

Forward Plan reference number: (N/A)

Report title: To Agree Sector Support Fund Grant Allocation to the Accelerating Opportunities within the Newhaven Enterprise Zone project	
Report to: Chief Executive Officer of SELEP	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Date: 16 th December 2019	For: Decision
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Divisions affected: Pan-LEP	

1. Purpose of Report

- 1.1 The purpose of this report is to set out the recommendations and supporting documentation of the Sector Support Fund (SSF) Bid for the Accelerating Opportunities within the Newhaven Enterprise Zone project (the Project). The Project has been through an Independent Technical Review (ITR) process, to enable £115,000 of Growing Places Fund (GPF) Revenue Grant to be devolved to East Sussex County Council for Project delivery. The bid document is included in Appendix 1.
- 1.2 The ITR report sets out an analysis to demonstrate that the Project meets the criteria for funding. This report is included in Appendix 2.

2. Recommendations

- 2.1 **Approve** the award of £115,000 GPF Revenue grant to East Sussex County Council to support the delivery of the Project identified in the Funding Bid and which has been assessed as meeting the criteria for funding.

3. Summary of issue

- 3.1. On 9th June 2017 the SELEP Strategic Board (the Board) approved the use of the GPF Revenue Grant to fund a programme of works to support the sector focussed activities that are being undertaken on a pan-LEP basis and predominantly led by the SELEP working groups, namely the Sector Support Fund (SSF).
- 3.2. The Board agreed, in 2017, the programme of total funding available in each year would be up to £500,000 of revenue grant per annum for three financial years, beginning 2017/18.
- 3.3. The purpose of the SSF is to support one-off, discrete pieces of work of a pan-LEP nature with a sector focus that brings demonstrable benefits and has support across the LEP. All applications must meet the criteria detailed in

section 3 of the SSF Guidance and be submitted in line with the process in section 4 of the same. This process ensures that the funding is allocated in accordance with the requirements of the SELEP Assurance Framework.

- 3.4. East Sussex County Council has submitted a bid for SSF of £115,000 to support the delivery of the Project, which was endorsed by the Board on the 6th December 2019 and by Team East Sussex on 30th September 2019.

4. Project Summary

- 4.1. The Newhaven Enterprise Zone, which launched in 2017 and covers approximately 79 hectares, is a catalyst for positive growth in Newhaven and the wider sub region. The overall objective of the Enterprise Zone is to deliver sustainable regeneration and a shift towards a higher value economy in Newhaven. Whilst the focus is on eight sites which are dispersed throughout the town, the ambition to create 70,000m² of new and refurbished employment floor-space and 2,000 FTE jobs over a 25-year timeframe will impact across the SELEP region as well as supporting enterprise growth and job creation in East Sussex.
- 4.2. Considerable progress has been made since the Enterprise Zone strategic framework was launched and an effective dialogue with local business leaders and landowners established. It is now important that Newhaven creates some quick wins to capitalise on the momentum created and to leverage the investment that the Enterprise Zone can generate.
- 4.3. The project focuses on Avis Way, which is a key industrial estate in the Newhaven Enterprise Zone. The project will work in three ways, each directly responding to the coastal communities and growth hub agenda, whilst also indirectly delivering against infrastructure, skills and social enterprise.
- 4.4. The three key focuses of the project are:
 - 4.4.1. **Avis Way Estates Improvement Plan** - A business led forum has already been established and an Estate Audit and Improvement Plan drafted. The project seeks to refine the Audit and Improvement Plan, as well as designing and delivering improvements to the estate which will encourage productivity, competitiveness and will attract new investment to the area.
 - 4.4.2. **Avis Way Business Improvement District** - The project will test and assess options for creating an Industrial Business Improvement District which will build on the business forum and create a sustainable model to continue investment in the estate and enhance the trading environment.
 - 4.4.3. **Marketing of the Newhaven Enterprise Zone** - A creative and coherent plan will be prepared and delivered, targeting both the community and businesses. The objective is to address and

overcome the negative perception of the town, whilst simultaneously promoting the town for investment.

- 4.5. The project will contribute to delivering the priorities of the SELEP Strategic Economic Statement through:
 - 4.5.1. Creating Ideas and Enterprise - Newhaven is one of four Enterprise Zones within the SELEP area and was created to drive economic growth, with a focus on the creative and marine industries. The project will create an environment and provide support infrastructure to enable businesses to achieve sustainable growth and high value jobs, which support Newhaven and the wider sub region to become a more productive and prosperous economy.
 - 4.5.2. Developing tomorrow's workforce - The project will contribute to raising peoples' awareness of employment opportunities available locally and engage them in what the employment and skills offer of a future Newhaven could be.
 - 4.5.3. Accelerating Infrastructure - This project will directly support an evidence base and delivery plan that identifies infrastructure investment required, the business case and lobbying for that investment. Critically, the estate improvements will boost land values and confidence to refurbish and invest in new industrial development at Avis Way. It will target both public and private sector for funding, along with investment of its own Enterprise Zone Business Rate Uplift.
 - 4.5.4. Creating Places - This project will specifically support quality of place and connect business and people to drive forward plans that enhance the workspace, cultural and natural assets.
 - 4.5.5. Working Together - Having suffered from years of stagnation and decline, there is now widespread policy support and enabling investment to accelerate Newhaven's transition from an economy based on low value manufacturing and processing, to a higher value economic role. There is a genuine 'coalition for growth' between businesses and public agencies and this project aims to take collaboration and partnership working to a new level by testing and developing new models and governance arrangements to involve businesses in estate renewal.
- 4.6. The project application sets out a number of benefits that are expected to be realised as a result of the project. These benefits include:
 - 4.6.1. Acceleration of refurbished business space – 1,006m² of refurbished business space to be brought forward two to three years earlier as a result of the SSF investment;

- 4.6.2. Increased take up of industrial space across the Newhaven Enterprise Zone – it is expected that the project will facilitate the take up of 1,500m² of vacant space across the Enterprise Zone;
- 4.6.3. Business contribution to public realm/place making – the move to pre-Business Improvement District status assumes a contribution of £500 per business for future public realm improvements; and
- 4.6.4. Acceleration of gross jobs delivery target for Avis Way – the gross jobs delivery target for Avis Way is 116 jobs. It is expected that the project will accelerate delivery of these jobs by 30%.

5. Project Funding

- 5.1. The total cost of the Project is estimated at £197,500 including an SSF ask of £115,000, along with contributions from East Sussex County Council and through Newhaven Enterprise Zone Business Rate up-lift, as set out in Table 1 below.

Table 1: Project Funding breakdown (£s)

Sources	2019/20	Total
SELEP SSF	115,000	115,000
Match funding		
East Sussex County Council	40,000	40,000
Newhaven Enterprise Zone Business Rate up-lift	42,500	42,500
Total	197,500	197,500

- 5.2. East Sussex County Council has committed £40,000 in match funding, a combination of revenue and capital funding, to support delivery of proposed enhancements to the Avis Way Industrial Estate. The funding, along with the Newhaven Enterprise Zone Business Rate up-lift, will be used to deliver all capital aspects of the project, including:
 - 5.2.1. Conducting a vehicular entry point signage audit, building upon the indicative map produced by the Enterprise Zone of where business signage is required;
 - 5.2.2. Manufacture and installation of additional signage and replacement of old signage for amenities and businesses; and
 - 5.2.3. Manufacture and installation of anti-idling signage around the ring road and the major approaches, to proactively encourage drivers to switch off their engines when in queues of traffic.
- 5.3. The contribution from East Sussex County Council will be committed and spent by 31st March 2020.

- 5.4. The Newhaven Enterprise Zone Strategy Board has committed £42,500 in grant funding to the project as a means of pump priming future investment in Newhaven. This funding will be provided through Newhaven Enterprise Zone Business Rate up-lift. The Enterprise Zone is in its third year of the business rates uplift scheme which accumulated £1.1m by the end of the second year and is expected to grow further; the £42,500 contribution is incorporated into the operational budget of the Enterprise Zone.
- 5.5. In addition to the financial contributions stated in Table 1 above, in-kind match contributions will be provided through officer time and resources from both Newhaven Enterprise Zone and Lewes District Council.

Issues for consideration

6. Risks and Dependencies

- 6.1. The Project risks and dependencies, as detailed in the bid document, include:
 - 6.1.1. the design and delivery of estate improvements may not secure an up-lift in investment interest, which may in part be caused by external factors;
 - 6.1.2. there is a risk that businesses might not vote yes to the proposed Business Improvement District. The value in this work stream is to assess and test new ways of partnership and collaboration. The current Forum has grown from 10 to 35 businesses engaged from the estate in the space of 6 months and the project seeks to explore how to ensure business commitment to sustain the up-keep of Avis Way;
 - 6.1.3. the difficulty in measuring outcomes from communications and marketing campaigns is well known. As well as creating campaigns to change perceptions of Newhaven as an investment location, the plan will target future occupiers with clear branding and tailored sector propositions, matching the sector strengths of the Newhaven Enterprise Zone. Robust techniques will be put in place to monitor and evaluate the impact of the marketing component of the project.

7. Outcome of ITR Process (*Accountable Body Comments*)

- 7.1. The Accountable Body has independently assessed the Project Bid Document and has confirmed that the Project meets the criteria for funding, including the Assurance Framework requirement with regard to the expectation that high value for money will be achieved.
- 7.2. The Newhaven Enterprise Zone, which launched in 2017 and covers approximately 79 hectares, is a catalyst for positive growth in Newhaven and the wider sub region. The overall objective of the Enterprise Zone is to deliver

sustainable regeneration and a shift towards a higher value economy in Newhaven. The project is seeking to create some quick wins to capitalise on the momentum created to date and to leverage the investment that the EZ can generate.

- 7.3. Whilst the project is not pan-LEP, the Enterprise Zone is a key regeneration priority for SELEP. In addition, the project aligns with the Smarter, Faster, Together aims of the Strategic Economic Statement. In previous rounds of the SSF, funding has been awarded to projects with a focus on other Enterprise Zones across the SELEP area. SSF investment in Enterprise Zones is, therefore, an agreed exemption to the requirement for all SSF projects to be pan-LEP.
- 7.4. The project has secured both match funding from East Sussex County Council and via Newhaven Enterprise Zone Business Rate up-lift, and in-kind contributions, in the form of staff time, from Newhaven Enterprise Zone and Lewes District Council. The bid has been endorsed by Team East Sussex.
- 7.5. A Benefit Cost Ratio of 9.71:1 has been calculated for the Project. The Project benefits considered within the BCR calculations include: acceleration of refurbished business space, increased take-up of industrial space across the Enterprise Zone, contributions from businesses on the estate to public realm and placemaking improvements and acceleration of Gross Jobs delivery target for Avis Way Estate. Evidence has been provided to demonstrate value for money.

8. Financial implications *(Accountable Body Comments)*

- 8.1. A total of £801,600 of SSF funding is available in 2019/20, when taking into account the brought forward funding of £301,600 from 2018/19; of this amount, a total of £380,600 has been awarded to date, leaving an outstanding £421,000 to be allocated.
- 8.2. This Project came forward for endorsement for £115,000 funding at the December 2019 Strategic Board meeting; the requested funding allocation for the Project is set out in Table 2 below.
- 8.3. On approval of this Project award, £306,000 remains outstanding for allocation to new funding bids in 2019/20 and £400,500 in 2020/21. If the £306,000 balance is not allocated in the remainder of this financial year it will be available to be carried forward to 2020/21.

Table 2: Sector Support Fund Summary**Sector Support Fund Summary**

SSF Funding Available	2018/19	2019/20	2020/21	Total
	£	£	£	£
Total Funding	1,000,000	500,000	500,000	2,000,000
Less Funding approved to date	698,400	380,600	99,500	1,178,500
Balance of funding available	301,600	119,400	400,500	821,500
Plus funding c/f from 2018/19		301,600		
Funding available	301,600	421,000	400,500	

Projects seeking approval:	2018/19	2019/20	2020/21	Total
	£	£	£	£

Projects seeking endorsement:

Newhaven Enterprise Zone	-	115,000	-	115,000
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Total projects seeking approval:	-	115,000	-	115,000
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Funding Available	301,600	421,000	400,500	
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Total carry-forward to future years	301,600	306,000	400,500	
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8.4. This grant is a fixed maximum contribution to the Project; any Project over spends incurred will be required to be addressed by the Project delivery partner.

9. Legal implications (Accountable Body Comments)

9.1. The grant will be transferred to East Sussex County Council via a grant agreement with the Accountable Body; the grant agreement will include a requirement for claw back of the funding if it is not fully expended or not expended in line with the Project Bid Document.

10. Equality and Diversity implications

10.1 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:

- Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;
- Advance equality of opportunity between people who share a protected characteristic and those who do not;
- Foster good relations between people who share a protected characteristic

and those who do not including tackling prejudice and promoting understanding.

10.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

10.3 In the course of the development of the project business cases, 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 possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

11. List of appendices

11.1. Appendix 1 – Project Bid Document

11.2. Appendix 2 – Independent Technical Review report

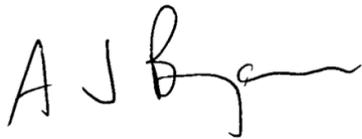
12. List of Background papers

12.1. Sector Support Fund Guidance

12.2. SELEP Assurance Framework

12.3. Minutes of the Strategic Board Meeting 9th June 2017

Role	Date
Accountable Body sign off	
Stephanie Mitchener	27/01/2020
Stephanie Mitchener, Director of Finance <i>(On behalf of Nicole Wood, S151 Officer Essex County Council)</i>	

I approve the above recommendations set out above for the reasons set out in the report.	Date
	06/02/2020
Adam Bryan Chief Executive Officer for the South East Local Enterprise Partnership	