



## BUSINESS CASE (REVISED)

For

### North Bexhill Access Road

**LOCATION OF PROJECT:** Bexhill/Hastings, East Sussex  
**PROJECT SPONSOR (local authority):** East Sussex County Council  
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## Strategic Case

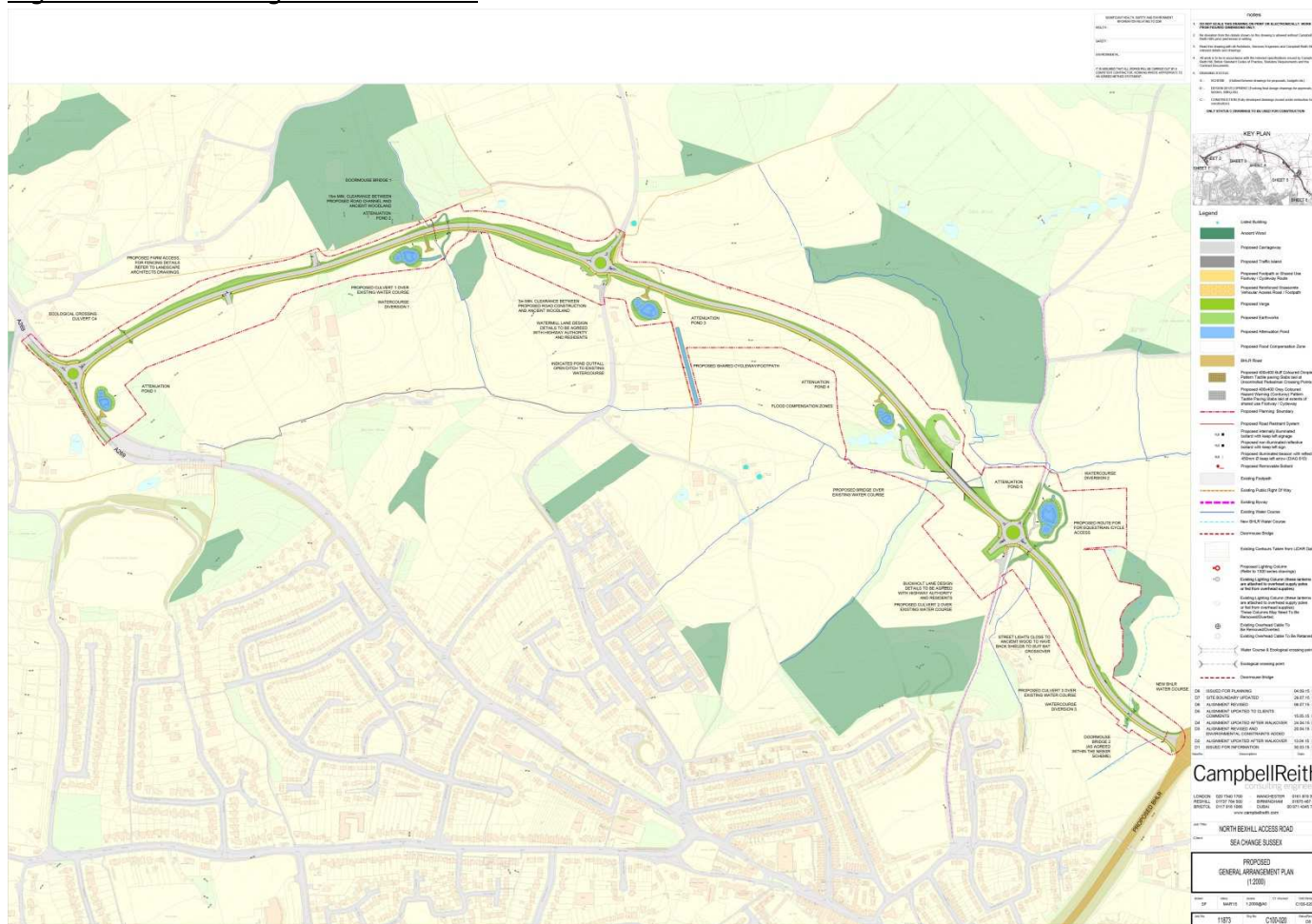
### 1. Project overview and rationale

#### 1.1 Brief description

The North Bexhill Access Road (NBAR) forms a key infrastructure investment in the A21/A259 Hastings Bexhill Growth Corridor, as defined in the South East Local Enterprise Partnership's (SE LEP) Strategic Economic Plan (SEP). It comprises a single carriageway road link between the A269 Ninfield Road and the Bexhill-Hastings Link Road (BHLR), creating a strategic connection to unlock planned employment and housing growth in North Bexhill. The Scheme is a circa 2.4km, 2-direction, single carriageway and includes the provision of three roundabouts and one bridge structure.

The road serves a strategic purpose in linking Bexhill in the west and the A21 to the east of the designated Growth Corridor. By relieving congestion on the A269 and improving traffic flows onto the BHLR, the NBAR plays a key role in managing the distribution of existing traffic flows and new traffic generation from proposed employment and housing developments in North Bexhill.

Figure 1 - Plan of alignment of NBAR





Critically, the NBAR provides direct access into employment land allocations under Policy BX3 of the 2006 Rother District Local Plan<sup>1</sup>, with capacity for circa 38,000sqm of employment-generating floorspace, unlocking delivery of a major contribution towards the employment floorspace development targets now set in Policy BX3 of the 2014 Rother Local Plan Core Strategy<sup>2</sup>, which refers to 'at least 60,000 sqm'. The NBAR also provides the road infrastructure to unlock the proposed urban extension in North East Bexhill with potential to directly unlock land for in the order of 780 new homes.

The employment land has been allocated in the approved Rother Local Plan since 2006 but only with the NBAR and its connectivity to the new BHLR, can it be bought forward for development.

By providing strategic connectivity to the BHLR, the NBAR enables these key sites to be brought forward for development, contributing to the economic growth objectives of Rother District and the South East LEP Strategic Economic Plan. The BHLR is a key piece of economic infrastructure intended to facilitate delivery of the Growth Corridor. This objective cannot be achieved without complementary road provision to access key development areas – the NBAR is part of this wider strategic infrastructure that secures delivery of the employment and housing growth targets of the Growth Corridor.

Bexhill and Hastings are recognised spatial priorities for economic development and regeneration in the South East Local Enterprise Partnership's Strategic Economic Plan, given persistent under-performance on a range of socio-economic indicators. However, business growth and associated new employment opportunities are currently constrained by a demonstrable shortage of development land and commercial floorspace capable of meeting identified levels of demand. By unlocking capacity for circa 38,000 sqm of new floorspace, the NBAR has the potential to have a significant impact on local economic growth prospects and the delivery of new local employment and housing growth.

There are persistent challenges present in the Rother and Hastings labour market. Both areas have lower than average employment rates, and Hastings in particular has significantly higher than average levels of unemployment. Evidence suggests that Rother and Hastings, operating as a single labour market, have developed their own sector specialisms.

There is however a long-standing structural weakness in the County-wide labour market where there is a predominance of sectors which typically generate lower levels of GVA to the economy. This has meant that the County as a whole has made a lower overall contribution to the economy.

As a result of long-standing underperformance, econometric forecasts for the area also suggest that, under baseline conditions, there will lower than average growth in employment and GVA terms over the coming years, although the levels of forecast growth still suggest there will be significant demand for additional employment space in the area.

Policy BX 3 of the Rother Local Plan has the potential to redress the structural weakness in the labour market and bring about a step-change in the economic trajectory of Rother and Hastings, for the benefit of local communities.

The Scheme is a planned strategic intervention to enable Policy BX 3 to be realised. The Scheme has the potential to bring forward employment sites which could contribute up to 66% of the total employment space requirement listed in Policy BX 3, and would therefore be a significant contributor to realising the local ambition for growing employment space capacity over the coming years.

The objectives of the project are therefore:

1. To support the development and employment growth potential of the A21/A259 Hastings Bexhill

<sup>1</sup> Rother Local Plan 2006 - <http://www.rother.gov.uk/localplan2006>

<sup>2</sup> Rother Local Plan Core Strategy 2011 – 2028 - <http://www.rother.gov.uk/corestrategy>





- Growth Corridor to grow a more competitive local and sub-regional economy;
2. To improve strategic access between North Bexhill, BHLR and the A21 and thereby improving strategic access to employment and housing sites in North Bexhill;
  3. To alleviate congestion on the A269 Ninfield Road through Sidley High Street specifically at:
    - Turkey Road mini-roundabout
    - Wrestwood Road junction
    - Town centre controlled crossings;
  4. To improve road safety by reducing the existing accidents along Sidley High Street;
  5. To provide for a more pedestrian friendly environment within Sidley High Street.

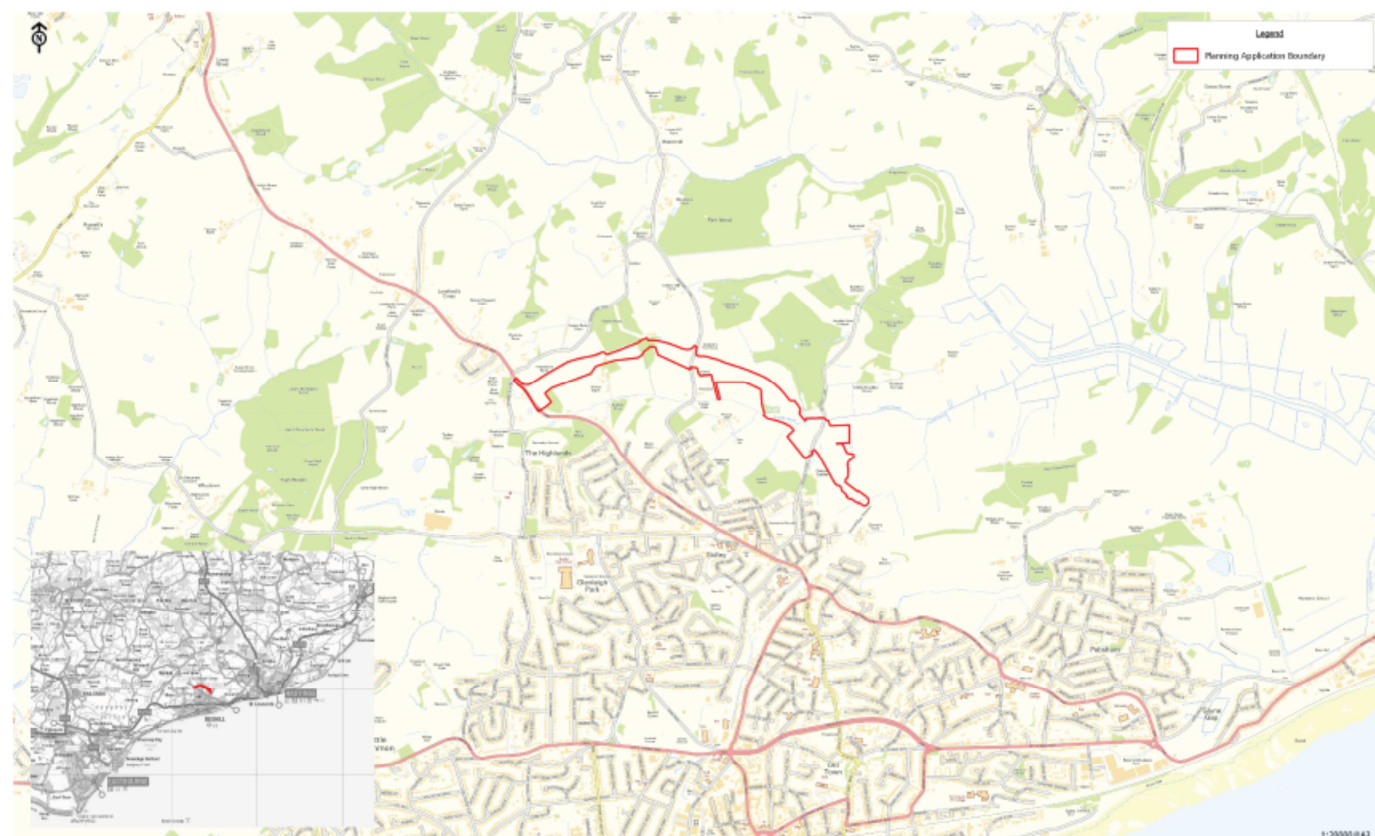
The NBAR has been the subject of an extensive design process and local consultations. A full design team led by consultant engineers Campbell Reith Hill has been appointed by Sea Change and East Sussex County Council to prepare a planning application and accompanying Environmental Statement (ES). The planning application and Environmental Statement were submitted to Rother District Council on 9<sup>th</sup> September 2015.

The projected capital cost of the NBAR is £16.6m. There is an existing allocation of £7.6m of Growth Deal funding for the initial phase of the road in 2016/2017. The purpose of this Business Case is to seek approval to release the £7.6m allocation and the reallocation of £9m from the East Sussex approved Growth Fund monies, to meet the current deficit in the NBAR funding requirement to deliver the full link from the BHLR to the northern connection with the A269.

## 1.2 Location

The NBAR scheme is located on the northern edge of Bexhill within the Bexhill Sidley ward and falls within the jurisdiction of Rother District Council (RDC). The National Ordnance Survey (OS) Grid reference for the approximate centre of the Application Site is 50.865778N, 0.46839438E.

Figure 2 – North Bexhill Access Road Location Plan





The Application Site is linear in nature and lies approximately 600m to the north of the village of Sidley, itself north of Bexhill. The area is defined within the North East Bexhill Supplementary Planning Document<sup>3</sup> as “rolling and well wooded countryside fringe defined by a distinctive east-west ridge”.

The area is characterised by tree cover, which acts as both a bound, and a screen. Major woodland landmarks are Kiteye Wood and Cole Wood which lay upon the higher ground of the ridge. Further Ancient Woodland is found at Levetts Wood, adjacent to the urban fringe, and a more recently designated area east of Oak Tree Farm.

Within the planning application area, there are two Public Rights of Way. Buckholt Lane is a partially made, single lane track designated as a By-way Open to All Traffic, running north-south, providing secondary access to Buckholt Farm. Watermill Lane is a more substantial local road also running north-south. The route also crosses a single footpath that runs from below Cockerel’s Farmhouse to the Combe Haven. The route is bounded at each end by major local roads; the A269 and Bexhill – Hastings Link Road (BHLR).

The Combe Haven stream runs east-west across the Application Site. The character of this stream is predominantly that of a field ditch boundary, with variable flows. Parts of the stream are ephemeral in nature with considerable dry sections during the summer months. Generally, the width of the stream is between 0.5m and 1.0m.

## 1.3 Strategic fit

The South East Local Enterprise Partnership (SE LEP) Strategic Economic Plan has identified the area to the north of Bexhill and Hastings as a Growth Corridor, referred to as the ‘A21/A259 Hastings Bexhill Growth Corridor’. The area contains some of the most severe deprivation in the SELEP area, but also major opportunity sites to accommodate growth in employment and housing in line with local, regional and national policy priorities.

The soon to be completed Bexhill Hastings Link Road forms the core infrastructure for the Growth Corridor, with the NBAR providing a final critical link to opening up specific development sites in North Bexhill. This corridor has suffered from severe congestion which has inhibited growth. The strategic rationale for the NBAR is therefore linked directly to the delivery of the growth objectives of the BHLR and the Growth Corridor.

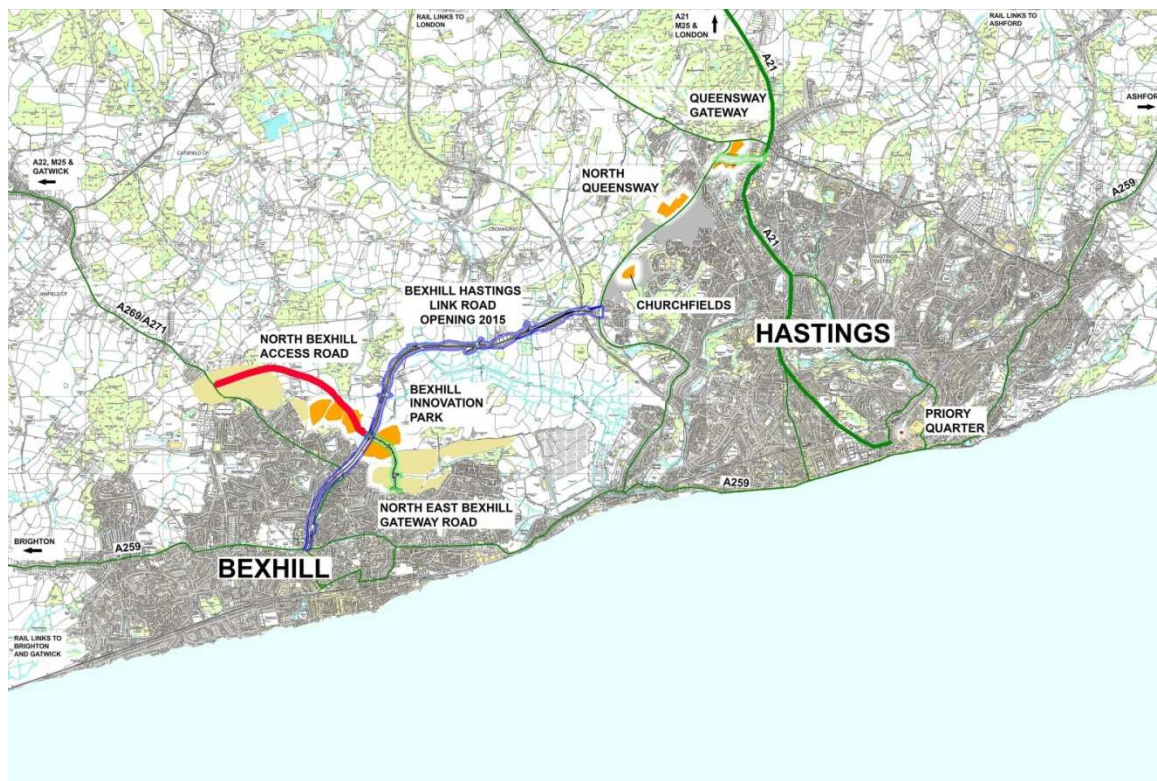
Maintaining and improving physical connections across the LEP area is also cited in the SEP as one of the key factors needed for the area to build on its economic strength as an international trade gateway. This issue is reiterated in SELEP’s strategy for the investment of European economic development funding (EUSIF Strategy, January 2014) which identifies ‘serious weaknesses’ in the area’s transport infrastructure as a barrier to economic growth.

The SEP highlights the significant development sites in North Bexhill identified as having potential to enable delivery of a significant proportion of the employment and housing growth anticipated from the Growth Corridor. The North East Bexhill urban extension is a key housing and employment growth area for East Sussex and for the South East. The strategic case for NBAR is to open up strategic access to unlock this growth opportunity and to provide connectivity to the BHLR and wider Growth Corridor. Without NBAR this growth potential will be severely constrained, compromising the delivery of this key opportunity identified in local and sub-regional economic development and planning policy.

<sup>3</sup> North East Bexhill Supplementary Planning Document, June 2009 - <http://www.rother.gov.uk/index.cfm?articleid=7284>



Figure 3 – North Bexhill Access Road in context of Bexhill Hastings Link Road and Growth Corridor



The scheme supports the delivery of a range of spatial planning and economic development priorities promoted by East Sussex County Council and Rother District Council. The Rother Core Strategy states that:

*"With worsening levels of deprivation relative to other parts of the country, it remains the case that Bexhill and Hastings need to regenerate economically. Additional transport infrastructure capacity is also critical to achieve such growth however. This principally relates to the Bexhill Hastings Link Road, for which construction is now underway."*

The Core Strategy reinforces the focus for employment and housing growth in Bexhill, promoting capacity for 3,100 new homes and at least 60,000 sqm of new employment floorspace. The Plan confirms that this development capacity is dependent upon the delivery of the BHLR and associated road improvements, including NBAR, to unlock development opportunities – the NBAR specifically provides connectivity of growth sites in North Bexhill to the NBAR. The previous development strategy identified potential for a major urban extension in North East Bexhill, including 1,300 homes and 50,000 sqm of employment floorspace. The more flexible policies of the Core Strategy continue to facilitate at least this level of growth, but potentially more, subject to a detailed site allocation processes. Given that the NBAR specifically connects the broadly defined housing growth area in North East Bexhill to the BHLR, it is considered reasonable to include much of the unlocked housing development capacity in the assessment of benefits arising from delivery of the NBAR. Based on current estimates the unlocked housing development capacity is in the order of 780 units although at present the exact location for the new dwellings in the North East Bexhill area is yet to be determined, but the broad search area for the new housing in the Local Plan is in proximity of the NBAR.

The NBAR therefore forms a key element in a specific and targeted economic strategy. These significant economic benefits will accrue to the communities of Rother and Hastings, acknowledged nationally as requiring investment to promote growth given designated Assisted Area status





The NBAR also contributes towards specific transport objectives of the East Sussex Local Transport Plan 2011 - 2026<sup>4</sup>. The Plan confirms Bexhill & Hastings as a priority area for transport investment, with the specific objective of enabling sustainable economic growth and addressing congestion bottlenecks. The LTP transport approach for Bexhill and Hastings identifies that in order to support economic growth and help deliver housing development schemes such as the Bexhill Country Avenue Western extension will be investigated. The Bexhill Country Avenue Western extension was identified in the 2006 Rother Local Plan and in the Rother Local Plan Core Strategy adopted in 2014 as a scheme running between the Bexhill Hastings Link Road and the A269 to unlock the employment and housing west of the Link Road and its alignment in broad terms is comparable with that being proposed for the North Bexhill Access Road.

## 1.4 Expected positive impact of the scheme

The NBAR will deliver a range of significant positive economic impacts, including transport benefits and wider contribution to growth outcomes in the Growth Corridor, particularly in terms of employment and housing growth opportunities. Table 1 below reflect the estimated net additional employment and housing units unlocked by the scheme.

Table 1 – Projected Economic Growth Outputs

	2015 /16	2016 /17	2017 /18	2018 /19	2019 /20	2020 /21	2021 /22	2022 /23	Post 2025	Total
<b>Floorspace</b>				6,000	7,000	8,000	8,000	9,000		<b>38,000 sqm</b>
<b>Jobs</b>				350	410	470	470	525		<b>2,225</b>
<b>Homes</b>				75	75	85	100	100	345	<b>780</b>

## 1.5 Wider benefits

The above employment and housing impacts relate specifically to the sites directly accessed by the NBAR. At a wider level, the improved connectivity achieved between the Bexhill, the BHLR and the A21 will significantly enhance the development potential of other sites in the Growth Corridor, notably the major employment and housing growth sites in North Queensway and at Bexhill Enterprise Park.

These sites are being brought forward as part of a coordinated growth strategy, with the BHLR providing the strategic connectivity between Bexhill and Hastings / A21, and other complementary access roads such as the NBAR being brought forward to enable development. Without the NBAR the connectivity of the North East Bexhill sites to the strategic road network will be constrained and the wider Growth Corridor objectives set out in the SEP would be compromised.

The Rother Local Plan Core Strategy has identified capacity in North Bexhill for at least 60,000sqm of new employment floorspace and as well as a major contribution towards the overall District housing growth of 3,100 homes up to 2028. The previous Rother District Local Plan identified potential capacity in North Bexhill for 1,300 new dwellings. The precise capacity for housing development in North Bexhill will be determined through the Sites Allocation process, but initial estimates suggest in the order of 780 housing units would be unlocked by NBAR.

The improved connectivity of North Bexhill to the A21 via the NBAR, the BHLR and also the Queensway Gateway Road will contribute directly to supporting the delivery of these major growth outputs, in line with the objectives of the Growth Corridor as set out in the SEP.

<sup>4</sup> East Sussex Local Transport Plan 2011 – 2026

<https://new.eastsussex.gov.uk/roadsandtransport/localtransportplan/lt3/downloadlt3>



## **1.6 Expected negative impact of the scheme**

The scheme is the subject of a full Environmental Statement (attached separately) which has been submitted as part of the planning application for NBAR. The scope of the ES has been accepted by the Local Planning Authority in support of the scheme. Some moderate impacts are highlighted in relation to ecological factors, landscape and visual impacts but these are localised and mitigated fully in the design. Potential impacts on hydrology have also been mitigated through design measures.





## **2. Options**

### **2.1 Option Development and Assessment**

Different option combinations of highway network and development have been considered. The key alternative highway network alignment for NBAR assessed includes an overbridge at Watermill Lane with no connection between NBAR and Watermill Lane. An option also assessed was a partial stub portion of NBAR from the junction with BHLR up to the roundabout at Buckholt Lane.

Further details of the options considered and tested are set out in Section 4.3 of the business case.

### **2.2 Constraints prior to project commencement**

The scheme is subject to a number of constraints, and therefore the design has necessarily evolved to take due account of these. In order to properly capture these evolutions, a Strategic Design Impact Appraisal (SDIA) (attached separately) was undertaken.

The SDIA identified key environmental and engineering constraints by way of a desk study. The key constraints are identified as:

- Ancient Woodlands
- Significant Tree Worthy of Retention
- Significant hedgerows
- Watercourses and Ponds
- Inhabited dwellings, including Grade II Listed Buildings
- Listed building

Additionally, further engineering and design constraints exist:

- Need to construct a road with suitable design speed and compliant geometry
- Minimise cut and fill and other re-grading

### **2.3 Consultations**

NBAR has been the subject of public consultation as part of the planning process, including individual meetings, a day long consultation event in June 2015 which attracted over 500 visitors, public bodies and more recently, a well-attended event managed by the Bexhill Town Forum.

NBAR continues to be hosted on a dedicated website and the Sea Change Sussex website.

There is a long history of stakeholder consultation for the North Bexhill Access Road but more correctly the planning policies should be seen as having long term support, dating back to 2006 when the Rother Local Plan was adopted, with full stakeholder endorsement to the more recent 2014 Rother Local Plan strategy which provided further policy support and clarification.

The scheme should be seen as the delivery of the shared stakeholders' intent by the scheme sponsors rather than a scheme for their consultation.

At a regional level the scheme has been supported in the Strategic Economic Plan of the South East Local Enterprise Partnership and by government who supported it in the 2014/2015 Local Growth Fund commitments.



At a local level, the key public partners, Rother District Council, Hastings Borough Council and East Sussex County Council, continue to support the scheme and receive updates and comment through regular meetings of the Hastings and Rother Task Force Steering Group. The wider public and community have been engaged through participation in the statutory Local Plan formulation and more recently through the pre-planning application. Consultation with affected parties will remain ongoing until completion of the scheme.



## Financial Case

### 3. Project cost

#### 3.1 Introduction

The estimated capital cost of the project is £16.6m. See separate statement of commercially confidential information on costs.

Cost estimates have been prepared by Campbell Reith Hill and reviewed by Allen Dadswell cost consultants. There are no known financial risks that are not covered by the contingencies built into the cost estimate.

Future maintenance will be funded by East Sussex County Council following adoption of the completed highway.

#### 3.2 Source of funding

There is an existing allocation under the SE LEP Growth Deal of £7.6m towards the first stage of the NBAR which would provide access from the BHLR into some of the designated employment and housing development sites.

It is proposed that the balance of funding for the second stage of NBAR to complete the link to the north joining the A269 is to come from re-allocating £9m from ESCC's approved Growth Deal funding (£15m) for Queensway Gateway Road.

Table 2 – Funding Sources

<b>Funding Source</b>	<b>2014/ 15 £000</b>	<b>2015/ 16 £000</b>	<b>2016/ 17 £000</b>	<b>2017/ 18 £000</b>	<b>2018/ 19 £000</b>	<b>2019/ 20 £000</b>	<b>2020/ 21</b>	<b>2021/ 25</b>	<b>Post 2025</b>
SE LEP		5,400	7,200	4,000					
SE FUND									
<b>Local Contribution Total (leverage)</b>									
<b>Other Funding</b>									
<b>TOTAL FUNDING</b>		<b>5,400</b>	<b>7,200</b>	<b>4,000</b>					

#### 3.3 Viability

Sea Change Sussex and ESCC have access to real-time experience of tendered prices, material costs, utility diversions, sub-contractor availability etc. based on other recent infrastructure projects, including the North Bexhill Gateway Road (being delivered by Sea Change Sussex) and the Bexhill Hastings Link Road (being delivered by East Sussex County Council). The budget cost estimates for the NBAR scheme reflect the full scheme design produced by civil engineers Campbell Reith Hill and Allen Dadswell cost consultants and have included appropriate contingencies to reflect potential cost risks.



## **Economic Case**

### **4. Benefit Cost Ratio – assessment of the value for money**

#### **4.1 The Bexhill & Hastings Model**

The proposed development of NBAR and associated development has been appraised using the Bexhill and Hastings transport model. This was originally built using Roadside Interview (RSI) data undertaken on roads between Bexhill and Hastings for a 2004 base year and for the following time periods:

- AM Peak hour (0800-0900)
- Average Interpeak hour (1000-1600)
- Average PM Peak hour (1600-1800)

Counts at numerous locations across Bexhill and Hastings were used in the calibration and matrix estimation, with the model being validated against two screenlines in Bexhill and two screenlines in Hastings. The model was also validated against four routes between Bexhill and Hastings and an additional two routes within Hastings. The BHLR multi-modal traffic model was used to provide traffic forecasts for the successful Public Inquiry into BHLR in November 2009 and was updated to provide traffic forecasts for the successful BHLR Best and Final Funding Bid to the Department for Transport in 2011. It has also been used to model the impacts of development proposals in the current Local Plans for both Hastings and Rother districts.

The work undertaken for the assessment of NBAR has encompassed the following elements:

- Review of existing 2011 base year model in area local to NBAR
- Realism testing
- Traffic forecasting
- Economic assessment of transport user benefits and accident benefits as well as a scheme dependent development assessment

Full appraisal details of the transport impact of the proposed development and the traffic forecasting and economic assessment are contained within the following reports (attached separately):

- Transport Assessment (GTA consultants) dated August 2015
- Traffic Forecasting & Economic Assessment (Mott MacDonald) dated September 2015

The model covers the whole of the Bexhill and Hastings area. The study area for the assessment of highway network impacts is more local and was agreed with East Sussex County Council and is shown in **Annex I**.

#### Model Validation

The model base year is 2011. Prior to its use in the assessment of impacts of NBAR, the model had been re-validated for the BHLR CPO/SRO Public Inquiry in 2009 and Best and Final Funding Bid in 2011.

For the current exercise, the model validation was checked, updated as necessary and confirmed as acceptable for the area likely to be impacted by the NBAR proposals. As part of that exercise, minor amendments were made to a selected number of movements through the A269 key junctions Bexhill to gain a better representation of modelled flows along this corridor which is key to the scheme proposed. Only local movements within Bexhill were amended to ensure the validation of flows across the





screenline between Bexhill and Hastings remained unaltered. The NBAR model validation is reported in the following report: Traffic Forecasting & Economic Assessment (Mott MacDonald) dated September 2015.

## Realism Testing

In line with the guidance in WebTAG unit M2 section 6, realism testing has been carried out using the validation assignments and DIADEM to determine local scheme specific DIADEM parameters for use in Scheme forecasting. Following guidance in WebTAG unit M2 section 6 initial realism tests were carried out without cost damping. The DIADEM model was set up to extract the generalised cost inputs directly from the SATURN assignments. The realism tests carried out included the car fuel cost and car journey time elasticity tests.

As the elasticity results for the initial fuel cost testing showed that the DIADEM results would be too elastic for commuting and other the minimum destination choice parameters 25% lower than the median value was calculated for commuting as recommended in WebTAG M2 section 5.6.14. For several iterations of tests a parameter much lower than the recommended WebTAG value was applied in order to achieve appropriate elasticities. Trip frequency parameters remain unchanged.

For fuel costs, with these parameters the overall annual average elasticity is as required around -0.30 and within the range -0.25 to -0.35, and the annual average elasticities for employers business and commuting are in the expected pattern. For journey times, the results show that user classes for all time periods have elasticity values within the recommended range of up to -2.0. Also the overall 24hour values are within the recommended range. Full details of the DIADEM testing is included in the 'Traffic Forecasting & Economic Assessment' report produced by Mott MacDonald.

## Model Forecasting

Model forecasting has been carried out for the following forecast years:

- 2017 – assumed opening year of NBAR;
- 2028 – standard model long-term forecast year consistent with Local Plan timescales.

Scenarios tested are illustrated by the following table.

Table 3 – Model Forecasting: Scenarios tested

HIGHWAY & DEVELOPMENT COMPONENTS	MODEL SCENARIO				
	2017DM	2017DSW	2028DM	2028DMonSW	2028DSW650
<b>HIGHWAY</b>					
<b>BHLR including Complimentary Measures</b>	Y	Y	Y	Y	Y
<b>NEBGR</b>	Y	Y	Y	Y	Y
<b>QGR</b>	Y	Y	Y	Y	Y
<b>NBAR</b>	N	Y	N	Y	Y
<b>Watermill Lane roundabout</b>	N	Y	N	Y	Y
<b>DEVELOPMENT</b>					
<b>BX2</b>	Y	Y	Y	Y	Y
<b>QGR associated development</b>	N	N	Y	Y	Y
<b>BX3</b>	N	N	N	N	Y
<b>135 houses off Watermill Lane</b>	N	N	N	N	Y
<b>650 houses off A269</b>	N	N	N	N	Y



## Trip Generation

The proposed quantum of development likely to be served by NBAR is:

- 135 dwellings served via Watergate / Watermill Lane
- BX3 Up to 38,000m<sup>2</sup> of B1 (B1abc - 70% & B2 - 30%)
- The potential for up to 650 additional dwellings at the north western end of the road served via Ninfield Road.

Prior to its use in NBAR, all previous modelling work using the Bexhill Hastings Transport Model has used the trip rates for developments types that were used at the 2009 Public Inquiry. These trip rates were extracted from TRICS in 2006, so the TRICS analyses have been updated for use with NBAR. The update approach was to include all survey data for the UK excluding large cities such as London, Manchester etc. and including recent survey data only. Overall the updated rates are consistent with those used for the Public Inquiry. The same approach has been used to extract new trip rates for all other land use types not previously required and these are included in the Transport Assessment and have been agreed with ESCC.

## Trip Distribution

The adopted spatial distribution of new trips to and from the major developments at North, Northeast and West Bexhill is consistent with that used for the BHLR Public Inquiry, with the distribution of employment development taken from the Regeneration Statement and the distribution of housing trips taken from the North East Bexhill Masterplan.

## Trip Assignment

The BHLR SATURN highways model has been used, incorporating variable demand modelling. Assignments have been carried out for all three standard model time periods (AM peak hour, Interpeak hour, and PM peak hour).

## **4.2 Future Forecasting**

Variable demand forecasts for a core scenario and various sensitivity tests have been undertaken. Future year networks were built for 2017, scheme opening year and 2028, the end of the Local Plan period for Hastings and Rother. Forecasts were prepared for 2017 and 2028 for the following time periods:

- AM Peak hour (0800-0900)
- Average Interpeak hour (1000-1600)
- Average PM Peak hour (1600-1800)

## Do Minimum Network

The following additional new highway schemes were included in all future year networks for both the Do Minimum and Do Something scenarios:

- Bexhill Hastings Link Road, currently under construction and due to open in 2015
- Bexhill Hastings Link Road complementary measures consisting of:
  - Improved roundabout junction of B2093 The Ridge/B2092 Queensway, Hastings
  - A259 westbound bus lane on approach to Glyne Gap roundabout
  - A259 eastbound bus lane on approach to Harleyshute Road
  - A259 westbound bus lane between Filsham Road and Harleyshute Road
  - An improved roundabout will be provided at the junction of Harrow Lane/ The Ridge
- North East Bexhill Gateway Road, currently under construction and due to open in 2015



- Queensway Gateway Road, planning application lodged in 2014

## Do Something Networks

The core scenario included NBAR with a roundabout at Buckholt Lane for development access, a three-arm roundabout at Watermill Lane with the southern approach cut off and a roundabout at the A269. Several sensitivity test networks were also prepared.

## Main Assumptions

Do Minimum (without NBAR) and Do Something (with NBAR) networks were assigned with matrices built as described above. Future year development quanta and location were provided by Hastings Borough Council and Rother District Council. The housing and employment development details from 2011 – 2017 and from 2017 – 2028 that were provided were considered to be “near certain” or “more than likely” as defined by TAG Unit M4.

A comparison of the specific development information provided above against that contained within TEMPRO6.2 was undertaken. The housing numbers provided by the local authorities were lower than TEMPRO6.2 planning data up to 2017 but from 2011 to 2028 housing numbers provided by the local authorities were higher than TEMPRO6.2 planning data.

TEMPRO v6.2 program was used to calculate traffic growth through potential growth in population and employment in zones outside of Bexhill and Hastings from 2011 to 2017. Separate growth factors have been used by time period, user class and location. For those zones within East Sussex districts, the appropriate growth rate for that district has been used. For those zones outside of East Sussex, an East Sussex growth rate has been used as trips from these zones have either an origin or destination within East Sussex. Between 2017 and 2028 only external to external trips were ‘growthed’ up using TEMPRO6.2 factors. Separate growth factors have been used by time period, user class and location.

The TRICS7.2.1 database has been used to determine appropriate car trip rates for housing and business developments. These rates have been used to calculate car trip numbers for these specific developments and the total trips allocated to the appropriate model zones.

Total car trips calculated have then been split into the three user classes, commuting, employers business and other trips using the matrix proportions from the 2011 validated assignments. The distribution of trips to and from the large developments at NE Bexhill and W Bexhill is consistent with that used for the BHLR Public Inquiry with the distribution of employment development taken from the Regeneration Statement and the distribution of housing trips taken from the North East Bexhill Masterplan.

Growth rate for LGV and HGV is based on DfT’s 2015 Road Traffic Forecasts growth for the South East region. The split of articulated and rigid HGVs has been taken from the classified count at Glyne Gap in 2011 and used to calculate an overall HGV growth factor.

## **4.3 Sensitivity Testing**

### Sensitivity test descriptions

Different option combinations of highway network and development have been considered. The key alternative highway network alignment for NBAR assessed includes an overbridge at Watermill Lane with no connection between NBAR and Watermill Lane. Also assessed was a partial stub portion of NBAR from the junction with BHLR up to the roundabout at Buckholt Lane.



- **Test 1** was carried out for the forecast year 2028 only assuming the same highway alignments as for the core scenario. Additionally, it assumes in 2028, 135 houses and 38,000sqm of employment space is in place as a result of the provision of NBAR. The 135 houses access the highway network via Watermill Lane and the 38,000sqm of employment development accesses the highway network of NBAR at the roundabout junction just north of BHLR at Buckholt Lane. A further 650 houses, which access the highway network off the A269 just south of NBAR, is also assumed.
- **Test 2** assumes the same network assumptions as the core scenario, but excludes the housing developments and reduces the amount of employment development assessed.
- **Test 3** includes a NBAR alignment including a bridge over Watermill Lane instead of a roundabout. This test was carried out for 2017 and 2028 with the same development assumptions as in the core scenario.
- **Test 4** and **5** have been carried out for the forecast year 2028. Both include the same network assumptions as test 3, but additionally include development assumptions like test 1 without and with the 650 houses, respectively.
- **Test 6** assumes NBAR will only partially be built up to the roundabout at Buckholt Lane to provide access to the 38,000sqm B1 development. The development assumptions include 135 houses and 38,000sqm employment development with the same highway network access locations as described in Test 1.

The sensitivity tests use the DIADEM responses, parameters and convergence criteria as the core scenario. Full details of the DIADEM testing are included in the 'Traffic Forecasting & Economic Assessment' report produced by Mott MacDonald.

### Sensitivity test results

The results of the sensitivity tests are included in Figures 6.1 – 6.4 of the Mott MacDonald report entitled 'Traffic Forecasting & Economic Appraisal' dated September 2015.

In summary, the results showed that all alternative test scenarios were inferior to the proposals in terms of impacts on the highway network. NBAR is forecast to carry 9,400 AADT in 2017 and 11,100 AADT in 2028, without any scheme dependent development in place, resulting in traffic levels along the A269 Ninfield Road parallel to NBAR reducing by 37% in 2028 compared to the DM. Traffic reductions of 28% are also forecast for A2036 Wrestwood Road parallel to NEBGR. With NBAR in place better connectivity is provided to NEBGR for areas north west of Bexhill resulting in an increase of 24% of traffic in 2028 along NEBGR compared to a highway network without NBAR (DM) but which can be accommodated with comfort. Within Bexhill traffic along the BHLR Bexhill Connection increases up to 1,400 AADT, while flows remain similar in the southwest section of Bexhill. Traffic levels within Hastings also remain similar with or without NBAR in place.





## 5. Economic Appraisal – TUBA

### 5.1 Traffic Inputs

The main inputs to TUBA, apart from the scheme cost, are all taken from the traffic modelling of the core scenario described above. The final trip matrices are extracted from the highway modelling and input to TUBA. Trip matrices for each of the five user classes, namely cars commuting, cars on employers business, other cars, LGVs and HGVs, are input separately to TUBA.

The split of the HGV matrices into the OGV1 and OGV2 has been calculated using the counts undertaken on the A259 at Glyne Gap. The split of the LGV matrices into personal and freight trips uses the standard WebTAG Data Book (November 2014) proportions of 88% freight and 12% personal.

Time and distance matrices by user class have been skimmed from the final highway assignments and input to TUBA.

The Analysis of Monetised Costs and Benefits (AMCB) table below presents the calculations of Net Present Value (NPV) and Benefit-Cost Ratio (BCR) for the proposed scheme. All costs and benefits have been discounted to 2010 and are shown in 2010 prices.

Table 4 – Analysis of Monetised Costs and Benefits

Analysis of Monetised Costs and Benefits		
Noise		(12)
Local Air Quality		(13)
Greenhouse Gases	-168	(14)
Journey Quality		(15)
Physical Activity		(16)
Accidents	-2385.3	(17)
Economic Efficiency: Consumer Users (Commuting)	5912	(1a)
Economic Efficiency: Consumer Users (Other)	15383	(1b)
Economic Efficiency: Business Users and Providers	20665	(5)
Wider Public Finances (Indirect Taxation Revenues)	572	- (11) - sign changed from PA table, as PA table represents costs, not benefits
Present Value of Benefits (see notes) (PVB)	39978.7	$(PVB) = (12) + (13) + (14) + (15) + (16) + (17) + (1a) + (1b) + (5) - (11)$
Broad Transport Budget	21763	(10)
Present Value of Costs (see notes) (PVC)	21763	$(PVC) = (10)$
OVERALL IMPACTS		
Net Present Value (NPV)	18215.7	$NPV = PVB - PVC$
Benefit to Cost Ratio (BCR)	1.84	$BCR = PVB / PVC$



## 5.2 Scheme Costs

The table below shows the scheme cost split into construction, land, preparation and supervision elements by year of spending. The price base for these costs is 2015. Scheme capital costs were input to TUBA in 2015 prices together with the appropriate 2015 GDP deflator from TAG data book (November 2014).

In line with WebTAG unit A1.2 the construction cost elements have been uplifted to construction cost increases over and above inflation. It has been assumed that construction costs are increasing at 0.2% per annum higher than the general inflation of 2.5% per annum. These assumptions are consistent with those used for the assessment of the Bexhill Hastings Link Road. Risk costs for the Scheme have been applied to the construction costs.

WebTAG Unit A1.2 gives default Optimism Bias cost increase percentages dependant on scheme stage. The planning application for the proposed NBAR has been submitted and the scheme was announced as part of the SE LEP Growth Deal in July 2014. Funds have been allocated for the SE LEP for this scheme. Consequently the scheme could be considered to be beyond Programme Entry stage and at Conditional Approval stage. This would reduce the Optimism Bias percentage added to the scheme costs from 44% to 15%. An Optimism Bias of 15% has been applied to the scheme costs input to TUBA.

The above considerations before applying Optimism Bias result in the scheme costs as shown below.

Table 5 - Scheme Costs (2015 prices, £m)

Item	2015	2016	2017	Total
Construction	1.042	6.665	3.452	11.158
Land	3.000	0.000	0.000	3.000
Preparation	0.800	0.000	0.000	0.800
Supervision	0.600	0.600	0.600	1.800

## 5.3 TUBA Results and Analysis

TUBA calculates the user benefits in time, fuel vehicle operating costs (VOC), non-fuel VOC based on the matrices from the traffic model assignments, and the scheme costs discounted to the present value year.

The table below shows a summary of the economic assessment results for transport users from the TUBA assessments. The Net Present Value (NPV) result shows that the Scheme is Medium value for money in purely transport terms, with more benefits than costs.

Table 6 - TUBA Results

Benefits/Disbenefits/Costs	AM / IP / PM £000's	Overnight/weekend £000's	Total £000's
Greenhouse Gases	-128	-40	-168
EE: Consumer User (commuting)	4,960	952	5,912
EE: Consumer User (other)	9,444	5,939	15,383
EE: Business Users & Providers	14,868	5,797	20,665
Wider Public Finances	420	152	572



<b>Present Value of Benefits (PVB)</b>	<b>29,564</b>	<b>12,800</b>	<b>42,364</b>
<b>Present Value of Costs (PVC)</b>	<b>17,107</b>	<b>-</b>	<b>17,107</b>
<b>Net Present Value (NPV)</b>			<b>25,257</b>
<b>BCR (PVB/PVC)</b>			<b>2.48</b>

All entries are in 2010 prices, discounted to 2010

## 5.4 COBALT

COBALT has been used to analyse the accident numbers predicted for the Do Minimum and Do Something and calculate economic benefits of the change in accident numbers across the network. The COBALT network is the full highway network included in the highway traffic model for both the Do Minimum and Do Something scenarios.

### Accident Data

Default accident rates were applied for the whole modelled area. With the opening of the BHLR in autumn 2015 significant impacts on traffic routing between Bexhill and Hastings and within each town are forecast. This will have a positive impact on the accident rates as less traffic is travelling on existing (less safe) roads and switching to the modern (safer) Link Road. It was therefore decided not to include accident rates based on accident records for previous years, but to include Cobalt default values based on each road and junction type within the model.

### Cobalt Results

Over the 60 year assessment period from 2017 to 2076, the Scheme would result in slight accident disbenefits for links and accident disbenefits for junctions. The vehicle kilometres in the Do Something model are higher than in the Do Minimum model leading to accident disbenefits. This is partly due to the closure of Watermill Lane south off the new NBAR/Watermill Lane roundabout, where traffic travels further to reroute. There are 3 new junctions proposed with the scheme, which lead to additional conflicts in the model area. Overall there is an increase in accident costs of £2.4M.

Table 7 - Accident Costs (2017 to 2076)

	<b>Do Minimum (Without Scheme (£000s)</b>	<b>Do Something (With Scheme (£000s)</b>	<b>Difference (£000s)</b>
Link Benefits	252,898	252,996	-99
Junction Benefits	921,839	923,860	-2,021
Link and Junction Combined	98,929	99,195	-266
Total Benefits	1,273,665	1,276,051	- 2,385

All entries are present values discounted to 2010, in 2010 prices

## 5.5 Initial BCR Result

Combining the TUBA and COBALT results give the initial BCR for the scheme. Table 8 below provides the details of that calculation.



Benefits/Disbenefits/Costs	Total £000's
Greenhouse Gases	-168
Accidents	-2,385
EE: Consumer User (commuting)	5,912
EE: Consumer User (other)	15,383
EE: Business Users & Providers	20,665
Wider Public Finances	572
<b>Present Value of Benefits (PVB)</b>	<b>39,979</b>
<b>Present Value of Costs (PVC)</b>	<b>17,107</b>
<b>Net Present Value (NPV)</b>	<b>22,872</b>
<b>BCR (PVB/PVC)</b>	<b>2.34</b>

## 5.6 Wider Impact Benefits

In line with WebTAG A2.1 the impact of output change in imperfect competitive markets has been calculated as 10% of the highway business user benefits, excluding freight, from the TUBA analysis. For daytime weekdays this gives a total of £663,900 and for overnight and weekends a total of £127,800. Combining the two figures gives £791,700 in 2010 prices, discounted to 2010.

Monetised impacts for reliability, regeneration and option values have not been assessed within the adjusted transport BCR. Environmental impacts which can be monetised, namely noise, air quality and landscape have also not been included in the assessment.

## 5.7 Adjusted BCR Result

Adding the wider impacts results to the initial BCR gives an adjusted BCR of 2.38 as shown below.

Table 9 - Adjusted BCR

Benefits/Disbenefits/Costs	Total £000's
Wider Impacts	792
Greenhouse Gases	-168
Accidents	-2,385
EE: Consumer User (commuting)	5,912
EE: Consumer User (other)	15,383
EE: Business Users & Providers	20,665
Wider Public Finances	572
<b>Present Value of Benefits (PVB)</b>	<b>40,770</b>
<b>Present Value of Costs (PVC)</b>	<b>17,107</b>
<b>Net Present Value (NPV)</b>	<b>23,663</b>
<b>BCR (PVB/PVC)</b>	<b>2.38</b>

All entries are present values discounted to 2010, in 2010 prices

Combining the TUBA and COBALT results give an **initial BCR for the scheme of 2.34**. This BCR figures shows that the scheme provides High Value for Money. An adjusted BCR has also been calculated that includes the assessment of wider impacts. **This increases the BCR to 2.38, retaining the High Value for Money category.**

An Appraisal Summary Table for the scheme is included in the Value for Money Statement – Economic Case (Mott MacDonald) dated October 2015.





## **6. Value for Money / Recommended option**

### **6.1 Recommended Option**

Combining the TUBA and COBALT results give an initial BCR for the scheme of 2.34. This BCR figure shows that the scheme provides High Value for Money in transport terms. An adjusted BCR has also been calculated that includes the assessment of wider impacts. This increases the BCR to 2.38, retaining the High Value for Money category.

As the provision of NBAR is to enable additional development in North East Bexhill, the guidance for transport appraisal in the context of dependent development in WebTAG A2.3 has been followed. The total benefit from dependent development is the change in the land value minus the transport external costs and the external impact of the conversion of the land from agricultural use to residential use. The total benefit from dependent development is calculated as £202M. WebTAG A2.3 classes this as a large beneficial impact of the scheme.

The value for money assessment for the North Bexhill Access Road (NBAR) shows that the overall scheme is High value for money. In addition there are large beneficial impacts of the scheme from scheme dependant development giving an overall value for money assessment of the North Bexhill Access Road (NBAR) as High Value for money.

The proposed NBAR scheme has been selected as the preferred scheme option on the basis of the delivery and value for money considerations. The BCR in terms of transport benefits is 2.38 based on the most likely traffic forecasts.

### **6.2 Economic growth & regeneration benefits**

Given that a key objective of the scheme is to contribute to the A21/A259 Hastings Bexhill Growth Corridor, significant weight should be given to the wider economic impacts associated with the indirect jobs generated on the identified employment sites – these benefits would not be realised without the NBAR on the currently proposed alignment and thus the delivery of the Growth Corridor as part of the SEP would be compromised. While accepting that these indirect employment benefits are dependent on private sector investment coming forward to develop the sites and take up occupation of completed floorspace, it is nevertheless a critical benefit of the scheme and should be factored into the BCR / VfM assessment.

NBAR will provide access into sites allocated for employment development in the Rother District Local Plan. In combination these sites have an identified capacity for up to 38,000sqm of employment floorspace to be delivered by private investment. Potential employment effects from the road arise in terms of direct construction jobs during the construction contract period, and indirect employment arising from the construction of employment floorspace and the business occupancy of that floorspace delivered through future private sector investment in the identified employment sites.

Based on published BIS statistics for turnover per employee in the construction sector, the road construction cost of £7.8m could support an estimated 6 FTE construction jobs (based on 60 job years and 10 job years per FTE).

The indirect levered private sector investment in the construction of new employment floorspace and housing, based on an estimate of £220m of construction expenditure, could support a further 170 FTE construction jobs.



The indirect jobs arising from occupation of the new 38,000sqm of employment floorspace is estimated on the basis of established floorspace per job benchmarks (Homes & Communities Agency, 2010) for the proposed floorspace use class. Based on 26,600sqm of B1a office floorspace (70%) and 11,400 sqm of B1c/B2 light industrial floorspace (30%), the estimated employment capacity of the sites unlocked by the NBAR is 2,150 gross jobs. Allowing for adjustments for leakage, displacement and multiplier effects, the estimated net additional employment effects are **2,225 net jobs**.

Indirect economic benefits arising from the unlocked housing development will arise through additional population and expenditure in the local catchment area. Based on average consumer expenditure rates from the Rother Shopping Assessment (2013) the 780 additional housing units could support additional local consumer expenditure of approximately £7m per annum once fully occupied, supporting an estimated additional 42 gross induced jobs. Allowing for additionality adjustments, it is estimated that the housing development could generate 31 net additional induced jobs in the local economy.

The monetisation of the employment benefits has been modelled based on estimates of GVA per job (derived from ONS national GVA estimates) profiled over an assumed floorspace build-out and occupation profile by the private sector up to 2030. This profile reflects Sea Change Sussex's market expectations for private sector investment into the sites following public sector investment in the NBAR. This may vary subject to other factors such as current proposals for the East Sussex Coastal Enterprise Zone.

GVA benefits of the estimated construction and development related job impacts are measured on the basis of a 10 year job persistence factor (in line with accepted economic impact practice) and discounted to net present value at the Treasury's discount rate of 3.5%. This methodology has been applied in a wide range of recent business case submissions and was accepted by DfT in submissions supporting the case for the BHLR. Based on this methodology, the net present value of cumulative GVA generated by the employment benefits unlocked by the NBAR up to 2030 has been estimated at approximately £1bn. Set against a total capital cost for the project of £16.6m, the BCR from an economic development perspective would be **60:1**, alongside the transport-based BCR of **2.38:1**. This indicates that **the scheme offers very good value for money**.

## 6.3 Strategic Added Value

This project will deliver a critical piece of infrastructure for the Growth Corridor contributing directly to the delivery of a key objective of the SELEP Strategic Economic Plan. The Strategic Added Value of the NBAR relates to the significant impact of the project in unlocking employment and housing growth sites in North Bexhill and supporting the delivery of strategic growth outcomes in a priority location in the South East and East Sussex. The project is critical to enabling the BHLR to perform its intended function in relieving congestion and improving connectivity across the Growth Corridor to the A21 and thus enabling the intended growth outcomes from the BHLR to be delivered. Without the NBAR the Growth Corridor output targets will not be achieved and wider national objectives associated with the Assisted Area status of Hastings and parts of Rother District will be compromised.



## **Commercial Case**

### **7. Procurement strategy**

#### **7.1 Delivery arrangements**

The process of design and procurement for the North Bexhill Access Road is well advanced. A joint delivery team involving East Sussex County Council and Sea Change Sussex has been developing this scheme as part of the evolution of the A21/A259 Hastings Bexhill Growth Corridor. Detailed design of the scheme, including the preparation of a complex planning application, including full ES, has progressed through a full design team led by Campbell Reith Hill. A planning application was submitted on 9 September 2015 and commencement of the scheme delivery is currently programmed to commence in early 2016 subject to approval of the business case.

In terms of procurement, several current infrastructure contracts are being managed by the joint delivery partners, Sea Change and ESCC, and therefore the partners have access to real-time experience of tendered prices, material costs, utility diversions, sub-contractor availability etc. This has informed the budget cost estimates for the scheme, alongside the full scheme design produced by civil engineers Campbell Reith Hill and Allen Dadswell cost consultants.

In general, all contracts (both for works and consultants) will be subject to a process of competitive tendering unless there is justification for an appointment where specialist or unique knowledge held by the supplier is needed. Tender shortlists will be drawn up using various sources including Construction Line and corporate knowledge of contractors. Possible opportunities will be posted on the Construction Line Notice Board.

Where appointment/services/contract values exceed the relevant European Procurement thresholds, adverts for Expressions of Interest will be placed in the Official Journal of the European Union (OJEU).

In general where an appointment is below the OJEU threshold, the appointment would be expected to be achieved within 8-10 weeks. The activities required would include:

- advertising,
- brief drafting,
- tender selection tender period,
- tender assessment and
- award.

Where contract values exceed the OJEU threshold the appointment programme would be extended by the statutory periods built into the OJEU procurement process:

- Expressions of Interest – 37 days
- Tender Period – 40 days
- Mandatory standstill period – 10 days

Depending on the level of interest received these periods can be expected to add a further 10-12 weeks to the procurement process

Based on the proposed development programme, it is intended to let discrete contract elements such as earthworks to avoid winter working and to secure construction materials in advance of the main



contract award – this manages the effects of the variable availability and quality of materials in the current market. Ongoing engagement with utility providers also reduces procurement risks on these elements.

The majority of the land for the scheme is controlled by Sea Change and ESCC and the project partners are in advanced discussions to secure control of outstanding land holdings along the rest of the route alignment to ensure that the scheme can be delivered once planning permission has been confirmed.

## 7.2 Key milestones

The milestones of the procurement timetable are:

Phase No.	Description	Start Date	Duration
<b>Phase 1</b>	BHLR to Road Bridge across the Combe Haven. Accessed from the new BHLR, this section of the works will provide access to the Phase 2 Road bridge site	Q1, 2016	6 Months
<b>Phase 2</b>	Road bridge construction	Q2, 2016	9 Months
<b>Phase 3</b>	A269 to Watermill Lane	Q3, 2016	12 Months
<b>Phase 4</b>	Watermill Lane to Road Bridge	Q2, 2017	6 Months

## 7.3 Risk share

The procurement concept has been developed on the basis of the tenet that risk is placed with the party best placed to manage or mitigate that risk or manage the consequences should a risk transpire.

The contractor will be asked to produce a priced risk register and decisions will be made on the risk share mechanism between the contractor and Sea Change / ESCC to ensure that the proposed allocation provides value for money.

The design risk will be retained by the Sea Change / ESCC in principle. The only design risk the contractor will carry is that of his own specialist suppliers or other minor elements of design carried out in support of main client design teams.

The delivery and programme risk will substantially rest with the contractor. However the following are examples of areas of risk that Sea Change / ESCC will need to take a view on as part of the review of the priced risk register during the process of target setting:

- Unforeseen ground conditions
- Exceptional Weather
- Flooding
- Cost Inflation
- Vandalism/ Theft
- Environmental (delay)
- Archaeology
- Surveys (adequacy/ suitability)





There will be a pain-gain share mechanism negotiated and agreed with the contractor and used to provide incentive for value engineering and robust cost and programme management.

## **7.4 State Aid**

The project comprises the provision of general infrastructure and therefore does not constitute State Aid.

## **7.5 Demand profile for unlocked development sites**

In 2008, Rother and Hastings Borough Councils carried out a joint Employment Strategy and Land Review which highlighted the need for a “step change” in economic performance, as well as a need to significantly increase the supply of business accommodation to meet pent up and future potential demand. The review concluded that 163,000 sq. m. of business floorspace would be required within the Hastings Travel to Work Area by 2028 in order to meet employment demands over the coming years. The report concluded that an additional 100,000 sq. m. of business floorspace would be an appropriate target to improve the balance between homes and jobs and meet economic objectives.

This study was updated in May 2010 with the Employment Strategy and Land Update, which reviewed the earlier Study in the context of significant changes to the wider national and global economic picture. The findings of the study concluded that the Hastings/Bexhill area remains one of areas of greatest need for regeneration, and that, in the absence of some previously planned significant rail or trunk road transport improvements, economic activity needs to be strongly fostered in order to achieve future prosperity. It also concludes that an increase in economic activity rates are likely, with the consequence that the previously recommended scale of business land release, of some 100,000 sq. m. across the districts, which would support of the order of 2,500 jobs, is still broadly appropriate.

The future economic growth of the area is therefore heavily dependent upon the delivery of the North Bexhill employment sites and it is clear that the NBAR will be a critical enabler to unlock employment growth on the scale required.

Following the examination into Rother’s Local Plan Core Strategy in 2012, in February 2014 the Inspector detailed the need for further housing and employment space and revised the employment figures up to 60,000 sqm. This figure is now adopted in the September 2014 Rother Local Plan Core Strategy.



## Management Case

### 8. Governance Arrangements

#### 8.1 Delivery Management

Funding from SELEP will pass via the LEP's Accountable Body, Essex CC, to East Sussex County Council, who will be the accountable body for the project and they will enter into a legal agreement with East Sussex Energy Infrastructure and Development Company (ESEID) trading as Sea Change Sussex, who will deliver the project. The Section 151 Officer of ESCC will monitor the legal and financial probity of the contract.

The delivery vehicle for the project is East Sussex Energy, Infrastructure and Development Ltd trading as Sea Change Sussex. The company is limited by guarantee (company number 07632595) and is not for profit. The members of the company are:

Hastings, Bexhill and East Sussex Business Association Ltd	50%
East Sussex County Council	)
Rother District Council	) 19.9%
Hastings Borough Council	)
University of Brighton	19.9%
Voluntary Sector	10.2%

Governance of the company is regulated by its Articles of Association which set out, among other matters, the membership, operation and conduct of the Board and its meeting requirements. The Board is currently chaired by Professor Julian Crampton, Vice Chancellor of University of Brighton. Currently, general meetings take place every 2 – 2.5 months with the AGM approving the annual accounts (to 31<sup>st</sup> March 2014) having taken place on 5<sup>th</sup> September 2014.

The financial transactions of the company are regulated by the current Financial Regulations and Scheme of Delegation approved by the Board on 11<sup>th</sup> January 2012. Basically, all significant contractors are selected by competitive tendering and are the subject of Board approval.

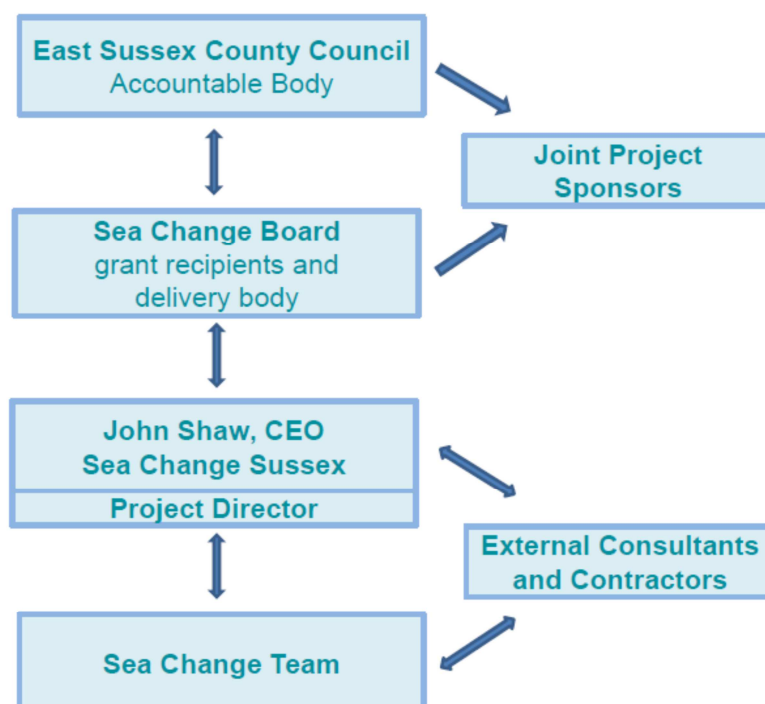
Financial payments are made by the tried practice of purchase orders and payments authorised on compliance and financial checks by the appropriate staff. Financial monitoring and management accounts are provided from a computer-based system (Access Dimensions, approved by HMRC and Institute of Chartered Accountants) which allows flexible interrogation. The system is specifically designed for project accounting. Each Board meeting receives an 'income and expenditure' report which also informs bank balances. Separately, 'expenditure commitments' are identified to the Board informing the project and extent of financial commitments relating thereto. These sets of information identify the source of funding and the expenditure incurred on a project by project basis against that funding commitment. From 1<sup>st</sup> April 2015 a further report will be added showing 'all years/project life' expenditure. The accounts are annually audited externally (currently by Reeves & Co) and corporate legal advice is provided to the Board on a regular basis (currently by Pinsent Masons).

ESCC has also established an internal Sea Change Governance Board. This involves senior officers from Legal, Finance and the Economic Development services within the authority to manage the governance between the County Council and Sea Change Sussex as a delivery partner.



Sea Change Sussex and ESCC therefore believe that the current governance and financial controls are fit for purpose for the requirements of the Local Growth Fund.

The project sponsors will be ESCC and Sea Change Sussex, the project director will be John Shaw, CEO of Sea Change Sussex, the project will be managed on a daily basis by Clive Taylor at Sea Change, an experienced project manager in this type of capital development project. Sea Change Sussex has prepared a Project Execution Plan (PEP) which outlines the key project management and delivery arrangements and a high level of review of this has been undertaken in preparation of the implementation stage. Sea Change has already established a comprehensive team of consultants to advance the scheme.



## 8.2 Consultation Strategy

The planning application and associated ES has been developed based on extensive consultation between Sea Change Sussex, ESCC and Rother District Council. A series of local consultation events have also been held to inform the design of the scheme and ES. The planning application itself will be subject to normal statutory consultation procedures as part of its assessment and determination by the Local Planning Authority.

## 9. Delivery

### 9.1 Introduction

Sea Change Sussex, and its predecessor Sea Space, has extensive experience in delivering major projects in Hastings/Bexhill and East Sussex following the Five Point regeneration plan adopted by the Hastings & Bexhill Task Force in 2003. Sea Space was established as the delivery vehicle for the Task Force and has delivered projects in excess of £150 m.

Projects include the provision of major office accommodation, now owned by Saga, giving employment



opportunities for up to 800 staff, the development of academic space for 1200 students and the provision of multi occupation Business Centres. More recently Sea Change Sussex is undertaking the development of the North Bexhill Gateway Road linking into the Bexhill Hastings Link Road (BHLR), opening up employment and housing space. This project is on time and within budget and will be completed in 2015, at the same time as the BHLR.

Sea Change has comprehensive governance and project execution protocols and a wide experience over 11 years in delivering large capital projects.

Significant land for the scheme is controlled by Sea Change and ESCC and the project partners are in advanced discussions to secure control of outstanding land holdings to ensure that the scheme can be delivered once planning permission has been confirmed.

## 9.2 Key milestones

The project delivery programme is set out in Section 7.2

## 10. Risk

### 10.1 Introduction

Sea Change Sussex has developed the project taking full account of the full range of delivery risks. Sea Change Sussex has extensive experience of managing the risks associated with this type of infrastructure scheme and ensuring that delivery and cost management arrangements are robust. A risk contingency of £3.2m has been included in the cost plan.

Planning processes are well advanced with a full planning application and supporting ES submitted on 9<sup>th</sup> September 2015. The scheme has been the subject of widespread consultation and extensive discussion with Rother District Council, including agreed scoping for the ES. Outstanding land control is currently being finalised.

The risk register below identifies the main risk areas for the project and mitigation measures.

Risk	Likelihood*	Impact**	Likelihood x Impact	Mitigation
Detailed Design impact	1	2	2	Full design team appointed and have prepared planning application and Environmental Statement which forms the basis for detailed scheme
Onerous planning conditions/ agreements	1	2	2	Rother DC have been consulted fully on the project and ESCC is promoting the scheme and will adopt on completion. No onerous planning conditions are anticipated in this context.
Ecological Constraints	2	3	6	Ecological constraints are addressed through the ES and associated mitigation measures have been identified and included in the scheme costs
Archaeological Constraints	1	3	3	Archaeological investigations are being conducted as part of the ES. Initial desktop work has not identified any major



				constraints
Cost estimates unrealistic	1	2	2	The cost plan has been developed through professional advice from consulting engineers and reviewed by cost consultants. An appropriate contingency is included in the cost plan
Third party land ownership	2	3	6	Significant land already in public ownership and there is ongoing negotiation to secure the full land required for the scheme
Statutory Undertakers delay	2	3	6	Ongoing engagement with the utility providers gives relaxed procurement programme of these elements
Unforeseen Ground conditions	1	2	2	Final ground condition survey to be undertaken
Adverse weather conditions	1	2	2	The development programme, commends the letting of discrete contract elements by separate types of contractor, seeks to avoid "winter working" for the earth works
Demand for employment and housing sites	1	3	3	Sea Change has extensive experience of the local property market, supported by professional advisors, and has successfully progressed other schemes in the area which have attracted developer/ occupier demand.

## \*Likelihood Scale

Likelihood	Score	Meaning
Very high	5	More than 1 chance in 10
High	4	More than 1 chance in 25
Medium	3	More than 1 chance in 50
Low	2	More than 1 chance in 100
Very Low	1	More than 1 chance in 1000

## \*\*Impact Scale

Impact	Score	Meaning
Very high	5	Potential for many months delay
High	4	Potential for a many weeks delay
Medium	3	Potential for significant delay
Low	2	Potential for a few days delay
Very Low	1	Likely that impact could be resolved within 2 days





## **11. Monitoring and Evaluation**

### **11.1 Introduction**

The Project Execution Plan includes provision for the monitoring and evaluation of the scheme both during construction and operation, and in respect of the key economic outputs from the release of development sites in North Bexhill.

ESCC and Sea Change Sussex will work collaboratively to monitor progress of scheme delivery based on contractual milestones to be agreed with the appointed contractor. Following completion of the road construction the scheme will be adopted by ESCC and operational performance subject to ongoing monitoring.

Sea Change Sussex will promote the development of the employment and housing sites that the NBAR will unlock in conjunction with private sector developers and will monitor development delivery and job outcomes. This will focus on identifying potential development partners and business occupiers, with development enquiries and delivery progress being monitored as schemes come forward.

# SE LEP Business Case – A21/A259 Hastings Bexhill Growth Corridor: North Bexhill Access Road

## Annex I – Bexhill Hastings Transport Model: Assessment Study Area

