

Question 1

I refer to the Agenda Pack of the Accountability Board meeting held on 27 May 2022. Page 117, paragraph 6.2 LGF Deliverability and Risks. This reads:

“Changes to the Structure of Appendix D have been made to ensure that it is possible to differentiate between those projects which have completed their LGF spend but which are continuing to deliver against their agreed Business Case and those projects which have completed both LGF spend and delivery in accordance with their agreed Business Case. This change in approach has meant that a small number of projects which were previously reported as complete, due to their LGF spend allocation having been spent in full, now being shown as ongoing. Delivery of the remaining works required as per the agreed project Business Case will continue to be monitored.”

For clarity please confirm that the cases referred to were reported by the Body responsible to SELEP for the delivery of the projects to SELEP as being completed when, in fact, they were not complete? Has this reporting change been promoted by enquiries from Residents of East Sussex?

Can SELEP confirm this change actually applied to only 2 projects out of some 114 projects reported in Appendix D?

Can SELEP confirm that in both cases the body responsible was East Sussex County Council and the Supplier Contractor/Delivery Partner was Sea Change Sussex?

Appendix D LGF Deliverability and Risk on page 49 of the Agenda pack for the meeting on 15 July 2022 still shows both these projects as being incomplete will SELEP advise :-

On the North Bexhill Access Road additional funding had been provided to undertake environmental mitigation measures. These were conditions set out in the Planning Consent for the Road granted by Rother District Council. As at the 27 May meeting these works had not been undertaken. As the total allocation of LGF allocated has been reported as spent, what is the cost value of the remaining works to be funded by Sea Change Sussex to complete the project? What date has been given for the completion of the North Bexhill Access Road Project? Why is this date not in the report to the Board for 15 July?

On the East Sussex Strategic Growth Project, this was made up of several inter-related component parts. Which of these parts have been delivered? Which parts have not been delivered? Which parts have yet to be commenced? By March 2021 509 new jobs were scheduled to have been completed, what is the actual total to date? As the total allocation of LGF has been reported as spent, what is the cost value of the remaining works to be funded by Sea Change Sussex to complete the project? What date has now been given for the completion of the project? Why is this date not in the report to the Board for 15 July?

In the Agenda Pack for 15 July under LGF Queensway Road there is a claimed reporting procedures /accountability relationship between East Sussex County Council and Sea Change Sussex. This follows on from my public question at the last Accountability Board. If the reported process is valid as claimed why were both these projects reported as completed when they clearly were not? Is it not the case that East Sussex County Council have failed in their duty in this regard?

If this information is not readily available for the 15 July meeting does this indicate the monitoring of these projects has been deficient and how will it now be improved?

Can the Board explain why no update has been given on either of these incomplete projects for the last 6 months?

Response:

The projects referred to in paragraph 6.2 - LGF Deliverability and Risks (page 117 Agenda Pack of the Accountability Board meeting held on 27 May 2022) were reported to SELEP as complete. This was due to the LGF funding having been spent in full, however, work continues to deliver the full scope of works set out in the approved project Business Cases.

A review of how LGF project information is presented within the Accountability Board agenda pack was conducted following receipt of correspondence which highlighted potential inconsistencies in the way this information was presented. It is unknown if the correspondence was from a resident of East Sussex.

The change in approach resulted in 3 projects which were previously reported as complete, due to their LGF spend allocation having been spent in full, now being shown as ongoing as delivery of the full scope of works set out in the approved Business Case continues. East Sussex County Council are responsible for delivery of 2 of these projects, with Sea Change Sussex acting as delivery partner in both cases.

The North Bexhill Access Road project has achieved practical completion, with construction works complete and the full length of the road opened for use by the public in March 2019. Following its' opening the new road is contributing to realisation of all the outputs and outcomes forecast within the Business Case for the project.

There are, as with most infrastructure schemes of this nature, post completion landscaping works still to be completed. These landscaping works will be completed after significant power, water and sewerage infrastructure development arrangements have been put in place, with a date for these works as yet unknown. These utility works are required to enable delivery of the originally forecast project benefits and impacts, including the new housing that the project has unlocked.

The decision notice issued by Rother District Council on 11 February 2016 required provision of plans for approval with regard to the soft landscaping works which were to be carried out following completion of the project. As, for the reasons outlined above, these landscaping works have not yet been completed in full, the delivery status for the project will continue to be reported as 'Construction in progress' in the SELEP Accountability Board papers until these works have been completed. The cost of the landscaping works cannot be confirmed at this time.

The East Sussex Strategic Growth project was intended to develop strategic business space and utilise its generated income as flexible recyclable investment funding to ensure the continued growth of quality employment space for all types of potential occupiers throughout East Sussex.

The East Sussex Strategic Growth project is different from other projects within the SELEP capital programme in that the LGF funding was designed to be seed funding for multi-phase development. Therefore, only a portion of the development outlined within the Business Case was due to be funded through the LGF, with the remaining works being delivered through income generated through letting or selling the assets delivered through the initial phase of the project. It was expected that the subsequent works would be funded when market forces permitted. The scope of the project also allowed for significant variations to delivery, with realisation of the benefits outlined in the Business Case forecast to extend to 2032.

The LGF funding awarded to the East Sussex Strategic Growth project was used to support the delivery of High Weald House/Bexhill Enterprise Phase 2 (which was built between 2017 and 2019 with lettings commencing in 2019/2020). It is important to recognise that High Weald House, like other commercial developments, has faced market challenges as a result of Brexit and the COVID-19 pandemic which has impacted on the income generated through letting the workspace delivered.

Other elements of the East Sussex Strategic Growth project delivered through the LGF funding included infrastructure works at Sovereign Harbour Innovation Park and Bexhill Enterprise Park South, as well as planning and early infrastructure work on the Bexhill Enterprise Park North site. These works completed the initial phase of development, with the remaining works to be funded through income generated as a result of this development.

Sea Change Sussex have confirmed that High Weald House provides capacity for up to 237 FTE jobs. The latest LGF quarterly reporting from East Sussex County Council which provided an update on Sea Change Sussex projects, indicates that 81 jobs have been realised to date as a result of the East Sussex Strategic Growth project.

The later phases of development outlined within the East Sussex Strategic Growth project Business Case will not be funded directly by Sea Change Sussex. As outlined above, these works will be funded through reinvestment of income achieved through the letting and sale of the assets created through the initial phase of development.

A completion date for the remaining works outlined within the East Sussex Strategic Growth Business Case is not yet known as the timeline for delivery of the later phases of development has been adversely affected by the economic impacts of the COVID-19 pandemic and Brexit which have reduced the income achieved to date through the delivery of the initial phases of development.

East Sussex County Council have indicated that they reported both projects (North Bexhill Access Road and East Sussex Strategic Growth) as complete as this reflected the fact that spend of the LGF funding awarded to both projects has been completed. Further work will be undertaken with local authority partners to ensure that there is a consistent understanding across the SELEP area of what constitutes project completion.

East Sussex County Council continue to monitor all SELEP funded projects for 3 to 5 years after completion to ensure that they are meeting wider project objectives as well as to monitor the delivery of originally forecast project outputs and outcomes. As part of this, updates will continue to be sought from projects

which have completed their LGF spend and East Sussex County Council will continue to monitor delivery of the remaining elements of the projects referenced in this document.

As referenced in the Accountability Board agenda pack for the 15 July 2022 meeting, East Sussex County Council were unable to obtain updates on any of the projects which Sea Change Sussex are delivering or have delivered in advance of the meeting, due to the unexpected absence of key Sea Change Sussex project personnel. It is acknowledged that the lack of updates was far from ideal, but it is understood to be a one off situation with updates on Sea Change Sussex projects expected to be provided in advance of the next Accountability Board meeting.

It is not feasible for the Board to be provided with updates on all incomplete projects at every meeting. Those projects which are considered to be High risk are subject to regular update reports to the Board but detailed updates on all other projects are provided on an ad hoc basis as and when there is an update to be provided. The level of risk attached to each project is calculated based on guidance provided by Central Government and considers three areas of risk – delivery, financial and reputational. The breakdown per risk area is set out within the SELEP Accountability Board agenda pack.

As can be seen in the July 2022 Accountability Board agenda pack, neither the North Bexhill Access Road or East Sussex Strategic Growth projects are currently classified as High risk projects and therefore detailed project specific updates have not been provided to the Board at recent meetings.