

EMPLOYMENT LAND LOCAL PLAN

Representations on Proposed Submission version

February 2016



Eastbourne Borough Council

Regeneration & Planning Policy

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Eastbourne

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Employment Land Local Plan**Representations on Proposed Submission**

Representation received between 12 December 2014 and 6 February 2015

Rep	Respondent	Page
PS-ELLP/1	East Sussex County Council (Ellen Reith)	1
PS-ELLP/2	East Sussex County Council (Ellen Reith)	3
PS-ELLP/3	John and Helen Roe	5
	<i>Email from John and Helen Roe</i>	7
PS-ELLP/4	Highways Agency (Keith Jacobs)	8
	<i>Email from Highways Agency</i>	10
	<i>ELLP Questionnaire Response from Highways Agency</i>	11
PS-ELLP/5	South East Water (Katie Woollard)	13
	<i>Email from South East Water</i>	15
PS-ELLP/6	Marine Management Organisation (Angela Atkinson)	16
	<i>Email from Marine Management Organisation</i>	18
PS-ELLP/7	Natural England (Catherine Tonge)	19
	<i>Email from Natural England</i>	21
PS-ELLP/8	Richard Maile	23
	<i>Representation Form</i>	25
PS-ELLP/9	Richard Maile	30
	<i>Representation Form</i>	32
PS-ELLP/10	Laurence Keeley	42
	<i>Letter from Laurence Keeley</i>	44
PS-ELLP/11	Environment Agency (Mark Luker)	47
	<i>Letter from Environment Agency</i>	49

Rep	Respondent	Page
PS-ELLP/12	Eastbourne & District Chamber of Commerce (Derek Godfrey)	50
	Representation Form	52
PS-ELLP/13	Seachange Sussex (John Shaw)	56
	<i>Representation Form</i>	58
PS-ELLP/14	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	62
PS-ELLP/15	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	64
PS-ELLP/16	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	66
PS-ELLP/17	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	68
PS-ELLP/18	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	71
PS-ELLP/19	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	74
PS-ELLP/20	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	77
PS-ELLP/21	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	83
PS-ELLP/22	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	85
PS-ELLP/23	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	87
PS-ELLP/24	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	89
PS-ELLP/25	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	91
PS-ELLP/26	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	93
PS-ELLP/27	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	95
PS-ELLP/28	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	104
PS-ELLP/29	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	109
PS-ELLP/30	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	113
PS-ELLP/31	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	118
PS-ELLP/32	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	121
PS-ELLP/33	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	126
PS-ELLP/34	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	130
PS-ELLP/35	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	132

Rep	Respondent	Page
PS-ELLP/36	Sovereign Harbour Ltd (Teal Planning Ltd (Marie Nagy))	134
	<i>SHL Representation Form</i>	<i>137</i>
	<i>SHL Submission Statement 1</i>	<i>141</i>
	<i>SHL Representation Form</i>	<i>350</i>
	<i>SHL Submission Statement 4</i>	<i>354</i>

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Strategy Employment Land Strategy and Distribution Content
Comment ID	PS-ELLP/1
Respondent	East Sussex (Ellen Reith)
Response Date	05 Feb 2015
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	Yes
If no, Do you consider it is unsound because it is:	
Comment	East Sussex County Council supports the plan and agrees with the strategy and the proposed approach for the distribution of employment land.
What changes do you suggest to make the document legally compliant or sound?	
Do you consider it necessary to participate at the Examination in Public?	No
Why do you feel it is necessary to participate at the Examination in Public?	

Attachments	
Submission Method	Web
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidicator	

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Implementation and Monitoring Monitoring Framework Content
Comment ID	PS-ELLP/2
Respondent	East Sussex (Ellen Reith)
Response Date	05 Feb 2015
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	Yes
If no, Do you consider it is unsound because it is:	
Comment	To improve the clarity of the plan and effective implementation it is recommended, as previously suggested, that the amount of new space occupied should also be used as an indicator. This will provide a reality check on whether forecasts were reasonable.
What changes do you suggest to make the document legally compliant or sound?	
Do you consider it necessary to participate at the Examination in Public?	No
Why do you feel it is necessary to participate at the Examination in Public?	

Attachments	
Submission Method	Web
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidicator	

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Introduction
Comment ID	PS-ELLP/3
Respondent	John and Helen Roe
Response Date	23 Dec 2014
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	Yes
If no, Do you consider it is unsound because it is:	
Comment	<p>We should like to make two comments:</p> <ol style="list-style-type: none">1. There seems to be little mention of Hyde Gardens and the immediate area, though older buildings are dismissed as unsuited for modern office use. John has spent virtually all of his working life (1950 - 1999, apart from 2 years in wooden huts in the RAF, plus seven years part-time at Eastbourne CAB) in buildings over 100 years old with no ill-effects, and no difficulties in using modern office machinery and the internet. Hyde Gardens and the immediate neighbourhood are the central, prime, office and professional/medical/dental area of Eastbourne and a prestige address.2. The emphasis for employment seems to be upon high-salaried employment. This is commendable, but there is a large core of Eastbourne residents seeking work in lower-

paid employment in industrial or distributive trades, or similar.

What changes do you suggest to make the document legally compliant or sound?

Do you consider it necessary to participate at the Examination in Public? No

Why do you feel it is necessary to participate at the Examination in Public?

Attachments

 [Mr-Mrs Roe.pdf](#) (23 KB)

Submission Method Email

Response Status None

Assigned Officer =unassigned=

Officer's Response

Campaign Indidicator

Hitchen, Matt

From: Roe iMac <j-ro@phonecoop.coop>
Sent: 23 December 2014 21:34
To: Planning Policy Email
Subject: Eastbourne Employment Land Local Plan

Follow Up Flag: Follow up
Flag Status: Completed

John and Helen Roe
Puffin, 17 St. Vincent's Place, Eastbourne, BN20 7QW
Tel: 01323 645516
<j-ro@phonecoop.coop>

23rd December 2014

Matt Hitchen, Esq.,
Specialist Adviser (Planning)
Eastbourne Borough Council.
<planning.policy@eastbourne.gov.uk>

Your ref.: MGH/PS-ELLP/STK

Dear Mr. Hitchen,

Eastbourne Employment Land Local Plan

Thank you for your letter of the 11th December and the work it represents.

We should like to make two comments:

1. There seems to be little mention of Hyde Gardens and the immediate area, though older buildings are dismissed as unsuited for modern office use. John has spent virtually all of his working life (1950 - 1999, apart from 2 years in wooden huts in the RAF, plus seven years part-time at Eastbourne CAB) in buildings over 100 years old with no ill-effects, and no difficulties in using modern office machinery and the internet.

Hyde Gardens and the immediate neighbourhood are the central, prime, office and professional/medical/dental area of Eastbourne and a prestige address.



2. The emphasis for employment seems to be upon high-salaried employment. This is commendable, but there is a large core of Eastbourne residents seeking work in lower-paid employment in industrial or distributive trades, or similar.

Yours truly,

John and Helen Roe

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Introduction
Comment ID	PS-ELLP/4
Respondent	Highways Agency (Keith Jacobs)
Response Date	06 Jan 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	Yes
If no, Do you consider it is unsound because it is:	
Comment	<p>The Agency were consulted previously on the Employment Land Local Plan in June 2013 and a copy of our response at that stage is attached.</p> <p>We have no further comment on the Proposed Submission version of the document and will not be making any representation on the soundness of the plan.</p>
What changes do you suggest to make the document legally compliant or sound?	
Do you consider it necessary to participate at the Examination in Public?	No

Why do you feel it is necessary to participate at the Examination in Public?	
Attachments	 Highways Agency.pdf (28 KB)
	 Highways Agency-2.pdf (14 KB)
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidicator	

Hitchen, Matt

From: Jacobs, Keith <Keith.Jacobs@highways.gsi.gov.uk>
Sent: 06 January 2015 15:11
To: Planning Policy Email
Subject: Eastbourne Employment Land Local Plan
Attachments: 13.07.19 - Eastbourne ELP.PDF

Follow Up Flag: Follow up
Flag Status: Flagged

Dear Mr Hitchen,

The Agency were consulted previously on the Employment Land Local Plan in June 2013 and a copy of our response at that stage is attached.

We have no further comment on the Proposed Submission version of the document and will not be making any representation on the soundness of the plan.

Yours sincerely

Keith Jacobs, Asset Manager

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Web: <http://www.highways.gov.uk>

GTN: 3904 8219

Safe roads, reliable journeys, informed travellers

Highways Agency, an executive agency of the Department for Transport.

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Comments

Employment Land Local Plan Questionnaire (21/06/13 to 02/08/13)

Comment by	Highways Agency (Mr Keith Jacobs)
Comment ID	15
Response Date	19/07/13 12:55
Status	Submitted
Submission Type	Web
Version	0.1

Question 1

The Employment Land Local Plan will guide job growth and economic development in Eastbourne up to 2027 as well as identifying an appropriate supply of land for future employment development, in order to achieve a sustainable economy and make Eastbourne a town where people want to live and work. It will specifically relate to land and buildings within the B1 (Offices and Light Industry), B2 (General Industry) and B8 (Storage and Distribution) Use Classes. The draft objectives of the Employment Land Local Plan are:

- 1 To stimulate sustainable economic growth to meet the needs of the community within environmental constraints and create a new economic image to attract highly skilled talent to come to and stay in Eastbourne
- 2 To deliver a wide range of new employment opportunities by providing an improved range, flexibility and quality of employment and mixed use business space for use by local firms and speculative investors
- 3 To support job growth and economic development, and broaden the economic base to enable innovation and entrepreneurship to flourish

Do you agree with the draft objectives?

Yes. We support economy through the provision of a safe and reliable SRN, which allows for the efficient movement of people and goods. The Network plays a key part in sustaining economic prosperity and productivity , while also helping support environmental and social aims

Question 2

We consider that the Employment Land Local Plan should address the following issues:

- 1 The requirement for additional employment land up to 2027
- 2 Identification of sites to assist in meeting the requirement for employment land
- 3 Need for job creation and diversification
- 4 Development that provides for start-up businesses
- 5 Maximising the use of existing employment land in the town
- 6 Requirements for office space in the Town Centre
- 7 The suitability and viability of land at Sovereign Harbour for employment use
- 8 Loss of employment land to residential use
- 9 The suitability of current commercial premises
- 10 High levels of travel to work by car
- 11 Energy efficiency in commercial premises

Are there any other general issues that you think the Employment Land Local Plan should address?

Having reviewed the South Wealden and Eastbourne Transport Study (SWETS) as part of the core strategy we are content that the impact of development in the town centre is unlikely to have a material impact on the SRN. We are keen to ensure that future development in Eastbourne does not have a detrimental impact on the SRN outside of the Eastbourne boundary.

Question 3**Are there any other issues specific to your business interest that we should be aware of?**


Although there are no trunk roads in Eastbourne, development in the borough could have an impact on the A27 to the north and more specifically the Cophall roundabout and A27/A2270 junction . The A27 currently experiences congestion to the West of Polegate and stress is expected to increase throughout the Plan period. We will therefore be looking for the Plan to be promoting sustainable access to help reduce the impact of development trips on the SRN

Question 4**Is there anything else that you think the Employment Land Local Plan ought to contain?**

Consistency between the Core Strategy and the vision outlined in the TCLP is important and as development sites applications come forward that the site specific criteria is taken into account to allow the correct quantum of development to be permitted.

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Introduction
Comment ID	PS-ELLP/5
Respondent	South East Water (Katie Woollard)
Response Date	08 Jan 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	Yes
If no, Do you consider it is unsound because it is:	
Comment	I have reviewed the Employment Land Local Plan and I only have one comment to make. There is no mention of water in the plan. I notice that energy and renewable sources are briefly mentioned. We would encourage you to ensure that all new commercial premises are built to excellent BREEAM standards to ensure water demands are kept to a minimum.
What changes do you suggest to make the document legally compliant or sound?	
Do you consider it necessary to participate at the Examination in Public?	No

Why do you feel it is necessary to participate at the Examination in Public?	
Attachments	 South East Water.pdf (61 KB)
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidicator	

Hitchen, Matt

From: Frisby, Gemma <Gemma.Frisby@southeastwater.co.uk>
Sent: 08 January 2015 10:15
To: Planning Policy Email
Subject: Employment Land local plan

Follow Up Flag: Follow up
Flag Status: Flagged

Hi,

I have reviewed the Employment Land Local Plan and I only have one comment to make.

There is no mention of water in the plan. I notice that energy and renewable sources are briefly mentioned. We would encourage you to ensure that all new commercial premises are built to excellent BREEAM standards to ensure water demands are kept to a minimum.

If you have any further queries please let me know.

Kind regards
Gemma

Gemma Frisby

Water Resources Planner Demand Forecast

Water Resources & Environmental, South East Water

Rocfort Road, Snodland, Kent, ME6 5AH

01634 87 3215 / 07824 437009

Gemma.Frisby@southeastwater.co.uk / www.southeastwater.co.uk

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South East Water Limited


Registered Office: Rocfort Road, Snodland, Kent, ME6 5AH, UK

Place of Registration: England

Registration Number: 2679874

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Introduction
Comment ID	PS-ELLP/6
Respondent	Marine Management Organisation (Angela Atkinson)
Response Date	14 Jan 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	Yes
If no, Do you consider it is unsound because it is:	
Comment	Thank you for inviting the Marine Management Organisation (MMO) to comment on the above consultation. I can confirm that the MMO has no comments to submit in relation to this consultation.
What changes do you suggest to make the document legally compliant or sound?	
Do you consider it necessary to participate at the Examination in Public?	No
Why do you feel it is necessary to participate at the	

Examination in Public?	
Attachments	 MMO.pdf (31 KB)
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidicator	



Marine
Management
Organisation

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Newcastle upon Tyne
NE4 7YH

T +44 (0)300 123 1032
F +44 (0)191 376 2689
www.gov.uk/mmo

By email:
planning.policy@eastbourne.gov.uk

Our reference: 882

14 January 2015

Dear Sir/Madam,

Re: Eastbourne Employment Land Local Plan Proposed Submission Version

Thank you for inviting the Marine Management Organisation (MMO) to comment on the above consultation. I can confirm that the MMO has no comments to submit in relation to this consultation.

If you have any questions or need any further information please just let me know. More information on the role of the MMO can be found on our website www.gov.uk/mmo

Yours sincerely

Angela Gemmill
Relationship Manager

E stakeholder@marinemanagement.org.uk

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Introduction
Comment ID	PS-ELLP/7
Respondent	Natural England (Catherine Tonge)
Response Date	02 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	Yes
If no, Do you consider it is unsound because it is:	
Comment	<p>Thank you for giving Natural England the opportunity to comment on your Employment Land Local Plan. We note that this plan will replace section D2 of the Eastbourne Core Strategy Local Plan but that, otherwise, it will conform to the policies set out in that document.</p> <p>We support the policy to use the existing industrial estates, town centre and available space within Sovereign Harbour. We also welcome the commitment to maintain Eastbourne Park as a "green heart" of the town. Eastbourne falls within the buffer zones of several SSSI, including the internationally important site of Pevensey Levels. The industrial estates mostly border the Eastbourne, Langney and Willingdon Levels which link hydrologically to Pevensey so industrial uses which may create significant</p>

run-off or discharge into ditches need to be carefully considered and include appropriate measures to protect water courses. Care should also be taken that development at Sovereign Harbour does not impact on the nearby areas of vegetated shingle. Eastbourne also falls within buffer zones for the South Downs National Park and any significant landscape impact, such as wind turbines, also needs to be assessed. The Plan does not anticipate the need for any widespread increases in infrastructure provision; however, any local proposals will need to be assessed on an individual basis.

What changes do you suggest to make the document legally compliant or sound?

Do you consider it necessary to participate at the Examination in Public? No

Why do you feel it is necessary to participate at the Examination in Public?

Attachments  [Natural England.pdf](#) (31 KB)

Submission Method Email

Response Status None

Assigned Officer =unassigned=

Officer's Response

Campaign Indicator

Hitchen, Matt

From: Tonge, Catherine (NE) <Catherine.Tonge@naturalengland.org.uk>
Sent: 02 February 2015 10:07
To: Planning Policy Email
Cc: Hitchen, Matt
Subject: 139588 Employment Land Local Plan - Proposed Submission Version
Attachments: Natural England Consultation Feedback(v4)_pub_0001 (2).pdf; ATT00001.txt

Follow Up Flag: Follow up
Flag Status: Flagged

Thank you for giving Natural England the opportunity to comment on your Employment Land Local Plan. We note that this plan will replace section D2 of the Eastbourne Core Strategy Local Plan but that, otherwise, it will conform to the policies set out in that document.

We support the policy to use the existing industrial estates, town centre and available space within Sovereign Harbour. We also welcome the commitment to maintain Eastbourne Park as a "green heart" of the town.

Eastbourne falls within the buffer zones of several SSSI, including the internationally important site of Pevensey Levels. The industrial estates mostly border the Eastbourne, Langney and Willingdon Levels which link hydrologically to Pevensey so industrial uses which may create significant run-off or discharge into ditches need to be carefully considered and include appropriate measures to protect water courses. Care should also be taken that development at Sovereign Harbour does not impact on the nearby areas of vegetated shingle. Eastbourne also falls within buffer zones for the South Downs National Park and any significant landscape impact, such as wind turbines, also needs to be assessed. The Plan does not anticipate the need for any widespread increases in infrastructure provision; however, any local proposals will need to be assessed on an individual basis.

Due to the current pressure of consultations on land-use plans, I have not been able to spend the time I would have wished reviewing and commenting on your Neighbourhood Plan. Nevertheless, I hope you find these comments helpful.

If there are issues I have not covered, please let me know and I will respond as quickly as possible. If discussion would be helpful, please contact me.

If you wish to comment on the service provided by Natural England please use the appended form.

<<Natural England Consultation Feedback(v4)_pub_0001 (2).pdf>>

Regards

Catherine

Catherine Tonge

Lead Adviser

Sussex Coast & Marine

Natural England

Mobile: 07768 038881

Home-based. Post to:

Mail Hub Block B

Whittington Road

Worcester

<https://www.gov.uk/government/organisations/natural-england>

We are here to secure a healthy natural environment for people to enjoy, where wildlife is protected and England's landscapes are safeguarded for future generations.

In an effort to reduce Natural England's carbon footprint, I will, wherever possible, avoid travelling to meetings and attend via audio, video or web conferencing


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Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Context
Comment ID	PS-ELLP/8
Respondent	Richard Maile
Response Date	29 Jan 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	No
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Effective, Not Consistent with national policy
Comment	The Council has failed to meet the requirements of the NPPF to meet the economic needs of the town (see paragraph 7 of the Framework).
What changes do you suggest to make the document legally compliant or sound?	Allocation of further greenfield sites on the fringes of the major industrial estates in Lottbridge Drove
Do you consider it necessary to participate at the Examination in Public?	Yes
Why do you feel it is necessary to participate at the Examination in Public?	In order to provide detailed evidence by myself and agents as to the shortcomings of the Local Plan, its reliance upon intensification and Sovereign Harbour only.

Attachments	 Richard Maile.pdf (175 KB)
Submission Method	Paper
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indicator	

EASTBOURNE BOROUGH
COUNCIL

With the Compliments of

29 JAN 2015

RICHARD J MAILE
BSc FRICS
Chartered Surveyor

72 Portland Road, Worthing, West Sussex, BN11 1QG
Telephone: 01903 231438

EMPLOYMENT LAND LOCAL PLAN

Proposed Submission Representation Form (Regulation 19)

Please read the accompanying 'Guidance Notes for Respondents – Proposed Submission Employment Land Local Plan' before completing this form.

Eastbourne Borough Council has published the Proposed Submission version of the Eastbourne Employment Land Local Plan for the community and stakeholders to make final representations on issues of soundness or legal compliance, in preparation for formal submission of the document to the Secretary of State in 2015.

The period for representations runs from Friday 12 December 2014 until Friday 6 February 2015. Representations received after 5pm on Friday 6 February 2015 cannot be accepted.

Where possible, please use the on-line consultation portal to make representations. This can be accessed via the Council's website (www.eastbourne.gov.uk/ellp). Alternatively, completed forms can be returned to planning.policy@eastbourne.gov.uk or by post to Specialist Advisory Team, Eastbourne Borough Council, 1 Grove Road, Eastbourne, BN21 4TW.

For further information please contact the Council's Specialist Advisory Team, on (01323) 410000 or email planning.policy@eastbourne.gov.uk.

Personal Details

Title:	Mr	First Name(s):	Richard
Surname:	Maile		

Organisation:	Click here to enter text.
Position:	Click here to enter text.
Agent acting on behalf of:	Click here to enter text.

Address:	72 Portland Road, Worthing, West Sussex
Post Code:	BN11 1QG

Phone Number:	01903 231438	Fax Number:	Click here to enter text.
E-Mail Address:	rjm@richardmaile.plus.com		

Representation

When the Employment Land Local Plan is examined it will be tested for:

1. Legal compliance – That it has been produced in accordance with Government Regulations. This includes the Duty to Cooperate.

2. Soundness – That the content is positively prepared, justified, effective and consistent with national policy

Further information on the test of soundness and legal compliance is provided in our accompanying **Guidance Notes for Respondents**.

Q1. Which part of the Employment Land Local Plan do you want to make a representation about?

Chapter: 2	Policy: -
Paragraph Number: 2.25	Figure: Identification of Sites

Q2. Do you consider the Employment Land Local Plan to be legally compliant?

Yes

No

If you do not consider it to be legally compliant, please provide details as to why:

The Council has failed to meet the requirements of the NPPF to meet the economic needs of the town (see paragraph 7 of the Framework).

Q3. Do you consider the Employment Land Local Plan to be sound?

Yes

No

If you do not consider it to be sound, please provide details as which part of soundness it does not comply with:

Positive prepared

Justified

Effective

Consistent with National Policy

Other [Click here to enter text.](#)

Q4. Please set out what changes you consider necessary to make the Employment Land Local Plan legally compliant or sound.

ALLOCATION OF FURTHER GREENFIELD SITES ON THE FRINGES OF THE MAJOR INDUSTRIAL ESTATES IN LOTTBRIDGE DROVE.

Please note your representation should cover all of the information, evidence and supporting information necessary to support/justify the representation and the suggested change. After this stage, further submissions will be only at the request of the Inspector, based on the matters and issues he/she identifies for examination.

Q5. If your representation is seeking a change to the Employment Land Local Plan do you consider it necessary to participate at the public examination to help explain the need for the change proposed?

No, I do not wish to take part at the examination

Yes, I wish to take part at the examination

If you do wish to participate in the examination, please outline why you consider this necessary:

In order to provide detailed evidence by myself and agents as to the shortcomings of the Local Plan, its reliance upon intensification and Sovereign Harbour only.

Please note the Inspector will determine the most appropriate procedure to hear those who have indicated that they wish to participate at the oral part of the examination.

Q6. Do you wish to be notified of any of the following?

Submission of the Employment Land Local Plan for examination

Publication of the Inspectors Report

Formal adoption of the Employment Land Local Plan


Data Protection Act 1998 and Freedom of Information Act 2000

Representations cannot be treated in confidence and copies of all representations will be made publicly available. The Council will also provide names and associated representations on its website but will not publish personal information such as telephone numbers, emails or private addresses. By submitting your views on the document you confirm that you agree to this and accept responsibility for your comments.

Signature:	Richard J Maile	Date:	28/01/2015
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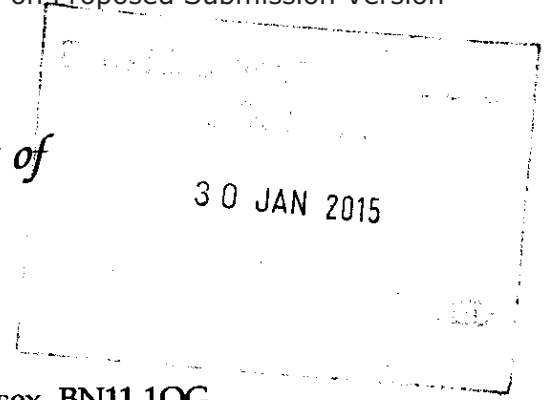
View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Policies Sovereign Harbour
Comment ID	PS-ELLP/9
Respondent	Richard Maile
Response Date	29 Jan 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	No
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Effective, Not Consistent with national policy
Comment	The Council ha failed to meet the requirements of the NPPF to meet the economic needs of the town (see paragraph 7 of the Framework).
What changes do you suggest to make the document legally compliant or sound?	There has been an allocation at Sovereign Harbour for 27 years,with no takers. It is a poor location for employment use with inadequate access on the major routes and requires construction of the St Anthony's Link.
Do you consider it necessary to participate at the Examination in Public?	Yes

Why do you feel it is necessary to participate at the Examination in Public?	In order to provide detailed evidence by myself and agents as to the shortcomings of the Local Plan, its reliance upon intensification and Sovereign Harbour only.
Attachments	 Richard Maile 2.pdf (366 KB)
Submission Method	Paper
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidicator	

With the Compliments of

RICHARD J MAILE
BSc FRICS
Chartered Surveyor



72 Portland Road, Worthing, West Sussex, BN11 1QG
Telephone: 01903 231438

EMPLOYMENT LAND LOCAL PLAN

Proposed Submission Representation Form (Regulation 19)

Please read the accompanying 'Guidance Notes for Respondents – Proposed Submission Employment Land Local Plan' before completing this form.

Eastbourne Borough Council has published the Proposed Submission version of the Eastbourne Employment Land Local Plan for the community and stakeholders to make final representations on issues of soundness or legal compliance, in preparation for formal submission of the document to the Secretary of State in 2015.

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For further information please contact the Council's Specialist Advisory Team, on (01323) 410000 or email planning.policy@eastbourne.gov.uk.

Personal Details

Title:	Mr	First Name(s):	Richard
Surname:	Maile		

Organisation:	Click here to enter text.
Position:	Click here to enter text.
Agent acting on behalf of:	Click here to enter text.

Address:	72 Portland Road, Worthing, West Sussex
Post Code:	BN11 1QG

Phone Number:	01903 231438	Fax Number:	Click here to enter text.
E-Mail Address:	rjm@richardmaile.plus.com		

Representation

When the Employment Land Local Plan is examined it will be tested for:

1. Legal compliance – That it has been produced in accordance with Government Regulations. This includes the Duty to Cooperate.

2. Soundness – That the content is positively prepared, justified, effective and consistent with national policy

Further information on the test of soundness and legal compliance is provided in our accompanying **Guidance Notes for Respondents**.

Q1. Which part of the Employment Land Local Plan do you want to make a representation about?

Chapter: 4

Policy: EL4

Paragraph Number: -

Figure: -

Q2. Do you consider the Employment Land Local Plan to be legally compliant?

Yes

No

If you do not consider it to be legally compliant, please provide details as to why:

The Council has failed to meet the requirements of the NPPF to meet the economic needs of the town (see paragraph 7 of the Framework).

Q3. Do you consider the Employment Land Local Plan to be sound?

Yes

No

If you do not consider it to be sound, please provide details as which part of soundness it does not comply with:

Positive prepared

Justified

Effective

Consistent with National Policy

Other

Click here to enter text.

Q4. Please set out what changes you consider necessary to make the Employment Land Local Plan legally compliant or sound.

SEE ATTACHED SHEET.

Please note your representation should cover all of the information, evidence and supporting information necessary to support/justify the representation and the suggested change. After this stage, further submissions will be only at the request of the Inspector, based on the matters and issues he/she identifies for examination.

Q5. If your representation is seeking a change to the Employment Land Local Plan do you consider it necessary to participate at the public examination to help explain the need for the change proposed?

No, I do not wish to take part at the examination

Yes, I wish to take part at the examination

If you do wish to participate in the examination, please outline why you consider this necessary:

In order to provide detailed evidence by myself and agents as to the shortcomings of the Local Plan, its reliance upon intensification and Sovereign Harbour only.

Please note the Inspector will determine the most appropriate procedure to hear those who have indicated that they wish to participate at the oral part of the examination.

Q6. Do you wish to be notified of any of the following?

Submission of the Employment Land Local Plan for examination

Publication of the Inspectors Report

Formal adoption of the Employment Land Local Plan

Data Protection Act 1998 and Freedom of Information Act 2000

Representations cannot be treated in confidence and copies of all representations will be made publicly available. The Council will also provide names and associated representations on its website but will not publish personal information such as telephone numbers, emails or private addresses. By submitting your views on the document you confirm that you agree to this and accept responsibility for your comments.

Question 4:

There has been an allocation at Sovereign Harbour for 27 years, with no takers. It is a poor location for employment use with inadequate access on the major routes and requires construction of the St Anthony's Link.

EMPLOYMENT LAND LOCAL PLAN

Proposed Submission Representation Form (Regulation 19)

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For further information please contact the Council's Specialist Advisory Team, on (01323) 410000 or email planning.policy@eastbourne.gov.uk.

Personal Details

Title:	Mr	First Name(s):	Richard
Surname:	Maile		

Organisation:	Click here to enter text.
Position:	Click here to enter text.
Agent acting on behalf of:	Click here to enter text.

Address:	72 Portland Road, Worthing, West Sussex
Post Code:	BN11 1QG

Phone Number:	01903 231438	Fax Number:	Click here to enter text.
E-Mail Address:	rjm@richardmaile.plus.com		

Representation

When the Employment Land Local Plan is examined it will be tested for:

1. Legal compliance – That it has been produced in accordance with Government Regulations. This includes the Duty to Cooperate.

2. Soundness – That the content is positively prepared, justified, effective and consistent with national policy

Further information on the test of soundness and legal compliance is provided in our accompanying **Guidance Notes for Respondents**.

Q1. Which part of the Employment Land Local Plan do you want to make a representation about?

Chapter: 3

Policy: -

Paragraph Number: 3.10

Figure: Intensification of Industrial Estates
- 20,000sq.m.

Q2. Do you consider the Employment Land Local Plan to be legally compliant?

Yes

No

If you do not consider it to be legally compliant, please provide details as to why:

The Council has failed to meet the requirements of the NPPF to meet the economic needs of the town (see paragraph 7 of the Framework).

Q3. Do you consider the Employment Land Local Plan to be sound?

Yes

No

If you do not consider it to be sound, please provide details as which part of soundness it does not comply with:

Positive prepared

Justified

- | | |
|---------------------------------|--|
| Effective | <input checked="" type="checkbox"/> |
| Consistent with National Policy | <input checked="" type="checkbox"/> |
| Other | <input type="checkbox"/> Click here to enter text. |

Q4. Please set out what changes you consider necessary to make the Employment Land Local Plan legally compliant or sound.

SEE ATTACHED SHEET.

Please note your representation should cover all of the information, evidence and supporting information necessary to support/justify the representation and the suggested change. After this stage, further submissions will be only at the request of the Inspector, based on the matters and issues he/she identifies for examination.

Q5. If your representation is seeking a change to the Employment Land Local Plan do you consider it necessary to participate at the public examination to help explain the need for the change proposed?

No, I do not wish to take part at the examination

Yes, I wish to take part at the examination

If you do wish to participate in the examination, please outline why you consider this necessary:

In order to provide detailed evidence by myself and agents as to the shortcomings of the Local Plan, its reliance upon intensification and Sovereign Harbour only.

Please note the Inspector will determine the most appropriate procedure to hear those who have indicated that they wish to participate at the oral part of the examination.

Q6. Do you wish to be notified of any of the following?

- | | |
|--|-------------------------------------|
| Submission of the Employment Land Local Plan for examination | <input checked="" type="checkbox"/> |
| Publication of the Inspectors Report | <input checked="" type="checkbox"/> |
| Formal adoption of the Employment Land Local Plan | <input checked="" type="checkbox"/> |

Data Protection Act 1998 and Freedom of Information Act 2000

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Signature:	Richard J Maile	Date:	29/01/2015
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Question 4:

The reliance upon the intensification of industrial estates is totally without merit. It depends upon redevelopment of existing industrial estates that are already intensively developed, as shown by the appendices and a site visit. Evidence will be adduced to indicate that such reliance is totally misplaced.

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Introduction
Comment ID	PS-ELLP/10
Respondent	Laurence Keeley
Response Date	05 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	Yes
If no, Do you consider it is unsound because it is:	
Comment	<p>Please find enclosed my Housing document that would be with in a land Community Trust, Employment land should be the same, affordable is the word,</p> <p>Most of the problems with business units are greedy land lords getting the most from the units that usually result in businesses going broke after a short time. t am not sure who owns the land that is up for the units, but please consider the enclosed, if the owners won't accept this then compulsory purchases the land at agriculture value Houses and work units would be under the same plan, that's to say pay the land owners on year one £5,000 per unit, then £1,000 per year ground rent per acre.</p>

If you was to grow wheat on acre of land for 100 years one would be unlikely to get £20,000 profit from the land, so that should be the template.

What changes do you suggest to make the document legally compliant or sound?

Do you consider it necessary to participate at the Examination in Public? No

Why do you feel it is necessary to participate at the Examination in Public?

Attachments  [Laurence Keeley reduced.pdf](#) (456 KB)

Submission Method Paper

Response Status None

Assigned Officer =unassigned=

Officer's Response

Campaign Indidicator

6 Fairfield

Herstmonceux

BN27 4NE.

Eastbourne Employment Land Local Plan,

Dear Council,

Please find enclosed my Housing document that would be with in a Land Community Trust, Employment land should be the same, affordable is the word,

Most of the problems with business units are greedy land lords getting the most from the units that usually result in businesses going broke after a short time. I am not sure who owns the land that is up for the units, but please consider the enclosed, if the owners won't accept this then compulsory purchases the land at agriculture value Houses and work units would be under the same plan, that's to say pay the land owners on year one £5,000 per unit, then£1,000 per year ground rent per acre.

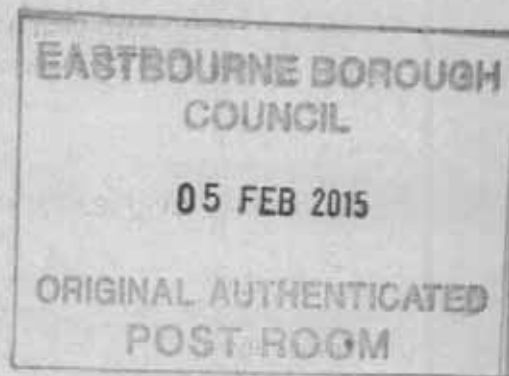
If you was to grow wheat on acre of land for 100 years one would be unlikely to get £20,000 profit from the land, so that should be the template.

Yours

Sincerely

Cllr Laurence Keeley.

L. Keeley. 3/2/15



Protect our open space, save our farmland from development. Homes from £80,000, job share, proper care and pensions create a better world.

Please support the campaign for change. Our Countryside could be covered in concrete.



Act now... get off the treadmill!

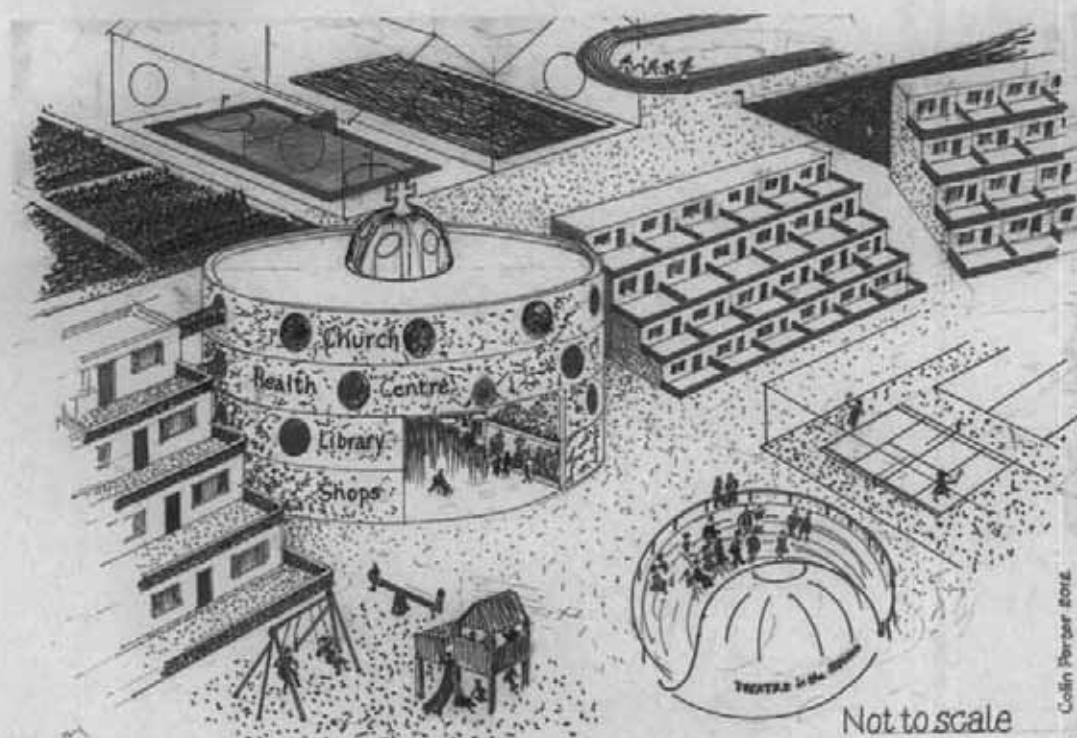
- Building Land should not be allowed go from £5,000 to £500,000 an acre because of planning changes.
- Every village and town should look at their housing needs.
- On elected sites offer the land owner an annual rental of £1000 per acre or possibly a £50,000 with an option of 50 year lease paid up front, i.e. 5 times current agricultural gain from farming, with perhaps a small premium.
- Create a Land Community Trust that would be responsible for arranging for building the houses and workplaces.
No market housing or rents that bleed you dry.
- A district Neighbourhood plan could be established, where developers would then be invited by the Community Land Trust to tender for development on an actual cost basis, with the developer's own costs, expenses and profit being limited, to 12% of the whole.
- At today's prices and on the above basis, people should be able to purchase houses developed at prices of between £80,000 and £90,000 per unit.

- The houses would be sold at cost with the restriction the C.L.T buy the property back should the owner at any time wish to sell. The repurchase price would reflect the value at time of sale of similar houses constructed with the same restrictions and building cost cap.
- The high cost of open market housing is causing debt and despair especially for the young. Those who can sell can afford to buy.
- This scheme will result in having less debt and there would be less mental health issues, one could also save for a pension.
- People need the company of others and their own space, in new Estates we are overcrowded and isolated.
- There could be on large development sites the incorporation of community farm with solar panel greenhouses.
- New build ideas could also be considered. The designs below would be built with steel frames off ground with bolt on timber, and sheep wool for insulation. Since less aggregate would be required, the need for dredging the sea bed for shingle would be lessened, and the fish breeding beds less likely to be destroyed.

Please visit www.campaign-for-change.co.uk

Following the links to 'Land Trust' and Designs' and give it your support by contacting your local district / borough council asking them to give this full support, plus send your details to the address below to keep in touch. You can also register via the web-site.

This is my personal campaign and not the view of the council or any political group.
Councillor Laurence Keeley 6 Fairfield, Herstmonceux BN27 4NE.



This is a design for an affordable community housing project.

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Introduction
Comment ID	PS-ELLP/11
Respondent	Environment Agency (Mark Luker)
Response Date	06 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	Yes
If no, Do you consider it is unsound because it is:	
Comment	<p>We have reviewed the plan proposals and supporting evidence base and have not identified any issues of soundness with the plan.</p> <p>The sites identified in the Town Centre and Sovereign Harbour locations as well as the intensification (no expansion) of the existing industrial estates have no fluvial or tidal flood risk aspects which we consider would affect their deliverability.</p> <p>Business uses (B1,B2,B8) are considered as 'less vulnerable' development types and are compatible uses in</p>

flood zone 3 areas subject to sequential and exception test requirements as defined in the National Planning Policy Guidance (<http://planningguidance.planningportal.gov.uk/blog/guidance/flood-risk-and-coastalchange/flood-zone-and-flood-risk-tables/>).

What changes do you suggest to make the document legally compliant or sound?

Do you consider it necessary to participate at the Examination in Public? No

Why do you feel it is necessary to participate at the Examination in Public?

Attachments  [EA.pdf](#) (13 KB)

Submission Method Email

Response Status None

Assigned Officer =unassigned=

Officer's Response

Campaign Indicator

Eastbourne Borough Council
Planning Policy
68 Grove Road
Eastbourne
East Sussex
BN21 4UH

Our ref: HA/2011/112202/OT-
01/SB1-L01

Your ref:

Date: 06 February 2015

Dear Sir/Madam

Eastbourne Employment Land Local Plan

Thank you for your consultation.

We have reviewed the plan proposals and supporting evidence base and have not identified any issues of soundness with the plan.

The sites identified in the Town Centre and Sovereign Harbour locations as well as the intensification (no expansion) of the existing industrial estates have no fluvial or tidal flood risk aspects which we consider would affect their deliverability.

Business uses (B1,B2,B8) are considered as 'less vulnerable' development types and are compatible uses in flood zone 3 areas subject to sequential and exception test requirements as defined in the National Planning Policy Guidance (<http://planningguidance.planningportal.gov.uk/blog/guidance/flood-risk-and-coastal-change/flood-zone-and-flood-risk-tables/>).

Please contact me if you need any further details on this response.

Yours faithfully

Mr Mark Luker
Environment Agency Planning Advisor

Direct dial 01903 703883


Direct e-mail mark.luker@environment-agency.gov.uk

Environment Agency
Guildbourne House Chatsworth Road, Worthing, West Sussex, BN11 1LD.
Customer services line: 03708 506 506
www.gov.uk/environment-agency

February 2016
END

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Strategy Economy and Employment Land
Comment ID	PS-ELLP/12
Respondent	Eastbourne & District Chamber of Commerce (Derek Godfrey)
Response Date	06 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	Yes
If no, Do you consider it is unsound because it is:	
Comment	-
What changes do you suggest to make the document legally compliant or sound?	
Do you consider it necessary to participate at the Examination in Public?	Yes
Why do you feel it is necessary to participate at the Examination in Public?	I would like to take part in the examination due to my position as a Board member of the Local Enterprise Partnership and Portfolio Holder for Economic Development for the Eastbourne and District Chamber of Commerce

Attachments	 Derek Godfrey.pdf (90 KB)
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidicator	

EMPLOYMENT LAND LOCAL PLAN

Proposed Submission Representation Form (Regulation 19)

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For further information please contact the Council's Specialist Advisory Team, on (01323) 410000 or email planning.policy@eastbourne.gov.uk.

Personal Details

Title:	Mr	First Name(s):	Derek
Surname:	Godfrey		

Organisation:	Eastbourne and District Chamber of Commerce, SELEP, TES & ACES		
Position:	Director and Board Member		
Agent acting on behalf of:	Click here to enter text.		

Address:	c/o Ellis Building Contractors Ltd, 6 Park View, Eastbourne		
Post Code:	BN23 6QE		

Phone Number:	01323725716	Fax Number:	Click here to enter text.
E-Mail Address:	dgodfrey@ellisbuilders.co.uk		

Representation

When the Employment Land Local Plan is examined it will be tested for:

1. Legal compliance – That it has been produced in accordance with Government Regulations. This includes the Duty to Cooperate.

2. Soundness – That the content is positively prepared, justified, effective and consistent with national policy

Further information on the test of soundness and legal compliance is provided in our accompanying **Guidance Notes for Respondents**.

Q1. Which part of the Employment Land Local Plan do you want to make a representation about?

Chapter: Employment space

Policy: Click here to enter text.

Paragraph Number: Click here to enter text.

Figure: Click here to enter text.

Q2. Do you consider the Employment Land Local Plan to be legally compliant?

Yes

No

If you do not consider it to be legally compliant, please provide details as to why:

Click here to enter text.

Q3. Do you consider the Employment Land Local Plan to be sound?

Yes

No

If you do not consider it to be sound, please provide details as which part of soundness it does not comply with:

Positive prepared

Justified

Effective

Consistent with National Policy

Other

 Click here to enter text.**Q4. Please set out what changes you consider necessary to make the Employment Land Local Plan legally compliant or sound.**

Click here to enter text.

Please note your representation should cover all of the information, evidence and supporting information necessary to support/justify the representation and the suggested change. After this stage, further submissions will be only at the request of the Inspector, based on the matters and issues he/she identifies for examination.

Q5. If your representation is seeking a change to the Employment Land Local Plan do you consider it necessary to participate at the public examination to help explain the need for the change proposed?No, I do not wish to take part at the examination Yes, I wish to take part at the examination

If you do wish to participate in the examination, please outline why you consider this necessary:

I would like to take part in the examination due to my position as a Board member of the Local Enterprise Partnership and Portfolio Holder for Economic Development for the Eastbourne and District Chamber of Commerce

Please note the Inspector will determine the most appropriate procedure to hear those who have indicated that they wish to participate at the oral part of the examination.

Q6. Do you wish to be notified of any of the following?Submission of the Employment Land Local Plan for examination Publication of the Inspectors Report Formal adoption of the Employment Land Local Plan **Data Protection Act 1998 and Freedom of Information Act 2000**

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Signature: D L Godfrey**Date:** 06/02/2015

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Policies
Comment ID	PS-ELLP/13
Respondent	Seachange Sussex (John Shaw)
Response Date	06 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	Yes
If no, Do you consider it is unsound because it is:	
Comment	-
What changes do you suggest to make the document legally compliant or sound?	
Do you consider it necessary to participate at the Examination in Public?	Yes
Why do you feel it is necessary to participate at the Examination in Public?	Sea Change Sussex is the economic regeneration company for East Sussex which delivers economic infrastructure and business space. Sovereign Harbour is an important strategic site for employment development. Sea Change Sussex supports the full development of the employment land allocation in Sovereign Harbour, Eastbourne

and wider East Sussex.
 Sea Change Sussex is delivering public investment for economic regeneration in East Sussex and has a major interest in the significant infrastructure improvement being exploited through adequate employment land supply opportunities which can only grow with the policy and funding support that has been given by Government, South East Local Enterprise Partnership (SELEP), East Sussex County Council (ESCC) and Eastbourne Borough Council (EBC) amongst others.
 In particular, we would be supporting the Employment Land Local Plan proposals as a minimum.

Attachments

 [Seachange Sussex.pdf](#) (1.2 MB)

Submission Method Email
Response Status None
Assigned Officer =unassigned=
Officer's Response
Campaign Indicator



www.eastbourne.gov.uk

EMPLOYMENT LAND LOCAL PLAN

Proposed Submission Representation Form (Regulation 19)

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For further information please contact the Council's Specialist Advisory Team, on (01323) 410000 or email planning.policy@eastbourne.gov.uk.

Personal Details

Title:	Mr	First Name(s):	John
Surname:	Shaw		

Organisation:	Sea Change Sussex		
Position:	Chief Executive		
Agent acting on behalf of:	N/A		

Address:	Innovation Centre, Highfield Drive, St Leonards on Sea.		
Post Code:	TN38 9UH		

Phone Number:	01424 858287	Fax Number:	01424 858101
E-Mail Address:	traceymurray@seachangesussex.co.uk		

Representation

When the Employment Land Local Plan is examined it will be tested for:

1. Legal compliance – That it has been produced in accordance with Government Regulations. This includes the Duty to Cooperate.

2. Soundness – That the content is positively prepared, justified, effective and consistent with national policy

Further information on the test of soundness and legal compliance is provided in our accompanying **Guidance Notes for Respondents**.

Q1. Which part of the Employment Land Local Plan do you want to make a representation about?

Chapter: All

Policy: EL1, EL2, EL3, EL4

Paragraph Number: All

Figure: All

Q2. Do you consider the Employment Land Local Plan to be legally compliant?

Yes

No

If you do not consider it to be legally compliant, please provide details as to why:

Click here to enter text.

Q3. Do you consider the Employment Land Local Plan to be sound?

Yes

No

If you do not consider it to be sound, please provide details as which part of soundness it does not comply with:

Positive prepared

Justified

Effective

Consistent with National Policy

Other [Click here to enter text.](#)

Q4. Please set out what changes you consider necessary to make the Employment Land Local Plan legally compliant or sound.

No Changes

Please note your representation should cover all of the information, evidence and supporting information necessary to support/justify the representation and the suggested change. After this stage, further submissions will be only at the request of the Inspector, based on the matters and issues he/she identifies for examination.

Q5. If your representation is seeking a change to the Employment Land Local Plan do you consider it necessary to participate at the public examination to help explain the need for the change proposed?

No, I do not wish to take part at the examination

Yes, I wish to take part at the examination

If you do wish to participate in the examination, please outline why you consider this necessary:

Sea Change Sussex is the economic regeneration company for East Sussex which delivers economic infrastructure and business space. Sovereign Harbour is an important strategic site for employment development. Sea Change Sussex supports the full development of the employment land allocation in Sovereign Harbour, Eastbourne and wider East Sussex.

Sea Change Sussex is delivering public investment for economic regeneration in East Sussex and has a major interest in the significant infrastructure improvement being exploited through adequate employment land supply opportunities which can only grow with the policy and funding support that has been given by Government, South East Local Enterprise Partnership (SELEP), East Sussex County Council (ESCC) and Eastbourne Borough Council (EBC) amongst others.

In particular, we would be supporting the Employment Land Local Plan proposals as a minimum.

Please note the Inspector will determine the most appropriate procedure to hear those who have indicated that they wish to participate at the oral part of the examination.

Q6. Do you wish to be notified of any of the following?

Submission of the Employment Land Local Plan for examination	<input checked="" type="checkbox"/>
Publication of the Inspectors Report	<input checked="" type="checkbox"/>
Formal adoption of the Employment Land Local Plan	<input checked="" type="checkbox"/>

Data Protection Act 1998 and Freedom of Information Act 2000

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Signature:	<i>John D Shaw</i>	Date:	06/02/2015
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View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Introduction What is the Employment Land Local Plan?
Comment ID	PS-ELLP/14
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	<p>Against the background that is provided in this Chapter on the purpose of the Proposed ELLP and why it has been required to be produced, this paragraph states that: 'The Employment Land Local Plan will identify the future requirements for employment land in Eastbourne and how the future needs for employment can be met.' [emphasis added]</p> <p>This wording needs to be amended to ensure that the ELLP clearly outlines its requirement to identify the most appropriate, deliverable and sustainable directions of economic growth for the Borough and to provide a stronger context for the ELLP, its vision, its objectives and its policy allocations.</p>

What changes do you suggest to make the document legally compliant or sound?	This paragraph should be re-worded to read: The Employment Land Local Plan identifies the future requirements for employment land in Eastbourne and how the future needs for employment are to be met in order to best meet the vision and objectives of the Plan.'
Do you consider it necessary to participate at the Examination in Public?	Yes
Why do you feel it is necessary to participate at the Examination in Public?	THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION
Attachments	
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidcator	

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Introduction Format of the Proposed Submission Employment Land Local Plan
Comment ID	PS-ELLP/15
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	This paragraph refers to the previous earlier consultation stages on the ELLP.
What changes do you suggest to make the document legally compliant or sound?	Prior to the submission of the document for Examination and then prior to its adoption, this paragraph should be updated to list the additional consultation stages that have been undertaken subsequent to March 2014 that have also informed the document.
Do you consider it necessary to participate at the Examination in Public?	Yes
Why do you feel it is necessary to	THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE

participate at the Examination in Public?	SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION
Attachments	
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidicator	

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Introduction Format of the Proposed Submission Employment Land Local Plan
Comment ID	PS-ELLP/16
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	<p>This paragraph should also make clear reference to the Sustainability Appraisal (SA) that has informed the ELLP. Such a reference is a point of fact but also follows from the emphasis that is correctly placed upon sustainable planning objectives throughout the document.</p> <p>In referring to the Sustainability Appraisal this should clearly outline how that document has itself been further reviewed and updated in light of the representations now submitted to the November 2014 version of the document (please see Teal Planning Submission Statement 2).</p>

What changes do you suggest to make the document legally compliant or sound?	Reference must also be made to a further updated version of the Sustainability Appraisal and to how this has guided the selection of the ELLP's allocation policies.
Do you consider it necessary to participate at the Examination in Public?	Yes
Why do you feel it is necessary to participate at the Examination in Public?	THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION
Attachments	
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidicator	

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Introduction Relationship with Other Plans and Strategies
Comment ID	PS-ELLP/17
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	<p>Reference is made here to the Eastbourne Core Strategy Local Plan (CSLP), the Sustainable Community Strategy and Corporate Plan, the NPPF and the South East LEP Strategic Economic Plan.</p> <p>This is helpful and supported in particular the emphasis that is drawn out from these documents that are of relevance to the ELLP in respect of:</p> <ul style="list-style-type: none"> - local priorities being to unlock and assemble strategic sites - the regeneration of the Town Centre - The presumption in favour of sustainable development - The emphasis on the Hailsham, Polegate and Eastbourne Sustainable Corridor.

Reference however should also be given to the adopted Eastbourne Town Centre Local Plan 2013 (TCLP) and to the adopted Sovereign Harbour SPD, 2014.

The TCLP forms part of the suite of strategic plans for Eastbourne that include employment related policies.

Whilst the TCLP awaits the adoption of the ELLP to confirm the allocation of office space to the town centre, it already refers to:

- the TCLP not precluding office development elsewhere in the town centre (TCLP para 5.3);
- a clear contingency option for further site reviews should be planned for development not meet requirements (TCLP para 5.15);
- additional locations within the centre within which the Council will take a proactive approach to new development proposals (i.e. the Transition Areas and Potential Areas of Changes, TCLP Page 51).

This all points to (1) an acknowledgement by EBC that the town centre has capacity to accommodate additional new development across sectors and uses (including residential and office space) and (2) that additional capacity can be unlocked through proactive planning for the town centre.

The acknowledgement of this adopted planning approach for the town centre and for meeting new space requirements in the centre at the beginning of the ELLP document will provide a useful term of reference for the remainder of the ELLP.

The Sovereign Harbour SPD also provides a further context to the understanding of the employment sites at the Harbour and to what employment generating uses are considered acceptable on Sites 4 and 7a. These policies are also reflected in the new outline planning permission for the Harbour (EBC ref 131002).

What changes do you suggest to make the document legally compliant or sound?	Reference must be made to the adopted Eastbourne Town Centre Local Plan 2013 and to how this sets a context for additional opportunities to be realised for a range of development types through the proactive identification, promotion and support of new development proposals within the centre.
Do you consider it necessary to participate at the Examination in Public?	Reference should also be made to the Sovereign Harbour SPD and to the employment uses it identifies as appropriate for Sites 4 and 7a at the Harbour. Yes
Why do you feel it is necessary to participate at the Examination in Public?	THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION
Attachments	
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidcator	

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Context Existing situation
Comment ID	PS-ELLP/18
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	<p>Reference is made at Para 2.8 to an overall net increase in employment floorspace in Eastbourne over the past 9 years and to this being in the office (B1a) sector amongst others.</p> <p>EBC's own monitoring however shows that office stock within the town centre has in fact decreased almost year on year over some time, with the rate of loss being accelerated recently.</p> <p>We consider that acceleration to result from: (1) the relative size, strength and predominantly local nature of the Eastbourne office market overall. This has been reviewed and acknowledged in detail on behalf of both</p>

EBC and SHL through representations on the CSLP and TCLP;

(2) the new permitted development regime that allows office conversions to residential use;

(3) Eastbourne's current adopted plan regime that also encourages residential development in the town centre outside of the permitted development rights that are currently in force;

(4) the adopted TCLP which, pending the ELLP, points to a very low allocation of new office space for the town centre, thereby requiring developers to deliver very little office space in the centre. The recent planning permissions for the Arndale extension scheme are for a mixed use development. Policy however does not require office space to be provided on this site and none is included in the scheme, even though this would be a very good location for a range of office types. Without such a requirement being set out in policy, the developer has chosen to opt for higher value commercial and leisure based space only and EBC currently has no policy basis to require otherwise.

The fact that EBCs summary highlights a long term growth in office provision across the town, even though the town centre's stock has been in decline, points to the most recent growth being within out of town centre locations.

This also follows evidence already submitted by Stiles Harold Williams on behalf of SHL in relation to the CSLP, which highlighted the development of office campuses within highly accessible, established employment locations but which nonetheless in occupancy terms have met with very challenging conditions.

Those significant and substantial challenges have essentially arisen again from:

- the scale and nature of the local market;
- and

	<p>- the ability of occupiers to pay the higher rents such campus schemes must command in order to be viable. This has restricted occupier interest to just a small sub-set of the local market.</p> <p>This sub-section of the Draft ELLP does not reflect any of these trends or characteristics of the local market.</p>
What changes do you suggest to make the document legally compliant or sound?	EBC must revisit its summary understanding of the actual trends that are affecting the local office market, and how these relate to the town centre and office campus / business park sectors.
Do you consider it necessary to participate at the Examination in Public?	Yes
Why do you feel it is necessary to participate at the Examination in Public?	THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION
Attachments	
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidcator	

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Context Existing situation
Comment ID	PS-ELLP/19
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	<p>Para 2.9</p> <p>This paragraph acknowledges the importance of Eastbourne's position on the A22-A27 corridor.</p> <p>As is also acknowledged by EBC, the town's position in the Eastbourne-Polegate-Hailsham corridor provides a key north-south growth axis (Draft ELLP Para. 1.15).</p> <p>These locational advantages establish Eastbourne town centre, with its road, rail and service facilities, as one of the key economic hubs within the sub-regional economy. The office campus developments that have been</p>

successful are also within the Eastbourne section of the corridor.

Sovereign Harbour however is very peripheral to this hub in location and connectivity terms.

All of the policies that follow within later sections of the Draft ELLP discard this context. They set aside one of the area’s key local assets (the town centre) in favour of planning for its further demise in terms of the quantity of new office stock to be planned for there, and also make no provision for new stock to be promoted at other locations within the Borough’s section of the growth corridor. This is all in favour of a proposed single new out of centre office allocation, at one of the town’s least well connected areas.

What changes do you suggest to make the document legally compliant or sound?

In order to maintain a thread through the ELLP, from a clear and accurate understanding of the local market, through to actual policies, the document must acknowledge the relationship between the sub-regional growth corridor, the role of Eastbourne town centre within this, the benefits of seeking other opportunities elsewhere between the town centre and Polegate, but also the relative locational and market constraints of Sovereign Harbour.

Do you consider it necessary to participate at the Examination in Public?

Yes

Why do you feel it is necessary to participate at the Examination in Public?

THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION

Attachments

Submission Method

Email

Response Status

None

Assigned Officer	=unassigned=
Officer's Response	
Campaign Indicator	

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Context Existing situation
Comment ID	PS-ELLP/20
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	<p>Para 2.10 & 2.14 – 2.15</p> <p>Para 2.10 of the Draft ELLP refers to the town's commercial floorspace stock comprising a range of sizes, ages and types of space that offers a degree of choice. It also highlights that low vacancy levels outside of the town centre are healthy signs for the market.</p> <p>Para 2.14 however states that much of the town's large scale office stock is no longer fit for purpose, does not meet occupier needs and lacks flexibility to be able to be accommodate office, workshop and production space within one building.</p>

Para 2.15 then stresses the location and connectivity constraints of Eastbourne as a whole.

From here, the ELLP progresses later in the document to an allocations policy that will:

- result in the further reduction in the town centre's office stock;
- rely on the majority of new stock being directed to one single peripheral location.

This represents a perverse leap from assessment of current conditions to policy responses, and points to a lack of appreciation of the local market and of the accommodation and location options and choices that will result from the document's allocations policy.

In short, and for the purposes of the assessment of the strengths and weakness of the Eastbourne market:

- ▶ Unless the amount of new supply is increased in the town centre to replace and improve its existing but already depleted offer, the level, quality and choice provided by its office stock will be further weakened and downgraded;
- ▶ Directing the majority of the new stock to one single location will not provide choice. It will mean: one location option; one connectivity option in terms of a peripheral location with accessibility constraints to the rest of Eastbourne and its strategic train and road connections; one local setting and environment option; and a rental and service charge regime, which as acknowledged by GVA (Supplementary Report para 5.9), will mean significantly higher charges.
- ▶ As also demonstrated by the report by Stiles Harold Williams (Annex B), where recent out of centre office stock has come forward in the town this has been

in more accessible locations but has not achieved anywhere near the rental levels GVA has assumed are required and possible to achieve in order for unsubsidised office development at the Harbour to be viable. This will actively constrain the delivery of office space at the Harbour, reflecting again the significant location and market weaknesses that have blighted the employment sites here over some significant time.

- ▶ The focus that is placed in the ELLP on the type of flexible accommodation that is considered a priority for the town, and that can provide for a range of activities that includes 'workshops and production', is only suitable for Site 6 at the Harbour. It is not appropriate for Sites 4 or 7a, the only other potential employment land options that remain here.
- ▶ Through the new outline planning permission for the Harbour (ref 131002), Site 6 can accommodate at least 11,100sq.m. of B1 space which allows for B1a, b and c uses. This minimum can be increased for instance by reducing car parking and increasing overall build density in the interest of fully maximising the development potential of the site.
- ▶ This mix of B1 space is acceptable on Site 6 as it is adjacent to existing commercial development, is at some distance from existing and planned new residential development and can readily accommodate heavy goods vehicles, as the access route to the site will not impact on residential areas.
- ▶ As also explained by the Supporting Statement of Stiles Harold Williams (see Annex B), Site 6 is also being progressed with the benefit of financial support and

does not equate to an open market development.

- ▶ In contrast, Sites 4 and 7a are recognised by EBC through both the Sovereign Harbour Supplementary Planning Document (2014) and the outline planning permission (ref 131002) as being suitable in location and environmental terms for Class B1(a) development and for other linked development that is compatible with residential development, such as care-homes, hotels, children's nurseries. They cannot in location terms accommodate workshop and production floorspace.
- ▶ Within the town centre, Site 2 adjoins existing commercial development, is in a location that already accommodates large service vehicles and is large enough to accommodate a range of accommodation types, including for start up, office and workshop type uses (see Annex C).
- ▶ Additionally, in location terms, whilst EBC acknowledges the strategic constraints of Eastbourne as a whole, the Council then fails to relate how the constraints of such a peripheral location are magnified further at the Harbour. The Harbour is peripheral within the town and relative to Eastbourne's main public transport hubs and to the main axis of existing economic activity and anticipated further growth potential. Discussion by those who attended an ELLP stakeholder event held by EBC and GVA in 5 June 2013 and as attended by SHL and Teal Planning, indeed focused very heavily on the A22/A27 corridor, with Sovereign Harbour being barely mentioned.

	<p>These location and market issues are addressed further by Stiles Harold Williams (Annex B) and by our review of the accompanying Sustainability Appraisal (See Submission Statement 2) which places the relative location benefits and constraints of the Harbour in a wider sustainable planning context, beyond just market considerations.</p> <p>The Draft ELLP does not recognise these issues let alone seek to address them.</p>
<p>What changes do you suggest to make the document legally compliant or sound?</p>	<p>EBC must revisit its understanding of the Eastbourne office market:</p> <ul style="list-style-type: none"> - how and where the new priority space requirements can be accommodated; - what impact a low office allocation for the town centre will have on the centre; - how existing out of centre office schemes are in reality performing in value and rental terms; and - what the actual realistic potential of the Harbour Sites 4 and 7a are to: <ul style="list-style-type: none"> o deliver the type of Class B space that EBC stresses is required o deliver more narrowly defined but viable Class B1a office space o meet sustainable planning objectives.
<p>Do you consider it necessary to participate at the Examination in Public?</p>	<p>Yes</p>
<p>Why do you feel it is necessary to participate at the Examination in Public?</p>	<p>THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION</p>
<p>Attachments</p>	
<p>Submission Method</p>	<p>Email</p>
<p>Response Status</p>	<p>None</p>
<p>Assigned Officer</p>	<p>=unassigned=</p>

Officer's Response
Campaign Indidicator

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Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Context Key Issues
Comment ID	PS-ELLP/21
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	<p>Demand Issues Development that Provides for Start-up Business (para. 2.22)</p> <p>This paragraph emphasises the need to meet the needs of expanding, inward investor, and new start-up businesses, through the provision of the right space in the right locations and through a range of sites that will help ensure businesses are retained and can grow.</p> <p>These points are all supported as general ambitions but again must follow through to an allocations policy that will meet these requirements and objectives. The Draft ELLP does not achieve this.</p>

What changes do you suggest to make the document legally compliant or sound?	None in respect of the drafting of para 2.22. The matters raised are agreed but must be carried forward to and be reflected in the resulting allocations policy of the ELLP.
Do you consider it necessary to participate at the Examination in Public?	Yes
Why do you feel it is necessary to participate at the Examination in Public?	THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION
Attachments	
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidicator	

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Context Key Issues
Comment ID	PS-ELLP/22
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	<p>Supply Issues (para. 2.23 to 2.29)</p> <p>The headline supply issues identified in this sub-section are agreed. The summary understanding that is provided here however does not fully or correctly reflect the relevant matters that need to be taken into account in the setting of the ELLP's allocations policies.</p> <p>Para 2.24 deals with the Loss of employment land to other uses. It states that if losses of key sites continue within existing employment locations this has the potential to undermine the B class nature of these sites. This equally applies to the loss of office space in the town centre. EBC acknowledges this is an issue and that office space is under pressure for redevelopment to residential schemes. The</p>

	<p>balance between EBC’s forecast losses in office stock in the centre and the proposed allocation of new space to the centre (see below) could however have the very effect that the ELLP says should be avoided.</p>
<p>What changes do you suggest to make the document legally compliant or sound?</p>	<p>Para 2.24 should be amended to reflect that a core objective of the ELLP must be to maintain and increase the town centre’s stock of offices in order to replace that which has been lost, to further enhance the role of the town centre as an employment location, and to ensure that a choice of office stock is retained and improved within the centre for the benefit of Eastbourne overall.</p>
<p>Do you consider it necessary to participate at the Examination in Public?</p>	<p>Yes</p>
<p>Why do you feel it is necessary to participate at the Examination in Public?</p>	<p>THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION</p>
<p>Attachments</p>	
<p>Submission Method</p>	<p>Email</p>
<p>Response Status</p>	<p>None</p>
<p>Assigned Officer</p>	<p>=unassigned=</p>
<p>Officer's Response</p>	
<p>Campaign Indidicator</p>	

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Context Key Issues
Comment ID	PS-ELLP/23
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	Para 2.25 deals with the Identification of sites. It states that sites for additional employment development should be the most appropriate and sustainable locations. This understanding and resulting objectives are supported. The ELLP's later sections however fail to reflect the findings of EBCs own Sustainability Appraisal (see Submission Statement 2) such that the ELLPs policy allocations are not the most appropriate in overall sustainability terms.
What changes do you suggest to make the document legally compliant or sound?	In order to ensure all locational issues are acknowledged and carried forward appropriately in the proposed ELLP allocations policies, Para 2.25 should be amended to: - acknowledge the location and connectivity

	benefits of Eastbourne town centre and of the A22/A27 economic corridor. - make direct reference to the linked Sustainability Appraisal (updated further to address the objections made to the current version of that document).
Do you consider it necessary to participate at the Examination in Public?	Yes
Why do you feel it is necessary to participate at the Examination in Public?	THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION
Attachments	
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidicator	

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Context Key Issues
Comment ID	PS-ELLP/24
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	<p>Para 2.26 deals with the Requirements for Office Space in the Town Centre. This states the need to strike the right balance between town and out of town office provision in order to maintain the role of offices as a key town centre use but to also broaden the choice of space that is on offer.</p> <p>In acknowledging that different office occupiers have different locational preferences, this sub-section must also still stress the need to:</p> <ul style="list-style-type: none"> - reflect location preferences but also meet sustainable planning objectives; - ensure the office stock in the town centre is not further weakened in terms of the amount, choice and quality of stock available in the centre;

	- acknowledge that in order to provide a genuine improvement in the choice of space available this will require more improved space in the centre and in a range of other locations across the town. A single out of town centre location will not address the supply issues identified.
What changes do you suggest to make the document legally compliant or sound?	This sub-section must be revisited to more fully reflect the above issues and to ensure a thread is maintained through the ELLP: i.e. from the assessment of location issues through to an appropriate allocations policy that will best address the matters identified.
Do you consider it necessary to participate at the Examination in Public?	Yes
Why do you feel it is necessary to participate at the Examination in Public?	THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION
Attachments	
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidicator	

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Context Key Issues
Comment ID	PS-ELLP/25
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	<p>Para 2.27 deals with the Suitability and Viability of land at Sovereign Harbour. This refers to the original allocation of 30,000sqm of office space at the Harbour and that this now needs to be revisited.</p> <p>As a policy allocation, the 30,000sq.m. of B1 space that is currently assigned to Sites 6 and 7 at the Harbour has been taken to be GEA space. This follows the general approach of planning applications and local plan documents where strategic space requirements and strategic site planning are appraised. This is confirmed by the HCE Employment Densities Guide 2010 (Para 2.4). See below Inset 1 below..</p> <p>3.38 The Employment Land Review for the Wealden and Eastbourne sub-region,</p>

produced by Roger Tym and Partners 2008 (para 5.30), also clearly appraised employment space requirements based on a job per sq.m. net basis, translating this into a GEA figure for plan making purposes.

The Draft ELLP and its supporting evidence base produced by GVA do not clearly refer to how employment space is expressed and whether the space requirements and allocation floor areas are GEA or NIA. We deal with these issues further below. For the purposes of this sub-section however the reference to the original allocation of 30,000sqm at the Harbour must refer to 30,000sqm GEA.

What changes do you suggest to make the document legally compliant or sound?

This sub-section must be amended to read 30,000sqm GEA.

Do you consider it necessary to participate at the Examination in Public?

Yes

Why do you feel it is necessary to participate at the Examination in Public?

THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION

Attachments

Submission Method

Email

Response Status

None

Assigned Officer

=unassigned=

Officer's Response

Campaign Indidicator

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Context Key Issues
Comment ID	PS-ELLP/26
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	<p>Para 2.28 deals with the Eastbourne and South Wealden area and acknowledges the particular relationship and strength of connections between Eastbourne, Polegate and Hailsham. In order to maintain a thread between the market supply issues and a sustainable allocations policy that will help to better address these, this subsection should make particular reference to the importance of this economic corridor to a range of employment activities including to office based companies. This includes for those that require the flexible accommodation in good accessible, non peripheral locations that EBC has identified as a key priority.</p>

What changes do you suggest to make the document legally compliant or sound?	This sub-section should be amended to acknowledge the role and strengths of the Eastbourne-Polegate-Hailsham corridor for all Class B sectors including offices.
Do you consider it necessary to participate at the Examination in Public?	Yes
Why do you feel it is necessary to participate at the Examination in Public?	THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION
Attachments	
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidcator	

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Context Employment Land Requirements
Comment ID	PS-ELLP/27
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	<p>Annex A and B provide linked reviews of the ELR work that has been produced by GVA to inform EBC's understanding of employment land requirements. The reviews appended here raise significant concerns about the robustness of GVA's work.</p> <p>The issues that arise from this, in terms of how land requirements, are summarised within the Draft ELLP itself however are as follows.</p> <p>a. Para 2.31 refers to the Employment Land Review (ELR) forecasts of new jobs growth. The original GVA ELR 2013 and the Supplementary ELR 2014 provide a series of</p>

summary tables and graphs in support of its assessment of jobs growth.

An objection to the last draft ELLP (2013) was that it is impossible to trace this data from its source documents through to the end summary tables within the ELR and the ELLP to verify and agree the analysis that has been undertaken. The Supplementary ELR does not address this, such that the analysis has to be taken in good faith, i.e. that the end figures on jobs growth and actual space requirements can be relied upon.

For now, we shall assume that the forecast growth in new jobs in Eastbourne will indeed total 1,263 for all employment across the Class B1, B2 and B8 sectors through to 2031, and indeed to 2027 as the end period of the ELLP.

As outlined in the earlier representations, however, the ELR must provide the original summary data and background tables that underpin its analysis. These can be readily appended to the ELR.

In the interest of further transparency, the total jobs figure should also be related back to which sectors those jobs will be within and what type of Class B employment space will be required to accommodate them – how many of the 1,263 jobs will be office based functions?

b. If the ELLP summary information is followed through, Table 2 (and the resulting allocations policies in Section 5 of the ELLP) are unclear as to what measure of floorspace is being used. Para 2.32 uses NIA for B1a/b space but GEA for B1c/B2 and B8 space, but what is assumed in Table 2 and the allocations policies?

- ▶ The units of space must be clearly expressed throughout the document in

order to save on-going confusion on this point (including confusion for EBCs own policy and development control officers).

- ▶ Significant discussion was had with EBC on this matter during the consideration of the new outline application for the remaining sites at the Harbour. The application was clearly made on the basis of GEA floorspace (as is general practice for outline applications and as was appraised and accepted by the EBC Local Plans team in its consideration of the application). It was also assumed, following general convention, that the emerging ELLP was also based on GEA figures. It only eventually came to light that some EBC officers were working on the understanding that the Draft ELLP assumes office space is expressed here as NIA. If this is the case:
 - ▶ Table 2 must make it clear what is being assumed. It cannot be expected that future readers of the ELLP will revert back to the ELR and it is reasonable that, unless clearly directed otherwise, they will assume all Plan figures are in GEA; and
 - ▶ The ELLP is not actually proposing such a significant reduction in the Harbour's allocation from the current allocation of 30,000sq.m. GEA to a proposed 20,000sq.m. NIA requirement. This is even though it purports to now account for viability considerations and the fact that a significant part of Site 7 is no longer available for employment development, with this restricted to Site 7a only. As outlined below, an allocation of 20,000sq.m. NIA at the Harbour is still excessive.

c. Para 2.32 refers to the employment space densities that have been used to translate jobs growth into new floorspace requirements. The document should reference the source of these density figures and why they are considered appropriate to be applied as a universal figure.

At the Harbour, the one employment scheme that has been granted planning permission in detailed design terms is based upon an employment density of 8sq.m. per job – a much higher jobs density than the average assumed for the ELLP.

8sq.m. has been applied in that instance as the building concerned, the innovation mall on Site 6, is targeted at small start up and incubator businesses – a priority accommodation sector for Eastbourne, which presumably will not just rely upon the current mall to fully meet occupier requirements, especially if this (1) is a key area of growth and (2) choice is to be provided for all occupier groups including for new start-up businesses.

A density of 8sq.m. per job will thereby be relevant for other new developments, including we trust in the town centre, a prime location for additional starter units. GVA's additional review of average densities additionally does not take into account trends towards improving efficiency which is important for forward planning.

So, whilst GVA has sought to substantiate the use of an average 12sqm per office job ratio (see Annex A), the ELR and ELLP must still justify further why this is an appropriate blanket average to be applied for new office development within the Eastbourne context. We still contend that a sensitivity analysis based upon an average 10sq.m. NIA is appropriate (see Annex A).

d. Paras 2.34 and 2.35 of the ELLP refer to the allowances that have been made for windfall losses and churn within the employment market – i.e. to ensure that space allocations meet forecast net losses and short term turnover of space as well as growth requirements.

GVA has provided guidance on the implications of current permitted development rights that allow for office space to be converted to residential space. As outlined here at Annex 1 and in our Submission Statement 2, the extent of losses already encountered within the town centre may not be fully addressed by the allocation proposed for the town centre. This could point to a need to increase the amount of windfall losses that should be planned for. We do however note that GVA has not advised that any further uplift is required, we therefore assume that this is accounted for within the contingencies that are already built into the draft allocations policies.

e. Table 2 summarises the employment land requirements that are identified by the ELR, with Para 2.37 and 2.38 outlining the need to add a contingency to this, equating to a 10% contingency for new office space being planning for.

f. Following the ELLPs summary information through, this brings us to the following understanding.

i. Total new Class B jobs will increase by 1,263 across the Plan period (ELLP para 2.31).

ii. B1a/b jobs to floorspace densities will average 12sqm per job (ELLP para 2.32).

iii. Additional new B1a/b floorspace demand will total 15,977sqm (ELLP Table 2).

iv. Based on the assumed job density, however, this new space requirement would accommodate 1,331 B1a/b new jobs, i.e. more than the overall total Class B jobs that are to be created within the Borough through to 2027.

v. This might be considered appropriate given that Class B1c/B2 and Class B8 jobs forecasts are assessed to potentially cancel one another out (again we have to trust that this is correct as we have not been provided with the data to verify it).

vi. At this point the allowance made for new office jobs and floorspace being above the total Class B growth forecast, might be accepted as the contingency for additional new space that may ultimately be required, e.g. through the need to replace office space lost through permitted development to other uses.

vii. However, the ELR and ELLP go on to add even more contingency to this, with actual forecast requirements (arising from new jobs, windfall losses and churn) of 20,766sq.m. of new floorspace being increased by the allocations policies to 23,000sqm. of B1a/b space.

viii. It is not clear how these stages of contingency setting relate back to actual office job forecasts and what level of potential over provision is being planned for.

ix. If the allocation of 23,000sqm of new office space is translated back into jobs based on EBC's density of 12sqm for B1a space this equates to no less than 1,917 jobs or 51% (half again) more jobs than the total number that is forecast to be created across all Class B sectors.

x. If the space that is being planned for windfall losses and churn of office space (totalling 4,789sqm) is subtracted from this total allocation, the allocation for net new office space will still be 18,211sqm or 14% more than new space that is forecast to be required.

xi. This will be capable of accommodating 1,516 office jobs based on a density of 12sqm and 253 (20%) more jobs than the total Class B that will be created overall.

xii. This is again notwithstanding that at least some new office space will perform at a higher jobs density than EBC is prepared to accept as an appropriate average for space planning.

xiii. At all stages through the assessment of new office space requirements, GVA and EBC's summaries, lack transparency, add additional contingency and then even further headroom, such that the effective number of jobs that will be required to fill all of the allocated 23,000sqm that is allocated will be well beyond the total number of all employment jobs that are forecast to be created.

xiv. The NPPF (para 182) requires that local plans be positively prepared, justified and effective. The assessment of space requirements as set out within the ELR and ELLP fall well short of these requirements. They lack transparency and make significant leaps from base employment data to space requirements.

xv. The NPPF (para 22) also requires that planning policies must avoid the long term protection of sites allocated for employment use where there is no prospect of development coming forward. The above

	<p>points to EBC over-planning by potentially a very significant margin for new office space.</p> <p>Where additional demand may arise, this is most likely to be from some additional occupiers being displaced by change of use schemes within the town centre. It cannot then automatically follow that those occupiers should be displaced further from the town centre altogether to a peripheral and more expensive, less sustainable location – i.e. to the Harbour.</p> <p>We address location issues further below. Compliance with national policy is appraised further at Annex 1.</p>
<p>What changes do you suggest to make the document legally compliant or sound?</p>	<p>The ELR must be revisited to address the issues set out here and at Annex A and Annex B.</p> <p>The ELLP must be amended to ensure appropriate transparency and clarity is expressed in all of its references to base data and to how this then translates into new floorspace requirements and back into the number of jobs that could be accommodated based upon the contingencies that are proposed.</p>
<p>Do you consider it necessary to participate at the Examination in Public?</p>	<p>Yes</p>
<p>Why do you feel it is necessary to participate at the Examination in Public?</p>	<p>THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION</p>
<p>Attachments</p>	
<p>Submission Method</p>	<p>Email</p>
<p>Response Status</p>	<p>None</p>
<p>Assigned Officer</p>	<p>=unassigned=</p>

Officer's Response
Campaign Indidicator

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Context Vision and Objectives
Comment ID	PS-ELLP/28
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	<p>Para 2.40 and the stated vision for the ELLP are supported.</p> <p>The emphasis that is placed within the vision statement on providing a range of premises in sustainable locations is also supported.</p> <p>The ELLP however still fails to follow this vision through into its draft allocations policies.</p> <p>Para 2.41 outlines that CSLP Key Spatial Objective 2 (Sustainable Growth) and 4 (Local Economy) are of most relevance to help guide the ELLP.</p>

We stressed within our previous representations on the Draft ELLP (2013) that CSLP Key Spatial Objective 3 (Town Centre), 8 (Sustainable Travel) and 10 (Sustainable Neighbours) are also relevant.

EBC has chosen to ignore this recommendation.

If the Council were to accept it and to draw upon all of its relevant background policy objectives and requirements, its drafting of the ELLP would not continue to fail in follow the necessary threads from understanding of policy objectives, to appropriate, deliverable and sustainable allocations policies for new employment development.

Acknowledgement of these additional relevant objectives will ensure EBC does indeed maintain the necessary connection within the ELLP, between (1) high level strategic aims and assessed requirements to (2) location and site specific allocations.

Para 2.42 lists the five additional proposed objectives for the ELLP itself. These are supported but it is important to highlight the following matters which then arise through the remainder of the document, as it progresses to its proposed spatial strategy and site allocation policies.

ELLP Objective 1 to Stimulate Growth.

This emphasises the need to plan within the context of environmental constraints and to encourage economic competitiveness

The Plan stresses the need to plan for flexible new space that can accommodate production activities, and goes onto state that this should mean locating the majority of new space out of the town centre and all of that new B1 space at the Harbour.

As stressed above, only Site 6 at the Harbour can accommodate the flexible space described as the priority space requirement for the town. Sites 4 and 7a are characterised by local environmental constraints that deem them inappropriate for B1c activities and for workshop and production type space.

As outlined in the statement by Stiles Harold Williams at Annex B, the Harbour is also not economically competitive as a Class B1 location within Eastbourne and the wider sub-regional economy.

It is peripheral and will require very high rents to be achieved which have not been achieved anywhere within the town through an open market transaction and there is no basis to consider this position will change.

As demonstrated also by the recent outline planning permission for the Harbour, viability of employment development here is such that it cannot carry the cost of meeting the accessibility / public transport mitigation requirements that were considered necessary by the highways authority to make significant potential Class B1 space acceptable here.

The Harbour's location disadvantages, within a small and constrained employment market, are longstanding and will remain. This is not an economically competitive location.

ELLP Objective 2 to Encourage Small and Start-Up Businesses. This emphasises the need to provide a range of flexible employment spaces. This is supported.

However this should also be translated as meaning a range of accommodation options across a range of locations.

The current allocations policies will result in the further downsizing and downgrading of space in the town centre and a single out of

town centre location being promoted in one of the town's most geographically peripheral locations.

In order to meet objective 2 of the ELLP, the allocations policy must plan more proactively for a greater amount and range of new space in the town centre. This includes an additional range of facilities for new start-up, beyond the new mall at the Harbour. The assessment by rCOH (Annex C) demonstrates how this is achievable on the two town centre strategic sites, alongside providing other general office / flexible Class B1 accommodation in the centre.

The range of out of town centre locations must also be widened to beyond (Site 6 of) the Harbour and to include the town's section of the sub-regional growth corridors and its other local centres.

ELLP Objective 3 (Diversify the Local Economy) 4 (Support Existing Business) and 5 (Promote Sustainable Employment Locations). These again are all supported but an allocations policy that will see the further demise of office stock in the town centre and that offers new space in a peripheral, unviable location, cannot hope to meet these.

EBC's own Sustainability Appraisal assesses the Harbour as being far less sustainable than the town centre, but also fails to consider why any town centre occupiers who are displaced will opt to locate there.

Other location choices do exist, (i.e. including within other towns). EBC must plan properly for new space within the town centre and for other options in more accessible parts of the town, if it is to meet the needs of the local market and secure generally sustainable development.

<p>What changes do you suggest to make the document legally compliant or sound?</p>	<p>CSLP Key Spatial Objectives 3, 8 and 10 must also be acknowledged as relevant for the setting of ELLP policies.</p>
<p>Do you consider it necessary to participate at the Examination in Public?</p>	<p>The ELLP Objectives are all supported but must be redrafted to include a more detailed and appropriate summary of the objectives to be aimed for and to thereby provide a more appropriate spatial strategy and set of allocations policies.</p>
<p>Why do you feel it is necessary to participate at the Examination in Public?</p>	<p>Yes</p>
<p>Attachments</p>	<p>THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION</p>
<p>Submission Method</p>	<p>Email</p>
<p>Response Status</p>	<p>None</p>
<p>Assigned Officer</p>	<p>=unassigned=</p>
<p>Officer's Response</p>	
<p>Campaign Indidicator</p>	

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Strategy Employment Land Strategy and Distribution
Comment ID	PS-ELLP/29
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	<p>Para 3.2 stresses that the focus has been on ensuring that employment land requirements are met in the most sustainable and effective way and that by selecting the town centre and the Harbour to meet new requirements will allow different deliverable sites to work together.</p> <p>This however ignores EBCs own Sustainability Appraisal, the continuing flaws in that document (see Submission Statement 2), the clear viability issues at the Harbour and the flaws that remain in the Council's assessment of that (see Annex B).</p> <p>The Councils summing up of the objectives and assessments that have been set and</p>

undertaken to guide the strategy of the ELLP, represent a bold and unjustified leap to the actual allocations policies that follow and that will undermine office provision in the centre, whilst seeking to promote a very high level of new supply in a location that is not viable and is not deliverable through open market transactions.

Para 3.4 stresses that the town centre will be improved by a policy that promotes new housing development over improved new office space, even though those living in the new town centre homes will have less office based work opportunities within the centre itself and those whose jobs are displaced will either be required to commute out to the Harbour or to other towns to work.

This paragraph also states that the concentration of new Class B development at the Harbour will address issues of site access, linkages and contributions to community infrastructure.

It will not.

As demonstrated by the recent outline planning permission for the Harbour the viability of Class B space is such that it cannot fund the mitigation scheme required to make it acceptable in transport / linkage terms (i.e. it cannot help fund the quality bus corridor that will aid links to the town centre). The mall development is also planned around a very high occupancy and employment density and a very high (above optimal) level of parking provision.

The Class B element of the outline scheme is also making no contributions towards community infrastructure whatsoever. The new community hall and the new public open spaces are all being delivered as a result of the housing element of the outline scheme.

	<p>The employment space on Site 6 is being subsidised and Sites 4 and 7a are unviable for large scale office schemes – the open market rents needed to enable these sites to come forward are not achievable and they cannot support linked community or infrastructure programmes (see Annex B).</p> <p>Para 3.7 refers to the intensification of existing industrial estates and how these present opportunities to provide new, higher density space. Building on this, the existing office campuses that are now located along the Eastbourne, Hampden Park to Polegate corridor, provide further opportunities for campus type development that will also complement the town’s office stock. The growth corridor represents a better connected and more sustainable location for office development in terms of public transport links and should again be recognised as such within the ELLP.</p>
What changes do you suggest to make the document legally compliant or sound?	The background summary sections of this Chapter at Para 3.1 to 3.7 must be redrafted to better reflect sound deliverable objectives for the ELLP.
Do you consider it necessary to participate at the Examination in Public?	Yes
Why do you feel it is necessary to participate at the Examination in Public?	THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION
Attachments	
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	

Campaign Indidicator

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Strategy Economy and Employment Land
Comment ID	PS-ELLP/30
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	<p>Para 3.9 outlines that not all industrial estates will be appropriate for higher quality (e.g. office) accommodation and as such Para 3.10 proposes to limit the intensification of industrial estates to Class B1c, B2 and B8 space only.</p> <p>This fails to recognise how office campus' can successfully be established within and alongside industrial estates and how the presence of office functions and activities can support more industrial businesses – e.g. in the form of readily accessible business based bank branches, accountancy and IT based companies.</p>

For the reasons set out in this Statement, at Annexes A, B, C and within Submission Statement 2 that deals with the Proposed Submission Sustainability Appraisal, Para. 3.10s proposed allocation of 3,000sq.m. of Class B1a space in the town centre is inappropriate and does not meet the soundness tests of new policy making. This amount must be increased.

For the reasons also set out here and at Annex A and B and within Submission Statement 2, Para 3.10s proposed allocation of 20,000sq.m. of B1 space at the Harbour also fails to meet the soundness tests. Site 6 cannot accommodate such an amount of open B1 space and Sites 4 and 7a are appropriate only for Class B1a space within the Class B space categories. An allocation for Sovereign Harbour must reflect:

- ▶ The policy directions of the adopted Sovereign Harbour SPD which acknowledges the environmental settings of Sites 4, 6 and 7a and what type of employment uses are appropriate on each
- ▶ The details of the approved outline planning permission that allows for a minimum of 11,100sq.m. NIA of Class B1 space on Site 6
- ▶ The guidance that is provided by EBCs own Sustainability Appraisal of location options, the reworking of that Assessment to ensure it is sound (see Submission Statement 2) and the understanding of the actual viability and deliverability of open market Class B1a space at the Harbour (Annex B) which all remove Sites 4 and 7a from the pool of office site allocations.

What changes do you suggest to make the

The space requirements at Para 3.10 must state if these are GEA or NIA.

**document legally
compliant or sound?**

The B1 allocation at the Harbour should be restricted to Site 6 only and stated as equating to a minimum of 11,100sq.m. NIA. This follows the viability and sustainability rating of Sovereign Harbour. This should be expressed as a minimum figure in order to provide the developer(s) of the site and EBC Council with the basis to strive for the most efficient development of this site, which can accommodate more than this minimum figure.

The office space allocation within the town centre at Para 3.10 must be increased. This follows an understanding of the local market, the need to provide additional new space to replace and enhance its office stock, and ensure a mix and choice of new stock is provided within the centre and for Eastbourne overall in the town's most sustainable office location. This allocation can be readily increased to a minimum of 8,900sqm NIA. This is the equivalent space that is required to be provided on Sites 4 and 7a at the Harbour following the new outline planning permission, subject to the findings of the ELLP, but which must be 'relocated' at least in large part back to the town centre on market requirement, viability and sustainability grounds.

Sites 2 and 3 in the town centre can accommodate this amount of office space as part of mixed use development schemes without prejudicing the delivery of other priority development (See Annex C). This amount should be expressed as a minimum to ensure this requirement is met across the two sites.

Policy also should encourage developers to promote new office proposals elsewhere in the town centre and provide an impetus for EBC Council to proactively require additional opportunities to be delivered.

The identification of the Eastbourne section of

the Polegate-Hailsham Corridor should also be identified as a location within which new office development will be actively promoted and encouraged in particular linked with existing employment locations, commercial centres and transport connections and hubs (e.g. around Hampden Park Station where sites within the commercial centre are under-utilised). Indeed, the Eastbourne Sustainable Neighbourhood Assessment 2011 in its review of Hampden Park emphasised the following:

- Excellent access to a range of shopping and other facilities
- Good access to bus stops and rail services
- A good range of commercial premises providing opportunities for local employment
- But a need for more local employment

Opportunities do exist to proactively plan strategically for Hampden Park and indeed other local centres based upon transport connections. This is again notwithstanding potential for additional campus developments to come forward within the main growth corridor.

This will build on the existing strengths of this corridor and help to ensure all of the sub-regional economic development objectives for it are realised. A minimum allocation of 3,000sqm NIA of Class B1a/b space elsewhere outside of the town centre and of Sovereign Harbour will ensure that the 23,000sq.m. of 'required' space is identified in policy allocation terms, but split now between the town centre, the Harbour, the corridor and potentially other centres. This minimum requirement is also achievable, based on the campus developments already delivered.

As the Site 6 Harbour and town centre allocations are also minimum requirements, the achievement of EBCs assessed total actual requirement of 20,076sq.m. NIA and the total planned for requirement (with contingency added) of 23,000sq.m. NIA should also be

	<p>very readily achieved.</p> <p>This is especially when placed in the context of the breadth of location opportunities that will be delivered, given the proactive approach to planning that we are sure EBC is committed to taking and EBC’s confidence in the forecast level of growth in the office sector that is required to fill this space.</p> <p>With all requirements expressed as a minimum this will again provide the necessary basis and impetus for EBC to require the most efficient use is made of the key allocation sites identified and to seek out further opportunities for growth.</p> <p>This policy context will provide a better basis upon which to help protect the town centre’s office based function, but will also provide a greater choice and mix of location and site options that EBC considers important.</p> <p>This should accordingly be reflected within the Key Diagram on Page 20 of the ELLP as follows.</p>
Do you consider it necessary to participate at the Examination in Public?	Yes
Why do you feel it is necessary to participate at the Examination in Public?	THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION
Attachments	
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidcator	

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Policies Industrial Estates
Comment ID	PS-ELLP/31
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	<p>Policy EL2 and its sub-section should be extended to:</p> <ul style="list-style-type: none"> ▶ protect existing Class B1a/b floorspace within the town outside of the town centre and ▶ to require new Class B1a/b opportunities within the industrial estates, the town's other centres, and within the Eastbourne section of the Polegate-Hailsham growth corridor. <p>The requirement for additional new Class B1a/b space to be provided within the growth corridor and within local centres such as Hampden Park should also be expressed as a</p>

minimum of 3,000sqm NIA for the reasons outlined in Section 3 above.

This will not prejudice other Class B development from coming forward but will add to the choice of new office space that is available within the town, providing a better range of location options for those wishing to remain or locate in the town.

What changes do you suggest to make the document legally compliant or sound?

Policy EL2 should be amended as follows:

Policy EL2: Industrial Estates, the Eastbourne-Polegate Corridor and Local Centres

Within the designated Industrial Estates, redevelopment and intensification of vacant and under-utilised sites to provide class B use development will be supported in order to meet the target of providing 20,000sq.m. (NIA/GEA – TBC by EBC) of B1c, B2 and B8 floorspace over the plan period.

The development of new Class B1a/b floorspace will be supported as part of redevelopment schemes within the existing Industrial Estates, where this does not prejudice the delivery of appropriately located Class B1c, B2 and B8 floorspace, within Eastbourne's section of the Eastbourne-Polegate-Hailsham Corridor and within the other district and local centres of Eastbourne. Appropriate development within these locations will provide a minimum of 3,000sqm NIA of B1a /b floorspace.

Proposals for the refurbishment of existing class B floorspace will also be supported.

Proposals for the development of sites within a designated industrial estate in class B use (including in class B1a and B1b use) to an alternative non-B use will only be granted where it can be demonstrated to the satisfaction of the Council that:
? The proposed alternative use an appropriate

	<p>use to the industrial estate that cannot be located elsewhere due to its un-neighbourliness; or</p> <p>? The loss of the site would not impact upon the long term supply of the employment land in terms of quality and quantity; and</p> <p>? The site does not meet the current or long term needs of modern business, and could not be upgraded to do so.</p> <p>Within the designated Industrial Estates, change of use of units in class B use (including in class B1a and B1b use) to other employment generating non-B class uses may be granted where it can be demonstrated to the satisfaction of the Council that that there is no reasonable prospect of the site continuing to be used for class B use.</p>
Do you consider it necessary to participate at the Examination in Public?	Yes
Why do you feel it is necessary to participate at the Examination in Public?	THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION
Attachments	
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidicator	

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Policies Town Centre
Comment ID	PS-ELLP/32
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	<p>Para 4.18 acknowledges that the town centre remains an important location of office provision, whilst Para 4.15 acknowledges that the centre's existing stock is mainly dated. As such Para 4.19 states that this does not meet the needs of many occupiers. Para 4.21 outlines that occupiers are increasingly polarised between those wishing to be in centre and those wishing to go out of centre.</p> <p>The resulting allocation of 3,000sqm. outlined at Para 4.24 and in Policy EL3, together with the paragraphs that outline the potential of Sites 2 and 3 in the centre (Para 4.26-4.28), present a number of problems and highlight significant flaws in EBCs proposed policy centre for the centre.</p>

- ▶ For the reasons set out in previous representations and repeated here, an allocation of 3,000sq.m. will not replace and will not enhance the town centre's office stock. It will mean the further depletion of its stock in terms of the amount, quality and choice available.
- ▶ The sustainability outcomes of such a low allocation are appraised in our Submission Statement 2 which shows that if the scoring system is applied consistently across EBC's set criteria, this policy option results in a negative score.
- ▶ This policy will not therefore fulfil the expectations of Para 4.24 and the need to 'maintain a healthy office provision and avoid adverse impact on the vitality of the town centre'.
- ▶ EBC has still not justified why an allocation for the centre must be 3,000sq.m. NIA only. Any allocation for the centre should also be expressed as a minimum and clearly state whether it is GEA or NIA. We are assuming EBC's intention now is that this is NIA, which is very unusual for a policy document of this kind.
- ▶ Returning to the matter of the scale of the allocation, we consider that in view of the continuing failure of EBC to justify this, it is effectively being led by (1) their appraisal of what can be accommodated at Sovereign Harbour (i.e. 20,000sq.m. NIA) and (2) so that the small residual amount of 3,000sqm that is needed to meet requirements (including a contingency provision) has been assigned to the town centre. We see no other reason or explanation of how this floor area has been arrived at.
- ▶ In the absence of any proper site appraisals by EBC, SHL commissioned rCOH to appraise the capacity of Sites 2

and 3 to (1) accommodate office development alongside the mix of other uses the Council is relying upon to be delivered in these locations and (2) to appraise the opportunities to accommodate a selection of office accommodation within these locations that would add to the choice of accommodation in the centre and not just to its amount and quality of space. That testing provided here at Annex C demonstrates that these sites can accommodate the full amount of office space we consider cannot be delivered on Sites 4 and 7a at the Harbour, whilst still accommodating residential and commercial space as part of a mix of uses. It also demonstrates how Site 2 is appropriate for a mix of office space including of a more workshop / incubator type.

- ▶ This is notwithstanding any additional options that may exist and that EBC indeed envisages do exist within the town centre, as outlined within the TCLP which refers to opportunities within the Transition Areas and Potential Areas of Change within the centre.
- ▶ An allocation of at least 8,900sq.m. NIA of B1a/b space can therefore be comfortably accommodated within Sites 2 and 3. This should be expressed as a minimum requirement for Sites 2 and 3.
- ▶ Policy EL3 should also make clear reference to a support for new office space throughout the centre and to an expectation that all mixed use developments will provide an element of new office space, and to the need to provide a clear justification where this is not proposed.

<p>What changes do you suggest to make the document legally compliant or sound?</p>	<p>Policy EL3 should be amended as follows:</p> <p>Policy EL3: Town Centre</p> <p>The quantum of office space that should be provided in the Town Centre is a minimum of 8,900sqm NIA of floorspace, The requirement for office floorspace in the town centre should be provided across Development Opportunity Site 2 and Development Opportunity Site 3 as identified in the Town Centre Local Plan. Office development should be high quality class B1a floorspace that is flexible to meet multi-occupier needs.</p> <p>Development opportunities for the provision of additional new office floorspace will also be supported elsewhere within the town centre including within the other Development Opportunity Sites, Transition Areas and Potential Areas of Change as defined within the Town Centre Local Plan.</p> <p>Proposed redevelopment of sites that are within an existing office use and development proposals for new mixed use development schemes within the Town Centre will be required to include new office floorspace unless it can be demonstrated to the satisfaction of the Council that this is inappropriate in that location, is unviable or cannot be accommodated on design feasibility grounds.</p> <p>Proposals for the refurbishment of existing office stock to meet modern occupier demands will be supported.</p>
<p>Do you consider it necessary to participate at the Examination in Public?</p>	<p>Yes</p>
<p>Why do you feel it is necessary to participate at the</p>	<p>THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE</p>

Examination in Public?	APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION
Attachments	
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidicator	

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Policies Sovereign Harbour
Comment ID	PS-ELLP/33
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	<p>Figure 3 does not reflect the land ownerships of Sites 4 or 6 nor the land that is still available for employment use within Site 7a only.</p> <p>Para 4.33 refers to the longstanding allocation of Sites 6 and 7 at the Harbour for office space, with reference to an outline planning consent for 30,000sq.m of office space across these sites.</p> <p>This should read, 30,000sqm GEA of floorspace.</p> <p>Para 4.35 refers to the Harbour as providing 'a significant opportunity to deliver high quality employment space within an existing</p>

high quality environment', with its sites providing 'an available and deliverable opportunity that can be achieved over the short term.'

This wording is borne more out of promotional and marketing material rather than an objectively appraised planning understanding of the Harbour, its peripheral location, its actual sustainability rating when objectively appraised and the actual viability of the employment sites (see Annex B and Submission Statement 2).

Site 7 is also no longer fully available for employment generating development. The central and northern sections of the site are being progressed for a residential development with a linked new public open space. Details for this scheme are being drafted pursuant to the new outline planning permission and reserved matters will be submitted during 2015.

The southern end of Site 7 (Site 7a) and part of Site 4, which is to be a mixed use commercial-led extension of the existing Waterfront attraction, have been appraised by EBC as having the capacity to accommodate 8,900sq.m. NIA of Class B1a space. This is pending the outcome of the ELLP. An area of Site 7a also may be required to accommodate a new community hall. If this is required, the office space capacity will reduce further.

The new outline planning permission for the Harbour, in full compliance with the adopted Sovereign Harbour SPD, 2013, also allows a range of additional employment generating uses on Sites 4 and 7a which must now be reflected in the ELLP.

The review of the Sustainability Appraisal (Submission Statement 2) however demonstrates that the Harbour sites are not

sustainable. They score very poorly compared with a higher office floorspace allocation in the town centre. Additionally the Harbour cannot address and overcome the key features that result in it scoring so badly in sustainability terms: it cannot overcome its peripheral location and employment space (which is not viable unless subsidised) again cannot help to fund the new quality bus corridor that ESCC Highways would like to connect between the Harbour and town centre in order to reduce congestion on the local network.

As a result, the sites have not delivered any employment development over the significant extended history of the Harbour and that with any prospect of delivering space now is the development of Site 6. This is being progressed with funding support but still cannot help fund the key public transport mitigation scheme (a new quality bus corridor) that it was requested to support. Instead the Site is being planned to accommodate a higher than optimum amount of on-site car parking such that it will introduce even more cars onto the already congested local network. The potential of the Harbour to deliver any non subsidised new employment floorspace beyond subsidised Site 6 is zero to minimal.

The continued allocation of Site 7a and Site 4 to be required to deliver additional new office space cannot in any way be relied upon and will undermine Eastbourne's ability to accommodate the level of growth that is now expected through to 2027.

What changes do you suggest to make the document legally compliant or sound?

The supporting text within Paras 4.32 to 4.47 should be updated to reflect a true and objective appraisal of employment use prospects at the Harbour.

Policy EL4 should be amended as follows:

	<p>Policy EL4: Sovereign Harbour</p> <p>Sovereign Harbour should accommodate a minimum of 11,100sq.m. NIA of additional B1 floorspace. This should be delivered on Site 6 and should be provided within a flexible format that will allow businesses to adapt their operations depending on circumstances.</p> <p>Additional Class B1a floorspace will also be acceptable on Site 4 and Site 7a as indicated on the Proposals Map.</p> <p>Other employment generating uses that are acceptable for Sites 4 and 7a must be compatible with the residential developments that adjoin the Sites and will include: ? On Site 4 uses within Class A1 to A5, C1 and D1. ? On Site 7a uses within Class C1, C2 and D1.</p> <p>Figure 3 must also be updated to reflect the above changes and the actual availability within Site 7a to accommodate employment generating uses.</p>
<p>Do you consider it necessary to participate at the Examination in Public?</p>	<p>Yes</p>
<p>Why do you feel it is necessary to participate at the Examination in Public?</p>	<p>THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION</p>
<p>Attachments</p>	
<p>Submission Method</p>	<p>Email</p>
<p>Response Status</p>	<p>None</p>
<p>Assigned Officer</p>	<p>=unassigned=</p>
<p>Officer's Response</p>	
<p>Campaign Indidicator</p>	

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Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Implementation and Monitoring Monitoring Framework
Comment ID	PS-ELLP/34
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	Table 3 sets out the summary of the ELLP policies and provides a linked framework for monitoring purposes.
What changes do you suggest to make the document legally compliant or sound?	This must also be updated to reflect the allocations amendments required in order to make the ELLP sound.
Do you consider it necessary to participate at the Examination in Public?	Yes
Why do you feel it is necessary to participate at the	THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE

Examination in Public?	APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION
Attachments	
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidicator	

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Appendices Appendix 1: Glossary
Comment ID	PS-ELLP/35
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	03 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	In the interest of completeness, the Glossary should also include reference to the Sovereign Harbour SPD, 2013 and the Sustainable Neighbourhood Assessment, 2011.
What changes do you suggest to make the document legally compliant or sound?	In the interest of completeness, the Glossary should also include reference to the Sovereign Harbour SPD, 2013 and the Sustainable Neighbourhood Assessment, 2011..
Do you consider it necessary to participate at the Examination in Public?	Yes
Why do you feel it is necessary to	THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE

participate at the Examination in Public?	SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION
Attachments	
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidicator	

View Comment

Comment Information	
Document Section	Employment Land Local Plan - Proposed Submission Version Introduction Relationship with Other Plans and Strategies
Comment ID	PS-ELLP/36
Respondent	Sovereign Harbour Limited (Mark Orriss)
Agent	Teal Planning Ltd (Marie Nagy)
Response Date	05 Feb 2015
Uploaded By	Eastbourne Borough Council (Matthew Hitchen)
Current Status	Accepted
Do you consider the document is Legally Compliant?	Yes
Do you consider the document is Sound?	No
If no, Do you consider it is unsound because it is:	Not Positively Prepared, Not Justified, Not Effective, Not Consistent with national policy
Comment	<p>Paragraph 1.14 of the Proposed Submission Employment Land Local Plan, outlines that the document '...has been prepared having regard to the national Planning Policy Framework and specifically the presumption in favour of sustainable development. The Employment Land Local Plan is in conformity with the NPPF.'</p> <p>Our Submission Statements 1, 2 and 3, submitted on behalf of Sovereign Harbour Ltd (SHL), address our main objections to the Draft ELLP, its accompanying Sustainability Appraisal and Proposed Changes to the Proposals Map document. Those Statements outline the basis upon which we consider this suite of documents has not been positively</p>

prepared, has not been justified, will not be effective and is not consistent with national policy.

With regard to this last test of soundness, we draw attention to the very recent Planning Update Newsletter that has been issued by the Chief Planner, Mr Steve Quartmain, dated January 2015.



Annex A of that update (see attached Annex A) makes very specific reference to the national town centre first policy that is set out within the NPPF and emphasises that this policy and the application of a sequential test to planning applications for main town centre uses that are not in an existing centre and are not in accordance with an up to date Local Plan. Main town centre uses include office development.

EBC was required to produce the supplementary Employment Land Local Plan by the end of 2014 in order to meet the requirements set out by the Core Strategy Local Plan inspector in order for that document to meet its own soundness tests. That deadline has not been met and with regard to Class B development EBC does not have a prevailing up to date plan.

This is a matter for EBC to consider in respect of any planning applications that are received prior to the eventual adoption of the ELLP. The ministerial restatement of the town centre first policy however is also critical to the drafting of the ELLP itself. This must be referenced at para. 1.14 of the document, alongside reference to sustainable development objectives as the main basis for the ELLP document objectives and allocations policies.

What changes do you suggest to make the

Para 1.14 on adoption of the ELLP should read:
'The Employment Land Local Plan has been

document legally compliant or sound?	prepared having regard to the National Planning Policy Framework (NPPF) and specifically the presumption in favour of sustainable development and town centre first policies. The Employment Land Local Land is in conformity with the NPPF.'
Do you consider it necessary to participate at the Examination in Public?	Yes
Why do you feel it is necessary to participate at the Examination in Public?	THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION
Attachments	<p> 04b - Statement 4 - ELLP PARA 1.14 - pdf.pdf (367 KB)</p> <p> 04a - PS ELLP Representation Form - NPPF - PDF.pdf (124 KB)</p>
Submission Method	Email
Response Status	None
Assigned Officer	=unassigned=
Officer's Response	
Campaign Indidicator	



EMPLOYMENT LAND LOCAL PLAN

Proposed Submission Representation Form (Regulation 19)

Please read the accompanying 'Guidance Notes for Respondents – Proposed Submission Employment Land Local Plan' before completing this form.

Eastbourne Borough Council has published the Proposed Submission version of the Eastbourne Employment Land Local Plan for the community and stakeholders to make final representations on issues of soundness or legal compliance, in preparation for formal submission of the document to the Secretary of State in 2015.

The period for representations runs from Friday 12 December 2014 until Friday 6 February 2015. Representations received after 5pm on Friday 6 February 2015 cannot be accepted.

Where possible, please use the on-line consultation portal to make representations. This can be accessed via the Council's website (www.eastbourne.gov.uk/ellp). Alternatively, completed forms can be returned to planning.policy@eastbourne.gov.uk or by post to Specialist Advisory Team, Eastbourne Borough Council, 1 Grove Road, Eastbourne, BN21 4TW.

For further information please contact the Council's Specialist Advisory Team, on (01323) 410000 or email planning.policy@eastbourne.gov.uk.

Personal Details

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Surname:	NAGY		

Organisation:	TEAL PLANNING LTD		
Position:	DIRECTOR		
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Address:	BRENTANO SUITE, SOLAR HOUSE, 915 HIGH ROAD, NORTH FINCHLEY, LONDON		
Post Code:	N12 8QJ		

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Representation

When the Employment Land Local Plan is examined it will be tested for:

1. Legal compliance – That it has been produced in accordance with Government Regulations. This includes the Duty to Cooperate.

2. Soundness – That the content is positively prepared, justified, effective and consistent with national policy

Further information on the test of soundness and legal compliance is provided in our accompanying **Guidance Notes for Respondents**.

Q1. Which part of the Employment Land Local Plan do you want to make a representation about?

Chapter: DRAFT ELLP CHAPTERS 1 TO 5 AND APPENDIX 1

Policy: EL2, EL3L EL4

Paragraph Number: PLEASE REFER TO SUBMISSION STATEMENT 1 WHICH LISTS THE PARAGRAPHS WE OBJECT TO

Figure: PLEASE REFER TO SUBMISSION STATEMENT 1 WHICH LISTS THE FIGURES WE OBJECT TO.

Q2. Do you consider the Employment Land Local Plan to be legally compliant?

Yes

No

If you do not consider it to be legally compliant, please provide details as to why:

-

Q3. Do you consider the Employment Land Local Plan to be sound?

Yes

No

If you do not consider it to be sound, please provide details as which part of soundness it does not comply with:

Positive prepared

Justified	<input checked="" type="checkbox"/>	
Effective	<input checked="" type="checkbox"/>	
Consistent with National Policy	<input checked="" type="checkbox"/>	
Other	<input type="checkbox"/>	-

Q4. Please set out what changes you consider necessary to make the Employment Land Local Plan legally compliant or sound.

PLEASE REFER TO -

SUBMISSION STATEMENT 1 - DRAFT ELLP

Please note your representation should cover all of the information, evidence and supporting information necessary to support/justify the representation and the suggested change. After this stage, further submissions will be only at the request of the Inspector, based on the matters and issues he/she identifies for examination.

Q5. If your representation is seeking a change to the Employment Land Local Plan do you consider it necessary to participate at the public examination to help explain the need for the change proposed?

No, I do not wish to take part at the examination

Yes, I wish to take part at the examination

If you do wish to participate in the examination, please outline why you consider this necessary:

THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION

Please note the Inspector will determine the most appropriate procedure to hear those who have indicated that they wish to participate at the oral part of the examination.

Q6. Do you wish to be notified of any of the following?

Submission of the Employment Land Local Plan for examination

Publication of the Inspectors Report

Formal adoption of the Employment Land Local Plan

Data Protection Act 1998 and Freedom of Information Act 2000

Employment Land Local Plan Representations on Proposed Submission Version
Representations cannot be treated in confidence and copies of all representations will be made publicly available. The Council will also provide names and associated representations on its website but will not publish personal information such as telephone numbers, emails or private addresses. By submitting your views on the document you confirm that you agree to this and accept responsibility for your comments.

Signature:		Date:	03/02/2015
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Draft ELLP Submission Statement 1

On behalf of:
Sovereign Harbour Ltd

In respect of:
**The EBC
Proposed Submission Employment Land Local Plan
December 2014**

Date: 3 February 2015

Reference: 12001/Reps/14/SS01

CONTENTS

	Page
1.0 Introduction	3
2.0 Draft ELLP, Chapter 1.0, Introduction	4
3.0 Draft ELLP, Chapter 2.0 Context	7
4.0 Draft ELLP, Chapter 3.0 Strategy	20
5.0 Draft ELLP, Chapter 4.0 Policies	24
6.0 Draft ELLP, Chapter 5.0 Implementation and Monitoring	28
7.0 Draft ELLP, Appendices, Appendix 1 – Glossary	28
8.0 Conclusion	29

Annex

- A Teal Planning Review – GVA ELR Supplementary Report 2014
- B Stiles Harold Williams - Evidence Based Assessment, GVA ELR Supplementary Report 2014
- C rCOH – Sites 2 and 3, Capacity Study and Policy Review

1.0 Introduction

- 1.1 Representations were submitted on behalf of SHL in response to the **initial Draft ELLP 2013**.
- 1.2 Objections were made on the grounds that the evidence upon which the draft document was based, its accompanying Sustainability Appraisal and the resulting draft policy document, were all **unsound**.
- 1.3 Following the review of the Proposed Submission ELLP and its supporting documents, this position on behalf of Sovereign Harbour Ltd, remains **unchanged**.
- 1.4 This **Statement (Submission Statement 1)** sets out objections to the **Proposed Submission ELLP**.
- 1.5 It follows the order and structure of the Draft ELLP with reference to the relevant chapters, paragraphs, tables and figures contained within that document.
- 1.6 In setting out our objections we refer also the updated evidence base upon which the ELLP is based, namely GVA's Employment Land Review Supplementary Evidence Report November 2014.
- 1.7 **Annex A** to this Statement provides a general review of the **ELR Supplementary Report**.
- 1.8 **Annex B** provides a statement by Mr Richard Stapleton of **Stiles Harold Williams** which provides an additional appraisal of the **GVA Supplementary Report** and the viability testing that GVA sets out in relation to the proposed Sovereign Harbour employment allocation sites.
- 1.9 **Annex C** provides a statement by Mr Brendan O'Neil of **rCOH** which appraises the development potential of the two proposed **town centre allocation sites (Sites 2 and 3)**. This is provided in the absence of any such appraisal by EBC.
- 1.10 In addition to this Statement and its supporting Annexes, additional submission forms and accompanying statements have also been submitted in objection to:
- **The Proposed Submission Sustainability Appraisal Report, 2014 (see Submission Statement 2):**
 - **The Proposed Changes to the Proposals Map Document, 2014 (see Submission Statement 3):**
- 1.11 On the basis of the appraisals provided, each of the main ELLP related documents is **unsound**. They **have not been positively prepared**, their conclusions and proposals **have not been justified**, the resulting outcomes of their policies **will not be effective** in terms of meeting their core objectives and the objectives of sustainable planning and they are **inconsistent with national planning policy**.
- 1.12 Each of the Teal Planning Statements (1, 2 and 3) sets out the changes that are required in order to make the ELLP, its Sustainability Appraisal and the changes to the Proposal Map, sound.

2.0 Draft ELLP, Chapter 1.0, Introduction

A. What is the Employment Land Local Plan - Para 1.3

- 2.1 Against the background that is provided in this Chapter on the **purpose** of the Proposed ELLP and why it has been required to be produced, this paragraph states that:

*'The Employment Land Local Plan **will identify** the future requirements for employment land in Eastbourne and how the future needs for employment **can** be met.'* [emphasis added]

- 2.2 This wording needs to be amended to ensure that the ELLP clearly outlines its requirement to identify the most appropriate, deliverable and sustainable directions of economic growth for the Borough and to provide a stronger context for the ELLP, its vision, its objectives and its policy allocations.

Required Change

- 2.3 This paragraph should be re-worded to read:

*The Employment Land Local Plan ~~will identify~~ **identifies** the future requirements for employment land in Eastbourne and how the future needs for employment ~~can~~ **are to be met in order to best meet the vision and objectives of the Plan.***

B. Format of the Proposed Submission Employment Land Local Plan - Para 1.6

- 2.4 This paragraph refers to the previous earlier consultation stages on the ELLP.

Required Change

- 2.5 Prior to the submission of the document for Examination and then prior to its adoption, this **paragraph should be updated to list the additional consultation stages that have been undertaken subsequent to March 2014 that have also informed the document.**

C. Format of the Proposed Submission Employment Land Local - Para 1.7

- 2.6 This paragraph should also make clear reference to the **Sustainability Appraisal (SA)** that has informed the ELLP. Such a reference is a point of fact but also follows from the emphasis that is correctly placed upon sustainable planning objectives throughout the document.

- 2.7 In referring to the Sustainability Appraisal this should clearly outline how that document has itself been further reviewed and updated in light of the representations now submitted to the November 2014 version of the document (please see Teal Planning **Submission Statement 2**).

Required Change

- 2.8 Reference must also be made to a **further updated version of the Sustainability Appraisal** and to how this has guided the selection of the ELLP's allocation policies.

D. Relationship with Other Plans and Strategies – Para 1.8 to 1.13

- 2.9 Reference is made here to the Eastbourne Core Strategy Local Plan (CSLP), the Sustainable Community Strategy and Corporate Plan, the NPPF and the South East LEP Strategic Economic Plan.
- 2.10 This is helpful and supported in particular the emphasis that is drawn out from these documents that are of relevance to the ELLP in respect of:
- local priorities being to unlock and assemble strategic sites
 - the regeneration of the Town Centre
 - The presumption in favour of sustainable development
 - The emphasis on the Hailsham, Polegate and Eastbourne Sustainable Corridor.
- 2.11 Reference however should also be given to the adopted **Eastbourne Town Centre Local Plan 2013 (TCLP)** and to the adopted **Sovereign Harbour SPD, 2014**.
- 2.12 The **TCLP** forms part of the suite of strategic plans for Eastbourne that include employment related policies.
- 2.13 Whilst the TCLP awaits the adoption of the ELLP to confirm the allocation of office space to the town centre, it already refers to:
- the TCLP not precluding office development elsewhere in the town centre (TCLP para 5.3);
 - a clear contingency option for further site reviews should planned for development not meet requirements (TCLP para 5.15);
 - additional locations within the centre within which the Council will take a proactive approach to new development proposals (i.e. the Transition Areas and Potential Areas of Changes, TCLP Page 51).
- 2.14 This all points to (1) an acknowledgement by EBC that the **town centre has capacity to accommodate additional new development across sectors and uses** (including residential and office space) and (2) that **additional capacity can be unlocked** through proactive planning for the town centre.
- 2.15 The acknowledgement of this adopted planning approach for the town centre and for meeting new space requirements in the centre at the beginning of the ELLP document will provide a useful term of reference for the remainder of the ELLP.
- 2.16 The **Sovereign Harbour SPD** also provides a further context to the understanding of the employment sites at the Harbour and to what employment generating uses are considered acceptable on Sites 4 and 7a. These policies are also reflected in the new outline planning permission for the Harbour (EBC ref 131002).

Required Change

- 2.17 Reference must be made to the **adopted Eastbourne Town Centre Local Plan 2013** and to how this sets a context for **additional opportunities** to be realised for a range of development types through the **proactive identification, promotion and support of new development proposals within the centre.**
- 2.18 **Reference should also be made to the Sovereign Harbour SPD and to the employment uses it identifies as appropriate for Sites 4 and 7a at the Harbour.**

3.0 Draft ELLP, Chapter 2.0 Context

A. Existing Situation - Para 2.8

3.1 Reference is made at Para 2.8 to an overall **net increase in employment floorspace in Eastbourne** over the past 9 years and to this being in the **office (B1a) sector** amongst others.

3.2 EBC's own monitoring however shows that **office stock within the town centre has in fact decreased** almost year on year over some time, with the rate of loss being accelerated recently.

Year	Town Centre Space
	Net Change sq.m. B1a space ^
2005-2006	-155
2006-2007	-285
2007-2008	-268
2008-2009	-108
2009-2010	-81
2010-2011	54
2011-2012	-623
2012-2013	-424
2013-2014	-2,055
Total 2012-2014	-2,479
Total 2005-2014	-3,945

Source: EBC AMRs (^ rounded)

3.3 We consider that acceleration to result from:

- (1) the relative size, strength and predominantly local nature of the Eastbourne office market overall. This has been reviewed and acknowledged in detail on behalf of both EBC and SHL through representations on the CSLP and TCLP;
- (2) the new permitted development regime that allows office conversions to residential use;
- (3) Eastbourne's current adopted plan regime that also encourages residential development in the town centre outside of the permitted development rights that are currently in force;
- (4) the adopted TCLP which, pending the ELLP, points to a very low allocation of new office space for the town centre, thereby requiring developers to deliver very little office space in the centre. The recent planning permissions for the Arndale extension scheme are for a mixed use development. Policy however does not require office space to be provided on this site and none is included in the scheme, even through this would be a very good location for a range of office types. Without such a requirement being set out in policy, the developer has chosen to opt for higher value commercial and leisure based space only and EBC currently has no policy basis to require otherwise.

3.4 The fact that EBCs summary highlights a long term growth in office provision across the town, even though the town centre's stock has been in decline, points to the most recent growth being within out of town centre locations.

3.5 This also follows evidence already submitted by Stiles Harold Williams on behalf of SHL in relation to the CSLP, which highlighted the development of office campuses within highly accessible, established employment locations but which nonetheless in occupancy terms have met with very challenging conditions.

- 3.6 Those significant and substantial challenges have essentially arisen again from:
- the scale and nature of the local market; and
 - the ability of occupiers to pay the higher rents such campus schemes must command in order to be viable. This has restricted occupier interest to just a small sub-set of the local market.

3.7 This sub-section of the Draft ELLP does not reflect any of these trends or characteristics of the local market.

Required Change

- 3.8 EBC must **revisit its summary understanding of the actual trends that are affecting the local office market**, and how these relate to the town centre and office campus / business park sectors.

B. Strengths and Weaknesses of Economy

Para 2.9

- 3.9 This paragraph acknowledges the importance of Eastbourne's position on the **A22-A27 corridor**.
- 3.10 As is also acknowledged by EBC, the town's position in the Eastbourne-Polegate-Hailsham corridor provides a key north-south growth axis (**Draft ELLP Para. 1.15**).
- 3.11 **These locational advantages** establish Eastbourne town centre, with its road, rail and service facilities, as one of the key economic hubs within the sub-regional economy. The office campus developments that have been successful are also within the Eastbourne section of the corridor.
- 3.12 **Sovereign Harbour however is very peripheral to this hub in location and connectivity terms.**
- 3.13 All of the policies that follow within later sections of the Draft ELLP discard this context. They set aside one of the area's key local assets (the town centre) in favour of planning for its further demise in terms of the quantity of new office stock to be planned for there, and also make no provision for new stock to be promoted at other locations within the Borough's section of the growth corridor. This is all in favour of a proposed single new out of centre office allocation, at one of the town's least well connected areas.

Required Change

- 3.14 In order to **maintain a thread through the ELLP, from a clear and accurate understanding of the local market, through to actual policies**, the document must acknowledge the relationship between **the sub-regional growth corridor**, the **role of Eastbourne town centre** within this, the **benefits of seeking other opportunities** elsewhere between the town centre and Polegate, but also the relative locational and market constraints of Sovereign Harbour.

Para 2.10 & 2.14 – 2.15

- 3.15 **Para 2.10** of the Draft ELLP refers to the town's commercial floorspace stock comprising a range of sizes, ages and types of space that offers a degree of choice. It also highlights that low vacancy levels outside of the town centre are healthy signs for the market.
- 3.16 **Para 2.14** however states that much of the town's large scale office stock is **no longer fit for purpose, does not meet occupier needs and lacks flexibility** to be able to be accommodate **office, workshop and production space within one building**.
- 3.17 **Para 2.15** then stresses the **location and connectivity constraints of Eastbourne** as a whole.
- 3.18 From here, the ELLP progresses later in the document to an allocations policy that will:
- result in the further reduction in the town centre's office stock;
 - rely on the majority of new stock being directed to one single peripheral location.
- 3.19 This represents a perverse leap from assessment of current conditions to policy responses, and points to a lack of appreciation of the local market and of the accommodation and location options and choices that will result from the document's allocations policy.
- 3.20 In short, and for the purposes of the assessment of the strengths and weakness of the Eastbourne market:
- Unless the amount of new supply is increased in the town centre to replace and improve its existing but already depleted offer, the **level, quality and choice provided by its office stock will be further weakened and downgraded**;
 - Directing the majority of the new stock to **one single location will not provide choice**. It will mean: one location option; one connectivity option in terms of a peripheral location with accessibility constraints to the rest of Eastbourne and its strategic train and road connections; one local setting and environment option; and a rental and service charge regime, which as acknowledged by GVA (Supplementary Report para 5.9), will mean significantly higher charges.
 - As also demonstrated by the report by Stiles Harold Williams (**Annex B**), where **recent out of centre office stock** has come forward in the town this has been **in more accessible locations** but has **not achieved anywhere near the rental levels GVA has assumed** are required and possible to achieve in order for unsubsidised office development at the Harbour to be viable. This will actively constrain the delivery of office space at the Harbour, reflecting again the significant location and market weaknesses that have blighted the employment sites here over some significant time.
 - The focus that is placed in the ELLP on the type of flexible accommodation that is considered a priority for the town, and that can provide for a range of activities that includes **'workshops and production', is only suitable for Site 6** at the Harbour. **It is not appropriate for Sites 4 or 7a**, the only other potential employment land options that remain here.
 - Through the new outline planning permission for the Harbour (ref 131002), **Site 6 can accommodate at least 11,100sq.m. of B1 space which allows for B1a, b and c uses. This minimum can be increased**

for instance by reducing car parking and increasing overall build density in the interest of fully maximising the development potential of the site.

- This mix of B1 space is acceptable on Site 6 as it is adjacent to existing commercial development, is at some distance from existing and planned new residential development and can readily accommodate heavy goods vehicles, as the access route to the site will not impact on residential areas.
 - As also explained by the Supporting Statement of Stiles Harold Williams (**see Annex B**), Site 6 is also being progressed with the **benefit of financial support and does not equate to an open market development.**
 - In contrast, **Sites 4 and 7a** are recognised by EBC through both the Sovereign Harbour Supplementary Planning Document (2014) and the outline planning permission (ref 131002) as being **suitable in location and environmental terms for Class B1(a) development and for other linked development** that is compatible with residential development, such as care-homes, hotels, children's nurseries. **They cannot in location terms accommodate workshop and production floorspace.**
 - Within the **town centre, Site 2** adjoins existing commercial development, is in a location that already accommodates large service vehicles and is large enough to accommodate a range of accommodation types, **including for start up, office and workshop type uses (see Annex C).**
 - Additionally, in location terms, whilst EBC acknowledges **the strategic constraints of Eastbourne** as a whole, the Council then fails to relate how the constraints of such a peripheral location are **magnified further at the Harbour.** The Harbour is peripheral within the town and relative to Eastbourne's main public transport hubs and to the main axis of existing economic activity and anticipated further growth potential. Discussion by those who attended an ELLP stakeholder event held by EBC and GVA in 5 June 2013 and as attended by SHL and Teal Planning, indeed focused very heavily on the A22/A27 corridor, with Sovereign Harbour being barely mentioned.
- 3.21 These location and market issues are addressed further by Stiles Harold Williams (**Annex B**) and by our review of the accompanying **Sustainability Appraisal** (See **Submission Statement 2**) which places the relative location benefits and constraints of the Harbour in a wider sustainable planning context, beyond just market considerations.
- 3.22 The Draft ELLP does not recognise these issues let alone seek to address them.

Required Change

3.23 EBC must **revisit its understanding of the Eastbourne office market:**

- how and where the new priority space requirements can be accommodated;
- what impact a low office allocation for the town centre will have on the centre;
- how existing out of centre office schemes are in reality performing in value and rental terms; and
- what the actual realistic potential of the Harbour Sites 4 and 7a are to:
 - o deliver the type of Class B space that EBC stresses is required
 - o deliver more narrowly defined but viable Class B1a office space
 - o meet sustainable planning objectives.

C. Demand Issues Development that Provides for Start-up Business (para. 2.22)

- 3.24 This paragraph emphasises the need to meet the needs of expanding, inward investor, and new start-up businesses, through the provision of the **right space in the right locations** and through a **range of sites** that will help ensure businesses are retained and can grow.
- 3.25 These points are all supported as general ambitions but again must follow through to an allocations policy that will meet these requirements and objectives. The Draft ELLP does not achieve this.

Required Change

- 3.26 **None** in respect of the drafting of para 2.22.
- 3.27 The **matters** raised are agreed but **must be carried forward to and be reflected in the resulting allocations policy of the ELLP.**

D. Supply Issues (para. 2.23 to 2.29)

- 3.28 The headline supply issues identified in this sub-section are agreed. The summary understanding that is provided here however does not fully or correctly reflect the relevant matters that need to be taken into account in the setting of the ELLP's allocations policies.
- 3.29 **Para 2.24** deals with the **Loss of employment land to other uses**. It states that if losses of key sites continue within existing employment locations this has the potential to undermine the B class nature of these sites. **This equally applies to the loss of office space in the town centre**. EBC acknowledges this is an issue and that office space is under pressure for redevelopment to residential schemes. The balance between EBC's forecast losses in office stock in the centre and the proposed allocation of new space to the centre (see below) could however have the very effect that the ELLP says should be avoided.

Required Change

- 3.30 **Para 2.24** should be amended to reflect that a core objective of the ELLP must be **to maintain and increase the town centre's stock of offices** in order to replace that which has been lost, to further enhance the role of the town centre as an employment location, and to ensure that a choice of office stock is retained and improved within the centre for the benefit of Eastbourne overall.
- 3.31 **Para 2.25** deals with the **Identification of sites**. It states that sites for additional employment development should be the **most appropriate and sustainable locations**. This understanding and resulting objectives are supported. The ELLP's later sections however fail to reflect the findings of EBC's own Sustainability Appraisal (**see Submission Statement 2**) such that the ELLP's policy allocations are not the most appropriate in overall sustainability terms.

Required Change

- 3.32 In order to ensure all locational issues are acknowledged and carried forward appropriately in the proposed ELLP allocations policies, **Para 2.25** should be amended to:

- acknowledge the location and connectivity benefits of Eastbourne town centre and of the A22/A27 economic corridor.
 - make direct reference to the linked Sustainability Appraisal (updated further to address the objections made to the current version of that document).
- 3.33 **Para 2.26** deals with the **Requirements for Office Space in the Town Centre**. This states the **need to strike the right balance between town and out of town office provision** in order to maintain the role of offices as a key town centre use but to also broaden the choice of space that is on offer.
- 3.34 In acknowledging that different office occupiers have different locational preferences, this sub-section must also still stress the need to:
- **reflect location preferences** but also **meet sustainable planning objectives**;
 - ensure the **office stock in the town centre is not further weakened** in terms of the amount, choice and quality of stock available in the centre;
 - acknowledge that in order to provide a **genuine improvement in the choice of space available** this will require more improved space in the centre and in a range of other locations across the town. **A single out of town centre location will not address the supply issues identified.**
- Required Change**
- 3.35 This sub-section must be revisited to more fully reflect the above issues and to ensure a thread is maintained through the ELLP: i.e. from the assessment of location issues through to an appropriate allocations policy that will best address the matters identified.
- 3.36 **Para 2.27** deals with the **Suitability and Viability of land at Sovereign Harbour**. This refers to the original allocation of 30,000sqm of office space at the Harbour and that this now needs to be revisited.
- 3.37 As a policy allocation, the 30,000sq.m. of B1 space that is currently assigned to Sites 6 and 7 at the Harbour has been taken to be GEA space. This follows the general approach of planning applications and local plan documents where strategic space requirements and strategic site planning are appraised. This is confirmed by the **HCE Employment Densities Guide 2010 (Para 2.4)**. See below **Inset 1** below..
- 3.38 **The Employment Land Review for the Wealden and Eastbourne** sub-region, produced by **Roger Tym and Partners 2008** (para 5.30), also clearly appraised employment space requirements based on a job per sq.m. net basis, translating this into a GEA figure for plan making purposes.
- 3.39 The Draft ELLP and its supporting evidence base produced by GVA do not clearly refer to how employment space is expressed and whether the space requirements and allocation floor areas are GEA or NIA. We deal with these issues further below. For the purposes of this sub-section however the reference to the original allocation of 30,000sqm at the Harbour must refer to 30,000sqm GEA.

INSET 1 – Extract from the HCE Employment Densities Guide, 2010

Measuring floorspace

2.4 The Royal Institution of Chartered Surveyors (RICS) recognises three principal measurements of floorspace: gross external, gross internal and net internal. These are calculated following the RICS Code of Measuring Practice (the 6th edition being current). In summary these are:

- (i) **Gross External Area (GEA)** – this measurement includes walls, plant rooms and outbuildings, but excludes external space such as balconies and terraces. It has a narrow field of use mostly limited to calculating building costs for large industrial and warehouse buildings, planning applications and approvals, council tax banding, and rating in Scotland for industrial buildings.
- (ii) **Gross Internal Area (GIA)** – this refers to the entire area inside the external walls of a building and includes corridors, lifts, plant rooms, service accommodation (e.g. toilets). It is a widely used metric used in calculating building costs, marketing, valuation, property management and rating (in England and Wales) of industrial buildings (including ancillary offices), warehouses and leisure units and also the valuation of new residential developments.
- (iii) **Net Internal Area (NIA)** – this is commonly referred to as the net lettable or 'usable' area of offices and retail units. It includes entrance halls, kitchens and cleaners' cupboards, but excludes corridors, internal walls, stairwells, lifts, WCs and other communal areas. It is a widely used metric and is the recognised method for marketing, valuation, property management and rating for offices, shops and supermarkets.

Required Change

3.40 This sub-section must be amended to read 30,000sqm **GEA**.

3.41 **Para 2.28** deals with the **Eastbourne and South Wealden area** and acknowledges the particular relationship and strength of connections between Eastbourne, Polegate and Hailsham. In order to maintain a thread between the market supply issues and a sustainable allocations policy that will help to better address these, this sub-section should make particular reference to the importance of this economic corridor to a **range of employment activities including to office based companies**. This includes for those that require the flexible accommodation in good accessible, non peripheral locations that EBC has identified as a key priority.

Required Change

3.42 This sub-section should be amended to acknowledge the role and strengths of the Eastbourne-Polegate-Hailsham corridor for all Class B sectors including offices.

E. Employment Land Requirements (para. 2.30 to 2.38)

3.43 **Annex A and B** provide linked reviews of the ELR work that has been produced by GVA to inform EBC's understanding of employment land requirements. The reviews appended here raise significant concerns about the robustness of GVA's work.

3.44 The issues that arise from this, in terms of how land requirements, are summarised within the Draft ELLP itself however are as follows.

- a. **Para 2.31** refers to the Employment Land Review (ELR) **forecasts of new jobs growth**. The original GVA ELR 2013 and the Supplementary ELR 2014 provide a series of summary tables and graphs in support of its assessment of jobs growth.

An objection to the last draft ELLP (2013) was that it is impossible to trace this data from its source documents through to the end summary tables within the ELR and the ELLP to verify and agree the analysis that has been undertaken. **The Supplementary ELR does not address this, such that the analysis has to be taken in good faith**, i.e. that the end figures on jobs growth and actual space requirements can be relied upon.

For now, we shall assume that the forecast growth in new jobs in Eastbourne will indeed total **1,263 for all employment across the Class B1, B2 and B8 sectors through to 2031, and indeed to 2027 as the end period of the ELLP.**

As outlined in the earlier representations, however, the ELR must provide the original summary data and background tables that underpin its analysis. These can be readily appended to the ELR.

In the interest of further transparency, the **total jobs figure** should also be related back to **which sectors those jobs will be within** and what type of Class B employment space will be required to accommodate them – **how many of the 1,263 jobs will be office based functions?**

- b. If the ELLP summary information is followed through, **Table 2** (and the resulting allocations policies in Section 5 of the ELLP) are unclear as to what measure of floorspace is being used. **Para 2.32** uses NIA for B1a/b space but GEA for B1c/B2 and B8 space, but **what is assumed in Table 2 and the allocations policies?**
- The units of space must be clearly expressed throughout the document in order to save on-going confusion on this point (including confusion for EBCs own policy and development control officers).
 - Significant discussion was had with EBC on this matter during the consideration of the new outline application for the remaining sites at the Harbour. The application was clearly made on the basis of GEA floorspace (as is general practice for outline applications and as was appraised and accepted by the EBC Local Plans team in its consideration of the application). It was also assumed, following general convention, that the emerging ELLP was also based on GEA figures. It only eventually came to light that some EBC officers were working on the understanding that the Draft ELLP assumes office space is expressed here as NIA. If this is the case:
 - **Table 2 must make it clear what is being assumed.** It cannot be expected that future readers of the ELLP will revert back to the ELR and it is reasonable that, unless clearly directed otherwise, they will assume all Plan figures are in GEA; and
 - The ELLP is not actually proposing such a significant reduction in the Harbour's allocation from the current allocation of 30,000sq.m. GEA to a proposed 20,000sq.m. NIA requirement. This is even though it purports to now account for viability considerations and the fact that a significant part of

Site 7 is no longer available for employment development, with this restricted to Site 7a only. As outlined below, an allocation of 20,000sq.m. NIA at the Harbour is still excessive.

- c. **Para 2.32** refers to the employment space densities that have been used to translate jobs growth into new floorspace requirements. **The document should reference the source of these density figures and why they are considered appropriate to be applied as a universal figure.**

At the Harbour, the one employment scheme that has been granted planning permission in detailed design terms is based upon an employment density of 8sq.m. per job – a much higher jobs density than the average assumed for the ELLP.

8sq.m. has been applied in that instance as the building concerned, the innovation mall on Site 6, is targeted at small start up and incubator businesses – a priority accommodation sector for Eastbourne, which presumably will not just rely upon the current mall to fully meet occupier requirements, especially if this (1) is a key area of growth and (2) choice is to be provided for all occupier groups including for new start-up businesses.

A density of 8sq.m. per job will thereby be relevant for other new developments, including we trust in the town centre, a prime location for additional starter units. GVA's additional review of average densities additionally does not take into account trends towards improving efficiency which is important for forward planning.

So, whilst GVA has sought to substantiate the use of an average 12sqm per office job ratio (see **Annex A**), the ELR and ELLP must still justify further why this is an appropriate blanket average to be applied for new office development within the Eastbourne context. We still contend that a sensitivity analysis based upon an average 10sq.m. NIA is appropriate (see **Annex A**).

- d. **Paras 2.34 and 2.35** of the ELLP refer to the allowances that have been made for **windfall losses and churn** within the employment market – i.e. to ensure that space allocations meet forecast net losses and short term turnover of space as well as growth requirements.

GVA has provided guidance on the implications of current permitted development rights that allow for office space to be converted to residential space. As outlined here at **Annex 1** and in our Submission **Statement 2**, the extent of losses already encountered within the town centre may not be fully addressed by the allocation proposed for the town centre. This could point to a need to increase the amount of windfall losses that should be planned for. We do however note that GVA has not advised that any further uplift is required, we therefore assume that this is **accounted for within the contingencies that are already built into the draft allocations policies.**

- e. **Table 2** summarises the employment land requirements that are identified by the ELR, with **Para 2.37 and 2.38** outlining the need to add a **contingency** to this, equating to a **10%** contingency for new office space being planning for.
- f. Following the ELLPs summary information through, this brings us to the following understanding.

- i. **Total new Class B jobs** will increase by **1,263** across the Plan period (ELLP para 2.31).

- ii. B1a/b jobs to floorspace densities will average **12sqm per job** (ELLP para 2.32).
- iii. Additional new B1a/b floorspace demand will total **15,977sqm** (ELLP Table 2).
- iv. Based on the assumed job density, however, this new space requirement would accommodate **1,331 B1a/b new jobs**, i.e. more than the overall total Class B jobs that are to be created within the Borough through to 2027.
- v. This might be considered appropriate given that Class B1c/B2 and Class B8 jobs forecasts are assessed to potentially cancel one another out (again we have to trust that this is correct as we have not been provided with the data to verify it).
- vi. At this point the allowance made for new office jobs and floorspace being above the total Class B growth forecast, might be accepted as the contingency for additional new space that may ultimately be required, e.g. through the need to replace office space lost through permitted development to other uses.
- vii. However, the ELR and ELLP go on to add **even more contingency** to this, with actual forecast requirements (arising from new jobs, windfall losses and churn) of 20,766sq.m. of new floorspace being increased by the allocations policies to 23,000sqm. of B1a/b space.
- viii. It is not clear how these **stages of contingency setting** relate back to actual office job forecasts and what level of potential over provision is being planned for.
- ix. If the allocation of 23,000sqm of new office space is translated back into jobs based on EBC's density of 12sqm for B1a space this equates to **no less than 1,917 jobs** or 51% (half again) more jobs than the total number that is forecast to be created across all Class B sectors.
- x. If the space that is being planned for windfall losses and churn of office space (totalling 4,789sqm) is subtracted from this total allocation, the allocation for net new office space will still be **18,211sqm** or **14% more than new space that is forecast to be required**.
- xi. This will be capable of accommodating **1,516 office jobs** based on a density of 12sqm and 253 (20%) more jobs than the total Class B that will be created overall.
- xii. This is again notwithstanding that at least some new office space will perform at a higher jobs density than EBC is prepared to accept as an appropriate average for space planning.
- xiii. At all stages through the assessment of new office space requirements, GVA and EBC's summaries, lack transparency, add additional contingency and then even further headroom, such that the effective number of jobs that will be required to fill all of the allocated 23,000sqm that is allocated will be well beyond the total number of all employment jobs that are forecast to be created.
- xiv. **The NPPF (para 182)** requires that local plans be positively prepared, justified and effective. The assessment of space requirements as set out within the ELR and ELLP fall well short of these requirements. They lack transparency and make significant leaps from base employment data to space requirements.

- xv. **The NPPF (para 22)** also requires that planning policies must avoid the long term protection of sites allocated for employment use where there is no prospect of development coming forward. The above points to EBC over-planning by potentially a very significant margin for new office space.

Where additional demand may arise, this is most likely to be from some additional occupiers being displaced by change of use schemes within the town centre. It cannot then automatically follow that those occupiers should be displaced further from the town centre altogether to a peripheral and more expensive, less sustainable location – i.e. to the Harbour.

We address location issues further below. Compliance with national policy is appraised further at **Annex 1**.

Required Change

- 3.45 The ELR must be revisited to address the issues set out here and at **Annex A and Annex B**.
- 3.46 The ELLP must be amended to ensure appropriate **transparency and clarity** is expressed in all of its references to **base data** and to how this then translates into **new floorspace requirements** and back into the **number of jobs** that could be accommodated based upon the contingencies that are proposed.

F. Vision and Objectives (para. 2.39 to 2.42)

- 3.47 **Para 2.40** and the **stated vision** for the ELLP are supported.
- 3.48 The emphasis that is placed within the vision statement on providing a **range of premises** in **sustainable locations** is also supported.
- 3.49 **The ELLP however still fails to follow this vision through into its draft allocations policies.**
- 3.50 **Para 2.41** outlines that **CSLP Key Spatial Objective 2 (Sustainable Growth) and 4 (Local Economy)** are of most relevance to help guide the ELLP.
- 3.51 We stressed within our previous representations on the Draft ELLP (2013) that **CSLP Key Spatial Objective 3 (Town Centre), 8 (Sustainable Travel) and 10 (Sustainable Neighbours)** are also relevant.
- 3.52 EBC has chosen to ignore this recommendation.
- 3.53 If the Council were to accept it and to draw upon all of its relevant background policy objectives and requirements, its drafting of the ELLP would not continue to fail in follow the necessary threads from understanding of policy objectives, to appropriate, deliverable and sustainable allocations policies for new employment development.

3.54 Acknowledgement of these additional relevant objectives will ensure EBC does indeed maintain the necessary connection within the ELLP, between (1) high level strategic aims and assessed requirements to (2) location and site specific allocations.

3.55 **Para 2.42** lists the five additional proposed objectives for the ELLP itself. These are supported but it is important to highlight the following matters which then arise through the remainder of the document, as it progresses to its proposed spatial strategy and site allocation policies.

- **ELLP Objective 1 to Stimulate Growth.** This emphasises the need to plan within the context of **environmental constraints** and to **encourage economic competitiveness**

The Plan stresses the need to plan for flexible new space that can accommodate production activities, and goes on to state that this should mean locating the majority of new space out of the town centre and all of that new B1 space at the Harbour.

As stressed above, only Site 6 at the Harbour can accommodate the flexible space described as the priority space requirement for the town. **Sites 4 and 7a** are characterised by **local environmental constraints** that deem them **inappropriate for B1c activities** and for workshop and production type space.

As outlined in the statement by Stiles Harold Williams at **Annex B**, the Harbour is also **not economically competitive** as a Class B1 location within Eastbourne and the wider sub-regional economy.

It is peripheral and will require very high rents to be achieved which have not been achieved anywhere within the town through an open market transaction and there is no basis to consider this position will change.

As demonstrated also by the recent outline planning permission for the Harbour, viability of employment development here is such that it cannot carry the cost of meeting the accessibility / public transport mitigation requirements that were considered necessary by the highways authority to make significant potential Class B1 space acceptable here.

The Harbour's location disadvantages, within a small and constrained employment market, are longstanding and will remain. **This is not an economically competitive location.**

- **ELLP Objective 2 to Encourage Small and Start-Up Businesses.** This emphasises the need to provide a **range** of flexible employment spaces. This is supported.

However this should also be translated as meaning **a range of accommodation options across a range of locations.**

The current allocations policies will result in the further downsizing and downgrading of space in the town centre and a single out of town centre location being promoted in one of the town's most geographically peripheral locations.

In order to meet objective 2 of the ELLP, the allocations policy must plan more proactively for a greater amount and range of new space in the town centre. This includes an additional range of facilities for

new start-up, beyond the new mall at the Harbour. The assessment by rCOH (**Annex C**) demonstrates how this is achievable on the two town centre strategic sites, alongside providing other general office / flexible Class B1 accommodation in the centre.

The range of out of town centre locations must also be widened to beyond (Site 6 of) the Harbour and to include the town's section of the sub-regional growth corridors and its other local centres.

- **ELLP Objective 3 (Diversify the Local Economy) 4 (Support Existing Business) and 5 (Promote Sustainable Employment Locations).** These again are all supported but an allocations policy that will see the further demise of office stock in the town centre and that offers new space in a peripheral, unviable location, cannot hope to meet these.

EBC's own **Sustainability Appraisal** assesses the Harbour as being far less sustainable than the town centre, but also fails to consider why any town centre occupiers who are displaced will opt to locate there.

Other location choices do exist, (i.e. including within other towns). EBC must plan properly for new space within the town centre and for other options in more accessible parts of the town, if it is to meet the needs of the local market and secure generally sustainable development.

Required Change

3.56 **CSLP Key Spatial Objectives 3, 8 and 10 must also be acknowledged** as relevant for the setting of ELLP policies.

3.57 **The ELLP Objectives are all supported but must be redrafted to include a more detailed and appropriate summary of the objectives to be aimed for and to thereby provide a more appropriate spatial strategy and set of allocations policies.**

4.0 Draft ELLP, Chapter 3.0 Strategy

A. Employment Land Strategy and Distribution - Para 3.1 – 3.7

- 4.1 Para 3.2 stresses that the focus has been on ensuring that employment land requirements are met in the **most sustainable and effective way** and that by selecting the town centre and the Harbour to meet new requirements will allow different **deliverable sites** to work together.
- 4.2 This however **ignores EBCs own Sustainability Appraisal, the continuing flaws in that document** (see **Submission Statement 2**), the clear viability issues at the Harbour and the flaws that remain in the Council's assessment of that (see **Annex B**).
- 4.3 The Councils summing up of the objectives and assessments that have been set and undertaken to guide the strategy of the ELLP, represent a bold and unjustified leap to the actual allocations policies that follow and that will undermine office provision in the centre, whilst seeking to promote a very high level of new supply in a location that is not viable and is not deliverable through open market transactions.
- 4.4 **Para 3.4** stresses that the town centre will be improved by a policy that promotes new housing development over improved new office space, even though those living in the new town centre homes will have less office based work opportunities within the centre itself and those whose jobs are displaced will either be required to commute out to the Harbour or to other towns to work.
- 4.5 This paragraph also states that the **concentration of new Class B development at the Harbour will address issues of site access, linkages and contributions to community infrastructure.**
- 4.6 **It will not.**
- 4.7 As demonstrated by the recent outline planning permission for the Harbour the viability of Class B space is such that it cannot fund the mitigation scheme required to make it acceptable in transport / linkage terms (i.e. it cannot help fund the quality bus corridor that will aid links to the town centre). The mall development is also planned around a very high occupancy and employment density and a very high (above optimal) level of parking provision.
- 4.8 The Class B element of the outline scheme is also **making no contributions towards community infrastructure whatsoever**. The new community hall and the new public open spaces are all being delivered as a result of the housing element of the outline scheme. The employment space on Site 6 is being subsidised and Sites 4 and 7a are unviable for large scale office schemes – the open market rents needed to enable these sites to come forward are not achievable and **they cannot support linked community or infrastructure programmes** (see **Annex B**).
- 4.9 **Para 3.7** refers to the **intensification of existing industrial estates** and how these **present opportunities to provide new, higher density space**. Building on this, the existing office campuses that are now located along the Eastbourne, Hampden Park to Polegate corridor, provide further opportunities for campus type development that will also complement the town's office stock. The growth corridor represents a better connected and more sustainable location for office development in terms of public transport links and should again be recognised as such within the ELLP.

B. Economy and Employment Land, Policy EL1 & Para 3.8 – 3.15

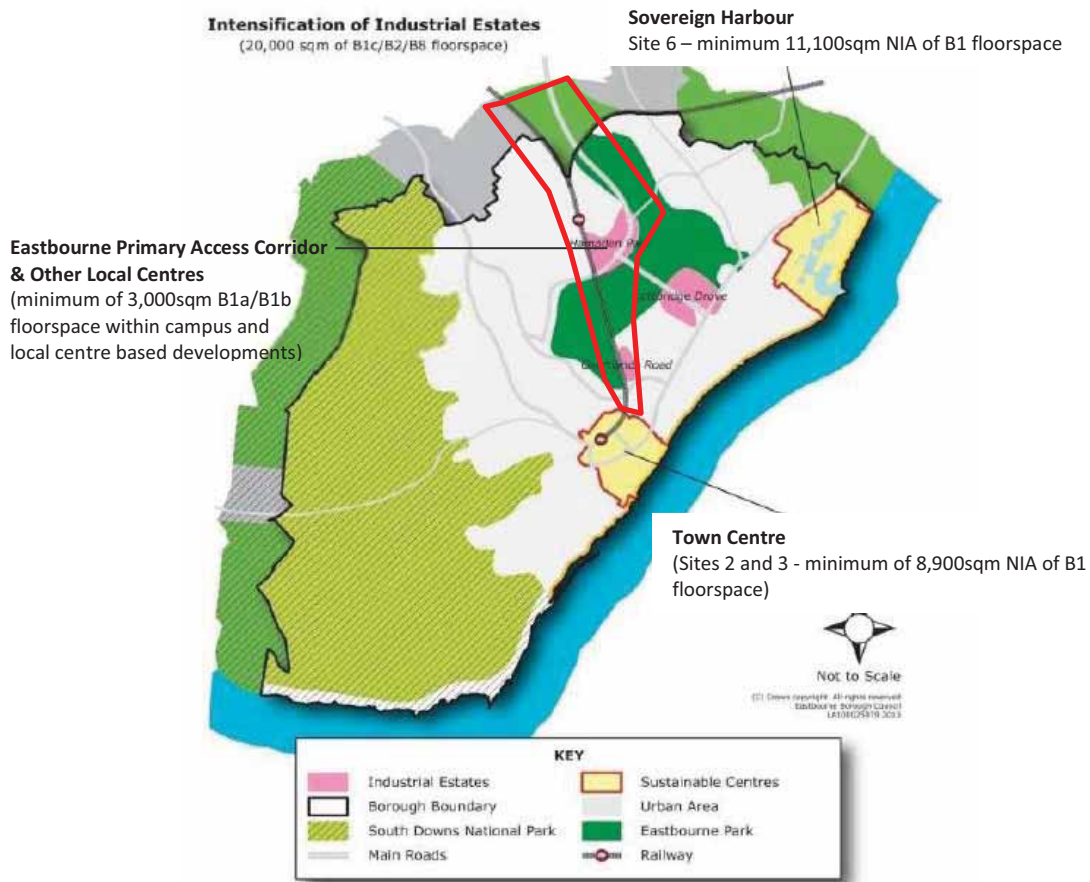
- 4.10 **Para 3.9** outlines that not all industrial estates will be appropriate for higher quality (e.g. office) accommodation and as such **Para 3.10** proposes to limit the intensification of industrial estates to Class B1c, B2 and B8 space only.

- 4.11 This fails to recognise how office campus' can successfully be established within and alongside industrial estates and how the presence of office functions and activities can support more industrial businesses – e.g. in the form of readily accessible business based bank branches, accountancy and IT based companies.
- 4.12 For the reasons set out in **this Statement, at Annexes A, B, C** and within **Submission Statement 2** that deals with the Proposed Submission Sustainability Appraisal, **Para. 3.10s** proposed allocation of **3,000sq.m. of Class B1a space in the town centre is inappropriate** and does not meet the soundness tests of new policy making. **This amount must be increased.**
- 4.13 For the reasons also set out here and at **Annex A and B** and within **Submission Statement 2, Para 3.10s** proposed allocation of **20,000sq.m. of B1 space at the Harbour** also fails to meet the soundness tests. Site 6 cannot accommodate such an amount of open B1 space and Sites 4 and 7a are appropriate only for Class B1a space within the Class B space categories. An allocation for Sovereign Harbour must reflect:
- The policy directions of the adopted Sovereign Harbour SPD which acknowledges the environmental settings of Sites 4, 6 and 7a and what type of employment uses are appropriate on each
 - The details of the approved outline planning permission that allows for a minimum of 11,100sq.m. NIA of Class B1 space on Site 6
 - The guidance that is provided by EBCs own Sustainability Appraisal of location options, the reworking of that Assessment to ensure it is sound (see **Submission Statement 2**) and the understanding of the actual viability and deliverability of open market Class B1a space at the Harbour (**Annex B**) which all remove Sites 4 and 7a from the pool of office site allocations.

Required Change

- 4.14 The **background summary sections of this Chapter at Para 3.1 to 3.7 must be redrafted** to better reflect sound deliverable objectives for the ELLP.
- 4.15 The space requirements at **Para 3.10** must state if these are **GEA or NIA**.
- 4.16 The **B1 allocation at the Harbour should be restricted to Site 6 only** and stated as equating to a **minimum of 11,100sq.m. NIA**. This follows the viability and sustainability rating of Sovereign Harbour. This should be expressed as a minimum figure in order to provide the developer(s) of the site and EBC Council with the basis to strive for the most efficient development of this site, which can accommodate more than this minimum figure.
- 4.17 The **office space allocation within the town centre at Para 3.10 must be increased**. This follows an understanding of the local market, the need to provide additional new space to replace and enhance its office stock, and ensure a mix and choice of new stock is provided within the centre and for Eastbourne overall in the town's most sustainable office location. This allocation can be readily increased to a **minimum of 8,900sqm NIA**. This is the equivalent space that is required to be provided on Sites 4 and 7a at the Harbour following the new outline planning permission, subject to the findings of the ELLP, but which must be 'relocated' at least in large part back to the town centre on market requirement, viability and sustainability grounds.
- 4.18 Sites 2 and 3 in the town centre can accommodate this amount of office space as part of mixed use development schemes without prejudicing the delivery of other priority development (See **Annex C**). This amount should be expressed as a minimum to ensure this requirement is met across the two sites.

- 4.19 Policy also should encourage developers to promote new office proposals elsewhere in the town centre and provide an impetus for EBC Council to proactively require additional opportunities to be delivered.
- 4.20 The identification of the **Eastbourne section of the Polegate-Hailsham Corridor** should also be identified as a location within which new office development will be actively promoted and encouraged in particular linked with existing employment locations, commercial centres and transport connections and hubs (e.g. around Hampden Park Station where sites within the commercial centre are under-utilised). Indeed, the **Eastbourne Sustainable Neighbourhood Assessment 2011** in its review of Hampden Park emphasised the following:
- Excellent access to a range of shopping and other facilities
 - Good access to bus stops and rail services
 - A good range of commercial premises providing opportunities for local employment
 - But a need for more local employment
- 4.21 Opportunities do exist to proactively plan strategically for Hampden Park and indeed other local centres based upon transport connections. This is again notwithstanding potential for additional campus developments to come forward within the main growth corridor.
- 4.22 This will build on the existing strengths of this corridor and help to ensure all of the sub-regional economic development objectives for it are realised. A **minimum allocation of 3,000sqm NIA of Class B1a/b space elsewhere outside of the town centre and of Sovereign Harbour** will ensure that the 23,000sq.m. of 'required' space is identified in policy allocation terms, but split now between the town centre, the Harbour, the corridor and potentially other centres. This minimum requirement is also achievable, based on the campus developments already delivered.
- 4.23 As the Site 6 Harbour and town centre allocations are also minimum requirements, the achievement of EBCs assessed total actual requirement of 20,076sq.m. NIA and the total planned for requirement (with contingency added) of 23,000sq.m. NIA should also be very readily achieved.
- 4.24 This is especially when placed in the context of the breadth of location opportunities that will be delivered, given the proactive approach to planning that we are sure EBC is committed to taking and EBC's confidence in the forecast level of growth in the office sector that is required to fill this space.
- 4.25 With all requirements expressed as a minimum this will again provide the necessary basis and impetus for EBC to require the most efficient use is made of the key allocation sites identified and to seek out further opportunities for growth.
- 4.26 This policy context will provide a better basis upon which to help protect the town centre's office based function, but will also provide a greater choice and mix of location and site options that EBC considers important.
- 4.27 This should accordingly be reflected within the Key Diagram on Page 20 of the ELLP as follows.



5.0 Draft ELLP, Chapter 4.0 Policies

A. Industrial Estates Para 4.1. to 4.14 and Policy EL2

5.1 Policy EL2 and its sub-section should be extended to:

- protect existing Class B1a/b floorspace within the town outside of the town centre and
- to require new Class B1a/b opportunities within the industrial estates, the town's other centres, and within the Eastbourne section of the Polegate-Hailsham growth corridor.

5.2 The requirement for **additional new Class B1a/b space to be provided within the growth corridor and within local centres such as Hampden Park should also be expressed as a minimum of 3,000sqm NIA** for the reasons outlined in Section 3 above.

5.3 This will not prejudice other Class B development from coming forward but will add to the choice of new office space that is available within the town, **providing a better range of location options** for those wishing to remain or locate in the town.

Required Change

5.4 Policy EL2 should be amended as follows:

Policy EL2: Industrial Estates, the Eastbourne-Polegate Corridor and Local Centres

Within the designated Industrial Estates, redevelopment and intensification of vacant and under-utilised sites to provide class B use development will be supported in order to meet the target of providing 20,000sq.m. (NIA/GEA – TBC by EBC) of B1c, B2 and B8 floorspace over the plan period.

The development of new Class B1a/b floorspace will be supported as part of redevelopment schemes within the existing Industrial Estates, where this does not prejudice the delivery of appropriately located Class B1c, B2 and B8 floorspace, within Eastbourne's section of the Eastbourne-Polegate-Hailsham Corridor and within the other district and local centres of Eastbourne. Appropriate development within these locations will provide a minimum of 3,000sqm NIA of B1a /b floorspace.

Proposals for the refurbishment of existing class B floorspace will also be supported.

Proposals for the development of sites within a designated industrial estate in class B use (**including in class B1a and B1b use**) to an alternative non-B use will only be granted where it can be demonstrated to the satisfaction of the Council that:

- The proposed alternative use an appropriate use to the industrial estate that cannot be located elsewhere due to its un-neighbourliness; or
- The loss of the site would not impact upon the long term supply of the employment land in terms of quality and quantity; and
- The site does not meet the current or long term needs of modern business, and could not be upgraded to do so.

Within the designated Industrial Estates, change of use of units in class B use (**including in class B1a and B1b use**) to other employment generating non-B class uses may be granted where it can be demonstrated to the satisfaction of the Council ~~that~~ that there is no reasonable prospect of the site continuing to be used for class B use.

B. Town Centre Para 4.15 to 4.31 and Policy EL3

- 5.5 **Para 4.18** acknowledges that the town centre remains an important location of office provision, whilst **Para 4.15** acknowledges that the centre's existing stock is mainly dated. As such **Para 4.19** states that this does not meet the needs of many occupiers. **Para 4.21** outlines that occupiers are increasingly polarised between those wishing to be in centre and those wishing to go out of centre.
- 5.6 The resulting allocation of 3,000sqm. outlined at **Para 4.24** and in **Policy EL3**, together with the paragraphs that outline the potential of Sites 2 and 3 in the centre (**Para 4.26-4.28**), present a number of problems and highlight **significant flaws** in EBCs proposed policy centre for the centre.
- For the reasons set out in previous representations and repeated here, **an allocation of 3,000sq.m. will not replace and will not enhance the town centre's office stock**. It will mean the further depletion of its stock in terms of the amount, quality and choice available.
 - The **sustainability outcomes** of such a low allocation are appraised in our **Submission Statement 2** which shows that if the scoring system is applied consistently across EBC's set criteria, this policy option results in **a negative score**.
 - This policy will not therefore fulfil the expectations of **Para 4.24** and the need to '*maintain a healthy office provision and avoid adverse impact on the vitality of the town centre*'.
 - EBC has still not justified why an allocation for the centre must be 3,000sq.m. NIA only. Any allocation for the centre should also be expressed as a minimum and clearly state whether it is GEA or NIA. We are assuming EBC's intention now is that this is NIA, which is very unusual for a policy document of this kind.
 - Returning to the matter of the scale of the allocation, we consider that in view of the continuing failure of EBC to justify this, it is effectively being led by (1) their appraisal of what can be accommodated at Sovereign Harbour (i.e. 20,000sq.m. NIA) and (2) so that the small residual amount of 3,000sqm that is needed to meet requirements (including a contingency provision) has been assigned to the town centre. We see no other reason or explanation of how this floor area has been arrived at.
 - In the absence of any proper site appraisals by EBC, SHL commissioned rCOH to appraise the capacity of Sites 2 and 3 to (1) accommodate office development alongside the mix of other uses the Council is relying upon to be delivered in these locations and (2) to appraise the opportunities to accommodate a selection of office accommodation within these locations that would add to the choice of accommodation in the centre and not just to its amount and quality of space. That testing provided here at **Annex C** demonstrates that these sites can accommodate the full amount of office space we consider cannot be delivered on Sites 4 and 7a at the Harbour, whilst still accommodating residential and commercial space as part of a mix of uses. It also demonstrates how Site 2 is appropriate for a mix of office space including of a more workshop / incubator type.
 - This is notwithstanding any additional options that may exist and that EBC indeed envisages do exist within the town centre, as outlined within the TCLP which refers to opportunities within the Transition Areas and Potential Areas of Change within the centre.
 - An allocation of at least 8,900sq.m. NIA of B1a/b space can therefore be comfortably accommodated within Sites 2 and 3. This should be expressed as a minimum requirement for Sites 2 and 3.
 - Policy EL3 should also make clear reference to a support for new office space throughout the centre and to an expectation that all mixed use developments will provide an element of new office space, and to the need to provide a clear justification where this is not proposed.

Required Change

5.7 **Policy EL3** should be amended as follows:

Policy EL3: Town Centre

The quantum of office space that should be provided in the Town Centre **is a minimum of 8,900sqm NIA of floorspace**. The requirement for office floorspace in the town centre should be provided across Development Opportunity Site 2 and Development Opportunity Site 3 as identified in the Town Centre Local Plan. Office development should be high quality class B1a floorspace that is flexible to meet multi-occupier needs.

Development opportunities for the provision of additional new office floorspace will also be supported elsewhere within the town centre including within the other Development Opportunity Sites, Transition Areas and Potential Areas of Change as defined within the Town Centre Local Plan.

Proposed redevelopment of sites that are within an existing office use and development proposals for new mixed use development schemes within the Town Centre will be required to include new office floorspace unless it can be demonstrated to the satisfaction of the Council that this is inappropriate in that location, is unviable or cannot be accommodated on design feasibility grounds.

Proposals for the refurbishment of existing office stock to meet modern occupier demands will be supported.

C. Sovereign Harbour Para 4.32 to 4.47, Policy EL4 and Figure 3

- 5.8 Figure 3 does not reflect the land ownerships of Sites 4 or 6 nor the land that is still available for employment use within Site 7a only.
- 5.9 **Para 4.33** refers to the longstanding allocation of Sites 6 and 7 at the Harbour for office space, with reference to an outline planning consent for 30,000sq.m of office space across these sites.
- 5.10 **This should read**, 30,000sqm **GEA** of floorspace.
- 5.11 **Para 4.35** refers to the Harbour as providing '***a significant opportunity to deliver high quality employment space within an existing high quality environment***', with its sites providing '***an available and deliverable opportunity that can be achieved over the short term.***'
- 5.12 This wording is borne more out of promotional and marketing material rather than an objectively appraised planning understanding of the Harbour, its peripheral location, its actual sustainability rating when objectively appraised and the actual viability of the employment sites (**see Annex B and Submission Statement 2**).
- 5.13 Site 7 is also no longer fully available for employment generating development. The central and northern sections of the site are being progressed for a residential development with a linked new public open space. Details for this scheme are being drafted pursuant to the new outline planning permission and reserved matters will be submitted during 2015.
- 5.14 The southern end of Site 7 (Site 7a) and part of Site 4, which is to be a mixed use commercial-led extension of the existing Waterfront attraction, have been appraised by EBC as having the capacity to accommodate 8,900sq.m. NIA of Class B1a space. This is pending the outcome of the ELLP. An area of Site 7a also may be required to accommodate a new community hall. If this is required, the office space capacity will reduce further.

- 5.15 The new outline planning permission for the Harbour, in full compliance with the adopted Sovereign Harbour SPD, 2013, also allows a range of additional employment generating uses on Sites 4 and 7a which must now be reflected in the ELLP.
- 5.16 The review of the Sustainability Appraisal (**Submission Statement 2**) however demonstrates that the Harbour sites are not sustainable. They score very poorly compared with a higher office floorspace allocation in the town centre. Additionally the Harbour cannot address and overcome the key features that result in it scoring so badly in sustainability terms: it cannot overcome its peripheral location and employment space (which is not viable unless subsidised) again cannot help to fund the new quality bus corridor that ESCC Highways would like to connect between the Harbour and town centre in order to reduce congestion on the local network.
- 5.17 As a result, the sites have not delivered any employment development over the significant extended history of the Harbour and that with any prospect of delivering space now is the development of Site 6. This is being progressed with funding support but still cannot help fund the key public transport mitigation scheme (a new quality bus corridor) that it was requested to support. Instead the Site is being planned to accommodate a higher than optimum amount of on-site car parking such that it will introduce even more cars onto the already congested local network. The potential of the Harbour to deliver any non subsidised new employment floorspace beyond subsidised Site 6 is zero to minimal.
- 5.18 The continued allocation of Site 7a and Site 4 to be required to deliver additional new office space cannot in any way be relied upon and will undermine Eastbourne's ability to accommodate the level of growth that is now expected through to 2027.

Required Change

- 5.19 The **supporting text within Paras 4.32 to 4.47 should be updated** to reflect a true and objective appraisal of employment use prospects at the Harbour.
- 5.20 **Policy EL4** should be amended as follows:

Policy EL4: Sovereign Harbour

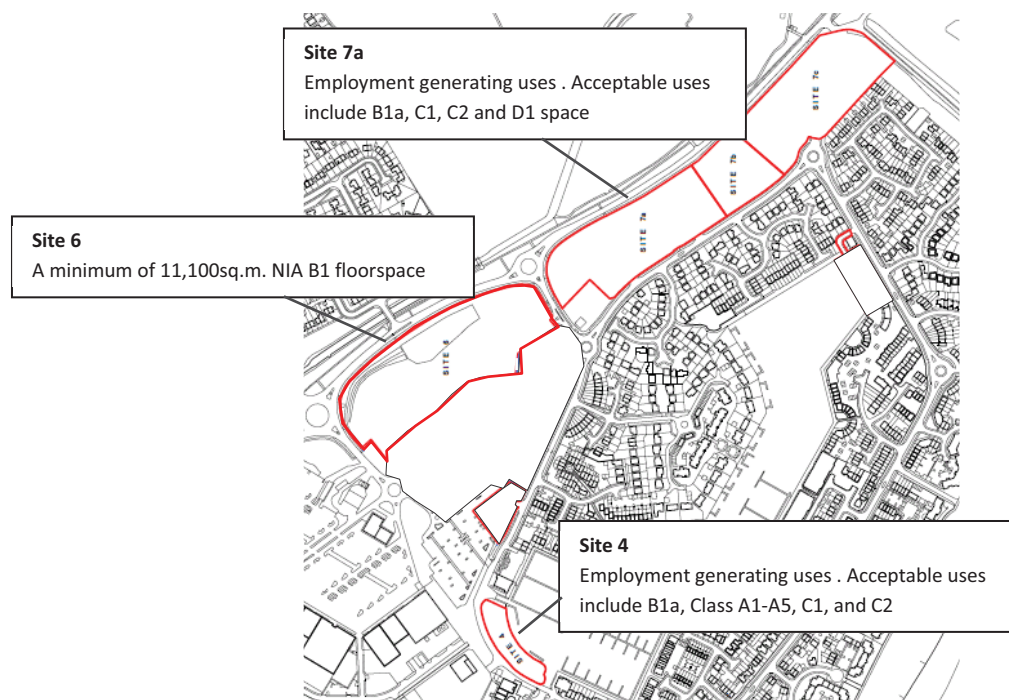
Sovereign Harbour should accommodate **a minimum of 11,100sq.m. NIA of additional B1 floorspace. This should be delivered on Site 6 and should be provided within a flexible format that will allow businesses to adapt their operations depending on circumstances.**

Additional Class B1a floorspace will also be acceptable on Site 4 and Site 7a as indicated on the Proposals Map.

Other employment generating uses that are acceptable for Sites 4 and 7a must be compatible with the residential developments that adjoin the Sites and will include:

- **On Site 4 uses within Class A1 to A5, C1 and D1.**
- **On Site 7a uses within Class C1, C2 and D1.**

- 5.21 **Figure 3** must also be updated to reflect the above changes and the actual availability within Site 7a to accommodate employment generating uses.



6.0 Draft ELLP, Chapter 5.0 Implementation and Monitoring

6.1 Table 3 sets out the summary of the ELLP policies and provides a linked framework for monitoring purposes.

Required Change

6.2 This must also be updated to reflect the allocations amendments required in order to make the ELLP sound.

7.0 Appendices – Appendix 1 Glossary

Required Change

7.1 In the interest of completeness, the Glossary should also include reference to the **Sovereign Harbour SPD, 2013** and the **Sustainable Neighbourhood Assessment, 2011**.

8.0 Conclusion

- 8.1 The Draft ELLP is still **unsound**.
- 8.2 Its summary description of the **strengths, weakness and key issues** that are influencing and underpinning the local office market and the location decisions that office occupiers within the town make, is partial and incomplete.
- 8.3 Its summary assessment of **forecast office jobs growth, resulting space requirements**, layering of proposed contingency arrangements for additional provision and how this translates back into the total number of office jobs that would be accommodated in the actual space being planned for, lacks transparency but also clarity in the base measurement for floorspace that is being assumed. Is this GEA or NIA floorspace?
- 8.4 The **strategic objectives for the ELLP** would be **strengthened** if reference were made to the additional objectives that underpin the Core Strategy Local Plan, and in particular the additional Key Objectives that relate to sustainable development. The background sections on the **strategic objectives of the Plan** will also be improved if they were expanded upon to include a fuller understanding of the **environmental, market driven** and overall **sustainability issues** affecting the local area and that must underpin the chosen spatial strategy.
- 8.5 A strategic plan that will result in the further downgrading of the quantity, quality and choice of office space in the town centre, alongside an aim to locate almost the town's entire new office requirement to a peripheral, unviable location is **fundamentally flawed**.
- 8.6 The history of development and an objective sustainability appraisal of **Sovereign Harbour** support this. There is no basis to assume that the much higher rents and overall improvement in viability of the Harbour sites that is required to support office development here will ever be achieved.
- 8.7 The fact that EBC and Seachange sought to minimise the extent of office space required on Site 6 in response to market considerations and also that office development at the Harbour cannot support the environmental mitigation measures required to improve its connectivity and transport impacts, are further testament to these findings.
- 8.8 The policies of the Draft ELLP have **not been positively prepared, have not been justified, will not be effective and will be contrary to the NPPF** in respect of achieving sustainable development and seeking to still retain a longstanding site allocation that has no prospect of being delivered.
- 8.9 **EBC's requirements and its policy ambitions however can achieved** through a number of simple adjustments to its location and site allocation policies. These will **increase the town centre allocations, reduce but still maintain a sizeable allocation at the Harbour and introduce more choice within even more sustainable locations** within other parts of the town.
- 8.10 This will ensure the future of the town centre as a high quality office location, provide choice outside of the centre and a more deliverable and sustainable strategy that will be to the greater benefit of the town overall.
- 8.11 At the Harbour, Sites 4 and 7a are not precluded by the proposed new wording of **Policy EL4** from accommodating new office space. As this is considered a very remote possibility however their allocation to allow their full development for other employment generating uses will help to ensure the completion of the Harbour sites on a more economic and environmentally sustainable basis. A more mixed development will also spread road trips to the Harbour and have less impact on the local road network.
- 8.12 **The ELLP must thereby be redrafted and we request again that the ELLP is reconsidered on the above basis before it is taken forward for examination.**

ANNEX A
TEAL PLANNING REVIEW OF
GVA EMPLOYMENT LAND REVIEW SUPPLEMENTARY REPORT 2014



**Review of the
GVA
Eastbourne Borough Council
Employment Land Supplementary Evidence Report
November 2014**

27 January 2015

1.0 Introduction

- 1.1 The following sets out a review of GVA's Employment Land Supplementary Evidence Report, November 2014, which has been produced on behalf of EBC. The Supplementary Report has been produced partly in response to representations made by Teal Planning on behalf of SHL to the ELR, 2013.
- 1.2 This review must be read in conjunction with that contained within the following Annex B which focuses on the market assumptions made by GVA and the viability appraisal of Sovereign Harbour that is also set out in their Supplementary Report.

2.0 GVA – Introduction (para 1.1 to 1.15)

2.1 Within the introduction of their 2014 Report, GVA make the following points:

- **Para 1.6 the overarching purpose of the report is to provide further support for the on-going protection of employment land through the ELLP.**

This is taken to include Sites 6 and 7a at Sovereign Harbour which have been allocated for Class B1 development for a significant time and have not delivered any Class B development within an unsupported out market transaction.

We consider that as an objective advisor, GVA's role should be to assist EBC objectively on market conditions, delivery and compliance with national policy objectives. If their role is simply to provide support for a predetermined policy, this calls into question whether their assessment has been undertaken on any sound basis.

- **Para 1.13** refers to the summary total amount of Class B floorspace that has been assessed as required within Eastbourne through to 2027. We address this further below. The Supplementary Report however still does not provide the necessary transparency to clearly demonstrate how this figure has been arrived at, what level of contingency is actually built into EBC's land allocations policies and how this translates back into the number of new office jobs that can be accommodated by such an amount of space.
- **Para 1.14** refers to the **wider market performance of East Sussex** that can be drawn upon **to give confidence** to GVA's **growth forecasts** and the **resulting ELLP policy**. Eastbourne however is **peripheral** within the sub-regional economy. Its strongest locations are the town centre and the corridor that connects north to Polegate (see **GVA para 1.7**). There is however a very narrow office market in the town and viability remains very challenging. As outlined in the accompanying report at **Annex B**, there is no basis to consider this will change. Development proposals such as at Site 6 at the Harbour, that are reliant on funding support, do not provide a sustainable economic model for further major allocations, in particular within such a strategically peripheral location as the Harbour.
- **Para 1.15** refers to a **lack of choice** within the town's property portfolio **including in location terms**. GVA however still do not address the key complaints set out in response to the first ELR / Draft ELLP, which remain in the updated and supplementary versions of these documents. A policy that will mean a net reduction in the amount of office stock in the centre will diminish the quality and choice of space within the centre. A policy that then offers just one alternative location that is to accommodate all of the

assessed new space requirement for the town, and in a peripheral part of the town, where rents will need to be much higher, will **not** offer choice.

3.0 GVA – The Provision of Office Floorspace

- 3.1 **Office Market Context Para 2.4 to 2.10** provides a high level summary on trends in the South East market.
- 3.2 This is very interesting but of **only very partial relevance to Eastbourne** which is **peripheral** within the South East economy relative to the other towns that are so much better connected by road and / or rail.
- 3.3 At the Eastbourne level, the local market also differs markedly again. GVA are correct to highlight the strength of the Eastbourne, Polegate, Hailsham corridor as the core focus for office activity (**para 2.10**), but as stressed through the **Submission Statement**, and as highlighted also by **Stiles Harold Williams (Annex B)**, Sovereign Harbour is very **peripheral** to this.
- 3.4 A failure to appreciate and acknowledge this does suggest either a lack of understanding of the local market or that the support requested of GVA has again been to help justify a predetermined policy and to set aside any true assessment of local market conditions and wider environmental sustainability based considerations.
- 3.5 **Eastbourne Floorspace Trends Para 2.11 to 2.27**, provides high level summary data of how Eastbourne and a number of other centres have performed since 2000.
- 3.6 As outlined by Stiles Harold Williams (**Annex B**), the relevance of the other centres chosen is questionable especially when they are considered in terms of their location, relative connectivity and accessibility and profiles.
- 3.7 With that aside, at **para 2.16** GVA outline that whilst losses in the Eastbourne office stock have had a significant effect generally, the market has performed in line with the wider sub-regional market trends. Given that during this time the Eastbourne office market has been focused on the traditional town centre and newer office campuses focused along the town's section of the growth corridor to Polegate, this would suggest that the Eastbourne market is reasonably robust (albeit small) and whether the new development that has come forward has been focused where it has provided appropriate choice at appropriate rents. This calls into question why EBC is choosing to progress a policy strategy that will downgrade the town centre's office stock and direct new space to a peripheral location that is proven to be unviable.
- 3.8 GVA go on to discuss the impact so far and potential implications of the **current permitted development rights** that make it easier for office developments to be converted to residential use. They highlight the extent of potential losses based on the prior approvals that have been granted and that not all of these may be implemented. They also outline that contingencies have been proposed by the way of windfall allowances to ensure additional losses are accounted for. As demonstrated in **Supporting Statement 1 and 2**, the losses that have already occurred will be addressed through the 3,000sq.m. (we assume NIA?) allocation for the town centre, but this does not provide much headroom to address further losses or to improve and enhance the overall quantity, quality and choice of stock in the centre. All other new floorspace and contingency space requirements are proposed to be focused at the Harbour.

- 3.9 We highlight in **Supporting Statement 1** that the ELLP's summary of how the proposed office requirements have been arrived at, lack transparency and clarity. It does however appear that multiple stages of contingency setting has been applied which takes a forecast new office requirement from 15,977sq.m. (we assume NIA?) to 23,000sq.m. (we assume NIA) of floorspace – i.e. the equivalent of a 44% space contingency over and above the actual new space that is required to secure growth. The forecasting for growth and the significant contingency setting however still only results in an allocation of 3,000sq.m. (we assume NIA) of floorspace for the town centre. How can this be correct especially when placed back in the context of the understanding of the local market, the rents that market will withstand, the sustainability ratings of different parts of the town and the (we assume) strategic desire to ensure the town centre remains vital, vibrant and viable?
- 3.10 GVA's sub-section on **Providing a Choice of Office Locations (para 2.28 to 2.44)** provides high level outlines of why providing a choice of office locations is appropriate and required in the Eastbourne context. This sub-section however fails again to recognise that a policy direction that actively plans for the reduction of office stock in the town centre, will undermine the strengthen the overall health of the centre.
- 3.11 GVA's advice (**para 2.43**) and EBC's policy is to plan for the further shrinking of the jobs base of the centre, again in favour of pushing jobs out to a location that may be **available**, but it is **not suitable** in sustainability terms and **not viable** in open market terms (which is why indeed it has remained available over such a substantial time).
- 3.12 **GVA within this section also refer to guidance of the NPPF and in particular its paras 21, 7 and 17.**
- 3.13 In referring to **NPPF para 21** and the **need to ensure that anticipated needs are met**, they highlight that market intelligence points to a lack of choice and of suitable premises. EBC has stressed in the ELLP a need to plan for flexible space that can accommodate workshop and production as well as office space. Site 6 at the Harbour is appropriate for this and is being progress on a supported basis. Sites 4 and 7a at the Harbour are not appropriate for workshop and production activities. They cannot accommodate this space even if there were market interest to locate in such a peripheral location and pay the higher rents that will need to be commanded here.
- 3.14 In contrast as demonstrated by rCOH's appraisal of Sites 2 and 3 in the town centre, these together can provide a wide range of accommodation types, in a highly accessible part of the town, without prejudicing the delivery of new housing or commercial space. This is notwithstanding the fact that other sites can be reviewed in the centre, as per the provisions that are made for this within the adopted Town Centre Local Plan.
- 3.15 Additionally, we must question why other location options have not been appraised including along the growth corridor and within other better connected centres such as Hampden Park.
- 3.16 In referring to **NPPF para 7 and 17**, GVA highlight that **sufficient land** must be allocated in the **right place** at the **right time**. The town centre sites are available within the lifetime of the Town Centre Local Plan and the ELLP and the TCLP makes provision again for other sites to come forward in the centre. Proactive planning can also bring forward sites elsewhere in the town.
- 3.17 Just because the sites at Sovereign Harbour are available does not mean they are in the right place or are otherwise appropriate. **Supporting Statement 2** provides a review of the sites against EBC's own Sustainability Appraisal criteria. Site 6 is coming forward with funding support. It is assuming a high jobs density within the floorspace that is already planned and high level of parking requirement. It cannot however financially support the quality bus corridor (QBC) to help mitigate for the additional traffic that will be generated by such a large amount of office development. Neither the outline permission for Site 6 nor the detailed permission for the

innovation mall on the Site includes contributions to the QBC. Sites 4 and 7a are also not viable on the open office development market and also cannot support the QBC. The Harbour sites are again available but they are not in the right place and the likelihood that they will deliver any office space outside of the supported sector is zero to minimal.

- 3.18 **The requirements of National policy are not met.**
- 3.19 **The Nature of the Eastbourne Office Market (Para 2.45 to 2.61)** again starts by highlighting that a choice of stock is required but fails to address the implications of a reduced town centre stock in quantity and choice terms. At **para 2.47** GVA outline that they have not appraised the share of office allocations between the town centre and out of centre locations.
- 3.20 This has clearly been left to EBC. EBC's proposed allocation of 3,000sq.m. (NIA?) of new space to the town centre can only be based on a quantitative sum (23,000sq.m. assessed required less assumed 20,000sq.m. capacity at Sovereign Harbour = 3,000sq.m. to be required elsewhere) and not on any sound objective strategic plan making.
- 3.21 GVA do provide an assessment of the current amounts of office stock within the Eastbourne town centre and non-town centre sectors and compares this with other nominated towns. The relevance of these towns to Eastbourne is not clear. Eastbourne is again very different in location and accessibility terms and locations within Eastbourne also vary markedly. Sovereign Harbour is peripheral.
- 3.22 **Future Changes (para 2.62 to 2.65) and Table 3** set out how an allocation of 20,000sq.m. (NIA?) at the Harbour will in part **rebalance the choice** in Eastbourne's office stock between town centre and non-town centre locations. This may be the case but it does not:
- Again address the implications of a diminished stock on the centre in sustainability terms
 - Does not appraise the sustainability, viability and deliverability of such a quantum of space at the Harbour.
- 3.23 The failings by GVA and EBC to properly consider these issues in essence means they are paying lip-service only to objective sustainable planning objectives. The crux of the ELLP's policies is to allocate 20,000sq.m. of space to the Harbour because it is available, because it meets a Corporate Plan objective and regardless of all other considerations that should in fact lead plan making and which point to the Harbour sites not being deliverable in open market terms.
- 3.24 **An Appropriate Occupier Density (para 2.69 to 2.88)** provides further justification why an **average density of 12sq.m. NIA** is considered appropriate in the Eastbourne context. They recognise that the innovation mall at the Harbour is designed to achieve a density of 8sq.m. per person and suggest that this may not be achieved and in any case should not be assumed for all of the new space within Eastbourne. We have previously recommended that 10sq.m. NIA is an appropriate measure to use and we have presented data as a sensitivity analysis on this basis within previous consultations on the Eastbourne CSLP and the ELLP and as part of the Economic Assessment of the new outline application scheme for the Harbour, which was agreed by EBC in its consideration of the application by Committee.
- 3.25 The acknowledgement that 8sq,m is being planned for within Eastbourne is significant. We also contend that the innovation mall may not be the only example of such a start-up hub and indeed we anticipate that it should not be given EBC's identification that this is a priority sector and that choice in location and accommodation for all sectors is important.

- 3.26 As outlined within the main **Submission Statement 1**, the original ELR 2013 does not present clear transparent data in its assessment of jobs growth. The Supplementary ELR does not address this. The ELLP’s summary of how the jobs growth has been forecast, how this translates into floorspace, how contingencies are added to space requirements and then how this translates back into potential office jobs that can be accommodated within that total requirement of 23,000sq.m. (NIA?) of B1a space is unclear. This is regardless of what job density is applied.
- 3.27 Whilst the BCO 2013 survey summarised by GVA is a review of recent occupancy scenarios. Understanding trends is also important and the HCE assessments do this.
- 3.28 We still contend that a **sensitivity test of `10sq.m.NIA per job** should be applied to the **job density and space forecasts to account for changing work practices** and to again account for the fact that 8sq.m. NIA is being planned for in the town.
- 3.29 Based upon GVA employment and floorspace forecasts a density of 10sq.m. per office job would result in the following space requirement, taking into account GVA’s suggested 10% contingency provision:

Jobs Growth (B Class)	Sq.m. per job	Sq.m. requirement NIA	Sq.m. requirement NIA plus 10% contingency	Sq.m. Requirement In Addition to Site 6 Allocation of 11,100sq.m. NIA
1,331	12 sq.m.	15,977	17,575	6,475
	10sq.m.	13,310	14,641	3,541

4.0 Alignment with National Planning Policy (GVA Section 4)

- 4.1 GVA within this section refer to NPPF:
 - **Para 7 &17**, which state that development land of the right type for development must be in the right place at the right time to meet occupier requirements.
 - **Para 21**, which requires the identification of strategic sites (or criteria to identify them) for local inward investment over the plan period.
 - **Para 22**, which outlines that land should not be retained for potential employment use if there is no reasonable prospect of it being used for that purpose.
- 4.2 At **their para 4.5** GVA states that the retention of employment land for Class B use is required in the context of **evidenced ‘anticipated needs’** with decisions not to be made based on **short terms trends**.
- 4.3 At **their para 4.6** they go onto state that the purpose is **not to maximise the value of all land** and, instead in accordance with the NPPF the **priority is to meet requirements**.

- 4.4 At their **paras 4.7 & 4.8** they conclude that as the ELR **has established a land requirement**, the proposed allocation sites are required to meet this in the **absence of other options** and there is no over-riding planning rationale to surrender the sites when it can be **demonstrated in market terms that they are needed**.
- 4.5 At **their para 4.9** GVA highlight that whilst some **existing buildings** may not be suitable to meet future needs, this **does not mean they are completely redundant** over the life of a plan and indeed the majority have attributes to mean they will continue to be attractive locations for businesses.
- 4.6 **Identified needs, demonstrated market delivery, a lack of additional room for growth and strong locational attributes** of existing employment land, according to GVA at their **para 4.10**, mean it seems appropriate to consider there is more than a **'reasonable prospect'** of the (Harbour) sites being used over the plan period.
- 4.7 This summary and summing up by GVA present a number of significant issues and flaws. Taking each of the above summary paragraphs in turn these are as follows.

- I. The **ELR**, as outlined above, still lacks **transparency and clarity** on how the total proposed requirement of 23,000sq.m. (we assume NIA) of B1a space has been arrived at, what this will indeed accommodate in terms of actual Class B1 jobs.

Basic calculations do suggest that the 23,000sq.m. proposed to be planned for is a very high over-provision even allowing for a contingency.

The ELR **does not provide the necessary evidence** to justify this level of requirement.

- II. Our contention that the **Harbour Sites 4 and 7a should now be released from a Class B1a requirement** is not based upon a **short term view** of the requirements for or **prospects** of these sites coming forward.

The sites have been available and marketed by SHL and promoted by EBC for over two decades.

They have been formally appraised on a significant number of occasions over that time and have been consistently assessed as being unviable for the substantial level of B1a space they could accommodate in physical terms.¹

Those assessments have all pointed to it being appropriate to release around half of the land for other uses. The proposal by EBC however is to reduce the allocation from **30,000sq.m. GEA to 20,000sq.m. NIA which translates to 23,500sq.m. GEA** if planned on an efficient 85% GEA to NIA basis.

This still represents a substantial over provision both when considered alongside GVA's assessed requirement of new (not replacement) floorspace for the Borough (**15,997 sq.m. NIA or 18,500sq.m., GEA**) and when also considered against

- actual market indicators (see **Stiles Harold Williams Annex B**), and

¹ ¹ Wealden and Eastbourne ELR 2008; South East Plan Panel Report August 2007; Sovereign Harbour Business Park Site Evaluation May 2007.

- a robustly appraised sustainability rating of the Harbour sites which takes a true account of the peripheral nature of the Harbour in access and connectivity terms (See **Submission Statement 2**).

EBC's consideration of the new outline planning scheme for the Harbour, which settled on Site 6 being required to deliver of a minimum of 11,100sq.m. NIA of B1 floorspace again also resulted in EBC officers with input from Seachange Sussex acknowledging concern over how much space can be supported by the market in this location. An initial request was for the Site 6 requirement to be identified as 10,000sq.m. NIA as this took into account '**a market view**' of the sites potential and not just a design led, design efficiency objective. The minimum requirement (which does not mean this level of space has to be increased above it) was only increased when it was highlighted that Sites 4 and 7a cannot physically accommodate 10,000sq.m. NIA also, to make up the 20,000sq.m. NIA draft ELLP requirement.

The expressed need by EBC to take a cautious approach to the setting of development expectations for Site 6, is very telling and a true reflection of the actual weaknesses and constraints of the Harbour as an office location. If that caution exists for the priority subsidised Site 6 which can accommodate more flexible accommodation, how then can Sites 4 and 7a that are restricted to Class B1a space within the B Classes on environmental grounds, be expected to perform better?

The viability constraints of the Harbour sites was further demonstrated through the consideration of the new outline scheme when ESCC Highways appraised that a contribution towards the new quality bus corridor between the Harbour and the town centre was appropriate to address traffic congestion and improve the sustainable transport options for the Harbour. The viability of the employment sites is such that they cannot make contributions to the works required to make their development for a large office scheme acceptable.

A requirement to plan for long term requirements and site availability are just two factors to take into account. Consideration must be given to the wider features of the Harbour sites which have resulted in them remaining vacant over a substantial period - features that will not change.

- III. SHL and EBC's shared priorities are to ensure the Harbour is now completed. This is also a priority for the local Harbour community and is outlined as such within the adopted Sovereign Harbour SPD. It is accepted that this will not present an automatic opportunity to '**maximise value**' of the remaining sites. Sites 4, 6 and 7a remain identified for employment generating uses with Site 7a identified for range of appropriate non Class B1 uses.

An ELLP allocations policy that continues to sterilise Sites 4 and 7a by a requirement to accommodate office space, that is again unviable unless a significant and we contend unachievable uplift in open market rents can be achieved, will result in the sites remaining vacant and unproductive.

The **requirements** that GVA highlights again as needing to be met, are again **questionable** but if the land is in the **wrong place**, is **unviable** and will remain so. The required uplift in rents is such a steep curve to meet at the Harbour, requirements will not be met in Eastbourne anyway. Occupiers will not be prepared to locate to a peripheral location at much higher costs. They will either look to redevelopment or refurbishment opportunities within the town centre, within other more accessible locations or indeed outside of Eastbourne altogether.

- IV. If 23,000sq.m. (NIA) of B1a floorspace is required, our proposed rewording of Draft ELLP allocations polices ELR2, ELR3 and ELR4 still address this and demonstrate that **alternative more appropriate options do exist**.

Town centre sites 2 and 3 can accommodate a significant amount of Class B1a floorspace without prejudicing EBC's other policy priorities.

The Town Centre Local Plan also makes provision for contingency site identification, which highlights that EBC recognises that additional capacity and headroom exists in the town that can, and we contend should be required to be exploited through proactive planning.

We also consider that scope exists to plan for additional office campuses and office space particularly within the Eastbourne section of the sub-regional growth corridor and within other sustainable centres such as Hampden Park.

EBC's selection of a two location policy with the majority of space pushed to a peripheral unviable location is the **worst, least sustainable of the options available**. It is not borne out of or substantiated by a robust understanding of the market or an aim to truly achieve the most sustainable development for the town.

- V. We therefore welcome GVA's acknowledgement that **additional capacity does exist within the town's existing floorspace stock** to be retained and reused for employment purposes. This points to further refurbishment or redevelopment opportunities which can be for office use.
- VI. In conclusion, contrary to GVA's assertions and conclusions: we question the need to plan for 23,000sq.m. NIA of B1 space; market delivery has been demonstrated within Eastbourne town centre and the sub-regional growth corridor only, the Harbour has no demonstrable open market transactions for large scale office development; there is additional room for growth in the town's most and more sustainable locations; the Harbour is peripheral, and poorly connected, with employment development unable to command sufficient value (even when benefiting from funding support) to contribute towards the infrastructure programmes that will help to counter the forecast increase in car traffic that will result from significant amounts of office development here. **The Harbour does not have strong locational attributes**.

4.8 GVA's alignment of the Draft ELLP strategy with the NPPF is accordingly misplaced.

4.9 The NPPF stresses:

- the need for **sustainable economic development (para 17 & 19)** not just economic development in locations where land is available.
- the **effective reuse of land (para 17)**, this can be achieved in more sustainable locations in Eastbourne including in the town centre.
- The need to **proactively plan to meet development needs (para 19)**. In the Eastbourne context proactive, appropriate planning is not about settling on land that is readily available. This is not good enough, and in the case of the Harbour sites, is unsustainable. Proactive planning is about looking again at the town centre and other more sustainable locations.

- 4.10 **The Robustness of the ELR Approach (GVA para 4.11 to 4.18)**
- 4.11 GVA outlines the information it has been taken into account in the preparation of the ELR.
- 4.12 We however are still concerned that the Review lacks transparency and clarity on how the floorspace figures have been derived and what level of contingency is built into this.
- 4.13 We also still consider that floorspace densities applied per sq.m. for each job that is forecast to be created should be sensitivity checked against an average 10sq.m. NIA per B1a job in order to account for trends in space planning.
- 4.14 GVA again also continues to fail to fully consider the actual peripheral location of the Harbour and the actual viability of its employment sites. The experience of the new outline scheme for the Harbour provides more relevant context for their assessment, as does actual market transactions and the actual rents that have been achieved.
- 4.15 GVA goes on to stress the consultations that were undertaken including reference to their workshop event that was held in **2013**. That was attended by Sovereign Harbour Ltd and Teal Planning. From our attendance the clear emphasis that was placed within the discussion by the majority of attendees was on the town centre and the sub-regional growth corridor. Sovereign Harbour only featured in the discussion when raised specifically by GVA. It is not a high profile or priority location when considered and discussed in the local market. The emphasis lies elsewhere in the town.
- 4.16 **Assessing Town Centre Opportunities (GVA para 4.19 to 4.26)**
- 4.17 Still GVA / EBC have failed to address the fundamental issues that are raised by such a low proposed allocation for the town centre and how this will result in a net loss of floorspace and a reduction in the choice of space available. They have also still failed to fully appraise the potential of Sites 2 and 3 to accommodate office space alongside other priority development.
- 4.18 GVA consider the Opportunity Areas and Transition Areas and conclude that as these are not needed to meet requirements, there is no need to consider this now. This is the completely the wrong approach. An assessment of options based on actual market signals and a robust sustainability appraisal all point to the need to limit the allocation of the Harbour to Site 6. The proactive, sustainability led requirements of the NPPF require Councils to take a proactive approach to land assembly and meeting requirements in a more sustainable way. EBC must look again at other options in the centre and in the growth corridor in particular. **These opportunities are readily identifiable.**

5.0 B Class Allocation at Sovereign Harbour (GVA Section 5)

- 5.1 The **Viability of Development at Sovereign Harbour (para 5.3 to 5.13)**. The accompanying report by Stiles Harold Williams (**Annex B**) appraises and responds to this section in detail.
- 5.2 It demonstrates that the baseline assumptions of GVA's appraisal (that rely upon work of a third party) is flawed.
- 5.3 All of the market indicators and a true understanding of the development costs and required rental returns at the Harbour deem the location unviable in open market terms.
- 5.4 The Harbour has been appraised extensively on a number of occasions by a series of advisors and on each occasion, when appraised objectively the Harbour sites have been found to be unviable. This history to the review of the Harbour has also been set out to EBC through our representations on the CSLP and the ELLP. The appraisal provided by GVA does not overturn or alter these conclusions.
- 5.5 **Innovation Centres and Market Delivery (para 5.14 to 5.19)** Within this section, GVA highlight that the Site 6 development is based upon a business model that assumes a rent of £17/sqft will be achieved. They however acknowledge that this has not been achieved anywhere in the Eastbourne market. They also refer to a rental of £14.50/sqft being achieved at Ivy House in the town centre, as evidence that rents can realistically be expected to move upwards.
- 5.6 As stressed by Stiles Harold Williams (occupiers and letting agents for Ivy House), the actual rents being agreed are at £13/sqft and it is a significant leap to assume that a substantial amount of out of town space, in a peripheral, poorly connected location will achieve so much higher than this.
- 5.7 As the Seachange scheme has been dependent on a financial funding scheme that accepts lower returns, this itself points to a form of subsidy – the development would not proceed under open market funding arrangements.
- 5.8 GVA then go on to refer to number of innovation malls that have acted as a catalyst for further investment. Hayes in London is a very different location and market. Medway is building on a major international engineering presence and better connections. Silverstone is also building upon a strong sub-regional hub and engineering focus, also with strong accessibility and connections in the south Midlands. Sovereign Harbour, in a peripheral location within the small office market of Eastbourne, does not compare.
- 5.9 References to the Hastings scenario also fails to acknowledge the delivery issues that have blighted that market.
- 5.10 Site 6 is being progressed pursuant to the new outline planning permission and the detailed permission for the innovation mall and with funding support to help develop at least 11,100sq.m, NIA of B1 space. The further 8,900sq.m. that is required on Sites 4 and 7a to meet the Draft ELLP allocation for the Harbour is unviable and will not be delivered. GVA has not countered the significant constraints on the sites and this policy direction will not in any case provide the necessary breadth of location choice that EBC is eager to provide for.

6.0 Conclusion

- 6.1 The ELR Supplementary Report does not address the substantive issues that were raised in relation to the original ELR, 2013.
- 6.2 The assessment remains flawed for the reasons set out within our original representations of 2013, in view of the matters set out above, and also on the grounds of the more detailed market and viability review that is provided in the following **Annex B**.

ANNEX B

REPORT BY STILES HAROLD WILLIAMS

ANNEX C
STATEMENT BY rCOH
TOWN CENTRE SITE APPRAISALS

The Employment Land Local Plan

Proposed Submission Version

Sites 2 & 3

Capacity study and policy review
January 2015



Introduction

The purpose of this study is to demonstrate the development capacity for employment uses on two sites in Eastbourne town centre and comment on their contribution to the Employment Land Local Plan. It includes illustrative layouts, site areas and building areas that have been prepared and calculated using OS Vectormap.

The two sites are referred to as Site 2 and Site 3 using the same designation as in Eastbourne Borough Council's Proposed Policy 6: EL3 : Town Centre

Given their scale and location there is the potential for these sites to make a significant contribution to (the regeneration of) the town centre. They form a key element in realising the potential for a vibrant, mixed use quarter around the station which would provide a more attractive employment offer for Eastbourne. The successful development of these sites will have wider, positive impacts for the town centre and Eastbourne.

This is a key area of the town centre that demands an approach that is ambitious and deliverable and any proposals for redevelopment need to consider not just capacity and use, but also the urban design context and placemaking.

Site 2

The urban design context

Site 2 is located on the northern side of Eastbourne railway station which is in the town centre and part of the main shopping and retail area around Terminus Road. It is also part of an established town centre administration and office hub with a number of existing office uses and businesses in nearby streets including the Council offices in Grove Road opposite the site.

Eastbourne has a relatively compact and attractive town centre with clearly defined elements including the station and the main shopping area in and around the Arndale Centre which is adjacent to the station.

A £90 million plan to transform the Arndale Centre was approved in May 2014 which will provide up to twenty four new shops in an extension between the existing Arndale Centre and the railway station, seven new restaurants and a multiplex cinema.

In addition to this, Eastbourne Borough Council have developed plans for significant public realm improvements to the pedestrian environment along Terminus Road around the station area that are aimed at delivering an improved environment that is "*befitting a key gateway into the Town Centre*". These improvements are planned to be carried out alongside the Arndale Centre extension.

The implementation of both schemes will increase the attractiveness, value and accessibility of the station site.

The site

The station site is currently characterised by a combination of uses that have developed in an unplanned way and fail to make the most of the opportunities for this area to be an attractive town centre hub. Apart from the station and enterprise centre building, both of which have character and some historic value, the remainder of the site is an unattractive backland given over to parking, storage and other lower grade uses that makes a poor setting for the arrival into Eastbourne by train.

Land use: the northern edge of the site is bounded by a mix of commercial and residential uses along St Leonards Road and Commercial Road, with the commercial uses generally being low grade in poor quality buildings. The exception to this is the Enterprise Centre which is a large scale Victorian industrial shed occupied by small scale craft and retail businesses, and the three storey building block fronting Upperton Road with commercial uses at ground level. The Enterprise Centre, set back behind the Upperton Road block, has no street frontage and is set in a large unattractive car park area.

Access: the main vehicular access to the parking area is off Terminus Road with a drop off for the station, with a further vehicular access to the parking area opposite St Anne's Road at the St Leonards Road and Commercial Road junction.

Parking: There are around 232 parking spaces serving the station, mostly in one large block on the northern side. There are also a number of other parking areas to the east of these serving adjacent commercial premises and storage areas. There are two large multi storey car parks within 200m of the station (3 – 4 minutes walk).

Along the southern side of the station there is an extensive covered area which is limited to pick up and drop off, but otherwise unused.

Capacity

In considering the development capacity of this site, the following assumptions have been made: **vehicular access will remain unchanged**, the **Enterprise Centre** and the buildings fronting Upperton Road will be **retained** and **station parking** will be **re-provided in its current location at 150 – 200 spaces**, depending on the level of development.

The layout shown in **illustration 1** is based on a development framework that builds on the public realm improvements proposed by Eastbourne Borough Council and creates a more attractive setting for the station and a new employment hub with the following:

- 1 A landscaped 'station square' retaining disabled parking and drop off
- 2 Additional employment space (Block A) as extension/addition to Enterprise Centre
- 3 New employment space (Block B) as bookend to station square
- 4 Redeveloped building (Block C) as employment/mixed use and improved gateway to station square
- 5 New employment space (Block D) as bookend to parking square
- 6 Landscaped parking square
- 7 New employment space (Blocks E1 – E4) as railway edge, gateway
- 8 Landscaped 'green link' as railway edge, gateway and pedestrian route to station square
- 9 Landscaped buffer to existing residential edge
- 10 Potential for an additional 100 parking spaces plus a pick up and drop off area in the underused covered station area

This framework would completely change the character of the area, making it more attractive to potential tenants and providing a structure for the phasing and development of the site. It will also improve the approach to the station and the amenity of existing local residents. There will be a balance to be struck between the amount of parking to be retained to serve the station, the amount of new development and its parking and the space given over to landscape, and there is the flexibility in this approach to adapt to changing circumstances and market demands.

The illustrative framework has been used to produce the schedule of accommodation below which takes a balanced view of the site's capacity. There are a number of other possible layouts and design approaches each of which would be capable of delivering a similar level of development:

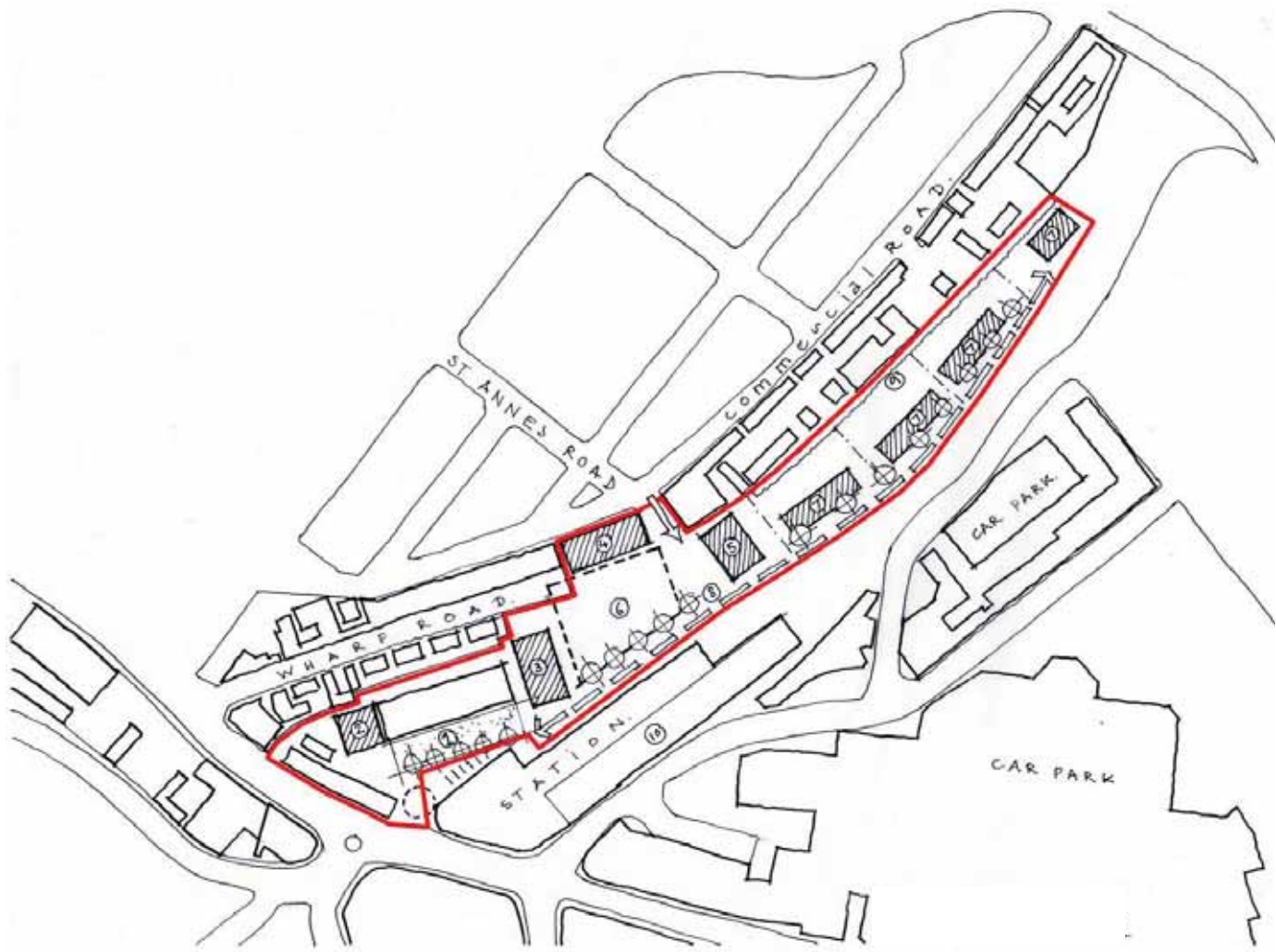


Illustration 1: Site 2 - Station Site

KEY

- 1 Landscaped 'station square'
- 2 Block A
- 3 Block B
- 4 Block C
- 5 Block D
- 6 Landscaped parking square
- 7 Blocks E1 – E4
- 8 Green Link
- 9 Landscaped buffer
- 10 Additional parking spaces

Schedule of accommodation: option A – employment

Block A:	400m ² x 3 floors - 1,200m ² GFA	B1a, studios, start up
Block B:	675m ² x 3 floors - 2,025m ² GFA	B1a
Block C:	936m ² x 3 floors - 2,808m ² GFA	B1a, studios, start up, live/work
Block D:	450m ² x 3 floors - 1,350m ² GFA	B1a, studios, start up
Block E1:	360m ² x 2 floors - 720m ² GFA	B1a/b/c, B2, studios, start up
Block E2:	360m ² x 2 floors - 720m ² GFA	B1a/b/c, B2, studios, start up
Block E3:	360m ² x 2 floors - 720m ² GFA	B1a/b/c, B2, studios, start up
Block E4:	360m ² x 2 floors - 720m ² GFA	B1a/b/c, B2, studios, start up

Total **10,263m² GFA**
8,724 m² NIA

(NOTE: NIA based on 85% net/gross)

Schedule of accommodation: option B – employment and residential

For this option it has been assumed that blocks D and E1 to E4 would be residential, with the remainder for employment uses as option 1, located on the south part of the site as set out in paragraph 4.27 of the ELLP

Block A:	400m ² x 3 floors - 1,200m ² GFA	B1a, studios, start up
Block B:	675m ² x 3 floors - 2,025m ² GFA	B1a
Block C:	936m ² x 3 floors - 2,808m ² GFA	B1a, studios, start up
Block D:	450m ² x 3 floors - 1,350m ² GFA	residential
Block E1:	360m ² x 3 floors - 1,080m ² GFA	residential
Block E2:	360m ² x 3 floors - 1,080m ² GFA	residential
Block E3:	360m ² x 3 floors - 1,080m ² GFA	residential
Block E4:	360m ² x 3 floors - 1,080m ² GFA	residential

Total **6,033m² GFA employment**
5,128m² NIA

5,670m² GFA residential (up to 74 dwellings, 2-bedroom)

(NOTE: Residential numbers based on 85% net/gross & 65m² unit sizes)

Conclusion

This is an important and undervalued site in terms of its location and the contribution it could make to the setting and character of the town centre and the perception of those arriving by rail. It has the capacity for, and requires a level of development that is sufficient to make a significant change if its potential is to be realised.

This capacity study, although not a definitive design proposal, gives a sensible indication of the scale of development that could be achieved and is likely to be required to realise the site's potential and provide a more attractive and flexible town centre employment offer.

Site 3

The urban design context

This site occupies a landmark position in the town centre where a number of roads come together and has a visual relationship with both the railway station and the council offices. The block provides an architectural waypoint at this junction with Grove Road heading south towards the seafront and Upperton Road north west to Old Town. The block also marks the boundary between the town centre and the residential areas to the west and south, with the eastern part opposite the station and site 2 as described above. The building at the south eastern end of this block, which is to be retained and is of architectural merit, sets a standard for the scale and character of the redevelopment of the rest of the site. The character of Upperton Road along this stretch is larger scale with five and six storey buildings, whereas the southern side of the site is part of a more domestic, smaller scale setting of Southfields Road.

Land use: the site is occupied by a mix of building types with the majority taken up by the post office building and an associated parking/service area. The post office building is of architectural merit, and although for this exercise it has been assumed that the whole of the site could be redeveloped, this building could be retained and converted without making a significant difference to the development capacity. The north western part of the site is occupied by a more modern two storey building that has been vacant and on the market for a few years.

Access and parking: There are five existing vehicular access points to the parking and service areas off Southfields Road with two off Upperton Road serving the vacant building on the north western part of the site. There is also a level difference between Southfields Road and Upperton Road such that the parking areas sit below the level of Upperton Road. The station is approximately 100m from the eastern part of the site and there are two large multi storey car parks approximately 400m from the site (4 – 5 minutes walk).

Capacity

In considering the development capacity of this site, the following assumptions have been made: **building scale will be four storeys** in line with the retained corner building and the general context, **building blocks will be 18m deep** with a footprint to allow for **parking and landscape setting, existing vehicular access** will be used, level difference between Southfields Road and Upperton Road can be used to accommodate **undercroft parking**.

The layout shown in **illustration 2** is based on developing the site as three plots which relate to the existing buildings and ownerships giving the following:

- 1 Redevelopment of post office building (Block A) retaining street frontage with vehicle access off Southfields Road and undercroft parking. Four storeys with setback upper floor. A class uses at ground floor, B1 uses on upper floors
- 2 Redevelopment of post office parking/service yard (Block B) continuing street frontage with vehicle access off Southfields Road and undercroft parking. Four storeys with B1 uses on lower two floors and residential on upper floors
- 3 Redevelopment of vacant building site (Block C) continuing street frontage with vehicle access off Upperton Road and undercroft parking. Four storeys all residential

This framework has the flexibility to be developed in a number of other different employment/residential mixes to meet market demands. For this study a split of around 50/50 has been assumed which reflects the change from commercial to residential along Upperton Road. There are a number of other possible layouts each of which would be capable of delivering a similar level of development:

Schedule of accommodation

Block A: 864m² x 4 floors = 3,456m² GFA

A1/A3 846m²

B1a 2,538m²

Block B: 900m² x 4 floors = 3,600m² GFA

B1a 1,800m²

Residential 1,800m²

Block C: 1,080m² x 4 floors = 4,320m² GFA

Residential 4,320m²

Total 11,376m² GFA

846m² GEA / 720m² NIA - A1/A3

4,338m² GEA / 3,687m² NIA - B1

6,120m² – Residential (up to 80 dwellings, 2-bedroom)

NOTE: Residential numbers based on 85% net/gross & 65m² unit sizes
Employment NIA based on 85% net/gross

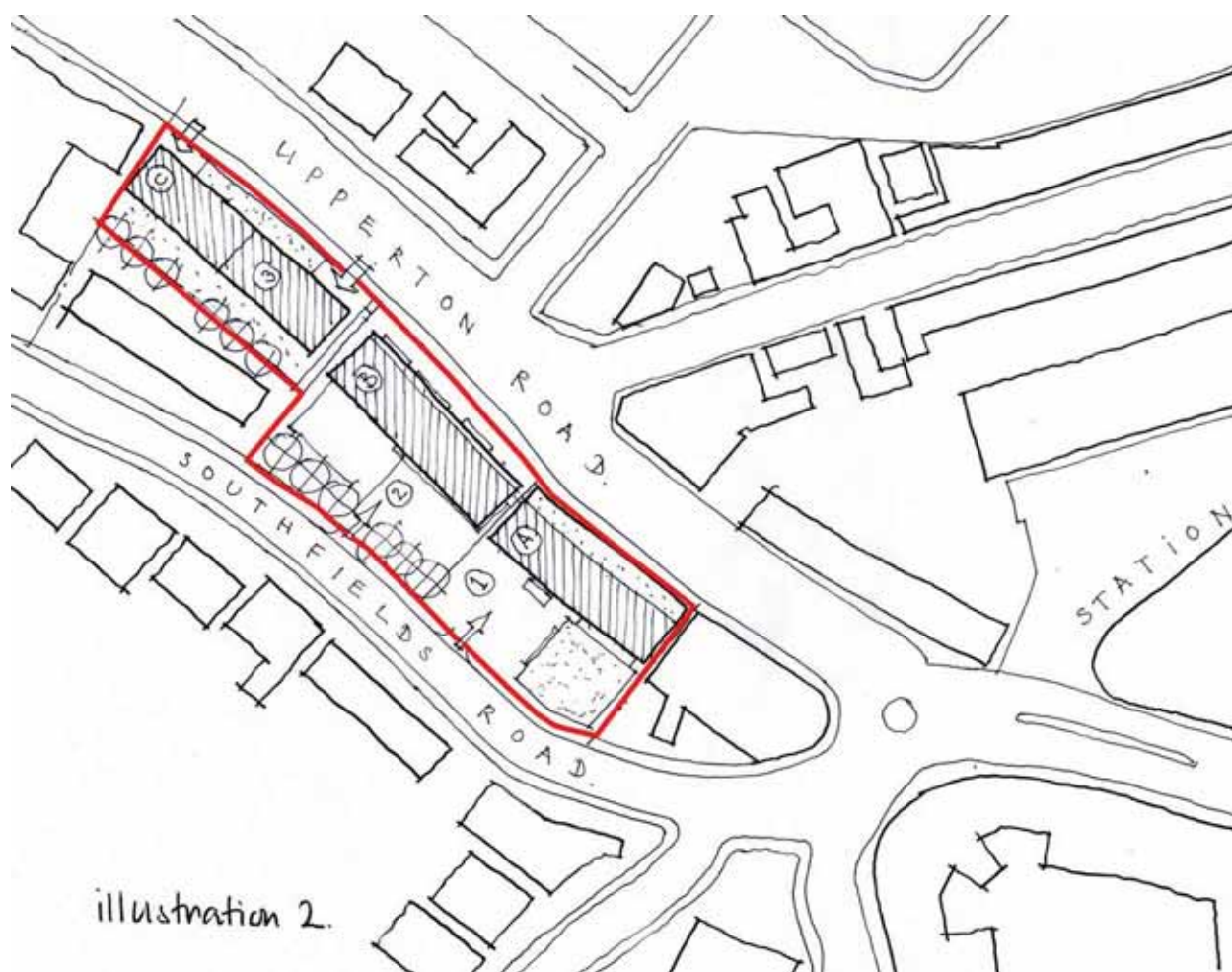


Illustration 2: Site 3 – Southfields Road Site

Conclusion

The mixed use development of this site with three or more separate building blocks would provide the flexibility for the development to meet market demands and to be adaptable over the long term. There would be additional value in having employment related uses on the parts of the site closest to the town centre and for the station site opposite. All uses would benefit from the proximity of the railway station and would contribute to the vibrancy of the station site if it were to be redeveloped as described above. In terms of town centre planning development it would be expected that a masterplan would be prepared as a basis for exploring the collective potential of both sites, and assessing their capacity and mix of uses.

Summary

The level of development proposed in the town centre at an additional 3,000m² would be insufficient to establish a new employment offer that would attract new investors, tenants, businesses and employers.

If delivered on sites 2 and 3 it would equate to a small three storey building with a footplate of about 15m x 33m which would be next to insignificant on both sites and would be nowhere near enough to generate either a sense of place or an employment offer that has enough critical mass to attract businesses and meet the 'in town vibrancy and wider amenity' (as aspired to in **paragraph 4.21. of the Employment Land Local Plan - Proposed Submission Version**).

The Plan should provide for a wider range of users than just 'start ups' if it is to "broaden the stock types available and attract greater levels of demand over the plan period" as stated in **paragraph 4.22**. It needs good quality follow on space too to provide a more rounded, more attractive offer that will give 'vibrancy' and somewhere for start-ups to grow into. It needs to create critical mass and variety, which would be impossible with a couple of small buildings over the Plan period.

Given the "considerable constraints" and "very limited supply of developable land that Eastbourne suffers" (**paragraph 2.25**), Sites 2 and 3 offer an excellent opportunity to achieve this and the following **objectives** of the **Employment Land Local Plan - Proposed Submission Version**, to;

Provide "**flexible, 'mixed' units** that allow businesses to have combined office, workshop and production space within one building". (**Paragraph 2.14**)

"further the **development of 'clusters'**.... as an opportunity to grow existing specialisms through promotion and provision of appropriate space". (**Paragraph 3.12**)

"**maintain the role of offices as a key town centre use and sustain the vibrancy and vitality of the town centre**, but also to **broaden the stock types available** and attract greater levels of demand over the plan period." (**Paragraph 4.22**)

Resist "The loss of office stock within the Town Centre" (**Paragraph 4.30**)

(Because the Town Centre is under additional pressure of loss of employment space, through residential conversion, an additional allowance, or increased 'headroom' should be made as part of the Plan.)

A more comprehensive development of these two sites will also meet the following **Vision Objectives** set out in **paragraph 2.42** of the Employment Land Local Plan - Proposed Submission Version, which taken together are more or less a brief for creating a mixed business quarter around the station;

- **ELLP2 - Encourage Small and Start-up Businesses** - To deliver a variety of new employment opportunities by providing a range of flexible employment spaces that can be used by existing businesses and new start-up businesses
- **ELLP3 - Diversify the Local Economy** - To diversify the local economy and support job growth, and broadening the economic base to enable innovation and entrepreneurship to flourish
- **ELLP4 - Support Existing Businesses** - To support existing businesses in staying in the town by allowing them to relocate to premises in the town that better meet their needs and help them to flourish'.
- **ELLP5 - Promote Sustainable Employment Locations** - To promote the delivery of employment space in sustainable locations to accommodate an appropriate amount of additional employment floorspace by 2027.

The allocation of only 7% of the employment requirement over the Plan period to the Town Centre (paragraph 3.10) seems to fly in the face of the Plans overall objectives, and if adopted could prove to be detrimental to future prosperity of the Town Centre.

Summary tables:

Option A: employment uses only on Site 2; mixed use on Site 3					
	office		commercial		residential
	GFA	NIA	GFA	NIA	
Site 2	10,263	8,724	-	-	-
Site 3	4,338	3,687	846	720	80
Total	14,601m2	12,411m2	846m2	720m2	80

Option B: employment and residential on Site 2, mixed use on Site 3					
	office		commercial		residential
	GFA	NIA	GFA	NIA	
Site 2	6,033	5,128	-	-	74
Site 3	4,338	3,687	846	720	80
Total	10,371m2	8,815m2	846m2	720m2	154

(Study prepared by Brendan O'Neill BA Hons, Dip AA who is a registered architect and director or rCOH)



**EVIDENCE BASED ASSESSMENT
OF
GVA'S EMPLOYMENT LAND SUPPLEMENTARY EVIDENCE REPORT
NOVEMBER 2014
PRODUCED FOR EASTBOURNE BOROUGH COUNCIL
TOWN CENTRE SITES 2 & 3
SOVEREIGN HARBOUR SITES 4 & 7A**

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21 JANUARY 2015

Table of Contents

1. Introduction	2
2. Background.....	2
3. Overview	3
4. Assessment of the GVA Report.....	4
4.2 Appropriateness of continuing to protect Employment Land (GVA 1.6)	4
4.3 The Provision of Office Floor Space	4
4.4 Providing a choice of office locations (GVA 2.28).....	5
4.5 Nature of the Eastbourne Office Market (GVA 2.45 - 2.61).....	6
4.6 GVA Conclusions (para 2.66).....	7
4.7 Capacity Study for Town Centre Employment Opportunity Sites 2 & 3.....	7
4.8 B Class Allocation at Sovereign Harbour (GVA Section 5)	8
4.9 Current Cost of Construction Indices.....	9
4.10 Residual Valuation	9
4.11 Sensitivity Analysis (GVA 5.12).....	10
4.12 Impact of Site 6 and the Innovation Centre on the viability of developing the remainder of the Sovereign Harbour Employment Land	10
4.13 Analysis of the Viability Information relied upon by GVA	10
5. Assessment of Viability of B1a Development at Sovereign Harbour	13

LIST OF APPENDICES

- A. Ivy House, Ivy Terrace, Eastbourne marketing brochure.
- B. Pacific House, Sovereign Harbour, Eastbourne marketing brochure.
- C. Bray Fox Smith letter 30 November 2012
- D. Report to Lead Cabinet member for Strategic Management & Economic Development – Growing Places Fund – Harbour Innovation Mall – 25 June 2013.
- E. Report to Lead Cabinet member for Strategic Management & Economic Development - Sea Change Sussex Funding - 4 September 2014
- F. Martello House, Highfield Office Park, Eastbourne investment brochure.
- G. Focus Report on sale of Martello House, Highfield Office Park, Eastbourne
- H. Lacuna Place, Havelock Road, Hastings marketing brochure

Eastbourne Borough Council Employment Supplementary Evidence Report November 2014

1. Introduction

- 1.1. The purpose of this Assessment is to provide Sovereign Harbour Limited (SHL), with advice and commentary on the GVA Report dated November 2014. The GVA Report is being provided as supplementary evidence to Eastbourne Borough Council (EBC) in support of their Employment Land Local Plan published by EBC in September 2014.
- 1.2. This Assessment comments, where appropriate, on the parts of the GVA Report that relate to the allocation of sites for B1a development, both in the Town Centre and at Sovereign Harbour. Specifically, it deals with:
 - i. The provision of B1a Office Floor Space.
 - ii. The allocation of floor space between the town centre and out of town locations.
 - iii. The arguments presented by GVA which purport to support the proposed B Class allocation for Sovereign Harbour of 20,000 sqm NIA of which, following the grant of outline planning permission for Sites 4, 6 and 7a at the Harbour (EBC ref 131002, dated 2 December 2014), at least 11,100 sqm GEA is to be met on Site 6, now under the control of Sea Change Sussex with the balance of 8,900 sqm NIA to be met on Sites 4 and Site 7a which remain under the control of SHL.

2. Background

- 2.1. This Assessment is based on Stiles Harold Williams' extensive knowledge of, and direct involvement in, the market for B1a offices both in Eastbourne and the counties of East and West Sussex generally, as well as the South-East of England. Stiles Harold Williams has 9 commercial offices in London and the South-East. The Eastbourne office of Stiles Harold Williams has been established for over 40 years and the firm has direct and current knowledge of the office market and the relatively few lettings achieved in recent years.
- 2.2. This Assessment has been prepared by Richard Stapleton FRICS, Senior Partner. He has had direct experience of and responsibility for the marketing of Sovereign Harbour employment sites and the market's reaction for the last 20 years.
- 2.3. Stiles Harold Williams' Eastbourne office is located in Ivy House, Ivy Terrace, Eastbourne, a building to which there are many references in GVA's Report. Ivy House is a 1970's office building, refurbished to Grade A standard. Stiles Harold Williams is the letting agent and is currently seeking a headline rent for the vacant offices of £156/sqm (£14.50/sqft). See marketing brochure at **Appendix A**. A tenant prepared to take the space for 5 years certain will be given a rent free period of between 6 and 9 months which is the equivalent of a 10% reduction from the

headline rent for 5 years. Thus, the actual rent payable by the tenant over a 5 year term will be about £140/sqm (£13.00/sqft).

3. Overview

- 3.1. This Assessment concludes that the optimism shown by GVA, both as to the viability of the Sovereign Harbour Development Opportunity Sites and the justification for making only a very small allocation of employment land in the town centre, is flawed and should not be relied upon.
- 3.2. The Assessment also concludes that GVA's appraisal of the viability of Sovereign Harbour as an out of town office location is fatally flawed because it apparently depends entirely on advice received by a third party's surveyor who was submitting "*agency advice*" to a developer in 2012. None of the significant value assumptions used by GVA to justify their conclusions stand up to scrutiny.
- 3.3. In summary this Assessment reaches the following conclusions:
 - 3.3.1. The proposition that Sovereign Harbour is a suitable and viable out of town location for offices is not proven firstly because the lack of market interest in Sovereign Harbour as an out of town location for the past 2 decades demonstrates that the market does not share GVA's opinion. Secondly, as is clear from the market based evidence in this Assessment, the prospect of achieving a viable B1a scheme within the plan period remains, at best, highly unlikely. Furthermore, the existence of the "subsidised" B1 development by Sea Change on the adjoining Site 6 will, inevitably undermine any market-led scheme on Site 7a (the only area of Site 7 that is now still available for potential employment development) until Site 6 has been fully developed and let. Any occupier requiring B1a offices in an out of town location in Eastbourne, other than those interested in the subsidised office space at Sovereign Harbour, would in our experience prefer other locations both on the fringes of Eastbourne, Polegate, and Hailsham and elsewhere in the county.
 - 3.3.2. Significant sites are available for town centre B1a development at Employment Opportunity Site 2 (adjoining Eastbourne railway station) and Employment Opportunity Site 3 (Upperton Road) which, together, are capable of supporting all the further B1a floor space allocation needed and identified for Sites 4 and 7a Sovereign Harbour, without prejudicing some development for residential or commercial use at these two Sites. Neither GVA nor the Planning Authority give any justification as to why the full potential of Employment Opportunity Sites 2 and 3, in terms of employment land allocation, is not to be realised. Additionally GVA have not given any consideration to other potential development options for new office space within the town centre, for which provision is made within the adopted Eastbourne Town Centre Local Plan 2013.

- 3.3.3. Contrary to GVA's assertion, the residual valuation shown for Sovereign Harbour (Section 5), demonstrates an absence of viability when realistic numbers as to rent, capital value and land costs are used. It is well known that regardless of location, for a new office scheme anywhere in the county to be viable, the minimum market rent required is about £236.70/sqm (£22.00/sqft). In making a market assessment, the realistic cost of land acquisition and bringing services and roads to site have to be included. GVA have not done this.

4. Assessment of the GVA Report

- 4.1. In the Assessment below, the sections and paragraphs within the GVA Report are cross referenced.

4.2. Appropriateness of continuing to protect Employment Land (GVA 1.6)

- 4.2.1. The GVA Report states that its purpose is to provide further support for the ongoing protection of Employment Land but it does not comment in detail on the impact of the continued loss of employment land to non-B Class uses, for example:

- i. Dyke House, 110 South Street - loss of 700 sqm B1a.
- ii. 16 Cornfield Terrace – B1a to D1.
- iii. Map House, 34/36 St Leonards Rd (Ground Floor) – B1a to D1 (160 sqm).

- 4.2.2. In its introduction (1.15), GVA identify an apparent lack of choice within the property portfolio for all anticipated needs in the future. This lack of choice is stated to affect the scale and nature of floor space provided, as well as its location. A key concern, is the worsening choice that is available within the town centre market and how this will weaken further if insufficient supply is planned.

- 4.2.3. In terms of the B1a market, GVA seek to differentiate between town centre locations and out of town locations but in doing so, they fail to examine and take into account the potential suitability of different out of town locations.

- 4.2.4. Unfortunately, although Sovereign Harbour is out of town centre, it is not a suitable location for a substantial B1a development.

4.3. The Provision of Office Floor Space

- 4.3.1. The draft policy relating to B1a employment space concludes that the total provision (23,000 sqm NIA) should be divided exclusively between the town centre (3,000 sqm NIA) and out of town centre (only at Sovereign Harbour 20,000 sqm NIA). Thus, of the total allocation of 23,000 sqm, 87% is allocated to the only out of town location at Sovereign Harbour. The result of the last 20 years of marketing land at Sovereign Harbour for

B1a space by Stiles Harold Williams, demonstrates that the fundamental assumption behind the GVA Report, concluding Sovereign Harbour is a satisfactory location, is flawed.

- 4.3.2. At para 2.10, GVA acknowledge the role of Eastbourne within the Eastbourne-Polegate-Hailsham corridor, which is the focus for existing commercial activity based upon key transport links and connectivity between these three centres. GVA and EBC however, fail to acknowledge and address the implications of Sovereign Harbour being peripheral within the corridor and what this means in terms of the visibility, connectivity and profile of Sovereign Harbour as a strategic employment destination, and the impact on transport links and congestion that will result if significant employment is being pushed to the Harbour when, inevitably their location will be strategically peripheral and thereby a secondary employment location. The inferiority of Sovereign Harbour as an employment location will always undermine value.

4.4. Providing a choice of office locations (GVA 2.28)

- 4.4.1. The GVA Report correctly identifies the key characteristics of a town centre office location and indicates correctly those for an out of town location. However, by nominating Sovereign Harbour as the only out of town location, it fails to acknowledge that the principle attraction for out of town locations – good road communications – is absent at Sovereign Harbour.
- 4.4.2. To be successful, an out of town office location has to be on a main and easily accessible part of the road network. In terms of Eastbourne, the key road network depends on the north-south route of the A22 and the east-west route of the A27 which passes to the north of Eastbourne through Polegate. Sovereign Harbour has the distinct and insurmountable obstacle of a coastal location, thus it loses half its hinterland to the sea, in a congested part of the town which in terms of public transport, can only be served by the local bus network and in highway terms, can only be accessed via a local road network that is and will remain congested, particularly at peak times.
- 4.4.3. GVA have failed to identify that potential occupiers of out of town centres, tend to be footloose and thus, in B1a office terms, there are many other sites in East Sussex which if they were required by an out of town occupier, would be considered more desirable than Sovereign Harbour. The suggestion in para 2.32 that other factors behind the choice of out of town locations might give Sovereign Harbour the edge, are largely not achieved at Sovereign Harbour in comparison with other sites.
- 4.4.4. In reality, as has been well proven by the real world experience of the last 2 decades, Sovereign Harbour is demonstrably not a good out of town B1a location. Over the last 2 decades, there has only been one transaction which has led to the start of B1a development at Sovereign Harbour which

is the 2014 sale of Site 6 to Sea Change Sussex. This Site will in part be used for the recently commenced development by Sea Change Sussex of 2,490 sqm (26,800 sqft) Pacific House (marketing details **Appendix B**). This scheme, which commenced in late 2014, is intended to be a multi-let Innovation Centre. The scheme has been subsidised entirely by public body backed guarantees from EBC and East Sussex County Council (ESCC). It was not a market transaction and will only be repeatable on Site 6 which is now in the control of Sea Change and, presumably, will be dependent on further public funding for any further development. In terms of the market experience over the last 2 decades, there is no reason to believe that a market funded scheme will ever be viable elsewhere on Sovereign Harbour. Thus the prospect of any market-led development of Sites 4 and 7 is undermined by the Site 6 transaction. Sea Change, in the last few years, has not had a record of complete success in all its employment land transactions and thus the success of Site 6 is far from guaranteed. For as long as Sea Change controls undeveloped land and un-let buildings on Site 6, it will always be able to undermine any market-led transaction elsewhere in Sovereign Harbour. In market terms, a pre-letting of a new B1a building at a viable rent is required on Site 7 before construction can commence. Again, the market has not produced such a transaction over a 20 year marketing period and there is no evidence to suggest that such a transaction might take place within the plan period.

- 4.4.5. The ultimate choice for local businesses is whether to stay in Eastbourne: those needing good connections and convenient access to service providers will go to other centres. How can it be assumed that they will settle for an expensive peripheral location just because EBC is planning for no other provision or choice?
- 4.4.6. In the GVA Report at para 2.44, reference is made to not protecting sites that have no prospect of coming forward – this applies to Sovereign Harbour and not the town centre which is only now the focus of proactive strategic planning through the adoption of the Town Centre Local Plan and in commercial/market terms has the greater chance of success and of securing commercial investment if the LPA were to take a proactive approach to requiring it.

4.5. Nature of the Eastbourne Office Market (GVA 2.45 - 2.61):

- 4.5.1. Inherently Eastbourne, with its coastal location and limited east-west communications has never been a recognised, desirable location for footloose office occupiers in the counties of East and West Sussex. As is evident from the GVA work and our own experience, the town is essentially only attractive to locally based businesses and occasionally, businesses that are attracted to the town from elsewhere in the country. Eastbourne, as an office location, cannot be expected to compare or compete with Ashford, Crawley, and Brighton nor, significantly, can it compare or

compete with less popular centres in the county such as Lewes, Hailsham and Hastings.

4.6. GVA Conclusions (para 2.66)

- 4.6.1. GVA conclude that because 80% of the existing office provision in Eastbourne is focused in the town centre, it is essential to allocate the majority of new allocation to out of town locations. This conclusion ignores:
- i. the potential to recycle existing poorly specified town centre B1a sites by insisting that they do remain in that use.
 - ii. the true potential of Town Centre Employment Opportunity Sites 2 and 3 (Railway station and Upperton Road) to deliver Grade A offices, properly serviced in terms of access etc and in good town centre locations. The report from rCOH shows that Sites 2 and 3 together, have a capacity for delivering at least 10,000 sqm GEA (8,820 sqm NIA) of B1a space and possibly 14,600 sqm GEA (12,400sqm NIA). This potential supply is more than sufficient to meet the overall requirement for B1a allocated land in addition to that to be provided by Sea Change at Site 6 Sovereign Harbour.

4.7. Capacity Study for Town Centre Employment Opportunity Sites 2 & 3

- 4.7.1. In their report dated 8 January 2015, rCOH have reviewed the capacity for both these sites. Our comments are as follows:

Site 2

This site has long been identified as a potential site for employment development in the town centre and as demonstrated by the Capacity Study, it is ideally situated both in terms of access and proximity to the station and town centre for development, with between 10,263 sqm GEA (8,724sqm NIA) and 6,033 sqm GEA (5,128sqm NIA) (assuming some residential). The scheme indicated shows a series of individual blocks in a linear development to the north of the station which, if market conditions are right, would be viable and attractive to the market.

Site 3

This site is currently in 3 ownerships. The work by rCOH demonstrates that it would be readily developable in 3 blocks with perhaps, 4,338 sqm GEA (3,687sqm NIA) of B1a ground floor commercial uses and residential development of perhaps 80 units. Again this site is capable of being developed in phases.

If the optimistic market conditions assumed by GVA for the Sovereign Harbour site are imported to an appraisal of these 2 town centre sites, these sites are more likely to be viable than Sovereign Harbour because of their town centre location.

- 4.7.2. In paras 2.28 – 2.44 of their Report, GVA choose to ignore the importance and suitability of Employment Opportunity Sites 2 and 3 for Grade A office

development, apparently solely on the basis that better occupier choice can be delivered at Sovereign Harbour.

4.8. B Class Allocation at Sovereign Harbour (GVA Section 5)

- 4.8.1. The GVA Report purports to test the potential viability of commercial development at Sovereign Harbour by using a number of assumptions. This work is drawn together, by using the residual valuation method which is based on various development cost assumptions (GVA Table 7) and the application of those assumptions in a residual valuation (GVA Table 8). The figures in Table 8 apply to a notional development of 20,000 sqm NIA of B1a offices on Sites 6 and 7a.
- 4.8.2. A close reading of the GVA Report reveals that, contrary to expectations, they are relying on the *“market assessment and business plan that has underpinned the Innovation Mall Growing Places Fund Bid, which has been considered sound by both East Sussex County Council and DCLG.”* (see para 5.5 page 36 of the GVA Report).
- 4.8.3. GVA do not provide any information as to the assessment and business plan used by the Innovation Mall Growing Places Fund bid. This information is available on the ESCC website, details of which are given below.
- 4.8.4. It is apparent from the ESCC website that the market assessment and business plan is that contained in the following Reports:
- i. Report to the Lead Cabinet Member for Strategic Management and Economic Development - Growing Places Fund – Harbour Innovation Mall – 25 June 2013 (**Appendix D**)
 - ii. Report to Lead Cabinet member for Strategic Management & Economic Development - Sea Change Sussex Funding - 4 September 2014 (**Appendix E**).
- 4.8.5. The market assessment to which GVA refer and from which they draw many of their value assumptions is the letter dated 30 November 2012 Bray Fox Smith (BFS), to Mr Shaw of Sea Change Sussex. This letter is contained in the 4 September 2014 Report (**Appendix E**) and for ease of reference, is attached as a separate document in **Appendix C**.
- 4.8.6. In their 2012 letter, BFS must have been using Q3 2012 costs and assumptions. Inevitably, 2 ½ years later, the numbers used need revising. GVA do not appear to have made any revisions.
- 4.8.7. The market figures used by Sea Change and adopted at face value by GVA are to be found at page 25 of the 25 June 2013 Report (see **Appendix D**) from which it will be noted that construction costs for Pacific House (including fees and contingency) are to be £5.33 million (=

£1,762/sqm). Deducting fees, utility and contingency costs produces an equivalent figure £1,400/sqm, the number adopted by GVA in GVA Table 8.

4.8.8. When Sea Change proposals were considered again on 4 September 2014 the figures used appear to be substantially the same as those presented to the 2013 meeting at **Appendix E** (compare the costs schedules used in the 2013 Report (page 25) and the 2014 Report (page 27) which both amount to £6 million).

4.8.9. Furthermore, GVA clearly rely upon BFS' assumption that "*the market would support an achieved rent of £18/sqm (£17/sqft)*". They also rely on BFS' assessment that the investment yield will be 7.5% (GVA para 5.9 page 37).

4.8.10. The key valuation assumptions used by GVA of build cost, rent and capitalisation are not accepted as they do not accord with the evidence that is available.

4.9. Current Cost of Construction Indices

4.9.1. The current cost of construction indices indicate that costs are rising at approximately 5% per annum; thus the figures used in the residual valuation need to be revised.

4.9.2. The current Q4 2014 BCIS construction costs for Grade A offices are:-

£1,611/sqm GIA

This compares with the number adopted by GVA of £1,400/sqm GIA.

4.10. Residual Valuation

4.10.1. The GVA residual valuation (Table 8) is misleading for a number of reasons, including:

- i. It is assumed that the land is available at no cost. This is clearly a fallacy unless, as in the case of Site 6, a developer is able to secure funding at nil cost from a local or regional authority.
- ii. All prices in the residual valuation are fixed but it assumes the wholly unlikely scenario of the whole development being built in one scheme. Thus there is no allowance made for inflation in building costs etc, currently running at about 5% p.a.
- iii. The rental assumption is unproven and is a very high number in historic terms for Eastbourne (see detailed comments below).

4.10.2. In their residual valuation (GVA Table 8), GVA conclude that developing the whole of the Sovereign Harbour allocation at current costs would result in a

loss of £2.876 million. By comparison, the residual valuation that we produce below at section 5.1 shows that a market development of a single building the size of that currently under construction on Site 6 would lose £2.624 million before the cost of acquiring the land and providing roads and services.

4.11.Sensitivity Analysis (GVA 5.12)

- 4.11.1. The GVA sensitivity analysis is based on a range of assumptions which include both a reduction and an increase in construction costs, as well as a reduction and an increase in rents.
- 4.11.2. Based on historic analysis and current forecasts, it is correct to state that there is no prospect of building construction costs reducing and it is erroneous to show or to use statistics that use that assumption. As to the possibility of rental values increasing historically and elsewhere in the South-East, it is demonstrable that rents are unlikely to move in a positive direction, faster than general inflation rates.

4.12.Impact of Site 6 and the Innovation Centre on the viability of developing the remainder of the Sovereign Harbour Employment Land

- 4.12.1. The development being implemented by Sea Change Sussex on Site 6 at Sovereign Harbour will undoubtedly soak up all likely demand at Sovereign Harbour for many years to come. The land and the buildings planned are currently being marketed on the basis that freehold land is available as well as buildings to let. The terms required have not yet been announced.
- 4.12.2. It is inevitable that no B1 development will occur on Site 7 until Site 6 is built out and fully occupied.

4.13.Analysis of the Viability Information relied upon by GVA

- 4.13.1. It will be noted that the values used in the GVA Tables, are identical to those quoted in the Innovation Mall bid which in turn are based on the 2012 advice (**Appendix C**). These are:
- i. Rental value: £180/sqm (£17.00/sqft). **This number is not proved or agreed.**
 - ii. Yield: 7.5% - which gives a multiple of 13.3 on the rent to arrive at the end value. **This number is not proved or agreed.**
 - iii. Capital value: assumes the building will be fully let at the end of year 3. **This assumption is not agreed.**

4.13.2. In our opinion, the following key numbers should be used in a residual valuation for a B1a development at Sovereign Harbour:

i. **Rental value** - £172.16/sqm (£16.00/sqft):

This figure is the best and most optimistic that can be rationally applied to the head rent deemed to be receivable from a market letting. The rental value used by GVA ignores the impact of incentives universally granted in the market, of at least 6 months' rent free assuming a term of 5 years certain.

To justify the higher figure of £180/sqm, both GVA and BFS rely on one historic transaction that occurred at Hargreaves Business Park about 10 years ago. In fact, as will be seen from the attached investment sale particulars record of the recent sale of Martello House, Highfield Office Park Eastbourne (**Appendix F**) a similar specified building as proposed for Sovereign Harbour was in fact let in 4 separate transactions between 2007 and 2013 at rents between £111.25/sqm (£10.00/sqft) and £162.90/sqm (£15.14/sqft). The latest letting occurred in 2014 which involved the letting of 2,204 sqm (2,195 sqft) at £111.25/sqm (£10.00/sqft).

ii. **Yield** - 9%:

There is no basis for the yield of 7.5% assumed by GVA. In our experience, the appropriate yield is 9% which gives a multiple of 11.1 to be applied to the rent to calculate capital value. 9% is the best yield that could be expected to be achieved for a large multi-let building in the Eastbourne area.

The investment market does not favour multi-let buildings because of the risks associated with short leases, high void risks and unproven tenants. As will be noted at **Appendix G**, Martello House was sold in 2014 at a yield of 9.25%. There is no evidence to suppose that a figure in excess of 9% could be achieved in the market either in Eastbourne or elsewhere in Sussex. None is produced by GVA.

iii. **Construction costs** - £1,611/sqm:

£1,611/sqm GIA is the Q4 2014 figure published by BCIS for a 3/5 storey new office building, air conditioned constructed in Eastbourne. The figure for East Sussex is not dissimilar at £1,582/sqm.

The figures in the BCIS Report exclude fees and contingency as well as other site specific costs such as roads and services.

iv. **Capital value** – occupancy rate:

It is clear from the BFS report that they have assumed an occupancy rate of 90% after 3 years. This factor has not been built into the GVA

Report. No valuation of a multi-let building would assume 100% occupancy without making a significant allowance in the yield.

It is perhaps surprising that GVA and ourselves should differ so substantially on these key numbers. However, as we have explained above, it appears that GVA are relying entirely on the historic figures in the BFS Report, as opposed to their own work.

4.13.3. Bray Fox Smith – letter 30 November 2012 (**Appendix C**)

In considering the soundness of the GVA Report in terms of their conclusions on viability, it is essential that the basis of the BFS letter of advice is understood:

- i. **Assumed completion date:** the advice is prepared on the assumption that the proposed scheme was completed by December 2014 (para 2 page 1).
- ii. **Sale valuation date:** sale values are assumed as at 2020/2021, assuming the building is fully let (para 2 page 1).
- iii. **Nature of advice:** their advice is to be regarded as "agency advice", NOT a valuation (para 2 page 1).
- iv. **Market overview** – estimated rental value (para 7 page 2). Note incomplete reference to office rents at Hargreaves Business Park and BFS' failure to recognise recent market letting of Martello House at significantly lower rents.
- v. **Wider market** (GVA paras 5.31 and 5.32, page 41) – Note the vague reference to rents achieved in Hastings without any definition as to size of transaction or date.

In fact, the Priory Quarter to which BFS refer, has proved to be a scheme that has enjoyed only mixed success.

One Priory Square: this substantial office building of 5,300 sqm (57,028 sqft) was sold to SAGA in 2010 at a deeply discounted price of circa £190/sqm (£120/sqft freehold). This price, devalued at 10%, shows a rental value of say £129/sqm (£12/sqft).

Lacuna Place: in early 2014, this 2,881 sqm NIA (31,000 sqft) office building which forms part of the Sea Change development known as Priory Quarter, in central Hastings was sold freehold by Stiles Harold Williams for £2.7m (**Appendix H**). This represents a price for the freehold of say £936/sqm NIA (£87.00/sqft) which at a yield of 10% indicates a rental value of about £94/sqm NIA (£8.70/sqft)

The building was constructed by Sea Change as Grade A offices with a commercial unit on the Ground Floor let to Tesco. The sale was to Brighton University.

Neither of these market transactions reflect the optimism contained in the BFS agency advice.

5. Assessment of Viability of B1a Development at Sovereign Harbour

5.1. GVA paint a rosy prospect for Sovereign Harbour of tenant demand, low or nil cost land, rental levels rising and high capital values. After 20 years of failure to the develop land at Sovereign Harbour, despite the efforts of Stiles Harold Williams, it is extraordinary that GVA should simply assume that the location of Sovereign Harbour is such as to attract occupiers and thus attract rental levels that would support development. It is demonstrable that at least a 25% rise in rental values is needed before development becomes viable. This is clearly a most unlikely event in terms of the South East, let alone Eastbourne.

5.2. The table below has been prepared on a similar basis as that used in their Tables by GVA and shows that on a hypothetical development of a 3 storey office building of 2,049 sqm NIA, the developer would LOSE £2.6 million BEFORE acquisition of the land and construction of roads and services.

Development Value			Area		Cost	
	Rent		2,490	£172		£428,678
	Yield		9%			11.1
	Estimated capital value					£4,758,330.24
	less sale costs			5.50%		£261,708.16
	Net Realisable value					£4,496,622.08
Development costs						
	Construction		3,024	1,611	£4,871,664.00	
	Contingency			5%	£243,583.20	
	Professional fees			12%	£854,579.18	
	sales, marketing & legal			4%	£190,333.21	
	Profit			20%	£1,424,298.63	
	Finance (assume 1 year on 50%)			7%	£249,252.26	
	Total construction costs					£7,121,493.17
Residual Valuation	Profit /(loss)	before purchase of land & provision of roads and services				(-£2,624,870.9)

Table 1: Development Appraisal – Residual Valuation

These figures demonstrate why B1a office development of Sovereign Harbour and Eastbourne generally is and will remain unviable without public subsidy and guarantees. The numbers adopted in our residual valuation at Table 1 are fully supported by the information set out at para 4.12.

5.3. In their closing remarks on value, GVA (para 5.37) envisage a 7% increase in rental value as being all that is needed to make Sovereign Harbour work. The viability information set out above, demonstrates that it would need a 25% increase in rental value and a letting to a single tenant to achieve viability. Whether or not Sea Change manage to build out their scheme and fund it remains to be seen. Whatever happens, based on history and realistic market assumptions of cost and

value, it is likely to be many years before the whole of Site 6 is developed and occupied successfully. The prospect for viable B1 development on Site 7a is very bleak.

APPENDIX A

IVY HOUSE, IVY TERRACE, EASTBOURNE MARKETING BROCHURE

IVY HOUSES

LET TO

Grade A Ground & First Floor Offices

1,200 to 7,500 sq ft - Available with Parking & Full DDA Access



Ivy Terrace,
 February 2016
 Eastbourne BN21 4QU

Location

Eastbourne is one of the principal towns in East Sussex and is located approximately 66 miles south of London, 22 miles east of Brighton and 16 miles west of Hastings.

Eastbourne is a popular South Coast town with a population of around 106,000 which is boosted in the summer months with tourists and foreign students totalling over 1.8 million visitors a year. Established road links have been improved in recent years with the Polegate bypass and Cross Levels Way now complete.

The building occupies an ideal position close to the main line railway station in the established professional office area of the town. Other facilities close by include the Town's Library, Cafes/bars, and the Arndale Centre.

Description

The property comprises a purpose built 1970s detached office building arranged on ground, first, second, third and fourth floors. The building has undergone a major refurbishment programme which includes the installation of air conditioning. Access is gained from the main entrance fronting Ivy Terrace with a central service well providing WCs, passenger lift and stairs to all floors. There is off street parking to the rear via a service road.

Accommodation Schedule

Available accommodation comprises of the following GIA.

	Sq M	Sq Ft
Ground Floor East Wing	155.6	1,675
Ground Floor West Wing	113.9	1,227
1st Floor East Wing	198.2	2,133
1st Floor West Wing	223.4	2,405
2nd Floor East Wing	Stiles Harold Williams	
2nd Floor West Wing	B.M.S.	
3rd Floor East Wing	A4E Limited	
3rd Floor West Wing	Places for People	
4th Floor	VOSA	

Amenities

- Lift to all floors
- Open Plan
- Perimeter Trunking
- Air Conditioning
- GF Shower + DDA W/C
- Suspended Ceiling
- Off Street Parking
- WCs on all floors
- Recessed CAT II lighting

Terms

The premises are available To Let on a new full repairing and insuring lease on terms to be agreed.

Representations on Proposed Submission Version



EPC (Energy Performance Certificate)

The Available units have achieved the following Energy Performance Rating.



Rent

£14.50 per sqft per annum exclusive. Incentives available. Ask for further details.

Rates

Rates to be assessed.

VAT

VAT will be chargeable on the terms quoted.

Legal Costs

Each party is to be responsible for their own legal fees.

Viewing

For further information, e-mail details, or to arrange a viewing, please contact joint sole agents:

George Dobson

gdobson@shw.co.uk

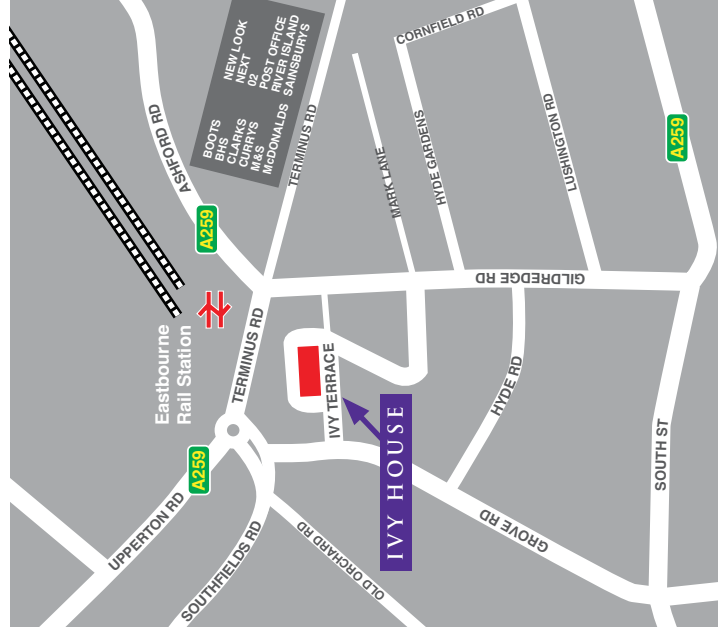
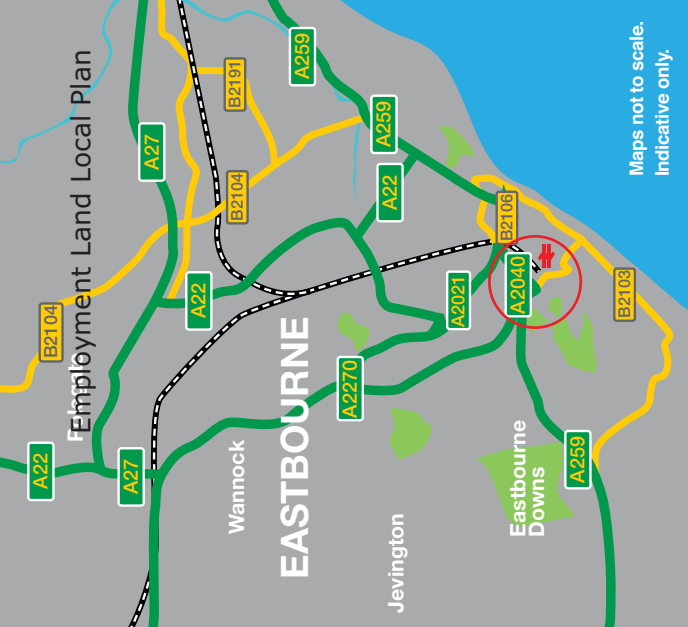
Rebecca Spokes

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Page 2 of 2
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APPENDIX B

PACIFIC HOUSE, SOVEREIGN HARBOUR, EASTBOURNE

MARKETING BROCHURE



Sovereign Harbour

innovation park

Eastbourne

Pacific House – offices
from 630 to 25,297 sq ft

Sites for up to a further
80,000 sq ft

Prestigious coastal setting



Artist's impression

Pacific House – letting now

High quality business centre
 Completing summer 2015

Offices from 630 sq ft to the full
 25,297 sq ft building

Central atrium & shared spaces
 Low energy building

130 parking spaces (1: 195 sq ft)

Level	Sq ft (NIA)
Ground	7,559 sq ft
1	8,883 sq ft
2	8,855 sq ft
Total	25,297 sq ft

Ground floor



Pacific House – floor plan

Flexible accommodation for small, medium and large occupiers

Ground floor suites can be combined – and upper floors sub-divided – to suit

Further development sites

Scope for up to a further 80,000 sq ft of B1 premises

Freehold or leasehold design & build opportunities

Serviced sites for sale

Prestigious coastal location, three miles from Eastbourne town centre

The site is just five minutes' walk to the waterfront restaurants, cafes, wine bars and boutique shops of Sovereign Harbour – northern Europe's largest marina complex.

It is also next to a large retail park with ample parking, a 24 hour supermarket, many high street shops and a multiplex cinema.



February 2016



An economic development project from



For the latest on the Sovereign Harbour Innovation Park, visit www.seachangesussex.co.uk/our-programme/eastbourne

Location

Sovereign Harbour Innovation Park, Eastbourne, East Sussex BN23 6FA

Road

The A22 connects Eastbourne to London and the M25. The A27 connects to Brighton; the A259 to Hastings, Ashford, the Channel Tunnel, ferry ports and M20.

Rail

Eastbourne station is 4 miles away, with regular trains running to London, Hastings, Ashford and Brighton.

Air

Gatwick is under an hour away by direct train and 49 miles away by road.

Ferries

Eastbourne is 16 miles from Newhaven and 68 miles from Dover.

Channel Tunnel

Frequent trains connect to Lille, Paris and Brussels via Ashford International.

MISREPRESENTATION ACT IMPORTANT. These particulars do not constitute either the whole or any part of an invitation, offer or contract in relation to the property described. No employee of Dyer & Hobbs, Cluttons or Bray Fox Smith has authority to make or give any representation or warranty, express or implied, on behalf of any party in relation to the property. Whilst the particulars are given in good faith, intending purchasers or tenants must satisfy themselves independently as to the accuracy of all matters on which they intend to rely. All negotiations are subject to contract.

December 2014



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APPENDIX C

BRAY FOX SMITH LETTER TO MR SHAW OF SEA CHANGE SUSSEX

30 NOVEMBER 2012



brayfoxsmith.com

Mr John Shaw
 Sea Change Sussex
 Innovation Centre
 Highfield Drive
 St Leonard's
 East Sussex
 TN 38 9UH

46 Mount Street
 Mayfair
 London W1K 2HH
 Tel: 020 7629 5456
 Fax: 020 7491 4788

30th November 2012

Dear John

Harbour Innovation Mall, Sovereign Harbour, Eastbourne

On your instructions we have set out below our view on the inputs required to support the development of the Growing Places Fund business case for the Harbour Innovation Mall. This includes market commentary, the importance of the Business Mall as a catalyst to investment for the remainder of the 30,000 square metres of the land allocated for the business use at Sovereign Harbour – (this 30,000 square metres representing half of the 60,000 square metres allocated in the Borough of Eastbourne) a review and commentary on proposed take-up rates, void periods, rents and yields adopted and our market validation.

The basis of our advice has regard to the net income/rental value of the Harbour Innovation Mall on completion of the development in December, 2014 and our opinion on the potential sale price in 2020/2021 assuming the building is fully let on flexible leases with an average length of 3 to 5 years to reasonable covenants. Clearly, the sale date is sometime in the future so our comments and views can only be very general in nature and we have assumed normal market conditions will prevail at the time, rather than the depressed market conditions we are currently experiencing in both the occupational and investment markets. Please note that the advice contained in this letter is to be regarded as agency advice in connection with Harbour Innovation Mall and does not constitute a formal red book valuation.

Description

The Harbour Innovation Mall will provide the first phase of (use class) B1 business units which will extend to 30,000 square metres (322,926 sq ft) once fully developed. It is envisaged that the Harbour Innovation Mall will provide 2,490 square metres (26,802 square feet) of total net lettable space designed with total flexibility to accommodate a wide range of sizes from small suites of 30 square metres (322 square feet) but with the potential to offer larger floors up to 498 square metres (5360 square feet) to accommodate future changes in the demand profile. There will be a large central atrium running through the scheme which accommodates the core reception, lift and toilet facilities leaving regular floorplates of 498 square metres (5360 square feet) in five wings with external access doors at ground and floor levels together with internal walkways to maximize flexibility in terms of unit sizes. The total floor area is set out below but the intention is to break the floors down to small suites to provide up to 63 workshops (45 B1 offices of 30 – 60 square metres (322 – 644 square feet) and 18 studios/R&D units at lower ground floor.

Floor	Square Feet	Square Metres
Lower ground floor north wing	5360	498
Ground floor north wing	5360	498



Ground floor south wing	5360	498
First floor north wing	5360	498
First floor south wing	5360	498
Total	26,800	2490

The flexible design concept, to which we have contributed, provides a range of grade A office units in "galleries" serviced from a central atrium or mall. The design offers up a unique blend of letting options from monthly licences to traditional 5 year leases in units ranging from 30 square metres (322 square feet) to any permutation in the upper floors from a basic unit of 60 square metres (644 square feet) up to a whole floor of 498 square metres (5360 square feet). Should requirements emerge during the construction period, the Harbour Innovation Mall is also capable of lease or sale to a single occupier without modification.

The office building will be finished to a grade A standard to include raised floors, air conditioning, suspended ceilings with recessed lighting and will be fully compliant with DDA and modern building standards and will include green energy features to help minimize future occupancy costs.

The high specification of the Mall includes a central reception; a café bar; meeting/break-out space; a 3D computer aided design (CAD) "printing" (i.e. producing product prototypes) terminal networked to the other managed centers and the University of Brighton; a large cinema screen and projection facilities in the Mall will also be available for networked business events and capable of being used as a commercial venue in the evenings.

The use of the Mall by the wider community is intended to raise the market profile of the Harbour Innovation Mall and the wider development of business units at Sovereign Harbour.

The planning policies of Eastbourne Borough Council and the agreed Masterplan for Sovereign Harbour envisage 30,000 square metres of B1 business units on 8.9 hectares of the otherwise largely developed residential, leisure and retail components of the wider Sovereign Harbour. The long held ambitions of the Eastbourne Borough Council for Sovereign Harbour are the attraction of inward investment and the creation of high quality local employment.

The Harbour Innovation Mall will provide long awaited critical mass to kick start the wider development by providing high quality, flexible office accommodation. It is essential that the Harbour Innovation Mall is developed to attract smaller local and regional businesses into the area which can then expand over time to complement the larger occupiers who will be attracted to further phases of development as the Business Park matures. Without this catalyst a significant sector of the property market – B1 Uses, will remain undeveloped against a background of higher value alternatives.

Market overview / Estimated Rental Value

The existing stock of business space in Eastbourne is largely 1960's/70's office buildings which lack modern standard and have floor slab to ceiling slab heights, typical of their era, which preclude incorporating such modern amenities as raised floors. This stock is supplemented by office uses above retail units as would be expected in the tertiary locations surrounding an established retail centre. None of this accommodation has demonstrated any success in attracting an interest. The only new development in the last 10 years has been on the outskirts of the town at Hargreaves Business Park adjacent to the A27 which achieved rents of up to £17.00 per square feet for buildings between 2,000 and 5,000 square feet.



There have only been 11 transactions recorded since the start of 2010, the majority being between 500-2,500 square feet with the exception of a 28,500 square feet building sold to Mistywell for their own occupation. This is in contrast to the success of the Creative Media and Innovation Centres set up in neighbouring Hastings which has attracted a wide range of SME's and currently has occupancy rates in excess of 90%. The success of these centres should form a blue print for future growth in areas where demand has previously proved fragile and will encourage opportunities for local expansion as well as appealing to regional companies who struggle to find appropriate flexible accommodation in the wider locality.

Existing supply is limited to less than 60,000 square feet of offices in 27 units which are predominantly between 500 square feet and 3,000 square feet with only two buildings currently available over 5,000 square feet. All the buildings are second hand with no new developments currently available to let.

The rents achieved for the typical older office stock are up to £10.00 per square foot. That these historic rents have been achieved is illustrative of the lack of a modern grade A alternative. This stock is singularly unattractive and inflexible for modern dynamic businesses, either locally expanding or inward investment as leases or business occupations of these buildings comes to an end, they are increasingly finding new occupiers difficult to attract or are being left empty (e.g. the former NHS offices and BT Exchange). This stock is effectively nearing the end of its economic life – hence the greater importance of establishing the critical mass of a modern business park at Sovereign Harbour. The historic stock locations do not lend themselves to redevelopment and market economies suggest they will be used for more lucrative uses such as residential or retail.

Eastbourne and its immediate environs have become a major commuter location for Gatwick and Brighton as is evidenced by the relative strength of the housing market – assisted by commuting times by train and car (A22/A27) to both destinations. Given the cost of transport and commute times, the disposable income and quality of the arguments will create the "two way street" of commuter residences and work places, providing a major cost advantage for any employer locating to Sovereign Harbour.

Our conclusion for assessing rental is that there is a significant unsatisfied demand for the wider market opportunity combined with the lack of suitable modern alternatives. The rents achieved historically at Hargreaves Business Park and in neighbouring Hastings underpin the rental levels at Harbour Innovation Mall and we are of the opinion that £17.00 per square foot will be readily sustained in the Harbour Innovation Mall and that flexibility of lease options and unit size will underpin a successful take-up of the accommodation.

Review of the development appraisal for the scheme

The development costs of £6m are based on our Hastings experience over 5 years, the competitive quotes recently received for phase 3 Priory Quarter and are comparable to the range of prices for the limited number of new speculative office schemes currently taking place in the south east office market.

The professional fees adopted in the appraisal are typical of those used in traditional office development appraisals and in our opinion reflect market rates.

Given our comments made on the "**market overview/rental value**," we are of the view that our client's view of the take-up rates is somewhat pessimistic and we believe that all of the unit sizes in the proposed range will be able to attract occupiers from the opening of the Harbour Innovation Mall.

Given the relatively small size of the suites and short term nature of the licences and leases that will be granted we are of the opinion that the rent free periods will be minimal, ranging from 3 months to 6 months, depending on the length of term.

After year 5, we assume the building will be generating the full rental value on 3 to 5 year leases. As some leases will be shorter than phase 4 Priory Quarter this will impact on value and we consider a yield of 7.5% to be more appropriate on the assumption that normal market conditions will prevail at the time of sale, rather than the depressed occupational and investment markets that currently exist. In our opinion this is a fair average long term yield to adopt.



Estimated Capital Value in Year 5

Based on the full rental value of £455,600 a yield of 7.5% and deducting purchaser's costs of 5.5%, we believe the capital value to be £5.74 million. Given that early repayment of the loans is liable to reduce the outstanding debt from the initial borrowings of £6m to £4.5m this valuation should achieve repayment through sale or refinancing.

Yields in the current investment market have softened as a result of the exceptional economic circumstances that prevail and therefore in order to assess appropriate yields in year 5 we should have regard to longer term average yields rather than present day figures. Assuming the building is let on 3 to 5 year leases we are of the opinion that a yield in the region of 7.5% (which is reflective of a normal investment market) could be applied to the base rent to achieve the capital value required.

Eastbourne has no Grade A office accommodation and has low rents for the South East which we expect to increase over the next 10 years as the area becomes more re-established as an office location as the occupational market improves. Therefore by adopting a rental value of £17.00 per square foot, which has already been achieved at Hargreaves Business Park, we believe there is a significant "in-built" contingency factor as these rents should increase over time.

I trust this is sufficient for your purposes.

Yours sincerely

A handwritten signature in black ink, appearing to read "RH", written over a light blue horizontal line.

Richard Harding

**Partner
BrayFoxSmith**

46 Mount Street, Mayfair, London, W1K 2HH

APPENDIX D

REPORT TO LEAD CABINET MEMBER FOR STRATEGIC MANAGEMENT AND ECONOMIC DEVELOPMENT

GROWING PLACES FUND – HARBOUR INNOVATION MALL

25 JUNE 2013

Agenda Item 4

Report to	Lead Cabinet Member for Strategic Management and Economic Development
Date	25 June 2013
Report By	Director of Economy, Transport and Environment
Title of Report	Growing Places Fund - Harbour Innovation Mall
Purpose of Report	To seek approval for the County Council to underwrite the proposal arising from the successful East Sussex bid to the Government's Growing Places Fund

RECOMMENDATIONS: The Lead Member is recommended to

- (1) Support and underwrite the proposal to secure funding for the project set out in the report from the Growing Places Fund;**
 - (2) Delegate authority to the Director of Economy, Transport and Environment to agree the terms of, and enter into, the loan agreement with Essex County Council as the South East Local Enterprise Partnership's accountable body, necessary to secure the funding; and**
 - (3) Delegate authority to the Director of Economy, Transport and Environment to take any action, including agreeing the terms of and entering into any agreements with East Sussex Energy and Infrastructure Development Limited, trading as Sea Change Sussex, he considers appropriate to give effect to or in consequence of recommendations 1 and 2.**
-
-

1. Financial Appraisal

1.1 Since the launch of the Government's Growing Places Fund (GPF) in December 2011, the South East Local Enterprise Partnership (SELEP) has been allocated approximately £50m to fund projects commensurate with the GPF criteria. Essex County Council (ECC) has been established as the accountable body, issuing funds on a project by project basis to the relevant authority (or 'borrower') primarily through loan agreements, who then secure repayment via various forms of reimbursement.

1.2 As of May 2013 two tranches of GPF funding have been allocated, with a total of 12 projects progressing past the 'Heads of Terms' stage and a further 12 projects being held in a 'pipeline'. Following an assessment of this pipeline in February 2013, the SELEP Board agreed at its meeting of 15 March to bring forward a further 6 schemes, subject to a due diligence process. However, at its meeting of 24 May the SELEP Executive Group went further and confirmed that all pipeline projects would be invited to come forward, with funding to be allocated on a 'first-past-the-post' basis. This process now includes the East Sussex project to construct the *Harbour Innovation Mall*.

1.3 The due diligence process has been designed as a single process to satisfy the needs of both SELEP (and ECC as accountable body) and the relevant authority or 'borrower'. Once Heads of Terms are agreed, the County Council will enter into a Primary Loan Agreement with Essex County Council. It is recommended that the County Council make this undertaking conditional upon a subsidiary agreement being put in place between the County Council and the works provider, in this case the East Sussex Energy & Infrastructure Development Limited (ESEID), trading as Sea Change Sussex. We cannot progress to agree Heads of Terms until formal confirmation of the County Council's willingness to underwrite the proposal is secured.

1.4 The East Sussex scheme is the *Harbour Innovation Mall* - a £6m loan to construct a new innovation centre providing over 3,000 square metres of high quality managed office and workshop space at Sovereign Harbour in Eastbourne. The business case is included at Appendix A to this report, the end of which sets out the repayment mechanism and profile. The bid forms part of Sea Change Sussex's business plan, and will make a positive contribution toward the economic regeneration and growth of the county.

1.5 The bid represents an acceptable level of risk to the County Council as a 'borrower', principally on the basis that should it be successful following due diligence, a subsidiary agreement between the County Council and Sea Change Sussex will effectively indemnify the County Council against any financial risk.

2. Supporting Information

2.1 The purpose of the South East Growing Places Fund is to unlock growth across the SELEP area. Government has recognised the crucial role of infrastructure in supporting housing and economic growth, and accordingly GPF has been designed to unlock stalled projects by providing investment capital to stimulate growth.

2.2 East Sussex has already benefitted from the first round of GPF: Priory Quarter in Hastings secured £7m and North Queensway in Hastings secured £1.5m. Both of these projects are now underway, far ahead of any other GPF scheme in the South East. Eric Pickles MP visited Hastings in November 2012 to formally launch the Priory Quarter project, one of the first GPF schemes to be launched in the entire country. Furthermore, in the most recent tranche where 6 pipeline schemes were invited to come forward by the SELEP Board, East Sussex has already completed Heads of Terms for its £6m Bexhill Business Mall project, again far ahead of any other scheme in this tranche.

2.3 The approval of the Harbour Innovation Mall project is another vote of confidence in the ability of East Sussex to deliver, and gives us an opportunity to secure £6m of funding for a scheme which has demonstrated that it can be taken forward quickly, with certainty of delivery, a short repayment term, and proposes to deliver around 300 direct jobs.

2.4 GPF is intended to be used to support the delivery of homes and/or jobs in the short term; contribute to the delivery of the Local Enterprise Partnership's strategic priorities; and establish a sustainable revolving fund. The Government has already indicated that future rounds of GPF may be considered, but the nature of the 'revolving fund' means that all pipeline schemes will be brought forward in time over a series of tranches, regardless of possible future Government allocations.

2.5 East Sussex currently has one additional project in the pipeline: Priory Quarter Phase 4 in Hastings (£11m).

3. Conclusion and Reason for Recommendation

3.1 The Harbour Innovation Mall will contribute positively to the economic regeneration and growth of the County, and securing GPF funding will facilitate early delivery of the project. A subsidiary agreement with ESEID (Sea Change Sussex) will indemnify the County Council against any financial risk, and it is therefore recommended that the Lead Cabinet Member supports and underwrites the bid.

RUPERT CLUBB

Director of Economy, Transport and Environment

Contact Officer: James Harris Tel. No. 01273 482158

Local Member: Councillors Elkin, Tutt and Wallis

BACKGROUND DOCUMENTS

Harbour Innovation Mall - GPF Business Case (Appendix A)



SOUTH EAST GROWING PLACES FUND

PREPARING THE BUSINESS CASE – GUIDANCE NOTES FOR SHORTLISTED AND PIPELINE PROJECTS

Projects selected by the Executive Group of the South East Local Enterprise Partnership (SELEP) at its meeting on 7 September 2012 as 'shortlisted' or 'pipeline' projects have been invited to submit a business case as part of the second stage of the project evaluation process.

The business case for 'shortlisted' projects ONLY will be subject to an appraisal commissioned by upper tier authorities. An appraisal of the business case for 'pipeline' projects will be undertaken when it is clear that there is sufficient financial headroom within the fund to support these projects.

These guidance notes have been prepared in two parts. Part A provides guidance for the applicant and Part B provides guidance for the appraiser.

Part A: Notes for Applicants

Good practice demands that the business case (and the appraisal of it) should be "5-case" compliant – i.e. that the business case should reflect HM Treasury's "five case model" comprising a **strategic** case, an **economic** case (looking at the relative costs, benefits, value for money and risks of different options), a **commercial** case (understanding the deal, and the underpinning evidence to support it), the **financial** case (for the preferred option) and a **management** case (including governance, work programme, risk management plan and monitoring arrangements).

There is no need to repeat information already provided as part of the Expression of Interest, but there is an opportunity to expand where it may be helpful to do so. It is important that supporting evidence is provided. A check list of evidence required is provided at Annex B.

If there are any variances from the details provided within the Expression of Interest it is important that these are highlighted in the relevant box under 'Project Details', together with an explanation for any changes.

Detailed notes are provided as follows:

NOTE: THE APPLICANT ONLY NEEDS TO COMPLETE THE BOXES WHICH ARE LEFT UNSHADED. THE APPRAISER (FOR SHORTLISTED PROJECTS ONLY) WILL COMPLETE THE BOXES SHADED GREY.

Section 1

1.1: This can be based on B1 to B3 of the Expression of Interest.

Section 2

2.1: This can be based on A7 of the Expression of Interest.

2.2 (Table 1): By “gross” we mean the total outputs generated, without any adjustment for deadweight, leakage, displacement or multiplier effects.

Estimation of direct jobs from commercial/industrial space: Please explain what evidence on **employment densities** (e.g. sq. m per job) has been used to derive job estimates. A useful source of information is recent guidance on Employment Densities published by the HCA. Employment density evidence normally represents all jobs, including part-time jobs as well as full-time jobs. In Section 2, the jobs should be expressed as **Full-Time Equivalent (FTE) jobs**, with a working assumption that 2 part-time jobs = 1 FTE.

<http://www.homesandcommunities.co.uk/employment-densities-guide-2nd-ed>

‘Direct’ outputs are those directly dependent on the intervention or delivered by it. For example, if the funding is supporting the provision of business space the jobs accommodated in that space can be considered to be direct outputs. If the funding is supporting a new road opening up an initial phase of an employment then again the jobs accommodated in this phase can be treated as outputs. Further outputs arising for example from future phases of development or spin off in the wider economy should be treated as indirect outputs.

2.3 (Table 2) and 2.6 (Table 5): For the gross direct jobs and housing outputs, please indicate when these will be delivered (based on anticipated year of occupancy for jobs and practical completion of housing units)

2.5: Please provide a reasoned argument for what would happen to the delivery of the project, and the employment, housing and other outputs dependent upon it, in the absence of any Growing Places Fund investment.

2.7 (Table 6): Table 6 uses Tables 4 and 5 and compares this with the performance of the preferred option.

2.11: Please provide a discussion of at least two other front-running options which were considered prior to arriving at the preferred option described in Section 2.1. These alternative options might take the form of different land uses; different infrastructure options to deliver the same outputs; or different procurement methods for delivering the same infrastructure and outputs.

For each option discussed in this section, please provide as a minimum the following commentary (no quantitative analysis is required):

- a) summary description of the option
- b) how the performance of the option varies from the approach taken in the preferred option – performance might be considered, for example, in relation to issues such as cost, timescale, level of risk, level of outputs, quality of outputs
- c) why the option was rejected as unsuitable. If a formal options analysis/appraisal was conducted, please provide some summary details of the approach taken and the key indicators which were considered in arriving at a formal judgement on the preferred option.

Section 3

3.1: Confirmation that the primary loan will be based on the standard form of Credit Facility (see notes below) between the Essex CC and the borrowing authority.

3.2: An explanation of how the sub-ordinate loans and repayment would work in practice including:

- details of how these are linked to income streams related to the project (e.g. S.106 agreements, business rates uplift etc.)
- details of where risks (financial, programme, reputational) are being carried

Notes on Credit Facilities: SELEP has determined that it will allocate GPF primarily through loan agreements with local authorities, who will then secure repayment through landowners/developers via planning agreements or other forms of reimbursement. Where a sufficiently compelling case is presented SELEP may provide support for non- standard projects, either in terms of the type of project or the financing structure.

Primary Loan Agreements will be entered into between Essex County Council (accountable body for SELEP), the 'Lender' and the applicant authority, the 'Borrower' (normally a County or Unitary authority).

Dialogue between upper and lower tier authorities is encouraged to ensure projects brought forward are strategic in nature, liabilities for repayment are covered and that the accountable body is not exposed to undue risks.

The Primary Loan Agreement will contain 'standard terms' including:

- A capped facility for capital expenditure;
- A definition of the works (infrastructure);
- Drawdown conditions based on certification of works;
- A loan term;
- Drawdown profile;
- Repayment profile;
- A finance rate - may be charged if there the loan involves State Aid
- Monitoring requirements

Where appropriate Primary Loan Agreements will be conditional upon a subsidiary agreement being entered into between the Borrower and a third party – for example a developer or infrastructure providing for works to be undertaken and/or contributions based on planning agreements, tariffs or CIL.

The Primary Loan Agreement will provide a contractual obligation for the Borrower to repay the loan according to the repayment profile.

3.3 Describe the further steps that need to be taken to firm up on financial projections and timings.

Section 4

4.1: Financial information should be presented in the template provided in Annex B.

4.3: Clearly quote the evidence on which all financial information is based.

4.5: Provide details of other funding in Annex B.

4.7: Provide confirmation (with reasons) that by supporting this project the Growing Places Fund will not be providing State Aid.

Section 5

5.1: For example, Project Board, Senior Responsible Owner (SRO), any sub-committee structures.

5.2: Describe any in-house/external appointments.

5.3: Attach a project programme or a simple table setting out major delivery milestones – from now until practical completion of final outputs. Include any critical tasks that will be needed to realise benefits post-construction, e.g. marketing, the use of other incentives etc. to attract occupiers in target sectors.

5.4: Describe the *top 10 risks: cause, risk event, consequence, risk evaluation (likelihood and impact) and risk management. Note this is to be prepared from the perspective of the Borrower (upper tier authority).*

Part B: Notes for Appraisers

NOTE: THIS PART IS ONLY RELEVANT TO THE SHORTLISTED PROJECTS. THE APPRAISER SHOULD ONLY COMPLETE THE BOXES SHADED GREY. THE APPLICANT SHOULD HAVE COMPLETED THE BOXES LEFT UNSHADED.

The SELEP want to adopt a consistent approach towards appraisal across all projects to provide the necessary assurance **both** to the accountable body (on behalf of the LEP), as lender, **and** to the upper tier authorities, as borrowers, that a robust appraisal process has been adopted. There is a wish to avoid separate appraisal processes, however there is a need for both the 'lender' and the 'borrower' to undertake due process and satisfy themselves on the costs, benefits, risks and value for money.

Each upper tier authority is charged with the task of preparing an appraisal on projects which the SELEP has approved to progress. The appraisal should follow the template attached to these notes. Any changes to the project information presented in the Expressions of Interest should be highlighted.

The appraisal should be undertaken by a suitably qualified independent person. To assist the process and to promote consistency and high standards of appraisal the SELEP has made available a limited resource to provide **appraisal support**. If you require guidance in the first instance please contact Zoe Myddelton at South East LEP Secretariat (tel: 01245 434104).

In terms of defining and evaluating options, the approach draws heavily on the decisions which have arrived at a 'preferred' option. The quantitative analysis therefore focuses on the costs and benefits of this option versus a reference or 'do nothing' case. For the most part, as projects supported by GPF are stalled, the same outputs may be expected to be delivered, the difference being that GPF allows the projects to be accelerated. The appraisal therefore has been designed to quantify this acceleration and give due weight to it.

In distinguishing the roles of the LEPs and the upper tier authorities the appraisal will need to capture the benefits for the LEP area as a whole and as a sub-set of this the unitary area concerned with each project. The appraisal will also need to be consistent with the requirements DCLG have laid down for reporting, particularly in relation to capturing outputs.

The conventional approach for the treatment of costs is to look at the 'gross' costs of the intervention representing a contingent liability in accounting terms. In this case as the primary loans are due to be repaid in full this does not give a fair reflection of the cost of the project to the public purse. Therefore an additional metric has been provided which treats the costs as the present value of the loan less the present value of the repayments.

The requirement for a suitably qualified independent person to certify that the terms of the loan are fair and reasonable, both from the lender's and the borrower's perspectives, puts an onus on the appraiser to consider the terms of the loan in the round and the risks being borne by each party. It needs to provide ECC comfort that loans will be repaid within an appropriate timescale reflecting the characteristics of each project. It also needs to provide the upper tier authority comfort that the repayment terms fairly reflect the risk it is taking on through subordinate agreements (where these apply).

Section 1

1.2: Provide a commentary on the project's strategic fit.

Table 1: Normally the **construction jobs** involved in delivering a project are not counted as benefits as they are considered to be part of the project inputs i.e. necessary to enable the project. However, with the fiscal stimulus a number of government departments are claiming as benefits the construction jobs created from their capital infrastructure investment can also be taken into account. To count one job, please use full-time equivalent "job-years" rather than employment units. For example, construction jobs are temporary jobs, not permanent jobs, and usually last for one year. So for a construction project running during 10 years and employing 1,500 per year, the full-time equivalent job-years = 15,000 (1,500 jobs each year over 10 years). Similarly, if the project employs 100 people working for a period of 6 months, then the full-time equivalent job-years = 50.

The method being adopted for estimating construction job years is as follows:

Step 1: Estimate total construction spend

Step 2: Multiply total construction spend by 35% as an estimate of the labour element of construction spend

Step 3: Divide the figure derived from Step 2 by £131, 993 (Average UK Turnover per employee in construction sector, source 2009 ABS). This provides the estimate of construction job years.

2.4 (Table 3): In the absence of any bespoke evidence for the project, a useful source of benchmark evidence for leakage and displacement is the BIS/CEA additionality benchmarks¹ and for multiplier effects we recommend the EP/HCA Additionality Guide². For this purpose, please use the “local area” or “sub-regional” levels in these benchmark documents as a proxy for Upper tier level; and “regional” as a proxy for SELEP level.

2.5 For guidance on issues to consider in approaching this analysis, please refer to the CWA/OffPAT guidance on “the role of the Reference Case in project appraisals” and specifically the treatment of land and property projects in Annex 1 of this guidance³.

2.8: In the absence of Growing Places Fund investment, the working assumptions about end use and thus displacement, leakage etc. may be exactly the same (e.g. if the sectors are similar) – but where sectors of employment are different, it may be appropriate to use different displacement and potentially different leakage and multiplier assumptions.

2.9 (Table 8): Completes the formal quantitative output and value for money analysis at the SELEP level in relation to employment outputs. Where the project is producing both direct jobs and housing units, then costs should be apportioned. Where information is available on the anticipated costs of servicing the different areas, then this should be used. Where no such information is available, then costs should be apportioned based on the relative land area for employment uses vs. residential.

For the Present Value of GPF net costs please draw on Table 10 in the financial case (Section 4). (Where there are other public sector costs being incurred, a table modelled on Table 10 should also be provided in Section 4 and this can be drawn on for a Present Value of Net Public Sector cost in Table 8)

2.10 (Table 9): Completes the formal quantitative output and value for money analysis at the SELEP level in relation to housing outputs. The same points above about cost apportionment and about using cost data from Section 4 also apply here.

Section 3

3.4: Provide a commentary on the commercial case.

Section 4

4.2: Costs should be in real 2012 prices, and shown as ‘gross’ costs and ‘net’ costs both undiscounted and discounted to 2012 Present Values. As GPF is a loan fund which is due to be repaid on an undiscounted basis the net cost would be expected to be nil. Only by applying a discounting factor are we able to estimate the time cost value of the resource from the public sectors perspective.

Where ‘other’ public sector funding is provided this table should be repeated for the total public sector costs.

¹ http://www.ceaevaluation.co.uk/files/BIS_Additionality_file53196.pdf

²

http://collection.europarchive.org/tna/20100911035042/http://englishpartnerships.co.uk/docdownload.aspx?doc=Additivity%20Guide_0.pdf&pid=E6B323D899F74AE381E392234B7AF5FD

³ http://www.colin-warnock.co.uk/files/OffPAT_Ref_Case_PAN_07-05.pdf

Use 2012 (current day) prices and apply a discount rate of 3.5% per annum for the discounted costs.

4.2: This can be based on D1 and D6 of the project pack. It is important for the appraiser to pass comment on the quality and relevance of the evidence which is provided.

4.3: Part of the assessment of value of money reflects the time it take to repay the loan. As GPF is a revolving fund shorter loan periods will enable the fund to be recycled more frequently thus enabling more outputs too be realised. Table 11 provides an assessment of this feature.

Annex A

For each item on the check list provide a commentary on the robustness of the evidence presented and the residual risks to both the LEP/accountable body (lender) and to the upper tier authority (borrower).

Annex B

The figures presented in Annex B should be reviewed and scrutinised.

BUSINESS CASE TEMPLATE

NOTE: THE APPLICANT ONLY NEEDS TO COMPLETE THE BOXES WHICH ARE LEFT UNSHADED. THE APPRAISER (FOR SHORTLISTED PROJECTS ONLY) WILL COMPLETE THE BOXES SHADED GREY.

Project Details

<i>Project Title</i>	Harbour Innovation Mall, Eastbourne
<i>The contracting authority (the Borrower) – upper or lower tier or unitary</i>	East Sussex County Council
<i>Lead Point of contact</i>	John Shaw, Chief Executive Sea Change Sussex
<i>Contact email</i>	johnshaw@seachangesussex.co.uk
<i>Contact telephone</i>	01424 858287
<i>Location of the project including which Local Authority Area(s) it falls within</i>	Sovereign Harbour, Eastbourne, East Sussex Eastbourne Borough Council East Sussex County Council
<i>How much funding is sought from the Growing Places Fund?</i>	£6,000,000
<i>Highlight any changes to the information provided in the Expression of Interest</i>	<p>There are no material changes in the information presented within this Business Case compared with the Expression of Interest. The GPF loan request has increased from £5.75m to £6m, reflecting an additional contingency of £0.25m. The rationale for this additional contingency is based upon Sea Change Sussex's (SCS) actual recent experience of receiving construction tenders for the Priory Quarter Phase 3 scheme which were higher than anticipated, largely due to increases in construction material costs. We felt that it would be prudent to increase our building cost contingencies to reflect our current experience of major construction contracts, particularly the cost of materials and to include the installation costs of new green energy technologies, hence the final GPF bid has been adjusted to £6m.</p> <p>Since the EOI stage, we are able to import more confidence into the scheme from sustained pre-development activity since the Expression of Interest. Harbour Innovation Mall has evolved into a "shovel ready" mature project with a clear timeline to a programmed practical completion date of December 2014. Harbour Innovation Mall now benefits from:</p> <ul style="list-style-type: none"> • Agreement with Carillion as a dedicated delivery partner and landowner • Letters of support from East Sussex County Council and Eastbourne Borough Council for the new Innovation Mall (see appendix) • Advanced design and the start of pre-application negotiations with the Planning Authority.

1. Strategic Case

1.1 Outline how the project fits with the LEP Vision and objectives; the policy and strategic context (local policies, strategies, local investment plan etc); state who are the key partners in the project

Growing Places Fund (GPF) loan investment through the SE LEP is being sought to deliver a new 2,490 sqm (NIA) Innovation Mall at Sovereign Harbour in Eastbourne, capable of accommodating c.60 occupier businesses. GPF investment will directly deliver the physical construction of the Harbour Innovation Mall and will therefore directly create new employment opportunities within indigenous, inward moving and new start-up businesses. Critically, it is envisaged that the new Innovation Mall will catalyse the proposed 30,000m² Business Park for Sovereign Harbour which has been a policy aspiration since the early 1990's but which has not come forward and represents a significant gap in the local property market offer, hindering economic growth potential. Bringing forward Sovereign Harbour is critical to the economic future of Eastbourne and East Sussex as the Sovereign Harbour employment land allocation represents half of the employment land use allocation of the Borough. The project fully aligns with and supports the LEP vision and objectives and also the wider policy/strategy base at all spatial scales. Details of this alignment are summarised below.

a) South East Local Enterprise Partnership (SELEP)

Fit with SE LEP vision

The SELEP has a mission statement to **“create the most enterprising economy in England”**. Within the next 20 years the LEP seeks to have achieved the following as part of its vision:

- *Established and New Businesses across the area creating between 250,000 and 300,000 new jobs.*
- *All coastal and rural communities will aim to match the prosperity of the small cities and market towns.*
- *Formerly deprived areas will be making significant progress towards becoming thriving communities*
- *Unemployment to be below the average for other prosperous regions.*

The Harbour Innovation Mall has the potential to contribute towards all of the above objectives through the direct provision of a high quality workspace facility to create high value employment opportunities in a currently underperforming coastal part of the LEP area.

Fit with SE LEP strategic objectives

The SELEP identifies 4 strategic objectives and the Harbour Innovation Mall directly aligns with **Objective 2 – “Promote investment in our Coastal Communities”**. The SE LEP strategy recognises the significant deprivation that some of its coastal communities face, but also the considerable unrealised potential and the possibility of significant economic growth. It identifies key strategic growth opportunities in low-carbon technologies, creative and cultural industries, manufacturing, engineering and business services and identifies Eastbourne as a key location for investment as part of this objective.

In economic development terms, the delivery of the Harbour Innovation Mall will:

- fill the void in Eastbourne's' business infrastructure, addressing a proven local demand for high quality and flexible business space;
- contribute directly to private sector employment in a location over-reliant on the public sector for jobs;
- safeguard existing employment opportunities in the town; and
- provide existing companies with the opportunity of retention and expansion and attracting new companies to Eastbourne.

b) Sea Change Sussex Business Plan 2012-2017

Sea Change Sussex is the delivery vehicle for major capital development projects leading the economic regeneration and growth of Hastings, Bexhill and East Sussex. It is a not for profit company whose members include the business community, voluntary sector, local authorities and the University of Brighton.

Its intention is to spread the economic footprint across East Sussex. The initial focus from existing resources is to progress the pre development works to unlock a £60million programme over the period 2012-17 delivering 3,500 jobs focused on the Priory Quarter Central Business District in Hastings and strategic employment sites in Queensway (north Hastings employment area), North East Bexhill and Eastbourne. The ambition is to unlock a further 3,000 jobs over the period 2017-2022 by a further extension of this development activity.

The Harbour Innovation Mall is identified within the Business Plan as a key flagship initiative which seeks to respond to known market demand in the local economy for small, high quality business premises to promote business start up and growth and ensure that existing businesses are not forced to relocate to find suitable physical premises.

c) East Sussex Economic Development Strategy, April 2012

The East Sussex Economic Development Strategy sets the following Vision:

“By 2021, East Sussex will have a stronger, more resilient, inclusive and balanced economy, built on an expanded private sector base in a county recognised for its distinctive character and excellent connectivity.”

The Strategy identifies 7 strategic priorities to deliver the Vision. Strategic Priorities 1 and 4 are particularly relevant to the Harbour Innovation Mall and these are set out below:

Strategic Priority 1: Right environment to attract new businesses, retain existing ones and foster enterprise, job creation and innovation – the strategy recognises the need to encourage further business investment and growth, suggesting that the County should build on existing businesses whilst also encouraging higher-value added niche sectors which could help boost productivity in the county if further developed e.g. finance and business services, advanced manufacturing and engineering, and environmental technologies.

Strategic Priority 4: Upgrade the provision of commercial premises - ensure workspace is sufficient, appropriate, sustainable and flexible – the strategy identifies that this is key to attracting, retaining and growing businesses and jobs. It identifies the potential to explore the use of alternative/innovative funding mechanisms where there are viability issues with site/building development. It suggests a need to provide business appropriate incubator space and move on premises to allow for 'property escalation' to encourage business growth and to increase the

potential for attracting higher growth and high value-add businesses to the area. In terms of a spatial focus, it points to *key development sites across East Sussex, in particular **Sovereign Harbour, Hastings town centre, the A21 corridor (Enviro 21), N/NE Bexhill, Newhaven and Eastbourne/ south Wealden.***

The Strategy recognises the County's strengths in terms of its diversified private sector base, high levels of self-employment and space for new employment sites. However, it identifies that there is an insufficient supply of business premises and many of those that do exist are not appropriate to the needs of businesses.

d) Eastbourne Borough Council Corporate Plan 2010 – 2015 (2012 refresh)

Eastbourne BC's Corporate Plan identifies 4 priority themes, one of which is entitled 'Prosperous Economy' which seeks to offer increased opportunities for employment by attracting new businesses and investment in the Borough. The Plan identifies the development of a Sovereign Harbour Business/Office Park as a corporate priority, which could create up to 2,000 jobs. It states that the intentions of this are to both retain existing and attract new employers to the Borough and to develop high quality business space which in turn will create more high quality job opportunities. The Plan refers to the potential for this to become a regional centre of technology excellence occupied by businesses with international markets.

e) Local Planning Policy Context

The Eastbourne Plan 2006-2027 (January 2012)

The Core Strategy provides a long-term vision for Eastbourne to 2027 and identifies 10 key spatial objectives. Spatial Objective 4 is entitled the 'Local Economy' and the strategy seeks *"to give support to a strong and growing local economy built on innovation, creativity and entrepreneurship"* to create a new economic image for the Borough. The following policies within the Plan are considered relevant to the proposed project:

Policy B1 - identifies that the strategy will deliver at least 55,000 sqm of new employment land by 2027, with a priority focus on brownfield sites. It states that *"economic growth will be stimulated by an improved range, flexibility and quality of employment and mixed use business space in its existing industrial and employment areas, for use by local firms and speculative investors.*

Policy C14 – Sovereign Harbour Neighbourhood Policy – seeks to provide extensive employment opportunities through the ***development of a Business Park for B1a office uses at Sovereign Harbour.*** It identifies that the Council has an ambition to develop a Business Park (B1a Office) in Sovereign Harbour to provide high quality skilled employment opportunities for local communities and attract investment into the town. The remaining development sites at the Harbour are identified as having the potential to offer an opportunity for this ambition to be realised.

Policy D2 – Economy – this seeks to promote job growth and economic prosperity in Eastbourne. The Plans states that the development ***which supports improvements in the local jobs market through creation of additional jobs and employment diversification will be encouraged as will development which provides for, or achieves, units for new start-up businesses. This policy also specifically states that it will support the development of B1(a) office use at Sovereign Harbour.***

Sovereign Harbour Draft Supplementary Planning Document (SPD) – April 2012

Eastbourne Borough Council has prepared a draft Supplementary Planning Document (SPD) for Sovereign Harbour. The draft SPD provides detailed guidance on the implementation of Policy C14 of the Eastbourne Plan: Core Strategy. This identifies that Sovereign Harbour has been developed from a shingle landscape to an important leisure attraction and residential area over the last 20 years, comprising four separate harbours, a retail park and a variety of different housing developments. It is now the largest man-made marina in Northern Europe. The SPD recognises that the completion of the Sovereign Harbour development is long overdue and that the area is missing the social and economic infrastructure that is required for it to become a sustainable community.

One of the main objectives of the SPD is to create employment opportunities at Sovereign Harbour through the development of a Business Park. The SPD references Policy C14 of the Eastbourne Plan which states that it seeks to provide extensive employment opportunities through the development of a B1a office business park, whilst also seeking to increase the importance of the waterfront as a leisure and tourist centre and allowing up to a maximum of 150 new homes.

The SPD makes reference to the fact that Policy D2 identifies land for 30,000 sqm of B1a office use at Sovereign Harbour to contribute towards the Borough’s overall requirement of 55,000 sqm of new employment land by 2027. ***This equates to land at Sovereign Harbour having the potential to account for 55% of the Borough’s total new employment land requirements to 2027 and highlights the critical importance of the Sovereign Harbour site.***

A plan of Sovereign Harbour (extracted from Google Maps) is presented below. This identifies the scale and critical mass of development which has already taken place at Sovereign Harbour, particularly in terms of residential and leisure development. However, as identified within the SPD, there is a need for the development of employment floorspace to promote the economic competitiveness and sustainability of the location.



f) Eastbourne and Wealden Employment Land Review 2008

This review identifies that Eastbourne and South Wealden together have some 17 employment site allocations and commitments. Four of these sites - Land at North of Dittons Road at Polegate, South Broadwater in Eastbourne, ***Sovereign Harbour***, Land East of Tutts Barn, and St Anthony's Hill in Eastbourne - account for 80% of the overall planned supply. It suggests that land at Sovereign Harbour could account for approximately half of the likely market viable supply of planned office development.

The review identifies that 8.9 ha of land at Sovereign Harbour was allocated for B1 employment use in the Eastbourne Borough Plan 2001-2011, with the potential to accommodate c.31,000 sqm of commercial floorspace. It refers to the fact that it is a brownfield site under the ownership of Carillion plc. An assessment by property agents Cluttons, as part of the review suggested that demand for business space in the area is predominantly from local firms, with little significant inward investment. It reports that most local occupiers require less than 185 sqm of office space and it is therefore unlikely that the site will be developed for large scale office development through the open market – nor is it likely to be suitable for some industrial uses due to neighbouring residential developments. ***Critically the review points to the need for enabling development at Sovereign Harbour to catalyse the development of the wider site.*** The Harbour Innovation Mall will serve as the catalyst.

g) East Sussex Sustainable Community Strategy – Pride of Place

The Strategy identifies Sovereign Harbour Science Park as a key element of its Regeneration and Economy aspirations to provide high quality and sustainable economic infrastructure by unlocking and assembling strategic sites to support inward investment, support and retain local growing businesses and actively encourage the provision of high quality well paid jobs.

h) Key Project Partners

The project will be managed and delivered by the following as members of the Harbour Innovation Company, a dedicated SPV due to be established specifically for this purpose:

- Carillion plc (private sector landowner and contractor)
- Eastbourne Borough Council
- Sea Change Sussex
- East Sussex County Council
- The University of Brighton
- The Eastbourne Business Community

SCS has a dedicated team of professional staff and in its predecessor guise as Sea Space, has already delivered over 40,000 sqft of managed workspace across East Sussex over the past 7 years, including two phases of the Creative Media Centre in Hastings Town Centre and the Innovation Centre Hastings, between them home to more than 80 businesses and more than 90% occupied.

1.2 Commentary on strategic fit.(to be completed by appraiser)

2. The Economic Case - options analysis

2.1 Description of the preferred option.

The preferred option is for GPF to support the direct delivery of a new flagship Innovation Mall at Sovereign Harbour, providing 3,024 square metres (32,550 square feet) (GIA)/ 2490 square metres (26,800 square feet) (NIA) of high quality managed and flexible workspace, with the potential to directly support in the region of 300 new gross jobs. This will represent the first phase of development of the allocated employment land at Sovereign Harbour and is intended to serve as a catalyst to unlock the development of the surrounding employment land.

Sovereign Harbour is a high quality and successful marina development built in the last 20 years. It is a site of strategic economic importance and presents a significant opportunity to support economic growth in Eastbourne and the wider Coastal East Sussex economies. It is designed as a sustainable community with a large strategic employment allocation of 8.9 hectares. The allocated 30,000 square metres of employment floorspace space has not been delivered for the past 20 years due to development viability issues, a situation which has worsened since the economic downturn of 2007.

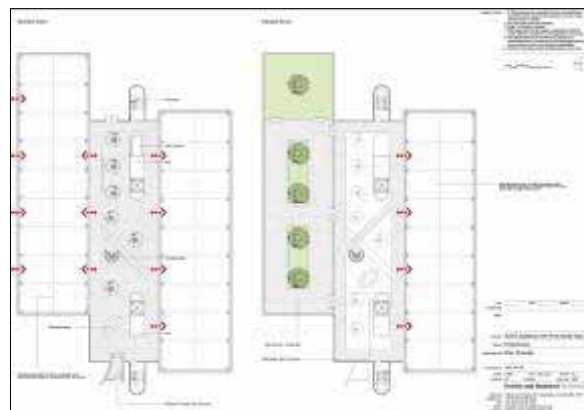
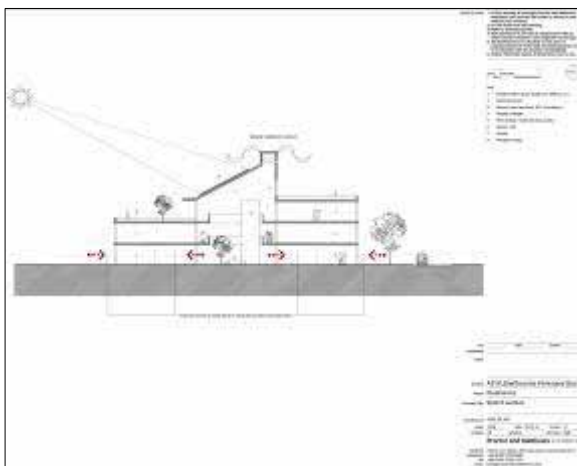
The Harbour Innovation Mall will provide high quality start-up and move-on accommodation for indigenous and inward moving businesses. It is envisaged that the success of this is integral to establishing developer confidence and therefore development momentum across the wider employment land available in the area, to both deliver local policy objectives and the wider sustainable and comprehensive development objectives of the Sovereign Harbour site. The Harbour Innovation Mall will address a critical market failure and constraint facing small high growth businesses through the provision of a high quality managed workspace facility to help attract and retain businesses to the local area. The proposed facility seeks to achieve the following:

- fill the void in Easbourne's business infrastructure, addressing a demand for a high quality business premises and facilities;
- contribute significantly to private sector employment in a location over-reliant on the public sector for our jobs;
- safeguard existing employment opportunities in Eastbourne; and
- provide existing companies with the opportunity of retention and expansion and attract new companies to the local area.

The Harbour Innovation Mall will comprise c.60 small high quality business units in total, with an equal mix of 30 square metre and 60 square metre flexible units and several 30 square metre studio/R&D workshops with their own individual external access. SCS has already appointed an architect, Proctor and Matthews, who have prepared initial designs for the Innovation Mall, as presented below. A flexible approach is proposed in relation to the design and construction of the building so that some of the floors can be easily converted into office accommodation for a single user if demand fails to come forward for the proposed small business units, thus minimising the GPF loan repayment risk. An important feature of the Innovation Mall will be its central atrium which will provide a common networking/break-out area for business occupants, as well as informal meeting

space, supported by a café-bar. Experience elsewhere shows that this sort of space is critical for maximising innovation, collaboration and networking opportunities between companies often leading directly to the creation of new company ventures. The designs for this promote maximum flexibility so that this area can also be utilised for business functions and events. This part of the building will comprise a large cinema-type projector screen to promote the use of the building for conferences/events as well as a 'state of the art' 3D printing machine, fully connected to the University of Brighton IT network, to enable businesses to develop and model new products and prototypes.

The Harbour Innovation Mall will also be an exemplar model in sustainability terms and its green credentials will include heating via a ground source heat pump and a biomass boiler and also the provision of photovoltaic panels on the roof. Detailed designs for the Innovation Mall have already been prepared (see below) and have formed the basis for the costings presented in section 4.3.



The total cost of delivering the Harbour Innovation Mall is £6.8m, of which £6m is being sought as loan funding from the SELEP Growing Places Fund and the remainder (£0.8m) is the value of the land contribution from Carillion, the existing landowner. Carillion will provide the site at nil cost to SCS. The project will be managed and delivered by a delivery vehicle which will comprise SCS, Carillion, Eastbourne Borough Council, East Sussex County Council, the University of Brighton and a local private sector business partnership.

The Harbour Innovation Mall will respond to a gap in the local commercial property market for this type of property product. The two managed workspace facilities which SCS has previously delivered (as Sea Space) and now operates in Hastings are at over 90% occupancy and far exceeded take-up expectations with both being over 50% occupied within their first year of operation. Demand is anticipated from both indigenous existing and start-up businesses as well as small high growth businesses relocating from outside of East Sussex to this attractive coastal location as part of a wider lifestyle choice. The Harbour Innovation Mall will also be attractive to wider businesses in the Gatwick-Brighton corridor which already share Eastbourne as their workforce commuter belt.

Sovereign Harbour has developed rapidly over the past 20 years to provide a significant and high quality residential and retail/leisure offer in this attractive coastal location. However, to date, no B Class employment floorspace has come forward. The Harbour Innovation Mall will plug this gap in the existing offer through the provision of a new physical innovation facility which it is envisaged will then catalyse the wider development of employment floorspace across the Harbour, as supported by local policy and strategy.

2.2 Table 1 should be completed for the preferred option.

Table 1: Preferred option – gross outputs					
	FTE Construction job years	Commercial/industrial space created (sq. m) (broken down by Use Class)	Gross FTE jobs accommodated	Gross homes provided	Other (specify) (add further columns as necessary)
Outputs which are directly dependent on or delivered by the project which GPF is supporting	120 construction jobs for 1 year build period Based on total construction spend of £4.95m, over 1 year. Using OffPAT 2009 construction job calculation guidance note, and an average mid	2,490 sqm (NIA) new B1a office floorspace	299*	n/a	n/a

	point range co-efficient across infrastructure and private commercial, this equates to 24.3 jobs per £1m of construction spend per annum. Annual construction spend = £4.95m multiplied by 24.3 = 120 construction jobs for the 1 year build period				
Other, indirect outputs which may be facilitated by this project	N/A	n/a	n/a	n/a	n/a
Total outputs supported by the project	120 construction jobs for 1 year build period	2,490 sqm (NIA) B1 floorspace	299	n/a	n/a

** Applying an employment density ratio of 1 job per 7.5 sq.m and prudently assuming a maximum 90% occupancy rate at any point in time (note this has been modified from the HCA’s Employment Density Guide (2010) which allows B1(a) Serviced Offices at 1 job per 10 sq.m. However, Sea Change Sussex’s experience is that the Creative Media Centre and the Innovation Centre in Hastings are more intensively occupied, given the predominance of small units (some as small as 15sq.m). Taking the known metrics for the Innovation Centre of 24,000sq.ft and 336 signed in employees, this equates to 1 job per 6.6sq.m. If Virtual Tenants are included as well, this falls further to around 1 job per 6 sq.m, therefore the ratio of 1 job per 7.5 sq.m is considered ‘realistically’ prudent).*

Appraisers comments:

2.3 The following table should be completed for the preferred option.

	Gross <u>direct</u> FTE jobs accommodated	Gross <u>direct</u> homes provided
2012/13		n/a
2013/14		n/a
2014/15		n/a
2015/16	83	n/a
2016/17	50	n/a
2017/18	33	n/a

2018/19	50	n/a
2019/20	83	n/a
Etc.		n/a
Total gross direct jobs or homes	299	n/a

Appraisers comments:

2.4 For the **direct** employment outputs, please provide the following analysis.

	i) Upper tier level	ii) SE LEP area level
a) Gross FTEs accommodated (one figure)	299	
b) % of gross FTEs which will be taken by residents living outside i) the Upper tier and ii) the SE LEP area	17.3%	10.4%
c) Number of gross FTEs which will be taken by residents living outside i) the Upper tier and ii) the SELEP area (b x a)	51	31
d) Gross local FTEs(a – c)	248	268
e) % of gross local FTEs which will, through product market displacement/competition effects, be offset by reductions in productive capacity elsewhere in the economy	43.1%	35.6%
f) Number of gross local FTEs lost through product market displacement effects (e x d)	106	95
g) Net local FTEs before multiplier effects (d-f)	142	173
h) Combined supply/income multiplier	1.29	1.44
i) Net local FTEs after multiplier effects (g x h)	183	249

2.5 No GPF investment option (the reference case).

Complete the following tables for the No GPF investment option:

	Gross FTE jobs accommodated	Gross homes provided	Other (specify)	Other (specify)
Direct outputs arising from the project which GPF is supporting	0	n/a	n/a	n/a
Indirect outputs which may be facilitated by this project	0	n/a	n/a	n/a
Total jobs, homes or other outputs supported by the project	0	n/a	n/a	n/a

Appraisers comments:

2.6 Please complete Table 5, showing when these gross **direct** outputs would be delivered.

	Gross direct FTE jobs accommodated	Gross direct homes provided
2012/13	0	n/a
2013/14	0	n/a

2014/15	0	n/a
2015/16	0	n/a
2016/17	0	n/a
2017/18	0	n/a
2018/19	0	n/a
2019/20	0	n/a
Etc.	0	n/a
Total gross direct jobs or homes	0	n/a

Appraisers comments:

2.7 Please complete Table 6.

	Gross <u>direct</u> FTE jobs accommodated	Gross <u>direct</u> homes provided
a) No. of preferred option outputs which would still be delivered at the <u>same time</u> under the No GPF investment option	0	n/a
b) No. preferred option outputs which would be <u>delayed by 1-5 years</u> in the absence of any GPF investment	0	n/a
c) No. of preferred option outputs which would be <u>delayed by 6 years</u> or more in the absence of any GPF investment (but which would still be delivered at some point in the future)	0	n/a
Total	0	n/a

Appraisers comments:

Provide a supporting commentary with justification for the assumptions being made.

Under the 'No GPF Investment' option (i.e. the reference case), it is considered that no job outputs would be delivered in relation to the Harbour Innovation Mall at any point in the future. The rationale for this is that even in a prosperous market, this type of specialist managed workspace facility as a property product is rarely funded and delivered solely by the private sector given the higher levels of risk and greater difficulty of securing private sector finance given the typically poorer quality covenants associated with the occupying companies. Often, such a facility will also take a number of years to reach break-even point, although this is not anticipated here given SCS' experience in Hastings, a waiting list of companies looking for accommodation, and the potential for SCS to share overhead cost with its existing facilities improving profitability, and therefore the ability to make GPF repayments even in the project's early years of operation.

However, for a private sector developer reliant upon raising equity or bank finance, the prevailing economic/market conditions and in this particular location (i.e. the first phase of development in a deprived coastal location in East Sussex) the level of risk, or certainly the perceived level of risk increases. This makes it extremely unlikely that a private sector developer would be able to obtain the necessary development finance to deliver the proposals and even if it was able to secure this, the perceived risks would be likely to outweigh the perceived financial benefits of investment. It is

considered therefore, that in the absence of GPF investment, the market failure that is associated with this type of development will result in the market being highly unlikely to deliver such a facility. SCS is no different to a private sector developer in this context, in that although it may be prepared to accept a lower rate of return if it could secure wider economic development outcomes, in the absence of GPF investment, it would not be able to secure the necessary development finance required to secure board approval to proceed.

Without GPF, at the current time, there is not any other form of public sector investment support that could provide the capital financing necessary to deliver the Harbour Innovation Mall, certainly in the short-medium term. It is considered that it could take some time for the economic conditions to improve to the extent where local authorities are able to grant fund or provide loan funding for projects of this nature. In the absence of GPF, it is therefore considered that the Harbour Innovation Mall would be highly unlikely to be developed in the foreseeable future. This would then fail to build upon the momentum that has been established locally through various highly successful economic development initiatives (e.g. the Innovation Centre Hastings and the Priory Quarter developments) and the economic competitiveness of Eastbourne could be compromised.

Appraisers comments:

2.8 For the **direct** employment outputs in the No GPF investment option, please complete Table 7.

Table 7: No GPF investment (reference case) option – from gross to net local employment outputs		
	i) Upper tier level	ii) SE LEP area level
a) Gross FTE jobs accommodated (one figure)	0	
b) % of gross FTEs which will be taken by residents living outside i) the Upper tier and ii) the SE LEP area*	n/a	n/a
c) Number of gross FTEs which will be taken by residents living outside i) the Upper tier and ii) the SELEP area (b x a)	n/a	n/a
d) Gross local FTEs (a – c)	n/a	n/a
e) % of gross local FTEs which will, through product market displacement/competition effects, be offset by reductions in productive capacity elsewhere in the economy*	n/a	n/a
f) Number of gross local FTEs lost through product market displacement effects (e x d)	n/a	n/a
g) Net local FTEs before multiplier effects (d-f)	n/a	n/a
h) Combined supply/income multiplier*	n/a	n/a
i) Net local FTEs after multiplier effects (g x h)	0	0

2.9 Please complete Table 8.

Table 8: Net additional jobs (FTEs) and value for money	
a) Net direct local FTEs including multiplier effects from preferred option (row i from Table 3)	249
b) Net direct local FTEs including multiplier effects from No GPF Investment option (row i from Table 7)	0
c) Net additional direct FTEs(narrow definition – before account of timing additionality) (a minus b)	249
d) Number of preferred option direct FTEs which are brought forward by 1-5 years multiplied by 0.25 (this being the weight which we are giving to acceleration of outputs)	0

by 1-5 years) (Table 6, row b x 0.25) multiplied by Table 3 row I divided by row a (i.e. the net additionality ratio for FTEs), i.e. ((Table 6 row b x 0.25) x (Table 3 row i/row a))	
e) Number of preferred option direct FTEs which are brought forward by 6-10 years multiplied by 0.5 (this being the weight which we are giving to acceleration of outputs by 6-10 years) (Table 6 row c x 0.5) multiplied by Table 3 row I divided by row a (i.e. the net additionality ratio for FTEs), i.e. ((Table 6 row c x 0.5) x (Table 3 row i/row a))	0
f) Net additional direct jobs after taking into account timing additionality	249
Present Value of GPF net cost associated with employment outputs (as per Section 4 Financial Case)	£883,865
(Where applicable) Present Value of total public sector net cost associated with employment outputs (as per Section 4 Financial Case)	n/a
PV GPF net cost per net additional job	£3,550
(Where applicable) PV public sector net cost per net additional job	n/a

2.10 Please complete Table 9.

Table 9: Net additional homes and value for money	
a) Gross direct homes from preferred option	n/a
b) Gross direct homes from No GPF Investment option	n/a
c) Net additional homes (a minus b)	n/a
d) Number of preferred option direct homes which are brought forward by 1-5 years multiplied by 0.25 (this being the weight which we are giving to acceleration of outputs by 1-5 years) (Table 6, row b x 0.25)	n/a
e) Number of preferred option direct homes which are brought forward by 6-10 years multiplied by 0.5 (this being the weight which we are giving to acceleration of outputs by 6-10 years) (Table 6 row c x 0.5)	n/a
f) Net additional homes after taking into account timing additionality	n/a
PV GPF net cost associated with housing outputs	n/a
(Where applicable) PV public sector net costs associated with housing outputs	n/a
PV GPF net cost per net additional home	n/a
(Where applicable) PV public sector net cost per net additional home	n/a

2.11 Other options considered

Two other options were considered as part of the process of identifying a preferred option. Outline details of these and the reasons for their rejection are presented below:

Option 1 – Scale Option – A larger/smaller facility is delivered than that being proposed

a) Summary description

The preferred option proposes a 26,800 sqft (NIA) facility and under this option the viability/deliverability of a 10,000 sqft variation in net lettable floorspace either side of this was considered – i.e. a 16,800 sqft facility and a 36,800 sqft facility. The purpose of this was to ensure that the optimum scale of facility is being proposed in accordance with the local property market characteristics and the availability/repayment of funding.

b) Option performance

Smaller facility – 16,800 sqft

The capital build costs of delivering a smaller facility will be lower given that there is 10,000 sqft less floorspace under this option. However, the cost will remain fairly significant given that it still

proposes a 16,000 sqft (NIA) new build. The principle issue with this option is the likely operational viability issues that could arise given the reduced scale. This type of facility needs to be of a certain scale to reach a 'break even' point. Based on some indicative business planning, it is clear that at 16,000 sqft, given the fixed costs that are associated with the proposed facility and the reduced number of units and therefore reduced rental income, even when it is well occupied, the facility would struggle to reach a break even point and would not be financially sustainable. Even assuming it does manage this, the level of operating profit generated would be likely to be insufficient to repay the GPF loan in a timely manner. With fewer units available to let, a lower number of businesses would be able to occupy the facility and it would fail to satisfy the level of market demand that is considered to be present for this type of product in this location. This could have a detrimental impact upon the dynamics of the local economy and businesses could be forced to look elsewhere for available/suitable accommodation for their needs.

Larger facility – 36,800 sqft

The capital build costs associated with a larger build option would be higher for obvious reasons. This option would require SCS to request a larger GPF amount to fund this additional capital cost and there would be additional risks associated with the repayment of this given the challenges that letting this additional floorspace could create. It is considered that there would be insufficient market demand from small business occupiers for an additional 10,000 sqft of net lettable space, certainly in the short-medium term and this result in a higher level of void units. This would impact upon the ability of the project to generate sufficient income and capital value via refinancing to repay the additional GPF loan that would be required to deliver a facility of this scale. Therefore, despite the fact that a larger facility could provide opportunities for enhanced delivery of employment opportunities, the scale and nature of the local demand for this type of property product would be likely to constrain the ability for this larger facility to be fully occupied, certainly in the timescales required to make GPF repayments in a timely manner.

c) Reason for rejection

The high levels of risk associated with a variation in the scale of the proposed facility were the principle reasons for the rejection of this option, as outlined above. Both the larger and smaller variations would be likely to result in operational viability/sustainability issues which would impact upon the ability of the project to repay the GPF investment in a timely manner.

Option 2 - Alternative Land-Use Option – Development of more generic B1(a) office units

a) Summary description

This option considered the potential for GPF to support the direct development of more generic, B1(a) office units instead of a specialist, high quality managed workspace facility.

b) Option performance

The capital build cost of this option would be likely to be similar to the costs of the preferred option, assuming that the generic office units were built to a similar quality and specification as being proposed. The GPF request under this alternative option would therefore be similar. However, there are several issues to note with regards to this option. Firstly, more generic B1 office units are more likely to be delivered by the private sector as they potentially represent a lower risk and more viable investment proposition. Developers are therefore more likely to be able to secure development

finance for more generic office development, subject to the identification of occupier demand, and the direct public sector delivery of this type of development would not therefore be addressing a market failure.

In this instance, a planning allocation has been in place for c.30,000 sqm of B1 office floorspace for some years on this particular site but nothing has yet been delivered, indicating a form of critical market failure. However, it is considered that the most efficient and effective investment route for the public sector is to support the direct delivery of a specialist managed workspace which would address market failures on two fronts. This type of specialist facility is seldom delivered without public sector funding support and so the direct delivery of this would address this gap in the local commercial property market and ensure that businesses are not forced to relocate elsewhere to achieve their growth ambitions. Secondly, it is envisaged that through funding this specialist facility, the public sector investment would enhance levels of developer/investor confidence in the area and establish the necessary momentum to catalyse the wider development of the allocated employment floorspace over time. Therefore the proposed facility could catalyse the wider development of more generic B1 floorspace over time, but it would be unlikely to occur the other way around (i.e. the public sector delivery of generic B1 floorspace would be unlikely to unlock the private sector delivery of a specialist managed workspace facility. The critical gap in the local property market at present is for dedicated small workspace to support new and expanding enterprises, not large scale generic B1 floorspace. This is supported by the findings of the 2011 East Sussex Business Survey, which identified that a significant majority of East Sussex businesses are micro-businesses (1-10 employees) and that 'small' premises (i.e. < 1,000 sq. ft.) are likely to be in most demand.

The quality/value and level of employment outputs associated with more generic office accommodation is likely to be lower than the outputs envisaged under the preferred option. Specialist managed workspace offers the potential for more intensive use of the floorspace and through attracting high growth businesses, often in early phases of establishment, it could contribute to a more significant GVA impact upon the local economy.

c) Reason for rejection

This option was rejected on the basis of the above points. The delivery of generic B1 office units is not typically constrained by elements of market failure to the extent that a specialist managed workspace facility is. It is therefore considered far more preferable to use GPF to address a critical market failure and to let the private sector develop out more generic B1 office floorspace in due course in accordance with market demand and planning policy for this area which has allocated a significant quantum of land for this use class. The level and quality of outputs under this option would also be likely to be lower compared with the preferred option and this option would also fail to address the gap in the market for high quality managed workspace, which could have potentially detrimental impacts on the local economy, if businesses are forced to relocate to find suitable and available business accommodation.

Appraisers commentary on other options considered

3. The Commercial Case

3.1: Confirmation that the primary loan will be based on the standard terms of the Credit Facility.

ESCC has confirmed that the primary loan will be based on the standard terms of the Credit Facility.

3.2: Provide an explanation of how sub-ordinate loans (if applicable) and repayment would work in practice.

Sub-ordinate loan drawdown and repayment would be based on the existing arrangements between ESCC and SCS as established during GPF Round 1. SCS has agreed a procedure with ESCC in relation to GPF loan investment in PQ3 and the principles of this would apply to this project, although written confirmation of the specific details of this project and loan drawdown/repayment would need to be agreed between ESCC and SCS.

3.3: What further steps need to be taken to firm up on financial projections and timings?

SCS, as the project promoter, will continue to progress with a robust design/construction tendering process for all elements of the proposed project to ensure that financial projections and timings reflect current market rates. It will also design and implement an appropriate monitoring framework as the project progresses to enable the performance of the proposed facility to be closely monitored and reported on a say, quarterly basis, over the initial build up period to confirm its ability to repay the GPF loan and to flag any potential repayment issues from an early stage to enable appropriate measures to be implemented.

3.4 Appraisers comments on the commercial case

4. Financial Case

4.1: Please complete the table in Annex B.

4.2 Please enter cost data in Table 10.

Table 10: Costs (2012 prices)	
a) Total Gross Costs Undiscounted (based on Drawdown Schedule)	£6,000,000
b) Total Repayments Undiscounted (based on Repayment Schedule)	£6,000,000
c) Total Net Costs Undiscounted a) – b)	£0
d) Present Value of total Gross Costs (Discounted) (based on Drawdown Schedule)	£5,650,350
e) Present Value of Total Repayments (Discounted) (based on Repayment Schedule)	£4,766,484
f) Present value of Total Net Costs (Discounted) d) – e)	£883,865

4.3 Please confirm that assumptions relating to income and costs are based on market rates stating sources of evidence

Costs

The projected capital build and operating costs of the Innovation Mall are based upon evidenced estimates provided by the applicant Sea Change Sussex (SCS). SCS and its predecessor, Sea Space, have over 7 years' experience of developing and operating similar business centres in this geographical area. It developed the Innovation Centre and the Creative Media Centre in Hastings and therefore has a very strong grasp of the likely capital and revenue cost implications of developing, setting up and operating new business centres. SCS has based the projected costs for the Harbour Innovation Mall on the recently tendered costs for the development of Priory Quarter Phase 3 to ensure that they are as up to date as possible. SCS has its own in-house qualified and highly experienced project managers who will ensure that the project costs remain within budget and it will seek external verification of the assumed costs by an independent cost consultant if required at any point as part of the GPF application/appraisal process. A summary breakdown of the project's capital costs is presented below:

Predevelopment Costs - Design and Procurement (incl. contingency)	£500,000
Development costs – Works, Fees, Utilities (incl. contingency)	£5,330,000
Project Management Costs	£135,000
Marketing Costs	£35,000
TOTAL COSTS	£6,000,000

Income

The economic programme of flexible employment space brought forward by SCS' predecessor delivery vehicle Sea Space has delivered more than 40,000 sq.ft of managed business space for small and micro-businesses over the last seven years. This includes two phases of the Creative Media

Centre in Hastings town centre, now supporting more than 40 businesses and c. 130 jobs and 42 businesses and 35 'virtual tenants' in the Innovation Centre located in the North Hastings employment area, supporting c. 370 jobs. Both of these business centres are operating at in excess 90% occupancy, and in terms of initial take-up, original business cases had assumed 25% take-up by the end of Year 1, 50% by the end of Year 2. The experience was however that both hit 50% within their first 12 months of operation.

Demand continues to grow for this type of serviced workspace provision generating numerous enquiries from high growth companies across all sectors. As the existing Centres are currently at almost maximum capacity there is a real lack of this type of space for businesses which will stifle new economic growth if this is not urgently addressed. Hence SCS are very confident that a new Innovation Mall, kick-starting development at Sovereign Harbour, would equally be taken up quickly. Critically, there are tenant waiting lists at SCS' existing Business Centres in Hastings and SCS already receives upwards of 20 enquiries per annum from businesses requesting units in these. SCS is confident that following the provision of further new high quality small business accommodation, this number of enquiries would increase given the latent demand that exists for this type of property product.

SCS has sought independent property market advice from Bray Fox Smith Chartered Surveyors to underpin the income assumptions presented within this Business Case. The remainder of this section summarises Bray Fox Smith's analysis of the Innovation Mall potential and opportunity.

Catalytic role of the Innovation Mall

Bray Fox Smith's view is that the Harbour Innovation Mall will provide long awaited critical mass to kick start the wider development by providing high quality, flexible office accommodation. They consider it essential that the Harbour Innovation Mall is developed to attract smaller local and regional businesses into the area which can then expand over time to complement the larger occupiers who will be attracted to further phases of development as the Business Park matures. Without this catalyst, Bray Fox Smith suggest that a significant sector of the property market – B1 Uses, will remain undeveloped against a background of higher value alternatives.

Market supply/demand review

Bray Fox Smith identify that the existing stock of business space in Eastbourne is largely 1960's/70's office buildings which lack modern standards and have floor slab to ceiling slab heights, typical of their era, which preclude incorporating such modern amenities as raised floors. This stock is supplemented by office uses above retail units as would be expected in the tertiary locations surrounding an established retail centre. They suggest that none of this accommodation has demonstrated any success in attracting an interest to date. Bray Fox Smith report that the only new development in the last 10 years has been on the outskirts of the town at Hargreaves Business Park adjacent to the A27 which achieved rents of up to £17.00 per square feet for buildings between 2,000 and 5,000 square feet. They identify that existing office supply is limited to less than 60,000 square feet of offices in 27 units which are predominantly between 500 square feet and 3,000 square feet with only two buildings currently available over 5,000 square feet. All of the buildings are second hand with no new developments currently available to let.

Bray Fox Smith point to the fact that there have only been 11 transactions recorded in Eastbourne since the start of 2010, the majority being between 500-2,500 square feet, with the exception of a 28,500 square foot building sold to Mistywell for their own occupation. This is in contrast to the success of the Creative Media and Innovation Centres set up in neighbouring Hastings which has

attracted a wide range of SME’s and currently has occupancy rates in excess of 90%. The success of these centres should form a blueprint for future growth in areas where demand has previously proved fragile and will encourage opportunities for local expansion as well as appealing to regional companies who struggle to find appropriate flexible accommodation in the wider locality.

Occupier take-up and rental income assumptions

SCS has developed an operational business plan for the Harbour Innovation Mall which has made assumptions regarding occupier take-up and projected rental incomes. This assumes a headline rent of £17 per square foot (excl service charge) and the following take up profile:

Year 1	Year 2	Year 3	Year 4 onwards
25%	50%	65%	90%

Bray Fox Smith have reviewed the above take-up assumptions and is confident that these take-up levels can be achieved and that this is a conservative profile which will be improved upon, particularly given the fact that the existing Innovation Centre and Creative Media Centre (CMC) in Hastings both achieved 50% occupancy in Year 1 and are both currently running at 90% with tenant waiting lists. They are of the view that the assumed take-up rates are somewhat pessimistic and believe that all of the unit sizes in the proposed range will be able to attract occupiers from the opening of the Harbour Innovation Mall.

Bray Fox Smith have also reviewed the rental income assumptions within the operational cashflow prepared by SCS, which are based on a net rent of £17/sqft (i.e. excluding service charge, rates, utilities and central overheads). They report that the rents achieved for the typical older office stock are up to £10.00 per square foot and the fact that these historic rents have been achieved is illustrative of the lack of a modern Grade A alternative. Bray Fox Smith identify that this stock is singularly unattractive and inflexible for modern dynamic businesses, either locally expanding or inward investment as leases or business occupations of these buildings comes to an end, they are increasingly finding new occupiers difficult to attract or are being left empty (e.g. the former NHS offices and BT Exchange). It is suggested that this stock is effectively nearing the end of its economic life – hence the greater importance of establishing the critical mass of a modern business park at Sovereign Harbour. The historic stock locations do not lend themselves to redevelopment and market economies suggest they will be used for more lucrative uses such as residential or retail uses.

Bray Fox Smith point to the fact that Eastbourne and its immediate environs have become a major commuter location for Gatwick and Brighton as is evidenced by the relative strength of the housing market – assisted by commuting times by train and car (A22/A27) to both destinations. Given the cost of transport and commute times, the disposable income and quality of the arguments will create the “two way street” of commuter residences and work places, providing a major cost advantage for any employer locating to Sovereign Harbour.

Their conclusion for assessing rental levels is that there is significant unsatisfied demand for the wider market opportunity combined with the lack of suitable modern alternatives. The rents achieved historically at Hargreaves Business Park and in neighbouring Hastings underpin the rental levels at Harbour Innovation Mall and Bray Fox Smith are of the opinion that £17.00 per square foot will be readily sustained in the Harbour Innovation Mall and that flexibility of lease options and unit size will underpin a successful take-up of the accommodation.

the South East which they expect to increase over the next 10 years as the area becomes more re-established as an office location as the occupational market improves. Therefore by adopting a rental value of £17.00 per square foot, which has already been achieved at Hargreaves Business Park, Bray Fox Smith believe there is a significant “in-built” contingency factor as these rents should increase over time.

Capital value assumptions

Bray Fox Smith suggest that yields in the current investment market have softened as a result of the exceptional economic circumstances that prevail and therefore in order to assess appropriate yields at the time of capital refinancing in year 2019/20, they should have regard to longer term average yields rather than present day figures. Assuming the building is let on 3 to 5 year leases, they are of the opinion that a yield in the region of 7.5% (which is reflective of a normal investment market) could be applied to the base rent to achieve the capital value required. Based on the full rental value of £455,600, a yield of 7.5% and deducting purchaser’s costs of 5.5%, Bray Fox Smith estimate the capital value of the completed scheme at 2019/20 to be £5.74 million. Given that early repayment of the loans is liable to reduce the outstanding debt from the initial borrowings of £6m to £4.5m, they report that this valuation should achieve repayment through sale or refinancing.

SCS has also secured the agreement of East Sussex County Council and Eastbourne Borough Council to underwrite the interest payments associated with the refinancing of the completed scheme which will enhance SCS’ ability to refinance it.

4.4 Please complete Table 11, timing of repayments.

Table 11 Repayments to ECC/SELEP		Tick
Repayment less than 3 years	Good	
Repayment 3 to 6 years	Medium	✓*
Repayment 7 years plus	Poor	

* all but £0.725m of the GPF loan will be repaid within 6 years of the GPF drawdown (i.e. 88% of the GPF loan will be repaid within 6 years of being drawn down). A cautious approach has been adopted in terms of the loan repayment and an alternative approach could be to assume that the capital refinancing/disposal of the completed scheme occurs a year earlier (i.e. in 2018/19) and that 100% of the GPF loan is therefore repaid within 6 years of drawdown. The independent market appraisal advice sought as part of this application would also support this approach.

Other funding

4.5 Please clearly set out the other funding sources including the status/certainty of these. Show how the other funding contributes to income in the table in Annex B.

4.6 Leverage, please complete Table 12.

Table 12 Leverage	
GPF investment	£6,000,000
Other Public Funding levered	£0

Private Funding levered	£1,200,000*
Total Other Public Funding and Private Funding levered	£1,200,000
Ratio of GPF to Other Public Funding levered	n/a
Ratio of GPF to Private Funding levered	1:0.2
Ratio of GPF Total Other Public Funding and Private Funding levered	1:0.2

* includes the value of the land contribution by Carillion (£0.8m) plus £0.4m of SCS-funded business support over the first four years of the centre’s operation.

4.5 Terms of the Loan.

The following question should be answered by a suitably qualified person:

Are the terms of the loan from the Borrowers (upper tier authority) perspective fair and reasonable?

Yes

(Delete as appropriate)

Are the terms of the loan from the Lenders (Essex CC) perspective fair and reasonable?

Yes

(Delete as appropriate)

Please provide justification for the responses provided.

Please provide details of the qualifications, experience and position of the person who has provided the responses.

4.7 State Aid

GPF will not be providing State aid through supporting this project. The loan is to be provided at 0% interest and the loan interest foregone utilising the EC Reference Rate over a 5 year period does not accumulate to more than 20% of the total eligible project costs. SCS is defined as a small enterprise and benefits from exemption under the General Block Exemption Regulation (GBER) (800-2008EC).

Appraisers commentary on the financial case

5. The Management Case

Please provide details of the following:

5.1 Governance arrangements.

The delivery vehicle for Growing Places Fund Round 2 projects 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 31st March 2012) having taken place on May 25th 2012.

The financial transactions of the company are regulated by the current Financial Regulations and Scheme of Delegation approved by the Board on 11th 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 1st April 2013 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).

Sea Change Sussex therefore believes that its current governance and financial controls are fit for purpose for the requirements of the Growing Places Fund.

5.2 Project management arrangements.

The project manager will be Sea Change Sussex (SCS). It will be managed on a daily basis by Clive Taylor at SCS, an experienced project manager in this type of capital development project. John Shaw of SCS will act as Project Director. SCS has prepared a comprehensive Project Execution Plan (PEP), which outlines the key project management and delivery arrangements and a high level of review of this has been undertaken as part of this appraisal in order to provide an answer to this question.

SCS has already appointed and worked alongside the following consultants as part of the project:

- Proctor and Matthews - architects
- Delta Green – advice on sustainable aspects of engineering design

Moving forward, it will appoint external consultants in relation to the following areas to support project development:

- Ecologist
- Architect
- Services Engineering
- CDM Co-ordinator
- Quantity Surveyor
- Fire Consultant
- Project Management/Employers' Agent
- Clerk of Works

The PEP identifies the following key project management tasks to be undertaken:

- Monitor and review the project through all stages and report regularly to the Employer on the status of the Project (monthly report required in a form to be advised by the Employer); obtain decisions needed and with the Employer's approval amend the development proposals;
- Maintain and update as necessary the development budget and cashflow; provide reports as required by the Employer's finance department on the financial status of the project and update Employer project monitoring systems as necessary;
- Initiate action in the event that any aspect of the Project appears to be likely to fail to achieve the Employer's objectives, public organisations, budget and programme. Agree suitable corrective action and monitor its implementation;
- Throughout the project brief and manage consultants and contractors on their duties, the Project procedures and the Project as necessary to achieve the project brief and so that all parties and individuals understand what is needed to achieve the Employer's objectives;
- Establish communication, reporting and authorisation procedures to operate between Employer,

Project Manager, Consultants and Contractors;

- Develop with the team a detailed Project Brief to include all relevant objectives, statutory duties, constraints and their relevant priorities;
- Develop and maintain a Project Execution plan (PEP).

The following project controls will be applied during the project lifetime:

- Monthly progress reports will be provided;
- Appropriate meeting structures will be implemented;
- An issues log and risk management plan will be produced and reviewed at appropriate intervals;
- Compliance reviews of Development Framework and Cost plan will be held at regular intervals;
- A Request For Information and a Change Control system will be put in place;

It is considered that for the purposes of this appraisal, appropriate project management mechanisms have been put in place.

5.3 Programme/Gantt chart

An outline programme is presented below as per the Project Execution Plan:

Milestone	Anticipated Date / Milestone	Status
Feasibility work	3 rd Dec 2012	Pending
Site investigation works	13 th May 2013	Pending
Prepare OJEU notice for architect/structural engineer	21 st Nov 2012	Pending
Shortlist selection	14 th May 2013	Pending
Architect/structural engineer contract award	9 th Oct 2013	Pending

Prepare OJEU notice for building contract	16 th Apr 2013	Pending
Shortlist selection	14 th May 2013	Pending
Submit building planning application	28 th May 2013	Pending
Planning committee decision	23 rd Jul 2013	Pending
Building contract award	9 th Oct 2013	Pending
Start on site	30 th Oct 2013	Pending
Build completion	1 st Jan 2015	Pending

5.4 Appraisers comments on management case

5.4 Please complete risk analysis.

Risk identification		Risk evaluation			Risk management		
Risk ID ref	Risk event	Impact score (1-5)	Likelihood score (1-3)	Overall risk score (I x L)	Action plan	Owner	Timescale for action
1	Lack of occupier demand for units in the facility and therefore recipient is unable to repay GPF loan	5	1	5	Sea Change Sussex will develop and implement a marketing strategy/programme in order to market the Harbour Innovation Mall to potential occupiers. Property market work has already been undertaken which demonstrates the likely occupier demand. Previous	SCS	Ongoing

Risk identification		Risk evaluation			Risk management		
Risk ID ref	Risk event	Impact score (1-5)	Likelihood score (1-3)	Overall risk score (I x L)	Action plan	Owner	Timescale for action
					similar developments undertaken by SCS in Hastings were over 50% let by the end of year 1 and are now both at 90% occupancy levels		
2	Units take longer than anticipated to let and loan repayments are delayed	4	2	8	As above	SCS	Ongoing
3	Completed scheme is unable to be refinanced to repay the balance of the GPF loan	5	1	5	Independent property market advice has been sought in relation to the likely timing and value of the disposal of the completed scheme. This confirms that through a combination of rental income and capital refinancing, it has the potential to generate sufficient income to repay the loan in full in a timely manner (90% of loan will be repaid within 6 years of loan draw down date). Sea Change Sussex will seek to promote the occupancy of the building to maximise rental income and thus the capital value that it could receive. Flexibilities will also be built into the design and build process so that a large part of the building can be made available for single occupier use if take-up for small business units does not come forward	SCS	Ongoing
4	Planning permission for the facility is not granted	5	1	5	Sovereign Harbour is identified as a key employment site within the emerging LDF for B1 business park uses. SCS has already held initial	SCS	Ongoing

Risk identification		Risk evaluation			Risk management		
Risk ID ref	Risk event	Impact score (1-5)	Likelihood score (1-3)	Overall risk score (I x L)	Action plan	Owner	Timescale for action
					discussions with the local planning authority and will continue to do so up to the point where it applies for consent.		
5	Actual build costs exceed projected costs	3	1	3	SCS has already delivered two similar centres in Hastings and also has experienced project managers as part of its delivery team. A contingency has also been included as part of the cost plan.	SCS	Ongoing
6	Capability and experience of Sea Change Sussex to manage the project	5	1	5	Sea Change Sussex formed out of ESEID and before that, SeaSpace. It has an established Board and an experienced project management/delivery team which have significant experience of delivering capital development projects across East Sussex. It has already successfully delivered similar types of property products in Hastings and will seek to build upon the experience of delivering these projects	SCS	Ongoing
7	Abnormal ground conditions and service requirements	3	1	3	Full site investigation works are due to be undertaken by SCS prior to any works commencing on site	SCS	Ongoing

5.5 Appraisers comment on risks analysis

6. Conclusions

Please provide a summary with conclusions on:

How strong is the strategic contribution of this project for the SELEP?

Does the project overall represent good value for money ? How have you arrived at this judgement?

In terms of repayment timescale how has the project been assessed (good/medium/poor)?

Are the terms of the Credit Facility considered to be fair and reasonable to both the Borrower and the Lender?

Are the levels of risk acceptable and capable of being managed?

Annex A

Due Diligence Process

The appraisal process should include a technical due diligence review by the upper tier authority. This Form has been designed to capture information required, evidence provided and to inform an assessment of residual risks for both the upper tier authority and the accountable body representing the LEP. It is presented as a guide and check list to help upper tier authorities appraise projects which they are supporting.

In conducting due diligence, the appraiser will need to analyse the proposition supported where appropriate by 'expert' financial, legal and technical advice. The depth of analysis should be proportionate to the size and nature of the prospective investment. The process should ask critical objective questions, to understand all the factors that will generate a successful project and outcome for the LEP and the upper tier authorities.

41

The due diligence process should also reflect the terms of the agreement and exposure to risk that the LEP through the accountable body is taking on and the risk that the upper tier authorities are taking on. Risks that the upper tiers may be exposed to will depend on any subordinate loans put in place which may in turn transfer risk on for example to a landowner or developer. For the LEP/accountable body agreements will take the form of repayable credit facilities including contractual requirements to repay according to a pre-agreed timescale. The financial risk exposure to market factors is consequently more limited than in circumstances where, for example, repayment by an upper tier authority is linked to development milestones triggering S106 or CIL payments. There is risk exposure in the latter case to market factors which would need to be assessed as part of the due diligence process.

These notes describe three key elements of the due diligence process as follows:

Financial appraisal

SELEP will not fund projects which could be funded from other sources and be able to go ahead without investment from the Growing Places Fund. SELEP will provide only the minimum funding required to allow the project to progress. The financial appraisal stage, therefore, will seek (from both the LEP/accountable body and upper tier authority’s perspective) to:

- Appraise the project financial position and test underlying assumptions, particularly with regard to project costs and project revenues;
- Confirm the amount of funding applied for is the minimum funding needed to unlock the development and that other sources of funding have been explored;
- Evaluate the potential for recovery of the investment through loan repayment, interest, or in special circumstances, a share of returns, overage, or other models;
- Understand pricing and marketing strategies for the project; and
- Understand and consider the financial, commercial and market risks associated with the project;

The table below should be completed.

Factors	Evidence provided	Assessors Comments	Residual risks to the Accountable Body/LEP	Residual risks to the upper tier authority
Costs		Prompt: Are the cost estimates appropriate for the stage of scheme design and prepared professionally. Is the level of contingency reasonable?		
What is the overall project cost (Qualifying Expenditure)				
Check costs associated with necessary planning contributions and obligations (e.g. S106, CIL, S278) – are these correctly reflected				
Does the cash flow profile of costs reflect the build				

Factors	Evidence provided	Assessors Comments	Residual risks to the Accountable Body/LEP	Residual risks to the upper tier authority
programme? Interest Rate		See below under <i>Financial Standing</i>		
Are there any critical cost risks?				
Revenue		Prompt: Are these in line with market rates?		
What are projected sales values				
Are there any critical sales risks?				
Confirm that the build and sales programmes are reflected in the cash flow profile of revenue?				
What is the status of other funding sources?				
Are there any critical revenue risks?				
Is the amount of GPF applied for the minimum amount necessary to enable the project to proceed?				
Have other forms of funding been explored?				
Are there any critical risks relating to repayment of the loan?				

Financial standing

Non-public sector applicants will be required to undergo a thorough review of their financial standing in order to provide an assessment of credit worthiness and collateralisation. The upper tier authority will consider the most appropriate form of security to protect its investment, which may involve the use of charges and guarantees.

The financial standing should be recorded in the table below:

Factors	Details	Assessors Comments	Residual risks to the Accountable Body/LEP	Residual risks to the upper tier authority

Factors	Details	Assessors Comments	Residual risks to the Accountable Body/LEP	Residual risks to the upper tier authority
Financial standing				
Borrower – address, status, if private company number				
Guarantor (if applicable)		What is required?		
Security (value an type) provided (if applicable)		What is required?		
Rate of interest (where appropriate)		Reflecting EC Reference Rate plus a Margin		

Deliverability

The appraiser should test the key project assumptions:

- The ability to (re)start on site including a review of title, planning and site constraints;
- The development programme and underlying assumptions

Factors	Evidence provided	Assessors Comments	Residual risks to the Accountable Body/LEP	Residual risks to the upper tier authority
Deliverability				
What planning and other consents are required?				
Is the land under the control of the project promoter and if not what is the property acquisition strategy?				
When will key milestones be achieved? Full Planning Approval Contractor appointed Primary infrastructure completed Start of project Completion of project				
Is the pre-contract period reasonable for a development of this nature?				
Delivery of outputs – number of jobs, homes and other outputs and timing				

– are these realistic estimates? What are the key risks to the programme				
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Annex B

Project Promoter Summary Cashflow to be completed by recipient of GPF funding											
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
CAPITAL											
Project costs											
Pre-development (planning/design/tender)		500,000									500,000
Development (build/professional fees/utilities/marketing/PM)		1,250,000	4,000,000	250,000							5,500,000
		1,750,000	4,000,000	250,000							6,000,000
Total capital costs (Balance)											
GPF Capital Drawdown		1,750,000	4,000,000	250,000							6,000,000
Business Centre Occupancy				25%	50%	65%	90%	90%			
GPF Capital Repayment				25,000	200,000	300,000	500,000	4,975,000			6,000,000
- centre operating surplus				25,000	200,000	300,000	500,000	500,000			1,525,000
- centre refinancing								4,475,000			4,475,000
Net Position (Balance less GPF Capital Drawdown plus GPF Capital Repayment)		(1,750,000)	(4,000,000)	(225,000)	200,000	300,000	500,000	4,975,000			0
REVENUE											
Revenue costs				100,000	100,000	100,000	100,000				400,000
Revenue income/funding				100,000	100,000	100,000	100,000				400,000
Balance											
GPF Revenue Drawdown											
GPF Revenue Repayment											
Net Position (Balance less GPF Revenue Drawdown plus GPF Revenue Repayment)				0	0	0	0	0	0	0	0

Note: The above costs represent the costs of the Innovation Mall only. In addition, the project levers in land with an estimated value of £0.8m as a contribution from Carillion.

IMPORTANT NOTE:

- The net position should never be in deficit, when in surplus GPF can be repaid
- The above cashflow is not intended to act as a detailed project analysis; it needs to demonstrate that the Growing Places Fund repayment criteria can be met
- Detailed data, evidence and reports to support the cashflow figures should be provided as part of the due diligence process

APPENDIX E

REPORT TO LEAD CABINET MEMBER FOR STRATEGIC MANAGEMENT AND ECONOMIC DEVELOPMENT

Sea Change Sussex Funding

4 September 2014

Agenda Item 4

Report to: **Lead Cabinet Member for Strategic Management and Economic Development**
 Date: **4 September 2014**
 Report by: **Director of Communities, Economy and Transport**
 Title of report: **Sea Change Sussex Funding**
 Purpose of report: **To seek approval for the County Council to secure from the South East Local Enterprise Partnership funding in order to issue a loan funding package to Sea Change Sussex of an equivalent amount**

RECOMMENDATIONS: The Lead Member is recommended to:

- (1) agree to secure from the South East Local Enterprise Partnership loan funding to the value of £4.6m to Sea Change Sussex in advance of expenditure for the Sovereign Harbour Innovation Mall;**
- (2) agree to the loan funding referred to above;**
- (3) delegate authority to the Director of Communities, Economy and Transport to agree the terms of, and enter into, the loan agreement with Essex County Council as the South East Local Enterprise Partnership's accountable body, necessary to secure the funding; and**
- (4) delegate authority to the Director of Communities, Economy and Transport to take any action, including agreeing the terms of and entering into any agreements with East Sussex Energy and Infrastructure Development Limited, trading as Sea Change Sussex, he considers appropriate to give effect to or in consequence of recommendations 1, 2 and 3.**

1 Financial Appraisal

1.1 The Sovereign Harbour Innovation Mall (SHIM), estimated cost £6m, is being part funded by the Growing Places Fund (GPF) through the South East Local Enterprise Partnership (SELEP). The GPF operates on a rolling fund basis and the loan funds are repayable after the completion of each project. As many projects are being undertaken by delivery partners independent of Local Authorities, Essex County Council (ECC) as the accountable body require upper tier authorities to underwrite each loan.

1.2 The County Council has already provided an £800k loan to Sea Change Sussex (along with £850k from Eastbourne Borough Council) for the acquisition of the land for the Sovereign Harbour Business Park within which the Innovation Centre will be located.

1.3 The phasing of payments anticipated and relied upon by Sea Change Sussex, our delivery partner for SHIM, mean that ESCC would be making payments in advance of or 'forward funding' expenditure. This exposes the County Council to some increased financial risk, as until such time as the project is completed the asset may not prove sufficient security.

1.4 The loan of £4.6m from East Sussex County Council (ESCC) is not sufficient to fund the total cost of the Sovereign Harbour Innovation Mall, at £6m. Seachange Sussex is seeking to close the funding gap via a separate loan of £1.4m which is subject to confirmation on 3 September. In reaching the recommendation set out in this report to approve the forward funding of the £4.6m required in 2014/15 ESCC has sought to minimise the risks by understanding:

- the financial position of Sea Change Sussex, their profit and loss account and cash flow position;
- the progress of the project and its deliverability; and
- the likelihood of generating funds to meet the repayment requirements.

1.5 In addition, considerable due diligence about the viability of the project was carried through the initial assessment process by both ECC as accountable body and ESCC.

1.6 Notwithstanding the risk mitigations above it is also proposed to take a first legal charge over the land where the Mall will be built to cover the amount ESCC have loaned to Sea Change Sussex. This charge will be completed prior to release of the loan in keeping with the funding agreements with ECC and Sea Change Sussex. This will ensure that the Council will be able to sell the Mall land and recover its loan, should Sea Change Sussex breach its obligations. However, during the early part of the project the value of the land may not be sufficient to cover the amount advanced and any interest (and any other monies that ESCC may be required to repay ECC under its funding agreement with them). The land, once completed however, will be expected to be worth £5.74 million according to the valuation attached at appendix 1 and ESCC are satisfied this leaves SC in a strong position to make

full repayment of the loan at this point. In relation to Sea Change Sussex's other assets, where ESCC do not have a charge should the company be wound up, ESCC will rank with any other unsecured creditors.

1.7 Some further reassurance is provided to ESCC by having a County Councillor on the Board at Sea Change Sussex to ensure financial propriety is observed at all times. In addition, an internal governance board has been established, comprising representatives from Legal, Finance and Communities, Economy and Transport Departments to help ensure County Council oversight as well as providing advice and support to the County Councillor on the Sea Change Sussex Board.

1.8 It should be remembered that by underwriting the loan ESCC remain liable until such time as the repayments are made in full.

1.9 All necessary planning permissions have been granted and the scheme is already on site, with an estimated completion date of August 2015.

2 Background

2.1 Details of Sea Change Sussex, its members and the constitution of the board are shown in Appendix 2.

2.2 SELEP has approved funding for a number of projects in East Sussex, amounting to over £19m, achieved in partnership between the County Council and Sea Change Sussex (see appendix 3)

2.3 Sea Change Sussex is working to secure significant business growth, including over 6,000 new jobs by 2022. A central part of this is the development of 900,000 sq ft of commercial premises to create thriving business communities in four main areas, one of which is the Sovereign Harbour Innovation Mall.

2.4 ESCC is now seeking approval to provide funding in advance of expenditure to Sea Change Sussex to the value of the amounts set out in the drawdown schedule agreed by ESCC, Sea Change Sussex and ECC. This equates to £4.6m for the Sovereign Harbour Innovation Mall in the financial year 2014/15. The drawdown profile for all the years of all the SELEP and ESCC approved GPF projects and the anticipated repayment profile for the SHIM project are attached to this report as Appendix 4.

2.5 This requested loan is in addition to monies previously awarded, such as the £800k loan for the employment land at the Sovereign Harbour Business Park.

3 Supporting information

3.1 The Sovereign Harbour has been developed into an important leisure attraction and residential area over the past 20 years. The area is missing the social and economic infrastructure that is required for it to become a sustainable community; the Sovereign Harbour Business Park will resolve this issue and the Innovation Centre is the first step for this important development.

3.2 The land for the Sovereign Harbour Business Park has been acquired, planning permissions granted and the build contract for the Innovation Mall awarded, thus the project is ready to proceed subject to ratification of funding.

4 Conclusion and reason for recommendation

4.1 The Sovereign Harbour Innovation Mall will make a positive contribution to the economic regeneration and growth of the county, and securing GPF funding will facilitate early delivery of the project. The Innovation Mall will be the focal point of and the catalyst for the Sovereign Harbour Business Park which is forecast to attract £34m of private investment. The funding will enable Sea Change Sussex to deliver this project, and it is therefore recommended that the County Council approves the allocation of the funds identified and delegations above referred to.

RUPERT CLUBB

Director of Communities, Economy and Transport

Contact Officer: James Harris, Assistant Director, Economy

Tel. No. 01273 482158

Local Member: All

BACKGROUND DOCUMENTS :

None



brayfoxsmith.com

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 TN 38 9UH

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30th November 2012

Dear John

Harbour Innovation Mall, Sovereign Harbour, Eastbourne

On your instructions we have set out below our view on the inputs required to support the development of the Growing Places Fund business case for the Harbour Innovation Mall. This includes market commentary, the importance of the Business Mall as a catalyst to investment for the remainder of the 30,000 square metres of the land allocated for the business use at Sovereign Harbour – (this 30,000 square metres representing half of the 60,000 square metres allocated in the Borough of Eastbourne) a review and commentary on proposed take-up rates, void periods, rents and yields adopted and our market validation.

The basis of our advice has regard to the net income/rental value of the Harbour Innovation Mall on completion of the development in December, 2014 and our opinion on the potential sale price in 2020/2021 assuming the building is fully let on flexible leases with an average length of 3 to 5 years to reasonable covenants. Clearly, the sale date is sometime in the future so our comments and views can only be very general in nature and we have assumed normal market conditions will prevail at the time, rather than the depressed market conditions we are currently experiencing in both the occupational and investment markets. Please note that the advice contained in this letter is to be regarded as agency advice in connection with Harbour Innovation Mall and does not constitute a formal red book valuation.

Description

The Harbour Innovation Mall will provide the first phase of (use class) B1 business units which will extend to 30,000 square metres (322,926 sq ft) once fully developed. It is envisaged that the Harbour Innovation Mall will provide 2,490 square metres (26,802 square feet) of total net lettable space designed with total flexibility to accommodate a wide range of sizes from small suites of 30 square metres (322 square feet) but with the potential to offer larger floors up to 498 square metres (5360 square feet) to accommodate future changes in the demand profile. There will be a large central atrium running through the scheme which accommodates the core reception, lift and toilet facilities leaving regular floorplates of 498 square metres (5360 square feet) in five wings with external access doors at ground and floor levels together with internal walkways to maximize flexibility in terms of unit sizes. The total floor area is set out below but the intention is to break the floors down to small suites to provide up to 63 workshops (45 B1 offices of 30 – 60 square metres (322 – 644 square feet) and 18 studios/R&D units at lower ground floor.

Floor	Square Feet	Square Metres
Lower ground floor north wing	5360	498
Ground floor north wing	5360	498



Ground floor south wing	5360	498
First floor north wing	5360	498
First floor south wing	5360	498
Total	26,800	2490

The flexible design concept, to which we have contributed, provides a range of grade A office units in "galleries" serviced from a central atrium or mall. The design offers up a unique blend of letting options from monthly licences to traditional 5 year leases in units ranging from 30 square metres (322 square feet) to any permutation in the upper floors from a basic unit of 60 square metres (644 square feet) up to a whole floor of 498 square metres (5360 square feet). Should requirements emerge during the construction period, the Harbour Innovation Mall is also capable of lease or sale to a single occupier without modification.

The office building will be finished to a grade A standard to include raised floors, air conditioning, suspended ceilings with recessed lighting and will be fully compliant with DDA and modern building standards and will include green energy features to help minimize future occupancy costs.

The high specification of the Mall includes a central reception; a café bar; meeting/break-out space; a 3D computer aided design (CAD) "printing" (i.e. producing product prototypes) terminal networked to the other managed centers and the University of Brighton; a large cinema screen and projection facilities in the Mall will also be available for networked business events and capable of being used as a commercial venue in the evenings.

The use of the Mall by the wider community is intended to raise the market profile of the Harbour Innovation Mall and the wider development of business units at Sovereign Harbour.

The planning policies of Eastbourne Borough Council and the agreed Masterplan for Sovereign Harbour envisage 30,000 square metres of B1 business units on 8.9 hectares of the otherwise largely developed residential, leisure and retail components of the wider Sovereign Harbour. The long held ambitions of the Eastbourne Borough Council for Sovereign Harbour are the attraction of inward investment and the creation of high quality local employment.

The Harbour Innovation Mall will provide long awaited critical mass to kick start the wider development by providing high quality, flexible office accommodation. It is essential that the Harbour Innovation Mall is developed to attract smaller local and regional businesses into the area which can then expand over time to complement the larger occupiers who will be attracted to further phases of development as the Business Park matures. Without this catalyst a significant sector of the property market – B1 Uses, will remain undeveloped against a background of higher value alternatives.

Market overview / Estimated Rental Value

The existing stock of business space in Eastbourne is largely 1960's/70's office buildings which lack modern standard and have floor slab to ceiling slab heights, typical of their era, which preclude incorporating such modern amenities as raised floors. This stock is supplemented by office uses above retail units as would be expected in the tertiary locations surrounding an established retail centre. None of this accommodation has demonstrated any success in attracting an interest. The only new development in the last 10 years has been on the outskirts of the town at Hargreaves Business Park adjacent to the A27 which achieved rents of up to £17.00 per square feet for buildings between 2,000 and 5,000 square feet.



There have only been 11 transactions recorded since the start of 2010, the majority being between 500-2,500 square feet with the exception of a 28,500 square feet building sold to Mistywell for their own occupation. This is in contrast to the success of the Creative Media and Innovation Centres set up in neighbouring Hastings which has attracted a wide range of SME's and currently has occupancy rates in excess of 90%. The success of these centres should form a blue print for future growth in areas where demand has previously proved fragile and will encourage opportunities for local expansion as well as appealing to regional companies who struggle to find appropriate flexible accommodation in the wider locality.

Existing supply is limited to less than 60,000 square feet of offices in 27 units which are predominantly between 500 square feet and 3,000 square feet with only two buildings currently available over 5,000 square feet. All the buildings are second hand with no new developments currently available to let.

The rents achieved for the typical older office stock are up to £10.00 per square foot. That these historic rents have been achieved is illustrative of the lack of a modern grade A alternative. This stock is singularly unattractive and inflexible for modern dynamic businesses, either locally expanding or inward investment as leases or business occupations of these buildings comes to an end, they are increasingly finding new occupiers difficult to attract or are being left empty (e.g. the former NHS offices and BT Exchange). This stock is effectively nearing the end of its economic life – hence the greater importance of establishing the critical mass of a modern business park at Sovereign Harbour. The historic stock locations do not lend themselves to redevelopment and market economies suggest they will be used for more lucrative uses such as residential or retail.

Eastbourne and its immediate environs have become a major commuter location for Gatwick and Brighton as is evidenced by the relative strength of the housing market – assisted by commuting times by train and car (A22/A27) to both destinations. Given the cost of transport and commute times, the disposable income and quality of the arguments will create the "two way street" of commuter residences and work places, providing a major cost advantage for any employer locating to Sovereign Harbour.

Our conclusion for assessing rental is that there is a significant unsatisfied demand for the wider market opportunity combined with the lack of suitable modern alternatives. The rents achieved historically at Hargreaves Business Park and in neighbouring Hastings underpin the rental levels at Harbour Innovation Mall and we are of the opinion that £17.00 per square foot will be readily sustained in the Harbour Innovation Mall and that flexibility of lease options and unit size will underpin a successful take-up of the accommodation.

Review of the development appraisal for the scheme

The development costs of £6m are based on our Hastings experience over 5 years, the competitive quotes recently received for phase 3 Priory Quarter and are comparable to the range of prices for the limited number of new speculative office schemes currently taking place in the south east office market.

The professional fees adopted in the appraisal are typical of those used in traditional office development appraisals and in our opinion reflect market rates.

Given our comments made on the "**market overview/rental value**," we are of the view that our client's view of the take-up rates is somewhat pessimistic and we believe that all of the unit sizes in the proposed range will be able to attract occupiers from the opening of the Harbour Innovation Mall.

Given the relatively small size of the suites and short term nature of the licences and leases that will be granted we are of the opinion that the rent free periods will be minimal, ranging from 3 months to 6 months, depending on the length of term.

After year 5, we assume the building will be generating the full rental value on 3 to 5 year leases. As some leases will be shorter than phase 4 Priory Quarter this will impact on value and we consider a yield of 7.5% to be more appropriate on the assumption that normal market conditions will prevail at the time of sale, rather than the depressed occupational and investment markets that currently exist. In our opinion this is a fair average long term yield to adopt.



Estimated Capital Value in Year 5

Based on the full rental value of £455,600 a yield of 7.5% and deducting purchaser's costs of 5.5%, we believe the capital value to be £5.74 million. Given that early repayment of the loans is liable to reduce the outstanding debt from the initial borrowings of £6m to £4.5m this valuation should achieve repayment through sale or refinancing.

Yields in the current investment market have softened as a result of the exceptional economic circumstances that prevail and therefore in order to assess appropriate yields in year 5 we should have regard to longer term average yields rather than present day figures. Assuming the building is let on 3 to 5 year leases we are of the opinion that a yield in the region of 7.5% (which is reflective of a normal investment market) could be applied to the base rent to achieve the capital value required.

Eastbourne has no Grade A office accommodation and has low rents for the South East which we expect to increase over the next 10 years as the area becomes more re-established as an office location as the occupational market improves. Therefore by adopting a rental value of £17.00 per square foot, which has already been achieved at Hargreaves Business Park, we believe there is a significant "in-built" contingency factor as these rents should increase over time.

I trust this is sufficient for your purposes.

Yours sincerely

A handwritten signature in black ink, appearing to read "RH", written over a light blue horizontal line.

Richard Harding

**Partner
BrayFoxSmith**

46 Mount Street, Mayfair, London, W1K 2HH



Mr John Shaw
Sea Change Sussex
Innovation Centre
Highfield Drive
St Leonard's
East Sussex
TN 38 9UH

46 Mount Street
Mayfair
London W1K 2HH
Tel: 020 7629 5456
Fax: 020 7491 4788

14th May 2014

Dear John

Harbour Innovation Mall, Sovereign Harbour, Eastbourne

Further to my previous advice of the 30th November 2012 and to our recent discussion, I would not propose to alter the contents of my report but would confirm that the contents continue to be accurate in their entirety for the market assessment in relation to the Harbour Innovation Mall. The market stagnation continues for Eastbourne with no other competing projects coming out the ground amidst market concern that the Harbour Innovation Mall appears to be yet another stalled project in a 23 year history.

We would strongly advise an intensive awareness campaign to re-launch the Harbour Innovation Mall, related to the positive message of construction start.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richard Harding'.

Richard Harding

**Director
BrayFoxSmith**

46 Mount Street, Mayfair, London, W1K 2HH

Sea Change Sussex Funding – Sovereign Harbour Innovation Mall

**East Sussex Energy, Infrastructure and Development Limited
Trading as Sea Change Sussex**

Company number: 07632595

Registered Office: Innovation Centre, Highfield Drive, St Leonards TN38 9UH

Sea Change Sussex is the trading name of East Sussex Energy Infrastructure & Development Ltd (ESEID), a company limited by guarantee. It is a 'not for profit' economic development and regeneration company, working to expand the area's economy and business community with ESCC and other key partners.

Sea Change Sussex is a delivery partner for ESCC, which is represented on the board of directors; ESCC, Hastings Borough Council and Rother District Council all own a stake in the company, and we have a well-established and very successful relationship in implementing economic development projects. We have also set up an internal governance board in respect of loan funding to Sea Change Sussex, further mitigating any risk.

The members of the company are:

Hastings, Bexhill and East Sussex Business Association Ltd	50.00%
University of Brighton	19.90%
East Sussex County Council) Hastings Borough Council) Rother District Council)	19.90%
Voluntary Sector	10.20%

Members of the Board are:

Professor Julian Crampton	University of Brighton	Chairman
Councillor Peter D Chowney	Hastings BC	
Councillor Robin Patten	Rother DC	
Councillor Rupert A Simmons	ESCC	
Sonia J Blizzard		
Paul Evans		
Gareth P Jones		
Steven J Manwaring	Hastings Voluntary Action	

SELEP Growing Places Fund – Summary of East Sussex Projects

Since the launch of the Government's Growing Places Fund (GPF) the South East Local Enterprise Partnership (SELEP) has been allocated approximately £50m to fund projects commensurate with the GPF criteria. ECC has been established as the Accountable Body, issuing funds on a project by project basis to the relevant authority (or 'borrower') primarily through loan agreements, who then secure repayment via various forms of reimbursement.

Funding already awarded

Scheme	Project Cost	GPF Funds
Priory Quarter Phase 3, Hastings Construction of 6 storey office accommodation in Hastings town centre providing 25,000 sq ft of rentable space for single business or multiple occupancy.	7,250,000	7,000,000
North Queensway, Hastings Provision of new junction to access a key employment site along with the provision of new Utility Service supplies to the site.	1,500,000	1,500,000
Bexhill Innovation Mall Construction of 3 storey 'Business Mall' office accommodation in Bexhill providing 26,800 sq ft of rentable space for multiple occupancy by Small and Medium Enterprises (SME's) in a managed and supported environment.	6,000,000	6,000,000
Sovereign Harbour Innovation Mall, Eastbourne Construction of 3 storey 'Business Mall' office accommodation in Eastbourne providing 26,800 sq ft of rentable space for multiple occupancy by Small and Medium Enterprises (SME's) in a managed and supported environment.	6,000,000	4,600,000
Total	20,750,000	19,100,000

Sea Change Sussex Funding – Sovereign Harbour Innovation Mall

Growing Places Fund – East Sussex Drawdown Profile

Scheme	2012/13	2013/14	2014/15	2015/16	2016/17	Total	Status
Priory Quarter Phase 3 Hastings	1,425,000	4,825,000	715,000	35,000		7,000,000	Approved
North Queensway – Hastings	1,270,000	230,000				1,500,000	Approved
Bexhill Innovation Mall		1,750,000	4,000,000	250,000		6,000,000	Approved
Sovereign Harbour Innovation Mall Eastbourne			4,600,000			4,600,000	Approval requested, subject to this report
Totals	2,695,000	6,805,000	9,315,000	285,000	0	19,100,000	

Sovereign Harbour Innovation Mall - Repayment Profile for requested funds

Anticipated timetable for repayment of £4,600,000

year	amount	balance	notes and comments
2016/17	£25,000	£4,575,000	
2017/18	£200,000	£4,375,000	
2018/19	£300,000	£4,075,000	
2019/20	£475,000	£3,600,000	
2020/21	£400,000	£3,200,000	
At this stage SCS will re-finance the project and repay the balance of the loan			



SOUTH EAST GROWING PLACES FUND

PREPARING THE BUSINESS CASE – GUIDANCE NOTES FOR SHORTLISTED AND PIPELINE PROJECTS

Projects selected by the Executive Group of the South East Local Enterprise Partnership (SELEP) at its meeting on 7 September 2012 as 'shortlisted' or 'pipeline' projects have been invited to submit a business case as part of the second stage of the project evaluation process.

The business case for 'shortlisted' projects ONLY will be subject to an appraisal commissioned by upper tier authorities. An appraisal of the business case for 'pipeline' projects will be undertaken when it is clear that there is sufficient financial headroom within the fund to support these projects.

These guidance notes have been prepared in two parts. Part A provides guidance for the applicant and Part B provides guidance for the appraiser.

Part A: Notes for Applicants

Good practice demands that the business case (and the appraisal of it) should be "5-case" compliant – i.e. that the business case should reflect HM Treasury's "five case model" comprising a **strategic** case, an **economic** case (looking at the relative costs, benefits, value for money and risks of different options), a **commercial** case (understanding the deal, and the underpinning evidence to support it), the **financial** case (for the preferred option) and a **management** case (including governance, work programme, risk management plan and monitoring arrangements).

There is no need to repeat information already provided as part of the Expression of Interest, but there is an opportunity to expand where it may be helpful to so. It is important that supporting evidence is provided. A check list of evidence required is provided at Annex B.

If there are any variances from the details provided within the Expression of Interest it is important that these are highlighted in the relevant box under 'Project Details', together with an explanation for any changes.

Detailed notes are provided as follows:

NOTE: THE APPLICANT ONLY NEEDS TO COMPLETE THE BOXES WHICH ARE LEFT UNSHADED. THE APPRAISER (FOR SHORTLISTED PROJECTS ONLY) WILL COMPLETE THE BOXES SHADED GREY.

Section 1

1.1: This can be based on B1 to B3 of the Expression of Interest.

Section 2

2.1: This can be based on A7 of the Expression of Interest.

2.2 (Table 1): By “gross” we mean the total outputs generated, without any adjustment for deadweight, leakage, displacement or multiplier effects.

Estimation of direct jobs from commercial/industrial space: Please explain what evidence on **employment densities** (e.g. sq. m per job) has been used to derive job estimates. A useful source of information is recent guidance on Employment Densities published by the HCA. Employment density evidence normally represents all jobs, including part-time jobs as well as full-time jobs. In Section 2, the jobs should be expressed as **Full-Time Equivalent (FTE) jobs**, with a working assumption that 2 part-time jobs = 1 FTE.

<http://www.homesandcommunities.co.uk/employment-densities-guide-2nd-ed>

‘Direct’ outputs are those directly dependent on the intervention or delivered by it. For example, if the funding is supporting the provision of business space the jobs accommodated in that space can be considered to be direct outputs. If the funding is supporting a new road opening up an initial phase of an employment then again the jobs accommodated in this phase can be treated as outputs. Further outputs arising for example from future phases of development or spin off in the wider economy should be treated as indirect outputs.

2.3 (Table 2) and 2.6 (Table 5): For the gross direct jobs and housing outputs, please indicate when these will be delivered (based on anticipated year of occupancy for jobs and practical completion of housing units)

2.5: Please provide a reasoned argument for what would happen to the delivery of the project, and the employment, housing and other outputs dependent upon it, in the absence of any Growing Places Fund investment.

2.7 (Table 6): Table 6 uses Tables 4 and 5 and compares this with the performance of the preferred option.

2.11: Please provide a discussion of at least two other front-running options which were considered prior to arriving at the preferred option described in Section 2.1. These alternative options might take the form of different land uses; different infrastructure options to deliver the same outputs; or different procurement methods for delivering the same infrastructure and outputs.

For each option discussed in this section, please provide as a minimum the following commentary (no quantitative analysis is required):

- a) summary description of the option
- b) how the performance of the option varies from the approach taken in the preferred option – performance might be considered, for example, in relation to issues such as cost, timescale, level of risk, level of outputs, quality of outputs
- c) why the option was rejected as unsuitable. If a formal options analysis/appraisal was conducted, please provide some summary details of the approach taken and the key indicators which were considered in arriving at a formal judgement on the preferred option.

Section 3

3.1: Confirmation that the primary loan will be based on the standard form of Credit Facility (see notes below) between the Essex CC and the borrowing authority.

3.2: An explanation of how the sub-ordinate loans and repayment would work in practice including:

- details of how these are linked to income streams related to the project (e.g. S.106 agreements, business rates uplift etc.)
- details of where risks (financial, programme, reputational) are being carried

Notes on Credit Facilities: SELEP has determined that it will allocate GPF primarily through loan agreements with local authorities, who will then secure repayment through landowners/developers via planning agreements or other forms of reimbursement. Where a sufficiently compelling case is presented SELEP may provide support for non- standard projects, either in terms of the type of project or the financing structure.

Primary Loan Agreements will be entered into between Essex County Council (accountable body for SELEP), the 'Lender' and the applicant authority, the 'Borrower' (normally a County or Unitary authority).

Dialogue between upper and lower tier authorities is encouraged to ensure projects brought forward are strategic in nature, liabilities for repayment are covered and that the accountable body is not exposed to undue risks.

The Primary Loan Agreement will contain 'standard terms' including:

- A capped facility for capital expenditure;
- A definition of the works (infrastructure);
- Drawdown conditions based on certification of works;
- A loan term;
- Drawdown profile;
- Repayment profile;
- A finance rate - may be charged if there the loan involves State Aid
- Monitoring requirements

Where appropriate Primary Loan Agreements will be conditional upon a subsidiary agreement being entered into between the Borrower and a third party – for example a developer or infrastructure providing for works to be undertaken and/or contributions based on planning agreements, tariffs or CIL.

The Primary Loan Agreement will provide a contractual obligation for the Borrower to repay the loan according to the repayment profile.

3.3 Describe the further steps that need to be taken to firm up on financial projections and timings.

Section 4

4.1: Financial information should be presented in the template provided in Annex B.

4.3: Clearly quote the evidence on which all financial information is based.

4.5: Provide details of other funding in Annex B.

4.7: Provide confirmation (with reasons) that by supporting this project the Growing Places Fund will not be providing State Aid.

Section 5

5.1: For example, Project Board, Senior Responsible Owner (SRO), any sub-committee structures.

5.2: Describe any in-house/external appointments.

5.3: Attach a project programme or a simple table setting out major delivery milestones – from now until practical completion of final outputs. Include any critical tasks that will be needed to realise benefits post-construction, e.g. marketing, the use of other incentives etc. to attract occupiers in target sectors.

5.4: Describe the *top 10 risks: cause, risk event, consequence, risk evaluation (likelihood and impact) and risk management. Note this is to be prepared from the perspective of the Borrower (upper tier authority).*

Part B: Notes for Appraisers

NOTE: THIS PART IS ONLY RELEVANT TO THE SHORTLISTED PROJECTS. THE APPRAISER SHOULD ONLY COMPLETE THE BOXES SHADED GREY. THE APPLICANT SHOULD HAVE COMPLETED THE BOXES LEFT UNSHADED.

The SELEP want to adopt a consistent approach towards appraisal across all projects to provide the necessary assurance **both** to the accountable body (on behalf of the LEP), as lender, **and** to the upper tier authorities, as borrowers, that a robust appraisal process has been adopted. There is a wish to avoid separate appraisal processes, however there is a need for both the 'lender' and the 'borrower' to undertake due process and satisfy themselves on the costs, benefits, risks and value for money.

Each upper tier authority is charged with the task of preparing an appraisal on projects which the SELEP has approved to progress. The appraisal should follow the template attached to these notes. Any changes to the project information presented in the Expressions of Interest should be highlighted.

The appraisal should be undertaken by a suitably qualified independent person. To assist the process and to promote consistency and high standards of appraisal the SELEP has made available a limited resource to provide **appraisal support**. If you require guidance in the first instance please contact Zoe Myddelton at South East LEP Secretariat (tel: 01245 434104).

In terms of defining and evaluating options, the approach draws heavily on the decisions which have arrived at a 'preferred' option. The quantitative analysis therefore focuses on the costs and benefits of this option versus a reference or 'do nothing' case. For the most part, as projects supported by GPF are stalled, the same outputs may be expected to be delivered, the difference being that GPF allows the projects to be accelerated. The appraisal therefore has been designed to quantify this acceleration and give due weight to it.

In distinguishing the roles of the LEPs and the upper tier authorities the appraisal will need to capture the benefits for the LEP area as a whole and as a sub-set of this the unitary area concerned with each project. The appraisal will also need to be consistent with the requirements DCLG have laid down for reporting, particularly in relation to capturing outputs.

The conventional approach for the treatment of costs is to look at the 'gross' costs of the intervention representing a contingent liability in accounting terms. In this case as the primary loans are due to be repaid in full this does not give a fair reflection of the cost of the project to the public purse. Therefore an additional metric has been provided which treats the costs as the present value of the loan less the present value of the repayments.

The requirement for a suitably qualified independent person to certify that the terms of the loan are fair and reasonable, both from the lender's and the borrower's perspectives, puts an onus on the appraiser to consider the terms of the loan in the round and the risks being borne by each party. It needs to provide ECC comfort that loans will be repaid within an appropriate timescale reflecting the characteristics of each project. It also needs to provide the upper tier authority comfort that the repayment terms fairly reflect the risk it is taking on through subordinate agreements (where these apply).

Section 1

1.2: Provide a commentary on the project's strategic fit.

Table 1: Normally the **construction jobs** involved in delivering a project are not counted as benefits as they are considered to be part of the project inputs i.e. necessary to enable the project. However, with the fiscal stimulus a number of government departments are claiming as benefits the construction jobs created from their capital infrastructure investment can also be taken into account. To count one job, please use full-time equivalent "job-years" rather than employment units. For example, construction jobs are temporary jobs, not permanent jobs, and usually last for one year. So for a construction project running during 10 years and employing 1,500 per year, the full-time equivalent job-years = 15,000 (1,500 jobs each year over 10 years). Similarly, if the project employs 100 people working for a period of 6 months, then the full-time equivalent job-years = 50.

The method being adopted for estimating construction job years is as follows:

Step 1: Estimate total construction spend

Step 2: Multiply total construction spend by 35% as an estimate of the labour element of construction spend

Step 3: Divide the figure derived from Step 2 by £131, 993 (Average UK Turnover per employee in construction sector, source 2009 ABS). This provides the estimate of construction job years.

2.4 (Table 3): In the absence of any bespoke evidence for the project, a useful source of benchmark evidence for leakage and displacement is the BIS/CEA additionality benchmarks¹ and for multiplier effects we recommend the EP/HCA Additionality Guide². For this purpose, please use the “local area” or “sub-regional” levels in these benchmark documents as a proxy for Upper tier level; and “regional” as a proxy for SELEP level.

2.5 For guidance on issues to consider in approaching this analysis, please refer to the CWA/OffPAT guidance on “the role of the Reference Case in project appraisals” and specifically the treatment of land and property projects in Annex 1 of this guidance³.

2.8: In the absence of Growing Places Fund investment, the working assumptions about end use and thus displacement, leakage etc. may be exactly the same (e.g. if the sectors are similar) – but where sectors of employment are different, it may be appropriate to use different displacement and potentially different leakage and multiplier assumptions.

2.9 (Table 8): Completes the formal quantitative output and value for money analysis at the SELEP level in relation to employment outputs. Where the project is producing both direct jobs and housing units, then costs should be apportioned. Where information is available on the anticipated costs of servicing the different areas, then this should be used. Where no such information is available, then costs should be apportioned based on the relative land area for employment uses vs residential.

For the Present Value of GPF net costs please draw on Table 10 in the financial case (Section 4). (Where there are other public sector costs being incurred, a table modelled on Table 10 should also be provided in Section 4 and this can be drawn on for a Present Value of Net Public Sector cost in Table 8)

2.10 (Table 9): Completes the formal quantitative output and value for money analysis at the SELEP level in relation to housing outputs. The same points above about cost apportionment and about using cost data from Section 4 also apply here.

Section 3

3.4: Provide a commentary on the commercial case.

Section 4

4.2: Costs should be in real 2012 prices, and shown as ‘gross’ costs and ‘net’ costs both undiscounted and discounted to 2012 Present Values . As GPF is a loan fund which is due to be repaid on an undiscounted basis the net cost would be expected to be nil. Only by applying a discounting factor are we able to estimate the time cost value of the resource from the public sectors perspective.

Where ‘other’ public sector funding is provided this table should be repeated for the total public sector costs.

¹ http://www.ceaevaluation.co.uk/files/BIS_Additionality_file53196.pdf

²

http://collection.europarchive.org/tna/20100911035042/http://englishpartnerships.co.uk/docdownload.aspx?doc=Additionality%20Guide_0.pdf&pid=E6B323D899F74AE381E392234B7AF5FD

³ http://www.colin-warnock.co.uk/files/OffPAT_Ref_Case_PAN_07-05.pdf

Use 2012 (current day) prices and apply a discount rate of 3.5% per annum for the discounted costs.

4.2: This can be based on D1 and D6 of the project pack. It is important for the appraiser to pass comment on the quality and relevance of the evidence which is provided.

4.3: Part of the assessment of value of money reflects the time it take to repay the loan. As GPF is a revolving fund shorter loan periods will enable the fund to be recycled more frequently thus enabling more outputs too be realised. Table 11 provides an assessment of this feature.

Annex A

For each item on the check list provide a commentary on the robustness of the evidence presented and the residual risks to both the LEP/accountable body (lender) and to the upper tier authority (borrower).

Annex B

The figures presented in Annex B should be reviewed and scrutinised.

BUSINESS CASE TEMPLATE

NOTE: THE APPLICANT ONLY NEEDS TO COMPLETE THE BOXES WHICH ARE LEFT UNSHADED. THE APPRAISER (FOR SHORTLISTED PROJECTS ONLY) WILL COMPLETE THE BOXES SHADED GREY.

Project Details

<i>Project Title</i>	Harbour Innovation Mall, Eastbourne
<i>The contracting authority (the Borrower) – upper or lower tier or unitary</i>	East Sussex County Council
<i>Lead Point of contact</i>	John Shaw, Chief Executive, Sea Change Sussex
<i>Contact email</i>	johnshaw@seachangesussex.co.uk
<i>Contact telephone</i>	01424 858287
<i>Location of the project including which Local Authority Area(s) it falls within</i>	Sovereign Harbour, Eastbourne, East Sussex Eastbourne Borough Council East Sussex County Council
<i>How much funding is sought from the Growing Places Fund?</i>	£4,600,000
<i>Highlight any changes to the information provided in the Expression of Interest</i>	<p>There is no material changes in the information presented within this Business Case compared with the Expression of Interest. The GPF loan request has increased from £5.75m to £6m, reflecting an additional contingency of £0.25m. The rationale for this additional contingency is based upon Sea Change Sussex's (SCS) actual recent experience of receiving construction tenders for the Priory Quarter Phase 3 scheme which were higher than anticipated, largely due to increases in construction material costs. We felt that it would be prudent to increase our building cost contingencies to reflect our current experience of major construction contracts, particularly the cost of materials and to include the installation costs of new green energy technologies, hence the final budget for the construction costs is £6 million of which £4,600,000 is sought as available GPF from SELEP.</p> <p>Since the EOI stage, we are able to import more confidence into the scheme from sustained pre-development activity since the Expression of Interest. Harbour Innovation Mall has evolved into a "shovel ready" mature project with a clear timeline to a programmed practical completion date of July 2015. The Harbour Innovation Mall now benefits from:</p> <ul style="list-style-type: none"> • Agreed Heads of Terms with Carillion which has informed the land transfer arrangements • Planning Permission was granted for the scheme on 4th March 2014

	<ul style="list-style-type: none"> • Tenders for the construction of the development were received on the 21st February 2014 and the lowest was approved for acceptance by the Sea Change Sussex Board on 6th March 2014. • The formal contract award will be made on receipt of the GPF, in the meantime, Sea Change Sussex is addressing pre-start conditions, including ecology issues, in order to maintain the build programme • Sea Change Sussex is now acquiring a larger development site of 3.4 hectares with funding support from East Sussex County Council (ESCC) and Eastbourne Borough Council (EBC) thus securing continued investment of up to 10,000m² of B1 business space beyond the Harbour Innovation Mall. • Letters of support from East Sussex County Council and Eastbourne Borough Council for the new Innovation Mall are unchanged.
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1. Strategic Case

1.1 Outline how the project fits with the LEP Vision and objectives; the policy and strategic context (local policies, strategies, local investment plan etc); state who are the key partners in the project

Growing Places Fund (GPF) loan investment through the SE LEP is being sought to deliver a new 2,490m² (NIA) Innovation Mall at Sovereign Harbour in Eastbourne, capable of accommodating c.60 occupier businesses. GPF investment will directly deliver the physical construction of the Harbour Innovation Mall and will therefore directly create new employment opportunities within indigenous, inward-moving and new start-up businesses. Critically, it is envisaged that the new Innovation Mall will catalyse the proposed 30,000m² Business Park for Sovereign Harbour which has been a policy aspiration of the Eastbourne Local Plan since the early 1990's but which has not come forward and represents a significant gap in the local property market offer, hindering economic growth potential. Sea Change Sussex is acquiring a larger site to deliver a larger part 10,000m² of the Eastbourne employment land supply. Bringing forward Sovereign Harbour is critical to the economic future of Eastbourne and East Sussex as the Sovereign Harbour employment land allocation represents half of the employment land use allocation of the Borough. The project fully aligns with and supports the LEP vision and objectives and also the wider policy/strategy base at all spatial scales. Details of this alignment are summarised below.

a) South East Local Enterprise Partnership (SELEP)

Fit with SE LEP vision

The SELEP has a mission statement to **“create the most enterprising economy in England”**. Within the next 20 years the LEP seeks to have achieved the following as part of its vision:

- *Established and New Businesses across the area creating between 250,000 and 300,000 new jobs.*
- *All coastal and rural communities will aim to match the prosperity of the small cities and market towns.*
- *Formerly deprived areas will be making significant progress towards becoming thriving communities*
- *Unemployment to be below the average for other prosperous regions.*

The Harbour Innovation Mall has the potential to contribute towards all of the above objectives through the direct provision of a high quality workspace facility to create high value employment opportunities.

Fit with SE LEP strategic objectives

The SELEP identifies 4 strategic objectives and the Harbour Innovation Mall directly aligns with **Objective 2 – “Promote investment in our Coastal Communities”**. The SE LEP strategy recognises the significant deprivation that some of its coastal communities face, but also the considerable unrealised potential and the possibility of significant economic growth. It identifies key strategic growth opportunities in low-carbon technologies, creative and cultural industries, manufacturing, engineering and business services and identifies Eastbourne as a key location for investment as part of this objective.

In economic development terms, the delivery of the Harbour Innovation Mall will:

- fill the void in Eastbourne's' business infrastructure, addressing a proven local demand for high quality and flexible business space;
- contribute directly to private sector employment in a location over-reliant on the public sector for jobs;
- safeguard existing employment opportunities in the town; and
- provide existing companies with the opportunity of retention and expansion and attracting new companies to Eastbourne.

b) Sea Change Sussex Business Plan 2012-2017

Sea Change Sussex is the delivery vehicle for major capital development projects leading the economic regeneration and growth of Hastings, Bexhill and East Sussex. It is a not-for-profit company whose members include the business community, voluntary sector, local authorities and the University of Brighton.

Its intention is to spread the economic footprint across East Sussex. The initial focus from existing resources is to progress the pre development works to unlock a £60 million programme over the period 2012-17 delivering 3,500 jobs focused on the Priory Quarter Central Business District in Hastings and strategic employment sites in Queensway (north Hastings employment area), North East Bexhill and Eastbourne. The ambition is to unlock a further 3,000 jobs over the period 2017-2022 by a further extension of this development activity.

The Sovereign Harbour Innovation Park (SHIP) including the Harbour Innovation Mall is now a key initiative within the 2014-2020 business plan approved by the Sea Change Sussex Board which seeks to respond to known market demand in the local economy for small, high quality business premises to promote business start-up and growth and ensure that existing businesses are not forced to relocate to find suitable physical premises.

c) East Sussex Economic Development Strategy, April 2012

The East Sussex Economic Development Strategy sets the following Vision:

“By 2021, East Sussex will have a stronger, more resilient, inclusive and balanced economy, built on an expanded private sector base in a county recognised for its distinctive character and excellent connectivity.”

The Strategy identifies 7 strategic priorities to deliver the Vision. Strategic Priorities 1 and 4 are particularly relevant to the Harbour Innovation Mall and these are set out below:

Strategic Priority 1: Right environment to attract new businesses, retain existing ones and foster enterprise, job creation and innovation – the strategy recognises the need to encourage further business investment and growth, suggesting that the County should build on existing businesses whilst also encouraging higher-value added niche sectors which could help boost productivity in the county if further developed e.g. finance and business services, advanced manufacturing and engineering, and environmental technologies.

Strategic Priority 4: Upgrade the provision of commercial premises - ensure workspace is sufficient, appropriate, sustainable and flexible – the strategy identifies that this is key to attracting, retaining and growing businesses and jobs. It identifies the potential to explore the use of alternative/innovative funding mechanisms where there are viability issues with site/building

development. It suggests a need to provide business appropriate incubator space and move on premises to allow for 'property escalation' to encourage business growth and to increase the potential for attracting higher growth and high value-add businesses to the area. In terms of a spatial focus, it points to *key development sites across East Sussex, in particular **Sovereign Harbour, Hastings town centre, the A21 corridor (Enviro21), N/NE Bexhill, Newhaven and Eastbourne/ south Wealden.***

The Strategy recognises the County's strengths in terms of its diversified private sector base, high levels of self-employment and space for new employment sites. However, it identifies that there is an insufficient supply of business premises and many of those that do exist are not appropriate to the needs of businesses.

d) Eastbourne Borough Council Corporate Plan 2010 – 2015 (2012 refresh)

Eastbourne BC's Corporate Plan identifies 4 priority themes, one of which is entitled 'Prosperous Economy' which seeks to offer increased opportunities for employment by attracting new businesses and investment in the Borough. The Plan identifies the development of a Sovereign Harbour Business/Office Park as a corporate priority, which could create up to 2,000 jobs. It states that the intentions of this are to both retain existing and attract new employers to the Borough and to develop high quality business space which in turn will create more high quality job opportunities. The Plan refers to the potential for this to become a regional centre of technology excellence occupied by businesses with international markets.

e) Local Planning Policy Context

The Eastbourne Plan 2006-2027 (January 2012)

The Core Strategy provides a long-term vision for Eastbourne to 2027 and identifies 10 key spatial objectives. Spatial Objective 4 is entitled the 'Local Economy' and the strategy seeks *"to give support to a strong and growing local economy built on innovation, creativity and entrepreneurship"* to create a new economic image for the Borough. The following policies within the Plan are considered relevant to the proposed project:

Policy B1 - identifies that the strategy will deliver at least 55,000m² of new employment land by 2027, with a priority focus on brownfield sites. It states that "economic growth will be stimulated by an improved range, flexibility and quality of employment and mixed use business space in its existing industrial and employment areas, for use by local firms and speculative investors.

Policy C14 – Sovereign Harbour Neighbourhood Policy – seeks to provide extensive employment opportunities through the ***development of a Business Park for B1a office uses at Sovereign Harbour.*** It identifies that the Council has an ambition to develop a Business Park (B1a Office) in Sovereign Harbour to provide high quality skilled employment opportunities for local communities and attract investment into the town. The remaining development sites at the Harbour are identified as having the potential to offer an opportunity for this ambition to be realised.

Policy D2 – Economy – this seeks to promote job growth and economic prosperity in Eastbourne. The Plans states that the development ***which supports improvements in the local jobs market through creation of additional jobs and employment diversification will be encouraged as will development which provides for, or achieves, units for new start-up businesses. This policy also specifically states that it will support the development of B1(a) office use at Sovereign Harbour.***

Sovereign Harbour Draft Supplementary Planning Document (SPD) – April 2012

Eastbourne Borough Council has prepared a draft Supplementary Planning Document (SPD) for

Sovereign Harbour. The draft SPD provides detailed guidance on the implementation of Policy C14 of the Eastbourne Plan: Core Strategy. This identifies that Sovereign Harbour has been developed from a shingle landscape to an important leisure attraction and residential area over the last 20 years, comprising four separate harbours, a retail park and a variety of different housing developments. It is now the largest man-made marina in Northern Europe. The SPD recognises that the completion of the Sovereign Harbour development is long overdue and that the area is missing the social and Economic infrastructure that is required for it to become a sustainable community.

One of the main objectives of the SPD is to create employment opportunities at Sovereign Harbour through the development of a Business Park. The SPD references Policy C14 of the Eastbourne Plan which states that it seeks to provide extensive employment opportunities through the development of a B1a office business park, whilst also seeking to increase the importance of the waterfront as a leisure and tourist centre and allowing up to a maximum of 150 new homes.

The SPD makes reference to the fact that Policy D2 identifies land for 30,000m² of B1a office use at Sovereign Harbour to contribute towards the Borough's overall requirement of 55,000m² of new employment land by 2027. ***This equates to land at Sovereign Harbour having the potential to account for 55% of the Borough's total new employment land requirements to 2027 and highlights the critical importance of the Sovereign Harbour site.***

A plan of Sovereign Harbour (extracted from Google Maps) is presented below. This identifies the scale and critical mass of development which has already taken place at Sovereign Harbour, particularly in terms of residential and leisure development. However, as identified within the SPD, there is a need for the development of employment floorspace to promote the economic competitiveness and sustainability of the location.



f) Eastbourne and Wealden Employment Land Review 2008

This review identifies that Eastbourne and South Wealden together have some 17 employment site allocations and commitments. Four of these sites - Land North of Dittons Road at Polegate, South Broadwater in Eastbourne, ***Sovereign Harbour***, Land East of Tutts Barn, and St Anthony's Hill in Eastbourne - account for 80% of the overall planned supply. It suggests that land at Sovereign

Harbour could account for approximately half of the likely market-viable supply of planned office development.

The review identifies that 8.9ha of land at Sovereign Harbour were allocated for B1 employment use in the Eastbourne Borough Plan 2001-2011, with the potential to accommodate c.31,000m² of commercial floorspace. It refers to the fact that it is a brownfield site under the ownership of Carillion plc. An assessment by property agents Cluttons, as part of the review suggested that demand for business space in the area is predominantly from local firms, with little significant inward investment. It reports that most local occupiers require less than 185m² of office space and it is therefore unlikely that the site will be developed for large scale office development through the open market – nor is it likely to be suitable for some industrial uses due to neighbouring residential developments. ***Critically the review points to the need for enabling development at Sovereign Harbour to catalyse the development of the wider site.***

The Harbour Innovation Mall is that catalyst.

g) East Sussex Sustainable Community Strategy – Pride of Place

The Strategy identifies Sovereign Harbour Science Park as a key element of its Regeneration and Economy aspirations to provide high quality and sustainable economic infrastructure by unlocking and assembling strategic sites to support inward investment, support and retain local growing businesses and actively encourage the provision of high quality well-paid jobs.

h) Key Project Partners

The project will be managed and delivered by Sea Change Sussex.

Key partners supporting the project are:-

- Eastbourne Borough Council
- Sea Change Sussex
- East Sussex County Council
- The University of Brighton
- The Eastbourne Business Community
- The Sovereign Harbour Residents

SCS has a dedicated team of professional staff. Its predecessor company, which traded as Sea Space, has already delivered over 40,000sqft of managed workspace across East Sussex over the past 7 years, including two phases of the Creative Media Centre in Hastings Town Centre and the Innovation Centre Hastings, between them home to more than 80 businesses and more than 90% occupied.

1.2 Commentary on strategic fit (to be completed by appraiser)

2. The Economic Case - options analysis

2.1 Description of the preferred option.

The preferred option is for GPF to support the direct delivery of a new flagship Innovation Mall at Sovereign Harbour, providing 3,024m² (32,550 square feet) (GIA)/2490 square metres (26,800 square feet) (NIA) of high quality managed and flexible workspace, with the potential to directly support in the region of 300 new gross jobs. This will represent the first phase of development of the allocated employment land at Sovereign Harbour and is intended to serve as a catalyst to unlock the development of the surrounding employment land.

Sovereign Harbour is a high quality and successful marina development built in the last 20 years. It is a site of strategic economic importance and presents a significant opportunity to support economic growth in Eastbourne and the wider coastal East Sussex economies. It is designed as a sustainable community with a large strategic employment allocation of 8.9 hectares. The allocated 30,000 square metres of employment floor space has not been delivered for the past 20 years due to development viability issues, a situation which has worsened since the economic downturn of 2007.

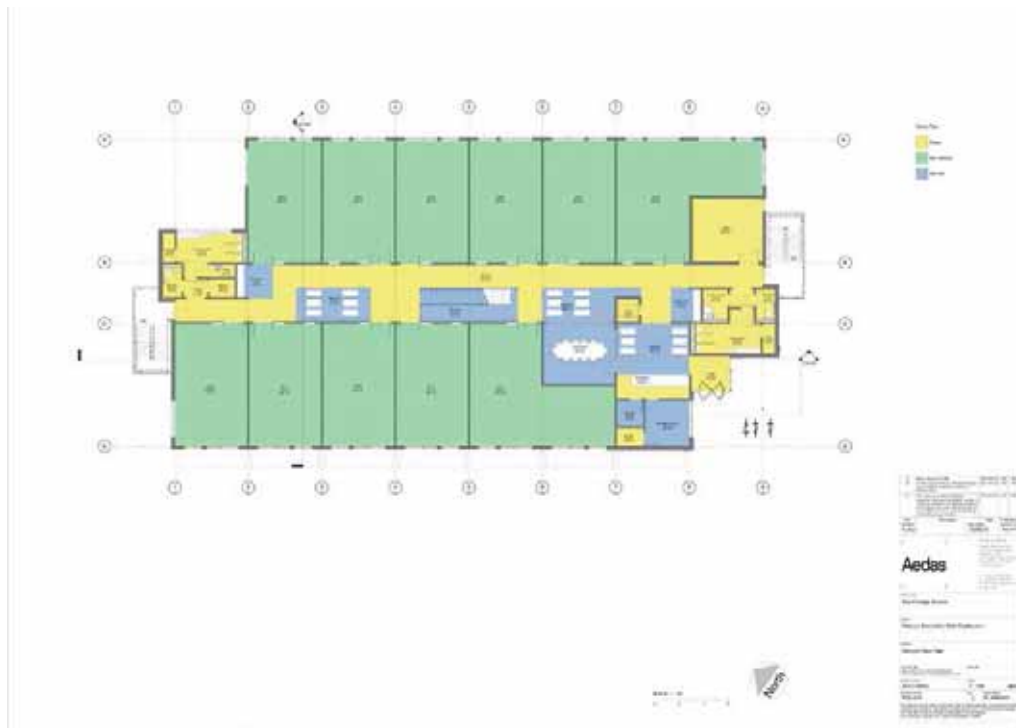
The Harbour Innovation Mall will provide high quality start-up and move-on accommodation for indigenous and inward-moving businesses. It is envisaged that the success of this is integral to establishing developer confidence and therefore development momentum across the wider employment land available in the area, to both deliver local policy objectives and the wider sustainable and comprehensive development objectives of the Sovereign Harbour site. The Harbour Innovation Mall will address a critical market failure and constraint facing small high growth businesses through the provision of a high quality managed workspace facility to help attract and retain businesses to the local area. The proposed facility seeks to achieve the following:

- fill the void in Eastbourne's business infrastructure, addressing a demand for a high quality business premises and facilities;
- contribute significantly to private sector employment in a location over-reliant on the public sector for jobs;
- safeguard existing employment opportunities in Eastbourne; and
- provide existing companies with the opportunity of retention and expansion and attract new companies to the local area.

The Harbour Innovation Mall will comprise c.60 small high quality business units in total, with an equal mix of 30 square metre and 60 square metre flexible units and several 30 square metre studio/R&D workshops with their own individual external access. SCS has already appointed an architect, Proctor and Matthews, which has prepared initial designs for the Innovation Mall, as presented below. A flexible approach is proposed in relation to the design and construction of the building so that some of the floors can be easily converted into office accommodation for a single user if demand fails to come forward for the proposed small business units, thus minimising the GPF loan repayment risk. An important feature of the Innovation Mall will be its central atrium which will provide a common networking/break-out area for business occupants, as well as informal meeting space, supported by a café/bar. Experience elsewhere shows that this sort of space is critical for maximising innovation, collaboration and networking opportunities between companies often leading directly to the creation of new company ventures. The designs for this promote maximum flexibility so that this area can also be utilised for business functions and events. This part of the building will comprise a large cinema-type projector screen to promote the use of the building for conferences/events as well as a 'state of the art' 3D printing machine, fully connected to the University of Brighton's IT network, to enable businesses to develop and model new products and

prototypes.

The Harbour Innovation Mall received planning permission on the 4th March 2014. Plans and visualisations of the building are below.

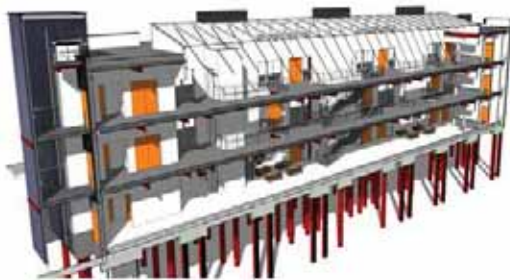




1 Wider Site Context



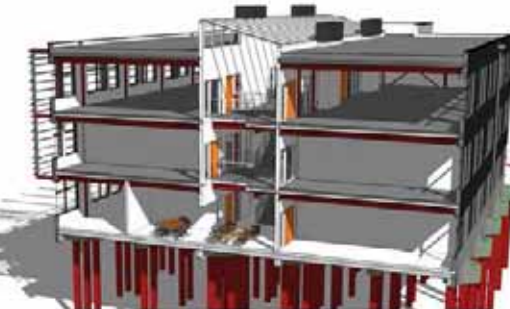
4 View Towards Entrance



2 Cutaway View of Central Atrium



5 Site Context View from North West



3 Cutaway Section



6 Site Context View from North

The total cost of delivering the Harbour Innovation Mall and the wider Sovereign Harbour Innovation Park site now being acquired by Sea Change Sussex is over £25 million of which £6m was sought as loan funding from the SELEP Growing Places Fund. The overall project will be also managed and delivered by Sea Change Sussex who are now acquiring the larger site area of 3.4 hectares on a long (999 year) lease.

The Harbour Innovation Mall will respond to a gap in the local commercial property market for this type of property product. The two managed workspace facilities which SCS has previously delivered (as Sea Space) and now operates in Hastings are at over 90% occupancy and far exceeded take-up expectations with both being over 50% occupied within their first year of operation. Demand is anticipated from both indigenous existing and start-up businesses as well as small high growth businesses relocating from outside of East Sussex to this attractive coastal location as part of a wider lifestyle choice. The Harbour Innovation Mall will also be attractive to wider businesses in the Gatwick-Brighton corridor which already share Eastbourne as their workforce commuter belt.

Sovereign Harbour has developed rapidly over the past 20 years to provide a significant and high quality residential and retail/leisure offer in this attractive coastal location. However, to date, no B1 Class employment floorspace has come forward. The Harbour Innovation Mall will provide new Grade A space for the first time in two decades through the provision of the new Innovation Mall which it is envisaged will then catalyse the wider development of employment floorspace across the Harbour, as supported by local policy and strategy.

The phasing of the build period has been adjusted to allow cashflow management of the contract spent on the assumption that £4.6m can be made available from GPF from 1st April 2014. Sea Change Sussex are now proceeding on a basis of higher costs due to land acquisition of the larger site and alternative arrangements for the further £1.4m build cost of the Harbour Innovation Mall after taking into account the allocation of £4.6m of GPF.

2.2 Table 1 should be completed for the preferred option.

Table 1: Preferred option – gross outputs					
	FTE Construction job years	Commercial/industrial space created (sq. m) (broken down by Use Class)	Gross FTE jobs accommodated	Gross homes provided	Other (specify) (add further columns as necessary)
Outputs which are directly dependent on or delivered by the project which GPF is supporting	120 construction jobs for 1 year build period Based on total construction spend of £4.95m, over 1 year. Using OffPAT 2009 construction job calculation guidance	2,490m ² (NIA) new B1a office floorspace	299*	n/a	n/a

	note, and an average mid point range co-efficient across infrastructure and private commercial, this equates to 24.3 jobs per £1m of construction spend per annum. Annual construction spend = £4.95m multiplied by 24.3 = 120 construction jobs for the 1 year build period				
Other, indirect outputs which may be facilitated by this project	N/A	n/a	n/a	n/a	n/a
Total outputs supported by the project	120 construction jobs for 1 year build period	2,490m² (NIA) B1 floorspace	299	n/a	n/a

** Applying an employment density ratio of 1 job per 7.5m² and prudently assuming a maximum 90% occupancy rate at any point in time (note this has been modified from the HCA’s Employment Density Guide (2010) which allows B1(a) Serviced Offices at 1 job per 10m². However, ESEID’s experience is that the Creative Media Centre and the Innovation Centre in Hastings are more intensively occupied, given the predominance of small units (some as small as 15m²). Taking the known metrics for the Innovation Centre of 24,000ft² and 336 signed in employees, this equates to 1 job per 6.6m². If Virtual Tenants are included as well, this falls further to around 1 job per 6m², therefore the ratio of 1 job per 7.5m² is considered ‘realistically’ prudent).*

Appraisers comments:

2.3 The following table should be completed for the preferred option.

	Gross direct FTE jobs accommodated	Gross direct homes provided
2012/13		n/a
2013/14		n/a
2014/15		n/a
2015/16	83	n/a

2016/17	50	n/a
2017/18	33	n/a
2018/19	50	n/a
2019/20	83	n/a
Etc.		n/a
Total gross direct jobs or homes	299	n/a

Appraisers comments:

2.4 For the **direct** employment outputs, please provide the following analysis.

	i) Upper tier level	ii) SE LEP area level
a) Gross FTEs accommodated (one figure)	299	
b) % of gross FTEs which will be taken by residents living outside i) the Upper tier and ii) the SE LEP area	17.3%	10.4%
c) Number of gross FTEs which will be taken by residents living outside i) the Upper tier and ii) the SELEP area (b x a)	51	31
d) Gross local FTEs(a – c)	248	268
e) % of gross local FTEs which will, through product market displacement/competition effects, be offset by reductions in productive capacity elsewhere in the economy	43.1%	35.6%
f) Number of gross local FTEs lost through product market displacement effects (e x d)	106	95
g) Net local FTEs before multiplier effects (d-f)	142	173
h) Combined supply/income multiplier	1.29	1.44
i) Net local FTEs after multiplier effects (g x h)	183	249

2.5 No GPF investment option (the reference case).

Complete the following tables for the No GPF investment option:

	Gross FTE jobs accommodated	Gross homes provided	Other (specify)	Other (specify)
Direct outputs arising from the project which GPF is supporting	0	n/a	n/a	n/a
Indirect outputs which may be facilitated by this project	0	n/a	n/a	n/a
Total jobs, homes or other outputs supported by the project	0	n/a	n/a	n/a

Appraisers comments:

2.6 Please complete Table 5, showing when these gross **direct** outputs would be delivered.

	Gross direct FTE jobs accommodated	Gross direct homes provided

2012/13	0	n/a
2013/14	0	n/a
2014/15	0	n/a
2015/16	0	n/a
2016/17	0	n/a
2017/18	0	n/a
2018/19	0	n/a
2019/20	0	n/a
Etc.	0	n/a
Total gross direct jobs or homes	0	n/a

Appraisers comments:

2.7 Please complete Table 6.

	Gross direct FTE jobs accommodated	Gross direct homes provided
a) No. of preferred option outputs which would still be delivered at the <u>same time</u> under the No GPF investment option	0	n/a
b) No. preferred option outputs which would be <u>delayed by 1-5 years</u> in the absence of any GPF investment	0	n/a
c) No. of preferred option outputs which would be <u>delayed by 6 years</u> or more in the absence of any GPF investment (but which would still be delivered at some point in the future)	0	n/a
Total	0	n/a

Appraisers comments:

Provide a supporting commentary with justification for the assumptions being made.

Under the ‘No GPF Investment’ option (i.e. the reference case), it is considered that no job outputs would be delivered in relation to the Harbour Innovation Mall at any point in the future. The rationale for this is that even in a prosperous market, this type of specialist managed workspace facility as a property product is rarely funded and delivered solely by the private sector given the higher levels of risk and greater difficulty of securing private sector finance given the typically poorer quality covenants associated with the occupying companies. Often, such a facility will also take a number of years to reach break-even point, although this is not anticipated here given SCS’ experience in Hastings, a waiting list of companies looking for accommodation, and the potential for SCS to share overhead cost with its existing facilities improving profitability, and therefore the ability to make GPF repayments even in the project’s early years of operation.

However, for a private sector developer reliant upon raising equity or bank finance, the prevailing economic/market conditions in this particular location (i.e. the first phase of development in a deprived coastal location in East Sussex) the level of risk, or certainly the perceived level of risk increases. This makes it extremely unlikely that a private sector developer would be able to obtain the necessary development finance to deliver the proposals and even if it was able to secure this, the perceived risks would be likely to outweigh the perceived financial benefits of investment. It is considered therefore, that in the absence of GPF investment, the market failure that is associated

with this type of development will result in the market being highly unlikely to deliver such a facility. SCS is no different to a private sector developer in this context, in that although it may be prepared to accept a lower rate of return if it could secure wider economic development outcomes, in the absence of GPF investment, it would not be able to secure the necessary development finance required to secure board approval to proceed.

Without GPF, at the current time, there is no other form of public sector investment support that could provide the capital financing necessary to deliver the Harbour Innovation Mall, certainly in the short/medium term. It is considered that it could take some time for the economic conditions to improve to the extent where local authorities are able to grant fund or provide loan funding for projects of this nature. In the absence of GPF, it is therefore considered that the Harbour Innovation Mall would be highly unlikely to be developed in the foreseeable future. This would then fail to build upon the momentum that has been established locally through various highly successful economic development initiatives (e.g. the Innovation Centre Hastings and the Priory Quarter developments) and the economic competitiveness of Eastbourne could be compromised.

Appraisers comments:

2.8 For the **direct** employment outputs in the No GPF investment option, please complete Table 7.

Table 7: No GPF investment (reference case) option – from gross to net local employment outputs		
	i) Upper tier level	ii) SE LEP area level
a) Gross FTE jobs accommodated (one figure)	0	
b) % of gross FTEs which will be taken by residents living outside i) the Upper tier and ii) the SE LEP area*	n/a	n/a
c) Number of gross FTEs which will be taken by residents living outside i) the Upper tier and ii) the SELEP area (b x a)	n/a	n/a
d) Gross local FTEs (a – c)	n/a	n/a
e) % of gross local FTEs which will, through product market displacement/competition effects, be offset by reductions in productive capacity elsewhere in the economy*	n/a	n/a
f) Number of gross local FTEs lost through product market displacement effects (e x d)	n/a	n/a
g) Net local FTEs before multiplier effects (d-f)	n/a	n/a
h) Combined supply/income multiplier*	n/a	n/a
i) Net local FTEs after multiplier effects (g x h)	0	0

2.9 Please complete Table 8.

Table 8: Net additional jobs (FTEs) and value for money	
a) Net direct local FTEs including multiplier effects from preferred option (row i from Table 3)	249
b) Net direct local FTEs including multiplier effects from No GPF Investment option (row i from Table 7)	0
c) Net additional direct FTEs(narrow definition – before account of timing additionality) (a minus b)	249
d) Number of preferred option direct FTEs which are brought forward by 1-5 years multiplied by 0.25 (this being the weight which we are giving to acceleration of outputs by 1-5 years) (Table 6, row b x 0.25) multiplied by Table 3 row I divided by row a (i.e. the net additionality ratio for FTEs), i.e. ((Table 6 row b x 0.25) x (Table 3 row i/row a))	0

e) Number of preferred option direct FTEs which are brought forward by 6-10 years multiplied by 0.5 (this being the weight which we are giving to acceleration of outputs by 6-10 years) (Table 6 row c x 0.5) multiplied by Table 3 row I divided by row a (i.e. the net additionality ratio for FTEs), i.e. ((Table 6 row c x 0.5) x (Table 3 row i/row a))	0
f) Net additional direct jobs after taking into account timing additionality	249
Present Value of GPF net cost associated with employment outputs (as per Section 4 Financial Case)	£883,865
(Where applicable) Present Value of total public sector net cost associated with employment outputs (as per Section 4 Financial Case)	n/a
PV GPF net cost per net additional job	£3,550
(Where applicable) PV public sector net cost per net additional job	n/a

2.10 Please complete Table 9.

Table 9: Net additional homes and value for money	
a) Gross direct homes from preferred option	n/a
b) Gross direct homes from No GPF Investment option	n/a
c) Net additional homes (a minus b)	n/a
d) Number of preferred option direct homes which are brought forward by 1-5 years multiplied by 0.25 (this being the weight which we are giving to acceleration of outputs by 1-5 years) (Table 6, row b x 0.25)	n/a
e) Number of preferred option direct homes which are brought forward by 6-10 years multiplied by 0.5 (this being the weight which we are giving to acceleration of outputs by 6-10 years) (Table 6 row c x 0.5)	n/a
f) Net additional homes after taking into account timing additionality	n/a
PV GPF net cost associated with housing outputs	n/a
(Where applicable) PV public sector net costs associated with housing outputs	n/a
PV GPF net cost per net additional home	n/a
(Where applicable) PV public sector net cost per net additional home	n/a

2.11 Other options considered

Two other options were considered as part of the process of identifying a preferred option. Outline details of these and the reasons for their rejection are presented below:

Option 1 – Scale Option – A larger/smaller facility is delivered than that being proposed

a) Summary description

The preferred option proposes a 26,800ft² (NIA) facility and under this option the viability/deliverability of a 10,000ft² variation in net lettable floorspace either side of this was considered – i.e. a 16,800ft² facility and a 36,800ft² facility. The purpose of this was to ensure that the optimum scale of facility is being proposed in accordance with the local property market characteristics and the availability/repayment of funding.

b) Option performance

Smaller facility – 16,800ft²

The capital build costs of delivering a smaller facility will be lower given that there is 10,000ft² less floorspace under this option. However, the cost will remain fairly significant given that it still proposes a 16,000ft² (NIA) new build. The principle issue with this option is the likely operational viability issues that could arise given the reduced scale. This type of facility needs to be of a certain

scale to reach a 'break even' point. Based on some indicative business planning, it is clear that at 16,000ft², given the fixed costs that are associated with the proposed facility and the reduced number of units and therefore reduced rental income, even when it is well occupied, the facility would struggle to reach a break-even point and would not be financially sustainable. Even assuming it does manage this, the level of operating profit generated would be likely to be insufficient to repay the GPF loan in a timely manner. With fewer units available to let, a lower number of businesses would be able to occupy the facility and it would fail to satisfy the level of market demand that is considered to be present for this type of product in this location. This could have a detrimental impact upon the dynamics of the local economy and businesses could be forced to look elsewhere for available/suitable accommodation for their needs.

Larger facility – 36,800ft²

The capital build costs associated with a larger build option would be higher for obvious reasons. This option would require SCS to request a larger GPF amount to fund this additional capital cost and there would be additional risks associated with the repayment of this given the challenges that letting this additional floorspace could create. It is considered that there would be insufficient market demand from small business occupiers for an additional 10,000ft² of net lettable space, certainly in the short-medium term and this result in a higher level of void units. This would impact upon the ability of the project to generate sufficient income and capital value via refinancing to repay the additional GPF loan that would be required to deliver a facility of this scale. Therefore, despite the fact that a larger facility could provide opportunities for enhanced delivery of employment opportunities, the scale and nature of the local demand for this type of property product would be likely to constrain the ability for this larger facility to be fully occupied, certainly in the timescales required to make GPF repayments in a timely manner.

c) Reason for rejection

The high levels of risk associated with a variation in the scale of the proposed facility were the principle reasons for the rejection of this option, as outlined above. Both the larger and smaller variations would be likely to result in operational viability/sustainability issues which would impact upon the ability of the project to repay the GPF investment in a timely manner.

Option 2 - Alternative Land-Use Option – Development of more generic B1(a) office units

a) Summary description

This option considered the potential for GPF to support the direct development of more generic, B1(a) office units instead of a specialist, high quality managed workspace facility.

b) Option performance

The capital build cost of this option would be likely to be similar to the costs of the preferred option, assuming that the generic office units were built to a similar quality and specification as being proposed. The GPF request under this alternative option would therefore be similar. However, there are several issues to note with regards to this option. Firstly, more generic B1 office units are more likely to be delivered by the private sector as they potentially represent a lower risk and more viable investment proposition. Developers are therefore more likely to be able to secure development finance for more generic office development, subject to the identification of occupier demand, and the direct public sector delivery of this type of development would not therefore be addressing a market failure.

In this instance, a planning allocation has been in place for c.30,000m² of B1 office floorspace for some years on this particular site but nothing has yet been delivered, indicating a form of critical market failure. However, it is considered that the most efficient and effective investment route for the public sector is to support the direct delivery of a specialist managed workspace which would address market failures on two fronts. This type of specialist facility is seldom delivered without public sector funding support and so the direct delivery of this would address this gap in the local commercial property market and ensure that businesses are not forced to relocate elsewhere to achieve their growth ambitions. Secondly, it is envisaged that through funding this specialist facility, the public sector investment would enhance levels of developer/investor confidence in the area and establish the necessary momentum to catalyse the wider development of the allocated employment floorspace over time. Therefore the proposed facility could catalyse the wider development of more generic B1 floorspace over time, but it would be unlikely to occur the other way around (i.e. the public sector delivery of generic B1 floorspace would be unlikely to unlock the private sector delivery of a specialist managed workspace facility. The critical gap in the local property market at present is for dedicated small workspace to support new and expanding enterprises, not large scale generic B1 floorspace. This is supported by the findings of the 2011 East Sussex Business Survey, which identified that a significant majority of East Sussex businesses are micro-businesses (1-10 employees) and that 'small' premises (i.e. < 1,000ft²) are likely to be in most demand.

The quality/value and level of employment outputs associated with more generic office accommodation is likely to be lower than the outputs envisaged under the preferred option. Specialist managed workspace offers the potential for more intensive use of the floorspace and through attracting high growth businesses, often in early phases of establishment, it could contribute to a more significant GVA impact upon the local economy.

c) Reason for rejection

This option was rejected on the basis of the above points. The delivery of generic B1 office units is not typically constrained by elements of market failure to the extent that a specialist managed workspace facility is. It is therefore considered far more preferable to use GPF to address a critical market failure and to let the private sector develop out more generic B1 office floorspace in due course in accordance with market demand and planning policy for this area which has allocated a significant quantum of land for this use class. The level and quality of outputs under this option would also be likely to be lower compared with the preferred option and this option would also fail to address the gap in the market for high quality managed workspace, which could have potentially detrimental impacts on the local economy, if businesses are forced to relocate to find suitable and available business accommodation.

Appraisers commentary on other options considered

3. The Commercial Case

3.1: Confirmation that the primary loan will be based on the standard terms of the Credit Facility.

ESCC has confirmed that the primary loan will be based on the standard terms of the Credit Facility.

3.2: Provide an explanation of how sub-ordinate loans (if applicable) and repayment would work in practice.

Sub-ordinate loan drawdown and repayment would be based on the existing arrangements between ESCC and SCS as established during GPF Round 1. SCS has agreed a procedure with ESCC in relation to GPF loan investment in Priory Quarter phase 3 and the principles of this would apply to this project, although written confirmation of the specific details of this project and loan drawdown/repayment would need to be agreed between ESCC and SCS.

3.3: What further steps need to be taken to firm up on financial projections and timings?

SCS, as the project promoter, will continue to progress with a robust design/construction tendering process for all elements of the proposed project to ensure that financial projections and timings reflect current market rates. It will also design and implement an appropriate monitoring framework as the project progresses to enable the performance of the proposed facility to be closely monitored and reported on a say, quarterly basis, over the initial build up period to confirm its ability to repay the GPF loan and to flag any potential repayment issues from an early stage to enable appropriate measures to be implemented.

3.4 Appraisers comments on the commercial case

4. Financial Case

4.1: Please complete the table in Annex B.

4.2 Please enter cost data in Table 10.

Table 10: Costs (2012 prices)	
a) Total Gross Costs Undiscounted (based on Drawdown Schedule)	£4,600,000
b) Total Repayments Undiscounted (based on Repayment Schedule)	£4,600,000
c) Total Net Costs Undiscounted a) – b)	£0
d) Present Value of total Gross Costs (Discounted) (based on Drawdown Schedule)	£4,294,149
e) Present Value of Total Repayments (Discounted) (based on Repayment Schedule)	£3,541,458
f) Present value of Total Net Costs (Discounted) d) – e)	£752,691

4.3 Please confirm that assumptions relating to income and costs are based on market rates stating sources of evidence

Costs

The projected capital build and operating costs of the Harbour Innovation Mall are based upon evidenced estimates provided by the applicant Sea Change Sussex (SCS). SCS and its predecessor, Sea Space, have over 7 years' experience of developing and operating similar business centres in this geographical area. It developed the Innovation Centre and the Creative Media Centre in Hastings and therefore has a very strong grasp of the likely capital and revenue cost implications of developing, setting up and operating new business centres. SCS has based the projected costs for the Harbour Innovation Mall on the recently tendered costs for the development of Priory Quarter Phase 3 to ensure that they are as up to date as possible. SCS has its own in-house qualified and highly experienced project managers who will ensure that the project costs remain within budget and it will seek external verification of the assumed costs by an independent cost consultant if required at any point as part of the GPF application/appraisal process. A summary breakdown of the project's capital costs is presented below:

Predevelopment Costs - Design and Procurement (incl. contingency)	£500,000
Development costs – Works, Fees, Utilities	£5,000,000
Non-allocated contingencies	£250,000
Development Management Costs	£200,000
Marketing Costs	£50,000
TOTAL COSTS	£6,000,000

Income

The economic programme of flexible employment space brought forward by SCS' predecessor delivery vehicle, Sea Space, has delivered more than 40,000ft² of managed business space for small and micro-businesses over the last seven years. This includes two phases of the Creative Media Centre in Hastings town centre, now supporting more than 40 businesses and c. 130 jobs and 42

businesses and 35 'virtual tenants' in the Innovation Centre located in the North Hastings employment area, supporting c. 370 jobs. Both of these business centres are operating at in excess of 90% occupancy, and in terms of initial take-up, original business cases had assumed 25% take-up by the end of Year 1, 50% by the end of Year 2. However, the experience was that both hit 50% within their first 12 months of operation.

Demand continues to grow for this type of serviced workspace provision generating numerous enquiries from high growth companies across all sectors. As the existing Centres are currently at almost maximum capacity there is a real lack of this type of space for businesses which will stifle new economic growth if this is not urgently addressed. Hence SCS is very confident that a new Innovation Mall, kick-starting development at Sovereign Harbour, would equally be taken up quickly. Critically, there are tenant waiting lists at SCS' existing Business Centres in Hastings and SCS already receives upwards of 20 enquiries per annum from businesses requesting units in these. SCS is confident that following the provision of further new high quality small business accommodation, this number of enquiries would increase given the latent demand that exists for this type of property product.

SCS has sought independent property market advice from Bray Fox Smith Chartered Surveyors to underpin the income assumptions presented within this Business Case. The remainder of this section summarises Bray Fox Smith's analysis of the Innovation Mall potential and opportunity.

Catalytic role of the Innovation Mall

Bray Fox Smith's view is that the Harbour Innovation Mall will provide long awaited critical mass to kick start the wider development by providing high quality, flexible office accommodation. They consider it essential that the Harbour Innovation Mall is developed to attract smaller local and regional businesses into the area which can then expand over time to complement the larger occupiers who will be attracted to further phases of development as the Business Park matures. Without this catalyst, Bray Fox Smith suggest that a significant sector of the property market – B1 Uses, will remain undeveloped against a background of higher value alternatives.

Market supply/demand review

Bray Fox Smith identifies that the existing stock of business space in Eastbourne is largely 1960's/70's office buildings which lack modern standards and have floor slab to ceiling slab heights, typical of their era, which preclude incorporating such modern amenities as raised floors. This stock is supplemented by office uses above retail units as would be expected in the tertiary locations surrounding an established retail centre. They suggest that none of this accommodation has demonstrated any success in attracting an interest to date. Bray Fox Smith report that the only new development in the last 10 years has been on the outskirts of the town at Hargreaves Business Park adjacent to the A27 which achieved rents of up to £17 per square feet for buildings between 2,000 and 5,000 square feet. They identify that existing office supply is reported to be limited to less than 60,000 square feet of offices in 27 units which are predominantly between 500 square feet and 3,000 square feet with only two buildings currently available over 5,000 square feet. All the buildings are second hand with no new developments currently available to let.

Bray Fox Smith point to the fact that there have only been 11 transactions recorded in Eastbourne since the start of 2010, the majority being between 500-2,500 square feet, with the exception of a 28,500 square foot building sold to Mistywell for their own occupation. This is in contrast to the success of the Creative Media and Innovation Centres set up in neighbouring Hastings which has attracted a wide range of SME's and currently has occupancy rates in excess of 90%. The success of these centres should form a blueprint for future growth in areas where demand has previously proved fragile and will encourage opportunities for local expansion as well as appealing to regional

companies who struggle to find appropriate flexible accommodation in the wider locality.

Occupier take-up and rental income assumptions

SCS has developed an operational business plan for the Harbour Innovation Mall which has made assumptions regarding occupier take-up and projected rental incomes. This assumes a headline rent of £17/sqft (excl service charge) and the following take up profile:

Year 1	Year 2	Year 3	Year 4 onwards
25%	50%	65%	90%

Bray Fox Smith have reviewed the above take-up assumptions and is confident that these take-up levels can be achieved and that this is a conservative profile which will be improved upon, particularly given the fact that the existing Innovation Centre and Creative Media Centre (CMC) in Hastings both achieved 50% occupancy in Year 1 and are both currently running at 90% with tenant waiting lists. They are of the view that the assumed take-up rates are somewhat pessimistic and believe that all of the unit sizes in the proposed range will be able to attract occupiers from the opening of the Harbour Innovation Mall.

Bray Fox Smith has also reviewed the rental income assumptions within the operational cashflow prepared by SCS, which are based on a net rent of £17/sqft (i.e. excluding service charge, rates, utilities and central overheads). They report that the rents achieved for the typical older office stock are up to £10.00 per square foot and the fact that these historic rents have been achieved is illustrative of the lack of a modern Grade A alternative. Bray Fox Smith identify that this stock is singularly unattractive and inflexible for modern dynamic businesses, either locally expanding or inward investment as leases or business occupations of these buildings comes to an end, they are increasingly finding new occupiers difficult to attract or are being left empty (e.g. the former NHS offices and BT Exchange). It is suggested that this stock is effectively nearing the end of its economic life – hence the greater importance of establishing the critical mass of a modern business park at Sovereign Harbour. The historic stock locations do not lend themselves to redevelopment and market economies suggest they will be used for more lucrative uses such as residential or retail uses.

Bray Fox Smith point to the fact that Eastbourne and its immediate environs have become a major commuter location for Gatwick and Brighton as is evidenced by the relative strength of the housing market – assisted by commuting times by train and car (A22/A27) to both destinations. Given the cost of transport and commute times, the disposable income and quality of the arguments will create the “two way street” of commuter residences and work places, providing a major cost advantage for any employer locating to Sovereign Harbour.

Their conclusion for assessing rental levels is that there is significant unsatisfied demands for the wider market opportunity combined with the lack of suitable modern alternatives. The rents achieved historically at Hargreaves Business park and in neighbouring Hastings underpin the rental levels at the Harbour Innovation Mall and Bray Fox Smith are of the opinion that £17.00 per square foot will be readily sustained in the Harbour Innovation mall and that flexibility of lease options and unit size will underpin a successful take-up of the accommodation.

Capital value assumptions

Bray Fox Smith suggest that yields in the current investment market have softened as a result of the exceptional economic circumstances that prevail and therefore in order to assess appropriate yields at the time of capital refinancing in year 2019/20, they should have regard to longer term average yields rather than present day figures. Assuming the building is let on 3 to 5 year leases, they are of

the opinion that a yield in the region of 7.5% (which is reflective of a normal investment market) could be applied to the base rent to achieve the capital value required. Based on the full rental value of £455,600, a yield of 7.5% and deducting purchaser's costs of 5.5%, Bray Fox Smith estimate the capital value of the completed scheme at 2019/20 to be £5.74 million. Given that early repayment of the loans is liable to reduce the outstanding debt from the initial borrowings of £4.6m to £3.6m, they report that this valuation should achieve repayment through refinancing.

SCS has also secured the agreement of East Sussex County Council and Eastbourne Borough Council to underwrite the interest payments associated with the refinancing of the completed scheme which will enhance SCS' ability to refinance it.

4.4 Please complete Table 11, timing of repayments.

Table 11 Repayments to ECC/SELEP		Tick
Repayment less than 3 years	Good	
Repayment 3 to 6 years	Medium	✓
Repayment 7 years plus	Poor	

* All but £0.75m of the GPF loan will be repaid within 6 years of the GPF drawdown (ie. 88% of the GPF loan will be repaid within 6 years of being drawn down). A cautious approach has been adopted in terms of the loan repayment and an alternative approach could be to assume that the capital refinancing/disposal of the completed scheme occurs a year earlier (i.e. in 2018/19) and that 100% of the GPF loan is therefore repaid within 6 years of drawdown. The independent market appraisal advice sought as part of this application would also support this approach.

Other funding

4.5 Please clearly set out the other funding sources including the status/certainty of these. Show how the other funding contributes to income in the table in Annex B.

4.6 Leverage, please complete Table 12.

Table 12 Leverage	
GPF investment	£4,600,000
Other Public Funding levered	£3.0
Private Funding levered	£17.4m
Total Other Public Funding and Private Funding levered	£20.4m
Ratio of GPF to Other Public Funding levered	
Ratio of GPF to Private Funding levered	1:3.78
Ratio of GPF Total Other Public Funding and Private Funding levered	1:4.43

4.5 Terms of the Loan.

The following question should be answered by a suitably qualified person:

Are the terms of the loan from the Borrowers (upper tier authority) perspective fair and reasonable?

Yes	<input type="checkbox"/>
-----	--------------------------

(Delete as appropriate)

Are the terms of the loan from the Lenders (Essex CC) perspective fair and reasonable?

Yes	<input type="checkbox"/>
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(Delete as appropriate)

Please provide justification for the responses provided.

Please provide details of the qualifications, experience and position of the person who has provided the responses.

4.7 State Aid

GPF will not be providing State aid through supporting this project. The loan is to be provided at 0% interest and the loan interest foregone utilising the EC Reference Rate over a 5 year period does not accumulate to more than 20% of the total eligible project costs. SCS is defined as a small enterprise and benefits from exemption under the General Block Exemption Regulation (GBER) (800-2008EC).

Appraisers commentary on the financial case

5. The Management Case

Please provide details of the following:

5.1 Governance arrangements.

The delivery vehicle for Growing Places Fund Round 2 projects 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 31st March 2012) having taken place on May 25th 2012.

The financial transactions of the company are regulated by the current Financial Regulations and Scheme of Delegation approved by the Board on 11th 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 1st April 2013 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).

Sea Change Sussex therefore believes that its current governance and financial controls are fit for purpose for the requirements of the Growing Places Fund.

5.2 Project management arrangements.

The project manager will be Sea Change Sussex (SCS). It will be managed on a daily basis by Clive Taylor at SCS, an experienced project manager in this type of capital development project. John Shaw of SCS will act as Project Director. SCS has prepared a comprehensive Project Execution Plan (PEP), which outlines the key project management and delivery arrangements and a high level of review of this has been undertaken as part of this appraisal in order to provide an answer to this question.

SCS has already appointed and worked alongside the following consultants to deliver the project:

- Architect - Aedas
- Engineer – Peter Brett Associates
- Ecologist – Applied Ecology
- M & E – Method Consulting
- Cost Consultants – Michael Edwards & Associates
- Contractor – Buckingham Group Contracting

The PEP identifies the following key project management tasks to be undertaken:

- Monitor and review the project through all stages and report regularly to the Employer on the status of the Project (monthly report required in a form to be advised by the Employer); obtain decisions needed and with the Employer's approval amend the development proposals;
- Maintain and update as necessary the development budget and cashflow; provide reports as required by the Employer's finance department on the financial status of the project and update Employer project monitoring systems as necessary;
- Initiate action in the event that any aspect of the Project appears to be likely to fail to achieve the Employer's objectives, public organisations, budget and programme. Agree suitable corrective action and monitor its implementation;
- Throughout the project brief and manage consultants and contractors on their duties, the Project procedures and the Project as necessary to achieve the project brief and so that all parties and individuals understand what is needed to achieve the Employer's objectives;
- Establish communication, reporting and authorisation procedures to operate between Employer, Project Manager, Consultants and Contractors;
- Develop with the team a detailed Project Brief to include all relevant objectives, statutory duties, constraints and their relevant priorities;
- Develop and maintain a Project Execution plan (PEP).

The following project controls will be applied during the project lifetime:

- Monthly progress reports will be provided;

- Appropriate meeting structures will be implemented;
- An issues log and risk management plan will be produced and reviewed at appropriate intervals;
- Compliance reviews of Development Framework and Cost plan will be held at regular intervals;
- A Request For Information and a Change Control system will be put in place;

It is considered that for the purposes of this appraisal, appropriate project management mechanisms have been put in place.

5.3 Programme/Gantt chart

An outline programme is presented below as per the Project Execution Plan:

Milestone	Anticipated Date / Milestone	Status
Feasibility work	3 rd Dec 2012	Achieved
Site investigation works	13 th May 2013	Achieved
Prepare OJEU notice for architect/structural engineer	21 st Nov 2012	Achieved
Shortlist selection	14 th May 2013	Achieved
Architect/structural engineer contract award	9 th Oct 2013	Achieved
Prepare OJEU notice for building contract	16 th Apr 2013	Achieved
Shortlist selection	14 th May 2013	Achieved
Submitted building planning application	25 th November 2013	Achieved
Planning committee decision	4 th March 2014	Achieved

Building contractor selected as lowest tenderer	6 th March 2014	
Building contract award		Pending GPF award
Start on site	1 st May 2014	Pending
Build completion	July 2015	Pending

5.4 Appraisers comments on management case

5.4 Please complete risk analysis.

Risk identification		Risk evaluation			Risk management		
Risk ID ref	Risk event	Impact score (1-5)	Likelihood score (1-3)	Overall risk score (I x L)	Action plan	Owner	Timescale for action
1	Lack of occupier demand for units in the facility and therefore recipient is unable to repay GPF loan	5	1	5	Sea Change Sussex will develop and implement a marketing strategy/programme in order to market the Harbour Innovation Mall to potential occupiers. Property market work has already been undertaken which demonstrates the likely occupier demand. Previous similar developments undertaken by SCS in Hastings were over 50% let by the end of year 1 and are now both at 90% occupancy levels	SCS	Ongoing
2	Units take longer than anticipated to let and loan repayments are delayed	4	2	8	As above	SCS	Ongoing

3	Completed scheme is unable to be refinanced to repay the balance of the GPF loan	5	1	5	Independent property market advice has been sought in relation to the likely timing and value of the disposal of the completed scheme. This confirms that through a combination of rental income and capital refinancing, it has the potential to generate sufficient income to repay the loan in full in a timely manner (90% of loan will be repaid within 6 years of loan draw down date). Sea Change Sussex will seek to promote the occupancy of the building to maximise rental income and thus the capital value that it could receive. Flexibilities will also be built into the design and build process so that a large part of the building can be made available for single occupier use if take-up for small business units does not come forward	SCS	Ongoing
4	Planning permission for the facility is not granted	5	1	5	Sovereign Harbour is identified as a key employment site within the emerging LDF for B1 business park uses. SCS has already held initial discussions with the local planning authority and will continue to do so up to the point where it applies for consent.	SCS	Ongoing
5	Actual build costs exceed projected costs	3	1	3	SCS has already delivered two similar centres in Hastings and also has experienced project managers as part of its delivery team. A contingency has also been included as part of the cost plan.	SCS	Ongoing

6	Capability and experience of Sea Change Sussex to manage the project	5	1	5	Sea Change Sussex formed out of ESEID and before that, Sea Space. It has an established Board and an experienced project management/delivery team which have significant experience of delivering capital development projects across East Sussex. It has already successfully delivered similar types of property products in Hastings and will seek to build upon the experience of delivering these projects	SCS	Ongoing
7	Abnormal ground conditions and service requirements	3	1	3	Full site investigation works are due to be undertaken by SCS prior to any works commencing on site	SCS	Ongoing

5.5 Appraisers comment on risks analysis

6. Conclusions

Please provide a summary with conclusions on:

How strong is the strategic contribution of this project for the SELEP?

Does the project overall represent good value for money ? How have you arrived at this judgement?

In terms of repayment timescale how has the project been assessed (good/medium/poor)?

Are the terms of the Credit Facility considered to be fair and reasonable to both the Borrower and the Lender?

Are the levels of risk acceptable and capable of being managed?

Due Diligence Process

The appraisal process should include a technical due diligence review by the upper tier authority. This Form has been designed to capture information required, evidence provided and to inform an assessment of residual risks for both the upper tier authority and the accountable body representing the LEP. It is presented as a guide and check list to help upper tier authorities appraise projects which they are supporting.

In conducting due diligence, the appraiser will need to analyse the proposition supported where appropriate by ‘expert’ financial, legal and technical advice. The depth of analysis should be proportionate to the size and nature of the prospective investment. The process should ask critical objective questions, to understand all the factors that will generate a successful project and outcome for the LEP and the upper tier authorities.

The due diligence process should also reflect the terms of the agreement and exposure to risk that the LEP through the accountable body is taking on and the risk that the upper tier authorities are taking on. Risks that the upper tiers may be exposed to will depend on any sub-ordinate loans put in place which may in turn transfer risk on for example to a landowner or developer. For the LEP/accountable body agreements will take the form of repayable credit facilities including contractual requirements to repay according to a pre-agreed timescale. The financial risk exposure to market factors is consequently more limited than in circumstances where, for example, repayment by an upper tier authority is linked to development milestones triggering S106 or CL payments. There is risk exposure in the latter case to market factors which would need to be assessed as part of the due diligence process.

These notes describe three key elements of the due diligence process as follows:

Financial appraisal

SELEP will not fund projects which could be funded from other sources and be able to go ahead without investment from the Growing Places Fund. SELEP will provide only the minimum funding required to allow the project to progress. The financial appraisal stage, therefore, will seek (from both the LEP/accountable body and upper tier authority’s perspective) to:

- Appraise the project financial position and test underlying assumptions, particularly with regard to project costs and project revenues;
- Confirm the amount of funding applied for is the minimum funding needed to unlock the development and that other sources of funding have been explored;
- Evaluate the potential for recovery of the investment through loan repayment, interest, or in special circumstances, a share of returns, overage, or other models;
- Understand pricing and marketing strategies for the project; and
- Understand and consider the financial, commercial and market risks associated with the project;

The table below should be completed.

Factors	Evidence provided	Assessors Comments <i>Prompt: Are the cost estimates appropriate for the stage of scheme design and prepared professionally. Is the level of contingency reasonable?</i>	Residual risks to the Accountable Body/LEP	Residual risks to the upper tier authority
Costs				
What is the overall project cost (Qualifying Expenditure) Check costs associated with necessary planning contributions and obligations (e.g. S106, CIL, S278) – are these correctly reflected				
Does the cash flow profile or costs reflect the build programme? Interest Rate				
Are there any critical cost risks?		<i>See below under Financial Standing</i>		
Revenue What are projected sales values		<i>Prompt: Are these in line with market rates?</i>		
Are there any critical sales risks?				

Factors	Evidence provided	Assessors Comments	Residual risks to the Accountable Body/LEP	Residual risks to the upper tier authority
Confirm that the build and sales programmes are reflected in the cash flow profile of revenue? What is the status of other funding sources? Are there any critical revenue risks?				
Is the amount of GFP applied for the minimum amount necessary to enable the project to proceed? Have other forms of funding been explored? Are there any critical risks relating to repayment of the loan?				

Financial standing

Non-public sector applicants will be required to undergo a thorough review of their financial standing in order to provide an assessment of credit worthiness and collateralisation. The upper tier authority will consider the most appropriate form of security to protect it's investment, which may involve the use of charges and guarantees.

The financial standing should be recorded in the table below:

Factors	Details	Assessors Comments	Residual risks to the Accountable Body/LEP	Residual risks to the upper tier authority
Financial standing				
Borrower – address, status, if private company number				
Guarantor (if applicable)				
Security (value and type) provided (if applicable)		What is required?		
Rate of interest (where appropriate)		What is required?		
		Reflecting EC Reference Rate plus a Margin		

Deliverability

The appraiser should test the key project assumptions:

- The ability to (re)start on site including a review of title, planning and site constraints;
- The development programme and underlying assumptions

Factors	Evidence provided	Assessors Comments	Residual risks to the Accountable Body/LEP	Residual risks to the upper tier authority
Deliverability				
What planning and other consents are required? Is the land under the control of the project promoter and if not what is the property acquisition strategy? When will key milestones be achieved? Full Planning Approval Contractor appointed Primary infrastructure completed Start of project Completion of project				
Is the pre-contract period reasonable for a development of this nature? Delivery of outputs – number of jobs, homes and other outputs and timing – are these realistic estimates? What are the key risks to the programme				

Annex B

Project Promoter Summary Cashflow to be completed by recipient of GPF funding

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
CAPITAL											
Project costs											
Pre-development (planning/design/tender)											
Development (Build/Professional fees/Utilities/Marketing/PM)			4,600,000								4,600,000
Total capital costs (Balance)			4,600,000								4,600,000
GPF Capital Drawdown											
Centre Occupancy					25%	50%	65%	90%	90%		4,600,000
GPF Capital Repayment					25,000	200,000	300,000	475,000	3,600,000		4,600,000
- centre operating surplus					25,000	200,000	300,000	475,000	400,000		1,400,000
- centre refinancing									3,200,000		3,200,000
Net Position (Balance less GPF Capital Drawdown plus GPF Capital Repayment)			(4,600,000)		25,000	200,000	300,000	475,000	3,600,000		0
REVENUE											
Revenue costs – wider business support activities				100,000	100,000	100,000	100,000	0			400,000
Revenue income/funding – SCS contribution				100,000	100,000	100,000	100,000	0			400,000
Balance				0	0	0	0	0			0
GPF Revenue Drawdown				0	0	0	0	0			0
GPF Revenue Repayment				0	0	0	0	0			0
Net Position (Balance less GPF Revenue Drawdown plus GPF Revenue Repayment)				0	0	0	0	0			0

IMPORTANT NOTE:

- The net position should never be in deficit; when in surplus GPF can be repaid
- The above cashflow is not intended to act as a detailed project analysis; it needs to demonstrate that the Growing Places Fund repayment criteria can be met
- Detailed data, evidence and reports to support the cashflow figures should be provided as part of the due diligence process

APPENDIX F

MARTELLO HOUSE, HIGHFIELD OFFICE PARK, EASTBOURNE

MARKETING BROCHURE



Freehold Office Investment

Martello House, Highfield Office Park, Eastbourne, BN23 8AS

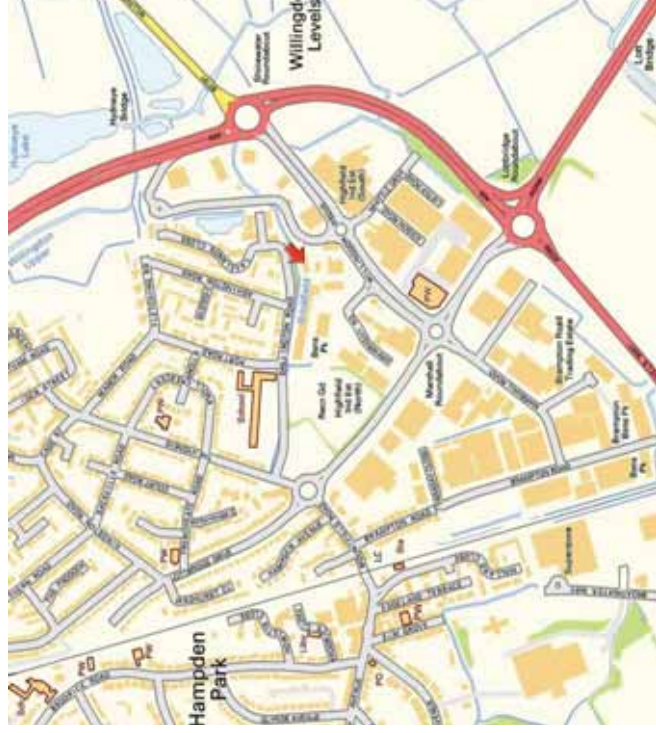
Location

The Property is located within the town of Eastbourne on the South Coast of England.

Eastbourne has a residential population of approximately 98,000 (Eastbourne Borough Council website) and is located at the junction of the A22, A27 and A259.

The town is approximately 75 miles south of Central London, 24 miles east of Brighton and 18 miles west of Hastings.

There are direct trains to London Victoria, Gatwick and Ashford International (Eurostar).



Description

The Property was constructed in 2006 and comprises a terrace two storey office units within Highfield Office Park, a modern office park comprising of three buildings. The Property is of steel portal frame construction with external elevations of part cavity brick wall.

The total development comprises approximately 8,466 sq ft. The offices are fitted out to Grade A specification including air-conditioning, CAT II lighting, suspended ceiling, a passenger lift and carpeting throughout. There are wcs on each floor. Floor to ceiling heights of 2.32m on the ground floor and 2.47m on the first floor.



Situation

The Property is situated approximately three miles north of the town centre within close proximity to the A22 Polegate Bypass. It lies on the west side of Edward Road within Highfield Office Park, close to the junction with Willingdon Drive. Hampden Park rail station lies approximately half a mile to the west and provides links into central Eastbourne with a journey time of approximately five minutes and also offers services to London Victoria with a journey time of one hour and 30 minutes.

The surrounding area provides a mix of uses including industrial, retail warehouse, leisure uses and car showrooms. Occupiers include Audi, Morrisons, HSBC and Travelodge.

Tenancy Details

Unit Name	Tenant	Floor Area (Sq M)	Floor Area (Sq Ft)	Rent £pa	Rent £pa (psf)	Lease Start	Lease Expiry	Break Date	Next Review
Unit A1	Stackhouse Poland Ltd	192.96	2,077	30,116	£14.49	27/06/2007	26/06/2022	27/06/2017	26/06/2017
Unit A2	Stackhouse Poland Ltd	197.05	2,121	30,755	£14.50	27/06/2007	26/06/2022	27/06/2017	26/06/2017
Unit A3	M-Tech Systems Limited	203.55	2,191	*22,670	£10.34	16/08/2013	15/08/2018		
Unit A4	Golf Academies Limited	192.96	2,077	**31,450	£15.14	08/08/2007	07/08/2017		
Total		786.52	8,466	114,991					

* Vendor will provide a top up to M-Tech Rent (£20,403 p.a.) until the fixed uplift on 16/08/2014 to £22,670 p.a.

** We hold a rent deposit of £16,303

Tenant Information

Stackhouse Poland are insurance brokers for high net worth individuals, specialising in Private Client Insurance, Health Insurance, Business Insurance & Charity Insurance. They have been operating for over 40 years and have seven offices throughout the south of England.

M-Tech Systems are an innovative technology infrastructure provider based in the South East of England. Part of the MTS Technology Group and established in 2002, M-Tech Systems provides a comprehensive service and solutions portfolio to corporate, charity and educational establishments alike. Offices based in, America, Milan & England.

GPSi Europe - Originally based in Sarasota, FL, GPSi Holdings, LLC is the established leader in the rapidly expanding market of GPS-enabled wireless golf course management systems mounted on golf cart fleets. Three offices, two based in America and one based in England.



The property and car parking are to be sold freehold. The share in the Management Company that is responsible for the Estate's upkeep will be transferred to the purchaser.

VAT

The property is elected for VAT.

Proposal

We are instructed to seek offers in the region of **£1,350,000 (One Million Three Hundred and Fifty Thousand Pounds)**, Subject to Contract, reflecting a **Net Initial Yield of 8.05%**.



James Ramage
T:020 7659 1064
E: james@egan-pam.com

MISREPRESENTATION ACT 1967:
Egan Property Asset Management Limited or Muxworthy LLP or any related company for themselves and for vendors or lessors of this property whose agents they are give notice that:

- i) The particulars are set out as a general outline only for the guidance of intended purchasers or lessees, and do not constitute, nor constitute part of an offer or contract.
- ii) All descriptions, dimensions, reference to condition and necessary permission for use and occupation, and other details are given without responsibility and any intending purchasers or tenants should not rely on them as statements or representations of fact but must satisfy themselves by inspection or otherwise as to the correctness of each of them.
- iii) No persons in the employment of Egan Property Asset Management Limited or Muxworthy LLP or any related company has any authority to make or give any representation or warranty whatever in relation to this property, April 2014.

FINANCE ACT 1989:

Unless otherwise stated all prices and rents are quoted exclusive of VAT

PROPERTY MISDESCRIPTIONS ACT 1991:

These details are believed to be correct at the time of compilation but may be subject to subsequent amendment.

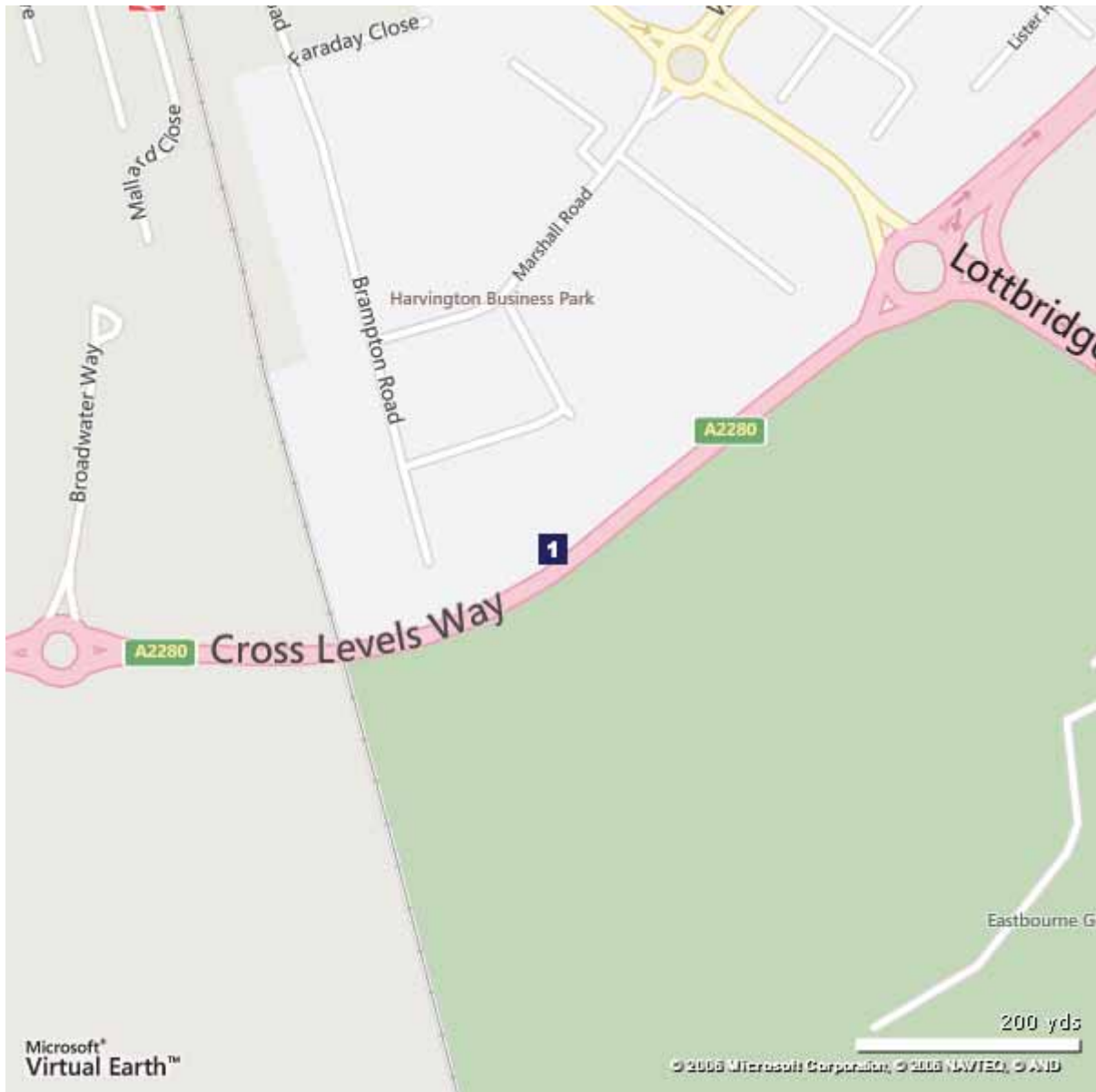



APPENDIX G

MARTELLO HOUSE, HIGHFIELD OFFICE PARK, EASTBOURNE

FOCUS SALE REPORT - DECEMBER 2014

DEALS DETAILED REPORT PROVIDED BY FOCUS



<p>1</p> <p>Martello House A1-a4 Edward Road Eastbourne Bn22 8as</p> 	<p>Use(s): B1 Office/Business Grade: Second Hand Type: Freehold Investment Sold Date: 12/12/2014 Days on market: 167</p> <p>Total Size: 8,466 sq ft (787 sq m)</p> <p>Quoted Price: £1,350,000 Achieved Price: £1,175,000 Yield: 9.25%</p> <p>Vendor Agent: Egan Property Asset Management James Ramage Tel :02076591060 Fax :02074992349</p> <p>Notes: An undisclosed buyer has purchased the freehold interest in 8,466 sq ft (787 sq m) of office space from an undisclosed vendor for £1,175,000 as an investment, reflecting a net initial yield of 9.25%. The asking price was £1,350,000. The property is let to Stackhouse Poland Ltd (Unit A1/A2), M-Tech Systems Ltd (Unit A3) and Golf Academies Ltd (Unit A4) and generates a total annual rental income of £114,991. Egan Property Asset Management acted on behalf of the vendor. The purchaser was represented by an undisclosed agent.</p> <p>Property Description: The property comprises a terrace of offices arranged over two floors. The property is located in the northern part of Eastbourne on the edge of the conurbation, adjacent to the A22 Polegate bypass with direct linking to the A27 east-west route. Hampden Park Railway Station is within close proximity.</p> <p>Amenities: Air Conditioning, Car Parking</p>
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APPENDIX H

LACUNA PLACE, HAVELOCK ROAD, HASTINGS MARKETING BROCHURE

INCENTIVES AVAILABLE
 Office Rent £8.50 ft²
 Retail Rent £25,000 pa



Lacuna Place

The Place to be in Hastings
 February 2016



OFFICES & RETAIL SPACE
TO LET
 3,221 ft² to 22,601 ft²



Opportunities within Lacuna Place

- Recently-developed four-storey building.
- Retail unit backing onto Priory Square giving options for out door seating.
- Adaptable layouts to suit your needs
- Impressive entrance and reception
- Air-conditioning, full access raised floors, suspended ceilings, two 10-person lifts
- Secure basement car park, plus public car parks within two minutes' walk
- Ideally placed for transport: by road, bus, cycle, taxi and train with direct rail lines to London, Gatwick, Ashford and Brighton
- Three minutes' walk from Hastings' shopping centre, restaurants, cafes and seafront

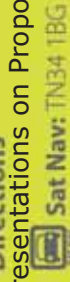
For more information contact the agents:

Simon Hunt
+44 (0)1323 437 900
shunt@shw.co.uk

Alex Hobbis
+44 (0)1424 423 626
ahobbis@dyerandhobbis.com



Directions



Road

The A21 connects Hastings with London and the M25. The A259 links to Brighton, Ashford, the Channel Tunnel, ferry ports and M20.

Rail

Frequent trains run from Charing Cross, Waterloo East, London Bridge and Victoria (from 81 mins). There's a commuter service to Cannon Street and a service along the south coast connecting to Brighton and Ashford.

Air

Hastings (from 88 mins) and Dover (from 62 mins) away by road.

Ferry

Hastings is ideally situated for the cross-Channel ferries: Newhaven (31 miles), Dover (52 miles).

Channel Tunnel

Travel between Hastings and Paris, Brussels or Lille is by train via Ashford International, with frequent trains connecting Ashford to Hastings in 41 mins.

Typical office floor plan



Retail floor plan



Accommodation	sq ft	sq m
Ground Floor (retail)	3,143	292
1st floor offices	8,051	748
2nd floor offices	8,186	761
3rd floor office		
4th floor offices	3,221	299
4th floor		
Total	21,654	2,012

Let to Bibby Financial Services Ltd

Part Let to New Career Skills Training

Terms

A new fully repairing and insuring lease is available with terms to be agreed.

Rents

Offices - **£8.50 per ft²** / Retail - **£25,000 per annum**

Incentives available

Further details available on request.

These particulars do not constitute either the whole or any part of an invitation, offer or contract in relation to the property described in the particulars. No employee of Dyer and Hobbis or Stiles Harold Williams has authority to make or give any representation or warranty, express or implied, on behalf of any party in relation to the property. Whilst the particulars are given in good faith, intending purchasers or tenants must satisfy themselves as to the accuracy of all matters on which they intend to rely. All negotiations are subject to contract. Designated by the Planning Inspectorate under the Town and Country Planning Act 1990. Reference: 14/01423/1. Date of issue: 14/01/2016. Page 349 of 350. www.dyerandhobbis.co.uk G68137, May 2013



EMPLOYMENT LAND LOCAL PLAN

Proposed Submission Representation Form (Regulation 19)

Please read the accompanying 'Guidance Notes for Respondents – Proposed Submission Employment Land Local Plan' before completing this form.

Eastbourne Borough Council has published the Proposed Submission version of the Eastbourne Employment Land Local Plan for the community and stakeholders to make final representations on issues of soundness or legal compliance, in preparation for formal submission of the document to the Secretary of State in 2015.

The period for representations runs from Friday 12 December 2014 until Friday 6 February 2015. Representations received after 5pm on Friday 6 February 2015 cannot be accepted.

Where possible, please use the on-line consultation portal to make representations. This can be accessed via the Council's website (www.eastbourne.gov.uk/ellp). Alternatively, completed forms can be returned to planning.policy@eastbourne.gov.uk or by post to Specialist Advisory Team, Eastbourne Borough Council, 1 Grove Road, Eastbourne, BN21 4TW.

For further information please contact the Council's Specialist Advisory Team, on (01323) 410000 or email planning.policy@eastbourne.gov.uk.

Personal Details

Title:	Ms	First Name(s):	MARIE
Surname:	NAGY		

Organisation:	TEAL PLANNING LTD		
Position:	DIRECTOR		
Agent acting on behalf of:	SOVEREIGN HARBOUR LTD		

Address:	BRENTANO SUITE, SOLAR HOUSE, 915 HIGH ROAD, NORTH FINCHLEY, LONDON		
Post Code:	N12 8QJ		

Phone Number:	020 8369 5119	Fax Number:	-
E-Mail Address:	mnagy@tealplan.com		

Representation

When the Employment Land Local Plan is examined it will be tested for:

1. Legal compliance – That it has been produced in accordance with Government Regulations. This includes the Duty to Cooperate.

2. Soundness – That the content is positively prepared, justified, effective and consistent with national policy

Further information on the test of soundness and legal compliance is provided in our accompanying **Guidance Notes for Respondents**.

Q1. Which part of the Employment Land Local Plan do you want to make a representation about?

Chapter: Draft ELLP - Chapter 1

Policy: [Click here to enter text.](#)

Paragraph Number: - 1.14

Figure: [Click here to enter text.](#)

Q2. Do you consider the Employment Land Local Plan to be legally compliant?

Yes

No

If you do not consider it to be legally compliant, please provide details as to why:

-

Q3. Do you consider the Employment Land Local Plan to be sound?

Yes

No

If you do not consider it to be sound, please provide details as which part of soundness it does not comply with:

Positive prepared

Justified

Effective

Consistent with National Policy

Other -

Q4. Please set out what changes you consider necessary to make the Employment Land Local Plan legally compliant or sound.

PLEASE REFER TO -

SUBMISSION STATEMENT 4 - COMPLAINEE WITH NATIONAL GUIDANCE

Please note your representation should cover all of the information, evidence and supporting information necessary to support/justify the representation and the suggested change. After this stage, further submissions will be only at the request of the Inspector, based on the matters and issues he/she identifies for examination.

Q5. If your representation is seeking a change to the Employment Land Local Plan do you consider it necessary to participate at the public examination to help explain the need for the change proposed?

No, I do not wish to take part at the examination

Yes, I wish to take part at the examination

If you do wish to participate in the examination, please outline why you consider this necessary:

THE POINTS OF DIFFERENCE BETWEEN EBC AND SHL ARE OF STRATEGIC AND SITE SPECIFIC IMPORTANT WHICH MUST BE APPRIASED IN FULL AND ARE THEREFORE BEST CONSIDERED THROUGH EXAMINATION

Please note the Inspector will determine the most appropriate procedure to hear those who have indicated that they wish to participate at the oral part of the examination.

Q6. Do you wish to be notified of any of the following?

Submission of the Employment Land Local Plan for examination

Publication of the Inspectors Report

Formal adoption of the Employment Land Local Plan

Data Protection Act 1998 and Freedom of Information Act 2000

Representations cannot be treated in confidence and copies of all representations will be made publicly available. The Council will also provide names and associated representations on its website but will not publish personal information such as telephone numbers, emails or

Employment Land Local Plan Representations on Proposed Submission Version
private addresses. By submitting your views on the document you confirm that you agree to
this and accept responsibility for your comments.

Signature:		Date:	05/02/2015
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Draft ELLP Submission Statement 4

On behalf of:
Sovereign Harbour Ltd

In respect of:
**DRAFT ELLP
CHAPTER 1, PARA 1.14 – COMPLIANCE WITH NATIONAL POLICY
December 2014**

Date: 5 February 2015

Reference: 12001/Reps/14/SS04

- 1.1 **Paragraph 1.14 of the Proposed Submission Employment Land Local Plan, outlines that the document** ‘.has been prepared having regard to the national Planning Policy Framework and specifically the presumption in favour of sustainable development. The Employment Land Local Plan is in conformity with the NPPF.’
- 1.2 Our Submission Statements 1, 2 and 3, submitted on behalf of Sovereign Harbour Ltd (SHL), address our main objections to the Draft ELLP, its accompanying Sustainability Appraisal and Proposed Changes to the Proposals Map document. Those Statements outline the basis upon which we consider this suite of documents has not been positively prepared, has not been justified, will not be effective and is not consistent with national policy.
- 1.3 With regard to this last test of soundness, we draw attention to the very recent Planning Update Newsletter that has been issued by the Chief Planner, Mr Steve Quartmain, dated January 2015.
- 1.4 Annex A of that update (see attached **Annex A**) makes very specific reference to the national town centre first policy that is set out within the NPPF and emphasises that this policy and the application of a sequential test to planning applications for main town centre uses that are not in an existing centre and are not in accordance with an up to date Local Plan. Main town centre uses include office development.
- 1.5 EBC was required to produce the supplementary Employment Land Local Plan by the end of 2014 in order to meet the requirements set out by the Core Strategy Local Plan inspector in order for that document to meet its own soundness tests. That deadline has not been met and with regard to Class B development EBC does not have a prevailing up to date plan.
- 1.6 This is a matter for EBC to consider in respect of any planning applications that are received prior to the eventual adoption of the ELLP. **The ministerial restatement of the town centre first policy however is also critical to the drafting of the ELLP itself. This must be referenced at para. 1.14** of the document, alongside reference to sustainable development objectives as the main basis for the ELLP document objectives and allocations policies.

Required Change

- 1.7 **Para 1.14** on adoption of the ELLP should read:

‘The Employment Land Local Plan has been prepared having regard to the National Planning Policy Framework (NPPF) and specifically the presumption in favour of sustainable development **and town centre first policies**. The Employment Land Local Land is in conformity with the NPPF.’

ANNEX A

**Chief Planning Officer
Planning Update Newsletter
January 2015
Extract – Town Centre First Policy**

ANNEX A**Town Centre First policy**

Town Centre First policy, as set out in the [National Planning Policy Framework](#), makes clear that local authorities should apply a sequential test to planning applications for main town centre uses that are not in an existing centre and are not in accordance with an up-to-date Local Plan. It requires applications for main town centre uses to be located in town centres, then in edge of centre locations and only if suitable sites are not available should out of centre sites be considered.

The Framework also sets out that when assessing large applications (if there is no locally set threshold, the default threshold is 2,500 sq m) for retail, leisure and office development outside of town centres, which are not in accordance with an up-to-date Local Plan, local authorities should require an impact assessment.

Ministers wish to restate policy which makes clear that where an application fails to satisfy the sequential test or is likely to have significant adverse impact on the town centre as set out in the Framework, it should be refused. It is for local authorities to ensure that the sequential test and impact test have been properly applied, and that the "town centre first" approach has been followed. This does not mean that out-of-centre development is necessarily inappropriate.

Ministers would highlight the planning guidance [Ensuring the Vitality of Town Centres](#) and specifically draw authorities' attention to the section: "How should the sequential test be used in decision-taking?". This sets out the considerations that local authorities should take into account when determining whether a proposal complies with the sequential test, including that due regard should be given to the requirement to demonstrate flexibility. This includes whether the suitability of more central sites to accommodate the proposal has been considered and the scope for flexibility in the format and/or scale of the proposal.

Guidance on applying the impact test can also be found under the above section and makes clear that the design year for impact testing should be selected to represent the year when the proposal has achieved a 'mature' trading pattern. This is conventionally taken as the second full calendar year of trading after opening of each phase of a new retail development, but it may take longer for some developments to become established.