construction phase. This has presented an opportunity to advance the spend into this financial year. This will help mitigate slippages elsewhere in the East Sussex and wider SE LEP programme. ***There is the potential to accelerate £750k spend on ESWWCP whilst increasing the LGF allocation to DPQR by £1.6m in 2017/18.***

3 Proposed Way Forward

3.1 Project progress, spend, and forecast budgets are regularly monitored through a robust programme management process. This is supported by an internal oversight group of senior officers that meets quarterly to scrutinize each of the projects. Project risks are highlighted at an early stage and mitigation actions taken where possible. ESCC in its role as local accountable partner will continue to monitor all projects within the growth programme and report, as requested, to the SE LEP.

3.2 As part of the ongoing programme management process, opportunities for efficiencies and value engineering have been identified in two other LGF funded projects. The Hastings and Bexhill Movement and Access Package (HBMAP) currently sits in the programme with a £12m allocation over the remaining 4 years of the programme. In addition, the A22/A27 Junction Improvement (A27JI) has been allocated £4m over the financial years of 2019/20 and 2020/21.

3.3 The HBMAP was originally included in the programme as two separate £6m projects to address walking and cycling and junction improvements in the Hastings and Bexhill area. The rationale for combining the schemes was to deliver better value for money by adopting a joined up, strategic approach to development. Following the production of the full outline business case, which will be presented to the Accountability Board in February 2018, it has been determined that it is possible to achieve the stated outputs and outcomes for this package for only £9m.

3.4 In September 2017, Highways England announced a package of smaller scale interventions on the A27 east of Lewes which will be funded from the £72m allocation in Highway England's Roads Investment Strategy 2015 - 2020. Incorporated into these proposals were interventions that were originally identified to be carried out under the A27JI, in particular the improvement in capacity of the A277/A2270 signalised junction to support the planned housing and employment growth in the Eastbourne and South Wealden growth area. A number of elements under the original package will still be required – A27/A22 roundabout and the A22/Dittons Road roundabout both north of Stone Cross - and can be delivered for approximately £1m.

3.5 It is proposed that the £6m made available from the HBMAP and the A27JI be transferred to the NBAR and QGR budgets to partially cover the projected additional spend. The remaining £2m of the projected requirement for the NBAR and QGR projects will be covered by SCS using reserves held by them.

3.6 Once the final tender is returned in January 2018 and the project budget is known, it is proposed that the additional requirement for the ETCIS be sourced from within the current LGF programme. The recommendation is that the required funds are re-allocated from the later years allocation of the ESWWCP. The business case for the next phase of this scheme is currently under development and there is scope for efficiencies to be made within this scheme to retain the core outputs and outcomes pledged within the Growth Deal.

3.7 On 18 September 2017 Team East Sussex (TES) approved an amended profile of spend for the East Sussex LGF programme. This was formally approved on 17 November

2017 by the SE LEP's Accountability Board. This was due to slippages in the ETCIS which could be mitigated by advancing spend on phase 1 of the ESWWCP and the DPQR. In addition, the NBAR, QGR and ETCIS LGF profiles and allocations were all considered at the recent TES meeting held on 11 December 2017 and were supported in principle, subject to formal consideration and approval by the county council's Lead Member for Strategic Management and Economic Development at this meeting.

3.8 Table 1 below shows the current LGF profile and allocations whilst Table 2 shows the proposed LGF profile and allocations on the basis of the reallocated funds outlined in paragraphs 3.1 to 3.7.

Table 1 – Current profile and allocations

Scheme Name	LGF Spend Profile						
	2015/16 Actual Spend	2016/17 Actual Spend	2017/18	2018/19	2019/20	2020/21	Total
Queensway Gateway Road	1.419	1.121	3.46				6
North Bexhill Access Road	6.41	4.6	5.59	2			18.6
Hastings and Bexhill Movement and Access Package			1.352	3.648	3.5	3.5	12
East Sussex Strategic Growth Package			6.3	1.9			8.2
Hailsham / Polegate / Eastbourne Movement and Access corridor			1.5	0.6			2.1
Eastbourne and South Wealden LSTF walking & cycling package	0.6	0.37	0.88	1.75	2.5	2.5	8.6
Eastbourne town centre LSTF access & improvement package		0.55	2.45	0	1	2	6
A22/A27 Junction improvements					2	2	4
Swallow Business Park	0.505	0.895					1.4
Strategic Site Investment Package (formerly 'Sovereign Harbour Innovation Park')	0.53	1.17					1.7
Devonshire Park Quarter Redevelopment			3.4	1.6			5
Newhaven Flood Alleviation Scheme	0.3	0.8	0.4				1.5
Housing Regeneration Project (Hastings)			0.667				0.667
Totals	9.764	9.506	27.944	13.905	4.7	7.948	73.767

Table 2 – Recommended Profile and Allocations

Scheme Name	LGF Spend Profile						Total
	2015/16 Actual Spend	2016/17 Actual Spend	2017/18	2018/19	2019/20	2020/21	
Queensway Gateway Road	1.419	1.121	5	2.46			10
North Bexhill Access Road	6.41	4.6	5.59	2			18.6
Hastings and Bexhill Movement and Access Package			1.352	2	2.2	3.448	9
East Sussex Strategic Growth Package			6.3	1.9			8.2
Hailsham / Polegate / Eastbourne Movement and Access corridor			1.5	0.6			2.1
Eastbourne and South Wealden LSTF walking & cycling package	0.6	0.37	1.63	1	1.5	1.5	6.6
Eastbourne town centre LSTF access & improvement package		0.55	0.505	3.945	1	2	8
A22/A27 Junction improvements						1	1
Swallow Business Park	0.505	0.895					1.4
Strategic Site Investment Package (formerly 'Sovereign Harbour Innovation Park')	0.53	1.17					1.7
Devonshire Park Quarter Redevelopment			5				5
Newhaven Flood Alleviation Scheme	0.3	0.8	0.4				1.5
Housing Regeneration Project (Hastings)			0.667				0.667
Totals	9.764	9.506	27.944	13.905	4.7	7.948	73.767

4 Conclusion and Reasons for Recommendations

4.1 The North Bexhill Access Road and the Queensway Gateway Road are two of the major strategic Local Growth Fund Deal schemes to come forward in East Sussex and their delivery is key to unlocking employment space and create jobs in the A21/A259 Bexhill/Hastings growth corridor. Equally, the improvement of Terminus Road in Eastbourne Town Centre is critical to improving public transport, vehicular and non motorised user access to and from the town centre. It is also a key improvement that complements the significant private sector investment in the Arndale Centre extension.

4.2 It is important for East Sussex to take advantage of the flexibility available in the SE LEP's Accountability and Assurance Framework to continue to drive forward sustainable economic growth and deliver schemes as early as possible. As such, it is recommended that we accelerate spend on ESWWCP and DPQR to mitigate slippage elsewhere in the programme.

4.3 It is important that all of these strategically important schemes are delivered and that sufficient budgets are made available for their completion. As part of the requirements under the SE LEP Accountability and Assurance Framework, the Lead Member is therefore recommended to approve the re-allocation of LGF monies and reprofiling of spend as outlined in Table 2 above, subject to final approval by the SE LEP's Accountability Board at its meeting to be held on 23 February 2018.

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Local Members

All

Background Documents

None