

# Freedom of Information Act / Environmental Information Regulations Request

Reference: ECC3181225 09 17

Response: 28 October 2017

*I can confirm that Essex County Council, as the Accountable Body for the South East LEP (SELEP,) does hold this information, and where we are able to release this, our response is listed below.*

**I've just been looking at your December 9 2016 presentation to the SELEP Strategic Board meeting, where you gave a slideshow update on the capital programme. Slide 27 is an update on Growth Fund projects, including costs and predicted jobs. For North Queensway, it states that the forecast is 6 jobs, with none having yet been delivered.**

**When SELEP announced funding for North Queensway, it stated that '865 jobs could be created' (<http://seachangesussex.info/wp-content/uploads/2016/12/865-jobs.jpg>), so it seems extraordinary that the number now appears to be six. I have a few questions, which perhaps you could answer:**

**Question 1 - The total number of jobs to be created as a result of GPF investment in the project. The Business Case stated 865 job, but the update report stated that only 6 jobs could be created.**

East Sussex County Council is the SELEP lead partner authority for this project with responsibility for monitoring and reporting on delivery to SELEP. East Sussex County Council has provided the following statements in response to the questions 1 to 3 and have provided their view on question 4:

The number of jobs stated in the business case reflects the application of standardised government formula for the development of new commercial business space. This includes an allowance for job displacement and is based on the initial proposed use classification of the land. The figure of 6 jobs is an error within the reporting system which should continue to reflect the anticipated outputs as outlined in the original business case. The site has not yet yielded any new or displaced jobs, however planning permission has been granted for two developments at the site and it is anticipated that timescales for construction of these will become known in the coming months and the board will be updated accordingly.

**Question 2 - Is SeaChange assuming that no further occupiers will be found beyond the two currently proposed tenants (neither of which will create any new jobs)?**



Essex County Council

The site was originally divided into three development plots, however the interest received and discussions with potential tenants has suggested that smaller scale plots are what is demanded by the current market.

Including the two potential tenants, where planning permission has been received, it is expected that the site will eventually be able to host between 4 and 6 tenants. Both Sea Change and Locate East Sussex, the county's inward investment arm, continue to promote the site and have received in excess of 35 enquiries over the last 12 months.

**Question 3 - Why has this site been so commercially unsuccessful?**

Due to the geographic nature of the site and a lack of existing utility provision, the site required significant up-front investment to prepare it for potential investment. This and the lack of pre-existing tenants meant that achieving upfront private sector financing would not have been possible. Following the initial enablement works, strong interest has been shown in the site by local businesses wishing to grow and by others looking to relocate. It is anticipated that as development on the site continues and additional interest is generated, North Queensway will eventually demonstrate longer term commercial viability. Development at this site is in full accordance with the land allocations in the local plan and is part of the wider regeneration activities already happening in Hastings and in the surrounding Bexhill area, including the Combe Valley Way, Queensway Gateway Road and the Priory Quarter.

**Question 4 - Does SELEP believe that SeaChange Sussex will be able to meet its repayment obligations in the current circumstances (ie without the rental or sales income which were presumably to be the source of funds to repay the loan)?**

East Sussex County Council has advised SELEP that in order to repay the Growing Places Fund loan, Sea Change Sussex will require rental income from tenants at the site.

The loan agreement between East Sussex County Council and the Accountable Body (Essex County Council) allows for flexibility in circumstances where there is insufficient income to meet existing repayment profiles. All changes to such repayment schedules must be considered by SELEP Accountability Board.

A total of £1.5m was loaned to East Sussex County Council to support this project of which £1m has been repaid to date; the remaining £0.5m was requested to be deferred from 2016/17 to be repaid in the current financial year, 2017/18; this was approved by SELEP Accountability Board in March 2017. East Sussex County Council have not advised the SELEP Accountability Board or the Accountable Body of any expectation that the outstanding repayment obligation will not be met.

**Question 5 - What action will SELEP take if SeaChange is unable to meet its repayment obligations?**

Essex County Council, as the Accountable Body for the SELEP, has a loan agreement in place with East Sussex County Council with respect to this project; it does not have an agreement with Sea Change Sussex directly.

As indicated in the response to question 4 above, East Sussex County Council are expected to repay the outstanding loan during 2017/18; however, East Sussex County Council is not required to underwrite the loan in the event of project failure. In such circumstances, where the funding cannot be repaid, then the outstanding loan will be written off; however, before this can take place, East Sussex County Council must demonstrate to the SELEP Accountability Board that it has taken all reasonable steps to recover the outstanding loan from Sea Change Sussex.

Any proposal to delay repayment, write off the loan or change the terms of the loan agreement between Essex County Council and East Sussex County Council must first be agreed with the SELEP Accountability Board.

In the event that it is not possible to repay any of the GPF loan due to project failure then this will reduce the amount of funding available to the partnership for recycling to new projects requiring loan funding.

**Your Right to Know**

Information Services

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