

Subject:	Update on Greater Brighton Investment Programme and Local Growth Fund		
Date of Meeting:	25 April 2017		
Report of:	Chair, Greater Brighton Officer Programme Board		
Contact Officer:	Name:	Nick Hibberd	Tel: 01273 293756
	Email:	nick.hibberd@brighton-hove.gov.uk	
LA(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT:**

- 1.1 This report provides the Greater Brighton Economic Board ('the Board') with an update on progress on the Greater Brighton Investment Programme ('the Investment Programme') since the Board's last meeting on 31 January 2017.
- 1.2 This report also updates the Board on the Local Growth Fund (LGF), in relation to both the allocations made as part of the Growth Deal 3 and the new six-monthly call for growth projects that is financed from unallocated Growth Deal rounds 1 and 2 funds.

2. RECOMMENDATIONS:

- 2.1 That the Board note the report.

3. GREATER BRIGHTON INVESTMENT PROGRAMME HIGHLIGHTSNew England House Growth Centre

- 3.1 At end January 2017, tripartite discussions were held between Brighton & Hove City Council (BHCC), the leaseholder of the Longley Industrial Estate (adjacent to New England House) and a potential developer to explore a potential land deal that would provide a capital receipt towards the refurbishment of the building and the required net increase of employment floorspace (along with additional potential development benefits, including new housing). The parties are still in discussion regarding a potential deal. BHCC is also exploring alternative options and models for securing the refurbishment and expansion of New England House without the need for the Longley site, with work about to commence on design and finance options.

Digital Catapult Centre Brighton and 5G

- 3.2 Building works to upgrade the Catapult have commenced, with a strip-out of the extension in New England House.
- 3.3 Contracts for the national 5G testbed for small businesses have been signed and initial technical specification undertaken. The testbed will initially be situated within the FuseBox innovation hub in New England House, but will eventually

expand to cover a test area of around 200 square metres. The testbed project will give digital businesses, including those who build apps and content for smart phones and mobile use, the opportunity to understand how their existing products operate under 5G conditions. They will also be supported to develop new ideas that benefit from the significantly faster and more reliable connections that 5G can provide. They will be able to work with University of Brighton (UoB) academics and other members of the research community, as well as learning from those larger corporations who are already investigating 5G's capabilities. Situating the testbed in Brighton further enhances its growing international reputation for creativity and innovation, particularly in the digital sector which now contributes over £1bn per annum to the city's economy.

- 3.4 The Catapult's residency programme now supports 12 start-ups, all of whom are working with emerging technologies. One resident – Fracture – was recently chosen to demonstrate their AR technology to the Rt Hon Matt Hancock MP, Minister of State for Culture and Digital at the Department for Culture, Media and Sports. The Catapult has received significant international interest and has hosted a number of visitors interested in its activity from Ankara, Harare and Johannesburg.

Advanced Engineering Centre

- 3.5 External works on the Centre building are now complete and works are now progressing on the internal services fit-out and landscaping. The UoB has secured £500k from the Wolfson Foundation, to support the purchase of additional research equipment within the building. Additional funds have also been released by the UoB, to complete supplementary external landscaping to realise the full architectural benefit of the new building within the Moulsecoomb Campus. The building remains on schedule for completion on 05 May 2017, which will be followed by the installation of the first research test cell and workshop fit-out. A formal opening is being planned for the first week of September 2017, to coincide with the British Science Festival.

Innovation Centre Brighton (Block J)

- 3.6 Construction works continue to progress well on the Block J site. Internal fit-out works are due to commence in early May 2017 and all works are programmed for completion by end July 2017. Sussex Innovation continues to plan a series of events to take place in the City, leading up to the opening of the new facility and tied-in with their 21st Anniversary celebrations.

Circus Street Innovation Growth Centre and Regeneration

- 3.7 BHCC, the UoB and the developer – Cathedral (Brighton) – have been working on revised arrangements and legal agreements to secure the commencement of construction works in May 2017. On 23 March 2017, BHCC's Policy, Research & Growth Committee agreed to enter into revised arrangements to enable the UoB to withdraw from the Development Agreement and defer the construction of its new academic building, while it considers its future options for the site. Construction of the remainder of the development will proceed and be completed in 2020. The site allocated for the academic building will be landscaped pending decisions by the UoB on the timing of its future development. In order to secure these objectives and to commence construction in May 2017, a series of legal

agreements and land transactions will need to be concluded over the coming weeks. These will allow the Development Agreement to become 'unconditional' and for the developer to appoint its construction contractor.

Preston Barracks Central Research Laboratory

- 3.8 Having completed a year-long design development process in January 2017, the UoB and the applicants – U+I Plc – have finalised their comprehensive redevelopment proposals for the former barracks site and adjacent University land; a development covering approximately 4.4 hectares. In addition to the Central Research Laboratory, the scheme includes 369 new homes, new University academic buildings, student accommodation with approximately 1,300 bedrooms, a modest amount of retail space, a new bridge over the Lewes Road, parking, public realm works and landscaping.
- 3.9 Following BHCC's formal sign-off of the 'Design Condition' – in its capacity as landowner – on 31 January 2017, the applicants were able to finalise the suite of documents making-up the detailed planning application. The planning application was submitted on 10 February 2017 and validated on 03 March 2017. It is anticipated that the application will be determined at Planning Committee in July 2017. Subject to the outcome of planning and completion of land transactions in the second half of 2017, it is hoped that construction will commence in 2017/18.

City College Brighton and Hove – Construction Trades Centre

- 3.10 The Construction Trades Centre building is nearing completion and is on schedule for handover to the Greater Brighton Metropolitan College (GBMet) at end March 2017. GBMet will then undertake internal fit-out works and decanting of the current provision from the Pelham site, to allow the new facilities to be fully operational for the 2017/18 academic year.

Enterprise Zone Newhaven

- 3.11 A draft Implementation & Investment Plan was submitted to the Newhaven Enterprise Zone (NEZ) Project Board on 10 March 2017. The final version Plan was to be submitted to Government on 30 March 2017 and the NEZ went live on 03 April 2017. The NEZ is to be formally launched at an invitation-only event on 18 May 2017, at the University Technical College (UTC@harbourside). It is hoped that there will be a Ministerial presence at this event.
- 3.12 The Local Growth Fund (LGF) 3 bid to the South East Local Enterprise Partnership (SELEP) for Eastside South was unsuccessful. A subsequent application to the Coast to Capital Local Enterprise Partnership's (C2C LEP) LGF 1&2 unallocated funds has, however, been successful and will see the creation of a new business park, comprising 7,733m² of B1/B8 floorspace. The Funding Agreement has been signed and works are expected to commence imminently. In addition, Lewes District Council (LDC) has been awarded further LGF funding from the C2C LEP to purchase Railway Quay, one of the eight key NEZ sites. Please see Section 4 of this report for further information on LGF funding secured by the City Region.
- 3.13 A presentation on the NEZ is featured elsewhere on the agenda.

Newhaven Flood Alleviation Scheme

- 3.14 Construction of the Flood Alleviation Scheme started in early January 2017 and is now well underway in six areas of the west bank of the Ouse. Four of these scheme elements will be completed by mid-April 2017, one in May 2017 and one in July 2017. There has been slippage to the construction start at Denton Island Bridge, due to the need for additional legal agreements with East Sussex Highways. LGF funding has been spent in accordance with projections in 2016/17.
- 3.15 Planning consent for the northernmost section of the scheme (Energy Recovery Facility (ERF) to A26) has been granted by the South Downs National Park Authority and is awaited from East Sussex County Council, for a small part of a flood embankment adjacent to the ERF.
- 3.16 Detailed design of the defence works on the east bank is progressing well and is expected to be completed in April 2017. Complex negotiations continue with a number of Port area and commercial /industrial stakeholders affected by Scheme construction.
- 3.17 The Flood Alleviation Scheme requires engagement and interaction with Network Rail over a wider area than initially planned for. This will take additional effort but the overall programme will not be affected and the Scheme will complete construction in Autumn/Winter 2019.

Newhaven Port Access Road

- 3.18 Development of the business case for the second phase of the Port Access Road (from Pargut roundabout to Mill Creek) continues. As a retained scheme, discussions have been ongoing with the Department for Transport (DfT) to agree the required scope of the business case and there is now acknowledgement that the focus lays in the economic case. Draft business case documents continue to be submitted to DfT for comment.
- 3.19 The site works for additional ground investigation have been completed and the samples taken are now being tested. This information will inform the detailed design of the embankments and bridge, which is also underway. A package of works for advance site clearance and translocation of species is being put together for completion ahead of main construction. Construction of the scheme will be procured using Hampshire County Council's framework contract and a further tender workshop is planned to gain construction input into the design. Following the tender process and receipt of a tendered sum, final submission of the business case is planned for Spring 2017. Subject to the approval of the business case, construction could commence in mid/late 2017, with completion in 2019.

Shoreham Flood Defences – Adur Tidal Walls

- 3.20 Construction works have now commenced on Reach West 6; the fourth of ten reaches to reach this stage. Works are progressing well on the three existing Reaches, including Reach E1 in Shoreham Town Centre where the jack-up barge has completed piling works and has left site. Two further reaches (West 2

and West 3) are scheduled to commence construction works in the coming months.

Shoreham Flood Defences – Western Harbour Arm

- 3.21 Adur District Council (ADC) is currently negotiating the purchase of a strip of land along the northern frontage of the Sussex Yacht Club's site. Following completion of the purchase, a new clubhouse will be constructed by the Sussex Yacht Club. Following construction, ADC will demolish the old clubhouse and outbuildings and construct the new flood defence, footpath and cycleway.
- 3.22 To date, ADC has secured £3.5m of project funding from the C2C LEP. The Council is currently commissioning a study to carry out detailed flood risk analysis, to provide the justification needed for further investment from the Environment Agency's capital programme.
- 3.23 Two separate planning applications for the replacement clubhouse and the flood defence scheme will be submitted in Autumn 2017. It is anticipated that construction of the schemes will commence in Spring 2018, with completion in Autumn 2018.

Burgess Hill Growth Location

- 3.24 Mid Sussex District Council (MSDC) submitted its District Plan to Government in August 2016. The Plan provides the framework for the Burgess Hill developments and is currently being subjected to an independent examination by the Planning Inspectorate. The first sets of hearings have been completed and MSDC is currently considering the Inspector's comments.
- 3.25 In order to assist with the delivery of the infrastructure required to realise the full benefits of the substantial growth anticipated in Burgess Hill, MSDC submitted a bid to the C2C LEP for LGF 3 funding. The bid, which was primarily to support a sustainable transport package that would link together new and existing developments and improve the experience of travelling to and around Burgess Hill, has been awarded £14.9m. Please see Section 4 of this report for further information on LGF funding secured by the City Region.
- 3.26 The Northern Arc scheme, which will deliver up to 3,500 new homes alongside a business park, schools and community facilities, remains a key focus for MSDC. Further progress has been made to address outstanding issues and regular discussions are being held with developers to progress the scheme. A planning application for the first 130 homes on the development has been received and pre-application discussions regarding a further 320 homes have been held.
- 3.27 Good progress has been made on the approved major retail, leisure and housing scheme to redevelop Burgess Hill town centre with the developers – New River Retail – expected on site later this year, with the scheme due to complete by 2021.
- 3.28 Construction on the Kings Way and Keymer Tileworks sites continues apace with both developments now starting to be occupied.

- 3.29 MSDC continues to work closely with the Homes & Communities Agency (HCA) to deliver Starter Homes and has submitted a bid to the HCA's Capacity Fund to assist with this, as well as wider Burgess Hill work.
- 3.30 Work continues on The Brow to convert a number of public sector buildings into a modern, purpose built public services facility to house a GP surgery and accommodation for the police and ambulance services, whilst freeing up land to provide a significant number of Starter Homes that will support the regeneration of the town centre. The HCA has commissioned architects and planning consultants who have produced a high level design and viability assessment. MSDC continues to work with both partners and the HCA to agree how to move forward with the implementation of this project.
- 3.31 Work has commenced to build a Burgess Hill brand and outreach communications strategy with an external agency now appointed to take this forward. The first step will be workshops with key stakeholders to start work to develop a brand. The intention is to work in partnership with the various developers active in the town, along with other stakeholders, to promote and support its role as a growth location and to provide high quality information to existing and future residents, employees and visitors.

A2300 Corridor Improvements – Burgess Hill

- 3.32 This DfT retained major scheme will support economic growth, by enabling the delivery of strategic housing and employment development at Burgess Hill. The funding profile has been aligned with the development profile currently being proposed by developers.
- 3.33 Preliminary design and preparation of the Outline Transport Business case is ongoing and the work is expected to be completed by Spring 2018. The current programme indicates a start of construction in Winter 2021, with completion in Spring 2022.

Brighton Valley Gardens – Phases 1 and 2

- 3.34 Detailed highway design work has now commenced. Green space designs have also recommenced with the previously appointed consultant – Untitled Practice – who have been issued with an updated design brief. It is anticipated that a preferred design will be presented to BHCC's Environment, Transport & Sustainability Committee in Summer 2017.
- 3.35 Under the BHCC framework, officers have instigated a mini-competition to commission contractors to develop detailed traffic management plans for the construction phases of Valley Gardens. This early work will enable the Council to fully understand the traffic management requirements and to develop plans for the construction phase of the project.

Brighton & Hove Bike Share

- 3.36 The contract for the operation, management and maintenance of the Bike Share Scheme was awarded to HourBike in mid-December 2016. The concessionary contract between BHCC and HourBike has subsequently been signed, as have the necessary Funding Agreements including with the C2C LEP.

3.37 The mobilisation period has now commenced and work on planning and implementing the hub sites is well underway. Communication between Govia Thameslink Rail and BHCC was re-established in mid-February 2017, resulting in Bike Share hub sites being identified at Brighton Station. HourBike are also developing working relationships with private landowners to reach agreement regarding hub locations and lease arrangements required at those sites. Sites requiring Traffic Regulation Orders (TRO) and Open Spaces notices were agreed by BHCC's Environment, Transport & Sustainability Committee on 14 March 2017. Discussions are underway with BHCC's Planning Department, regarding any planning permissions required for all other hub locations to assist with the timely progress of all bike hub locations.

3.38 The scheme is on-target to officially launch in Summer 2017.

Brighton & Hove Intelligent Transport Systems (ITS) Package

3.39 The traffic signal pedestrian crossing upgrades have now been completed at all eleven crossings. Junction improvements have also been completed at two of the five junctions, with a further two underway and the last scheduled to begin in Summer 2017. CCTV installations are in hand, as are the installations of the required software systems.

4. UPDATE ON LOCAL GROWTH FUND

Growth Deal Round 3

4.1 The C2C LEP's final Growth Deal 3 submission, totalling £136m, was made to Government on 28 July 2016. The submission included six projects put forward by the Board, which sought a combined LGF of £80.59m.

4.2 As part of the Autumn Statement 2016, Government announced an allocation of £1.8b from the LGF to English regions, with £683m going to LEPs in the South West, South East and London.

4.3 On 02 February 2017, the C2C LEP announced that it has secured £66m through round 3 of the Growth Deal. All six projects put forward by the Board have been allocated funding - totalling £48.777m - as follows:

Project	LGF Sought	LGF Allocated
Worthing Central Phase 1	£9.400m	£5.692m
Decoy Farm, Worthing	£8.000m	£4.844m
New Monks Farm & Airport, Shoreham	£9.430m	£5.710m
Burgess Hill Growth Area Infrastructure Package	£24.640m	£14.900m
Sussex Bio-Innovation Centre, Brighton	£9.120m	£5.520m
Black Rock Site Development, Brighton	£20.000m	£12.111m

- 4.4 It is estimated that these six projects will bring a combined private sector match fund of £745.4m into the City Region and deliver approximately 9,844 direct jobs, 5,965 homes and 299,428sqm of employment floor space.
- 4.5 This is currently the last round of Growth Deals that will take place in this Parliament.

Growth Deal Rounds 1 and 2: C2C LEP Call for Growth Projects

- 4.6 The C2C LEP secured £226m from 2015 to 2021 through rounds 1 and 2 of the Growth Deal.
- 4.7 14 projects located across the City Region have already been allocated funding from rounds 1 and 2 of the Growth Deal: Digital Catapult Centre Brighton and 5G; Advanced Engineering Centre Brighton; Central Research Laboratory Growth Centre, Preston Barracks Brighton; Newhaven Flood Alleviation Scheme; Newhaven Port Access Road; Shoreham Flood Defences (Adur Tidal Walls and Western Harbour Arm); Circus Street Innovation Growth Centre and Regeneration Brighton; City College Brighton and Hove Construction Trades Centre; Brighton Valley Gardens Phases 1 & 2; Brighton Valley Gardens Phase 3; A2300 Corridor Improvements Burgess Hill; Brighton & Hove Intelligent Transport Systems Package; Brighton & Hove Bike Share, and; Worthing Sustainable Transport Package Phase 1.
- 4.8 In December 2016, the C2C LEP announced that it had approximately £46.65m of unallocated funds and funds that had been re-released from projects that had stalled or were not delivering and, in response, launched a new six monthly call for growth projects for capital grant funding. The call is to a 'single pot' that encompasses: infrastructure (including transport (sustainable and resilience)); housing and regeneration; skills, and; business and enterprise.
- 4.9 Projects applying for funding must meet the following eligibility tests and criteria:
- The minimum funding that can be applied for is £500,000 and the maximum is £5,000,000 (including for 'packages of projects')
 - LGF will need to be matched by at least 50% for non-transport projects and at least 15% for transport projects. Where projects are expected to deliver exceptional outputs, the C2C LEP may consider lower match funding
 - Projects must be state aid compliant
- 4.10 The first round opened on 02 December 2016, with a deadline for returned Outline Business Cases of 06 January 2017. For this round, the main priority was for spend in the 2016/17 financial year; the C2C LEP sought bids from projects that can spend at least 30% of the LGF bid for by 31 March 2017. In line with its commitment to Government, the C2C LEP is aiming to get an additional £9.7m 'out the door' in 2016/17. The total amount available under this round was capped at £20m.
- 4.11 The Board put forward eight bids to the first round, five of which have been awarded funding – totalling approximately £9.900m – as follows:

Project	LGF Sought	LGF Allocated
Adur Civic Centre, Shoreham	£1.800m	£1.800m
Springman House, Lewes	£2.760m	£2.000m
Railway Quay, Newhaven	£1.500m	£1.500m
Eastside South	£1.600m	£1.600m
Royal Pavilion Estate (Corn Exchange & Studio Theatre)	£3.00m	£3.000m

- 4.12 The Board put forward three bids for capacity funding, which were unsuccessful.
- 4.13 The C2C LEP is confident that there will be three rounds as part of this call. There are sufficient funds in the 'single pot' to finance the first two and the last will be paid for by further funds being re-released from projects that have stalled or are not delivering.
- 4.14 On 31 January 2017, the Board endorsed the Greater Brighton Project Pipeline – recognising that, as a 'live' document, new projects may still come forward – and the projects shortlisted for the next two rounds. The next round is anticipated to open in June 2017 and the Greater Brighton Officer Programme Board will develop and submit bids in accordance with the Pipeline and the shortlist.
- 4.15 The Projects listed in Sections 4.3 and 4.11 now form part of Investment Programme and will be reported on in future Update Reports.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 There are no direct financial implications associated with this report regarding the progress made in the last quarter of this financial year on approved schemes within the Greater Brighton Investment Programme. Schemes already included within the Greater Brighton Investment Programme have approved business cases in place with funding options identified and these have been reported to their respective bodies.

The C2C LEP have awarded a total of £9.9m of unallocated Rounds 1 and 2 Local Growth Funding toward the five projects detailed in paragraph 4.11. It should be noted that all projects will require a degree of match funding with 50% for % for non-transport projects and at least 15% for transport projects although these may be lower where the project is expected to deliver exceptional outputs. There is an expectation to spend 30% of LGF funds by 31 March 2017.

The C2C LEP have also announced funding of £48.777m toward all six of the projects put forward by the Board as shown in paragraph 4.3. Further work will be required to identify the match funding requirements for these projects and will be reported back to this board in due course.

Finance Officer Consulted: Rob Allen, Principal Accountant

Date: 21 March 2017

Legal Implications:

- 5.2 There are no legal implications arising directly from this report. The legal implications of the projects will be considered by the member authorities involved.

Lawyer Consulted: Alice Rowland, Head of Commercial Law

Date: 29 March 2017

Equalities Implications:

- 5.3 None arising from this report. Equalities issues will be addressed on a project-by-project basis.

Sustainability Implications:

- 5.4 None arising from this report. Sustainability issues will be addressed on a project-by-project basis.

Any Other Significant Implications:

- 5.5 None.

SUPPORTING DOCUMENTATION

Appendices

None.

Background Documents

None.