

Public Document Pack

Becky Shaw
Chief Executive

If calling please ask for:

Katherine De La Mora on 033 022 22535
Email: katherine.delamora@westsussex.gov.uk

www.westsussex.gov.uk

County Hall
Chichester
West Sussex
PO19 1RQ
Switchboard
Tel no (01243) 777100



10 February 2020

Cabinet

A meeting of the committee will be held at **10.30 am** on **Tuesday, 18 February 2020** at **County Hall, Chichester**.

Becky Shaw
Chief Executive

The meeting will be available to view live via the Internet at this address:

<http://www.westsussex.public-i.tv/core/portal/home>

Agenda

- 10.30 am 1. **Declarations of Interest**
- Members and officers must declare any pecuniary or personal interest in any business on the agenda. They should also make declarations at any stage such an interest becomes apparent during the meeting. Consideration should be given to leaving the meeting if the nature of the interest warrants it. If in doubt please contact Democratic Services before the meeting.
- 10.35 am 2. **Minutes** (Pages 3 - 6)
- The Cabinet is asked to agree the minutes of the meeting held on 28 January 2020 (attached, cream paper).
- 10.40 am 3. **Urgent Matters**
- Items not on the agenda which the Chairman of the meeting is of the opinion should be considered as a matter of urgency by reason of special circumstances.
- 10.45 am 4. **Key Decisions** (Pages 7 - 26)
- The Cabinet is asked to agree the following decisions as per the attached decision reports
- West Sussex Full Fibre Programme (CAB14_19/20)
 - Horsham Enterprise Park – Scheme Delivery (CAB13_19/20)

The relevant Cabinet Member will introduce their respective report.

Scrutiny Committee Chairmen will be invited to speak for up to three minutes to provide the views of their Committee on proposals being considered by the Cabinet relevant to that Committee's work.

Each of the main Opposition Group Leaders will be invited to speak for up to three minutes each on any of the proposals.

The Cabinet will then discuss the proposal prior to the decision being taken.

10.50 am (a) **West Sussex Full Fibre Programme (CAB13_19/20)**

11.20 am (b) **Horsham Enterprise Park Scheme Delivery (CAB14_19/20)**

11.50 am 5. **Date of Next Meeting**

The next meeting of the Cabinet will be held on 17 March 2020.

To all members of the Cabinet

Webcasting

Please note: this meeting may be filmed for live or subsequent broadcast via the County Council's website on the internet - at the start of the meeting the Chairman will confirm if all or part of the meeting is to be filmed. The images and sound recording may be used for training purposes by the Council.

Generally the public gallery is not filmed. However, by entering the meeting room and using the public seating area you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes.

Cabinet

28 January 2020 – At a meeting of the Cabinet held at 2.15 pm at County Hall, Chichester.

Present: Mr Marshall (Chairman)

Mr Crow, Mr Elkins, Mr Hunt, Mrs Jupp, Mr Jupp, Mr Lanzer, Mrs Russell and Mrs Urquhart

Apologies were received from Mr Barling

Also in attendance: Mr Barrett-Miles, Mrs Dennis, Mr Jones and Mr Turner

Part I

33. Declarations of Interest

33.1 In accordance with the code of conduct, there were no declarations of interest made.

34. Minutes of the Previous Meeting

34.1 RESOLVED – that the minutes of meeting held on 14 January 2020 be approved and signed by the Chairman.

35. Approval of the County Council's Revenue Budget 2020/21, Capital Strategy 2020/21 to 2024/25 and Treasury Management Strategy Statement 2020/21 (CAB12_19/20)

35.1 The Cabinet considered a report by Director of Finance and Support Services (copy appended to signed minutes).

35.2 Jeremy Hunt, Cabinet Member for Finance introduced the report for endorsement by Cabinet, for recommendation to County Council on 14 February 2020. Mr Hunt highlighted the following:

- Despite the financial challenges a balanced budget was being presented for 2020/21.
- The budget included funding growth of £32m and £2.6m into Children's Services and Fire and Rescue Service respectively.
- £18m of savings had been identified, and the early involvement of members in the budget process will happen again next year.
- The total proposed Council tax increase for 2020/21 was 3.99% (1.99% core element and 2% Adult Social Care).

35.3 Katharine Eberhart, Director of Finance & Support Services highlighted the Section 25 statement on the robustness and adequacy of reserves. There would be £144m in reserves by the end of this financial year and it was expected that reserve levels would be similar by the end of 2020/21. Resilience indicators had been considered and it had been concluded that there was sufficient financial resilience to deal with the risks highlighted in the report.

35.4 Joy Dennis, Chairman of Performance and Finance Scrutiny Committee, provided a summary of the recommendations and comments made by the Committee in relation to the budget. The Committee welcomed the early member engagement in the budget setting process.

35.5 Michael Jones, Leader of the Labour Group commented that his group did not support some of the savings proposals and questioned whether performance issues such as drug and alcohol and serious road accidents were being addressed in the budget.

35.6 Cabinet Members welcomed the balanced budget being presented.

35.7 Cabinet Members made the following comments in relation to the budget:

- Welcoming the financial prudence of the County Council to enable an increase in core spending for vital services.
- Supporting the strength of the Capital Programme that included investment in growth programmes and major highways projects which both harnessed external funding.
- Recognising the need to understand the increase in serious road accidents and the importance of working with the Safer Sussex Partnership to address this.
- Welcoming the additional funding for Children's Services including £12m for improvement and £12m for placements. The aim was to target investment into early help to maximise outcomes.
- Recognising the need for a long-term funding settlement from Government to provide certainty and enable long term financial planning. The Cabinet would continue to work with the Local Government Association and MPs to lobby government for this and would welcome cross party support.

35.8 Andrew Barratt-Miles, Chairman of the Environment and Communities Select Committee commented that the Committee welcomed the early review of savings and hoped this would continue.

35.9 Bryan Turner, Chairman of Health and Adults Social Care Scrutiny Committee confirmed that the Committee welcomed the £10m growth in the Adults Portfolio and recognised the complexity of being able to predict demand and growth levels.

35.10 The Leader recognised the current financial challenges, but that the County Council had robust financial planning capabilities. The budget being proposed allowed for service improvements to help enable the council to show the progress it is making on its improvement journey.

35.11 RESOLVED – that Cabinet endorses the County Council Budget for 2020/21, as set out in Appendix A and Annex 1, the Capital Strategy set out in Annex 2(a) and the Treasury Management Strategy set out in Annex 2(b), for approval by County Council on 14 February 2020.

36. Forward Plan of Key Decisions

36.1 The Cabinet considered a report by Director of Law and Assurance (copy appended to the signed minutes).

36.2 Cabinet Members confirmed that the Adults Services Improvement – Next Steps decision would now be considered at Cabinet in March. Work was ongoing for the West Sussex Children First Strategic Approach and therefore this decision would be taken later in the year. Cabinet would receive an update on the Practice Improvement Plan on the 18 March.

36.3 RESOLVED – Cabinet notes the progress against the Forward Plan and the decisions identified for future Cabinet meetings, taking into account the amendments outlined in paragraph 36.2 above.

37. Date of Next Meeting

37.1 It was confirmed that the next meeting of Cabinet was scheduled for 18 February 2020.

The meeting ended at 3.31 pm

Chairman

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Cabinet	Ref No: CAB14 19-20
18 February 2020	Key Decision: Yes
West Sussex Full Fibre Programme	Part I
Report by Executive Director of Place Services	Electoral Divisions: All
<p>Summary: This report seeks approval of the West Sussex Full Fibre Programme investment of over £20m across the County. Recommendations for funding the West Sussex Full Fibre Programme are made by the West Sussex Full Fibre Programme Board to the county Chief Executives Board for consideration and agreement. Recommendations are then taken to the county's Leaders for collective endorsement, giving approval for each project and initiative in the programme to be funded.</p>	
West Sussex Plan: A Prosperous Place	
<p>Financial impact: Funding for the projects outlined in the report has been included within the proposed 2020/21 Capital Programme and will be fully funded by the Business rates pool. Resources to deliver the projects will also be contained within the budget allocated from the pool.</p>	
<p>Recommendations</p> <p>That the Cabinet</p> <ol style="list-style-type: none"> 1. endorses that the Leader approve the proposals for the allocation of the business rate pool as recommended by the West Sussex Full Fibre Programme Board; 2. delegates to the Executive Director of Place Services the authority to implement the programme, including any project level key decisions, in consultation with West Sussex Councils' Chief Executives Group and the Cabinet Member for Economy and Corporate Resources 	

Proposal

1. Background and Context

- 1.1 Since 2013 West Sussex County Council has been addressing the challenge of "speed and coverage" in respect of digital connectivity within the county, working with central government's national Broadband Delivery UK programme and Openreach. The County Council has successfully delivered better, faster broadband to more than 70,000 homes and businesses, of which more than an additional 47,000 can access 'superfast' broadband, than would otherwise have been able to if left to the commercial market to invest. The successful £30m programme has exceeded the government's superfast coverage target of 95%.

- 1.2 While speed and coverage are still important, it is now widely recognised that a shift in the technology underpinning the infrastructure will truly unlock access to next generation connectivity. This shift is to gigabit-capable broadband services which is underpinned by 'full fibre'. The UK has recognised that its investment in 'full fibre' lags significantly behind many of its key competitors internationally and that this is critical to economic growth, increased productivity and future prosperity. At a regional level this is recognised in the Coast to Capital LEP's Strategic Economic Plan – Gatwick 360.
- 1.3 In practical terms, the benefits for businesses and individuals include the fastest download/upload speeds and greatest bandwidth as well as being able to support future technologies, including Artificial Intelligence, 5G and the Internet of Things. In a congested County like West Sussex this is expected to contribute to economic growth in a way that reduces the need to travel and is thus more sustainable.
- 1.4 The councils of West Sussex have collectively and individually built on their digital credentials and have a shared ambition to enable the foundations of a well-planned digital infrastructure that will unlock benefits for all. To deliver this, West Sussex County Council's Digital Infrastructure Team are working strategically with district and borough partners, central government and the market.
- 1.5 Working together, Councils have set out a vision for the county which includes increasing 'full fibre' and maximising coverage of gigabit-capable broadband. The county's emerging digital infrastructure strategy has been developed in partnership with all West Sussex local authorities. It will be further developed and delivered by The West Sussex Full Fibre (WSFF) programme, led by the WSCC Digital Infrastructure Team in partnership with all Councils and strategic partners.
- 1.6 The WSFF programme has developed a pipeline of strategic projects and initiatives. The programme is funded largely from the Retained Business Rates Pilot (BRP) as well as from other external sources such as the Coast to Capital LEP.
- 1.7 Councils recognise that the retained Business Rates Pilot fund will be insufficient to deliver all ambitions over the longer term and that other funds will be required. The Government's renewed focus on digital investment is especially encouraging.

2. Proposal Details

- 2.1 At the end of 2018, the West Sussex County Council and the West Sussex District and Borough Councils successfully secured a retained Business Rates Pilot scheme for 2019/20 with the Ministry for Housing, Communities and Local Government (MHCLG) for circa £19m. Current estimations put this figure at £21m due to the growth in business rate income in 2019/20.
- 2.2 The scheme operates on the basis that each authority retains the same amount of business rate growth money that they would have received under the 50% scheme. The additional 25% is retained in a pooled investment fund to be allocated by the participant authorities. The Chief Executives

have established a West Sussex Full Fibre Programme Board to manage the programme and this comprises representatives of the participating authorities and is chaired by the County Council's Executive Director of Place Services. Political oversight is provided by a Board comprising the leaders of the participant authorities.

- 2.3 The bid to MHCLG aimed to invest the additional 25% of business rate growth to "facilitate and expand further commercial investments in digital connectivity across the area." The focus remains on three priorities; "stimulating the densification of the network within and between key towns and cities; enabling the extension of the network into rural areas; and accelerating readiness to Wi-Fi and 5G investments in towns and cities."
- 2.4 Having undertaken design and market testing of various approaches, a pipeline of projects has been developed under the West Sussex Full Fibre Programme to deliver the outcomes of the business rates pilot bid and the county's wider strategic digital ambitions.
- 2.5 The table below summarises the proposed allocations against the retained business rates pool which is currently estimated at £21m.

ID	Description of BRP allocations	£m
1	Crawley gigabit 90 public sector sites	1.35
2	Horsham gigabit 54 public sector sites	0.80
3	Chichester gigabit 50 public sector sites	0.74
4	Arun gigabit 100 public sector sites	1.50
5	Adur & Worthing gigabit 83 public sector sites	1.25
6	Converged Fibre Connectivity (CFC) project A Coast 2 Capital LEP match funded project	2.20
7	Coast 2 Capital administration costs	0.04
8	Rural Connectivity project	8.00
9	Gigabit Demand aggregation and take up incentivisation initiative A DCMS subsidised scheme	0.64
10	Resource allocation (19/20-22/23)	1.70
11	Specialist resource contingency	0.50
12	Total allocations against business rates pool	18.72
13	Available Business rates pool fund (current view)	21.00
	Current estimated remaining funding	2.28
14	Residual amount available for future match funding to grow the pool for further investment	2.28

- 2.6 While there are significant benefits to this programme, the Council is mindful that the installation of new digital infrastructure is potentially disruptive to residents and businesses when undertaken on the public highway and it will do its utmost to minimise disruption and will ensure that works on, and reinstatement of the highway by its contractors is fully compliant with statutory regulations.

Factors taken into account

3. Consultation

- 3.1 The Everything Connects Group. A forum for developing and sharing ideas and digital connectivity plans across all councils of West Sussex. Chaired by the Adur and Worthing Chief Executive and attended by digital lead officers from all the county's councils. This group has developed the strategic approach and is supportive of the programme.
- 3.2 Market engagement with commercial suppliers interested in becoming active in West Sussex. The market is positive and West Sussex is seen as a good place to invest in digital.
- 3.3 Ongoing dialogue with specialist leads in central government's Department for Digital, Culture, Media and Sport. The programme is in line with the Government's strategic approach.

4. Financial (revenue and capital) and Resource Implications

- 4.1 The capital projects outlined above are included in the Capital Programme in the Budget Report to be considered on 14 February 2020. As a result of the decisions by the participant authorities, the County, as accountable body will distribute the required funding to the delivery authority.
- 4.2 The timing of the transfer of funding and the associated governance will be determined by the West Sussex FF Board and overseen by the County as accountable body.
- 4.2 As each capital project is developed, it will be subject to the normal governance processes including the requirement to present robust business cases in line with capital governance processes. Individual projects may also be subject to additional governance in line with the partner councils' decision-making processes.
- 4.3 The Council has a small Digital Infrastructure team which will continue to develop a countywide strategic approach to digital infrastructure and develop further bids for external funding. Costs attributable to project delivery will be charged to capital.
- 4.4 In the event that any of the business rates pilot funding is not required for digital infrastructure investment, then the West Sussex councils will need to collectively decide how the fund may be re-purposed.
- 4.5 *Future transformation, savings/efficiencies being delivered*

The benefits of each funded project will be outlined in the respective project as they are developed further. However, all projects will be complementary and where possible, aggregated to drive out value for money and increase benefits.

4.6 Human Resources, IT and Assets Impact

There are no additional resources, IT or assets required to release the funding secured through the retained Business Rates pilot. Any impact on

resources, IT or assets will be assessed within each individual project as they are developed further

5. Legal Implications

- 5.1 The County Council will have entered into funding agreements with the LEP based on agreements in principle to release retained Business Rates Pilot funding as match funding. Projects jointly funded in this way necessarily have funding cut-off dates associated with them.
- 5.2 The retained Business Rates Pilot expects that councils work as a pool and agree collectively how the additional 25% is spent via governance at Board level.
- 5.3 In addition to the decision by the authorities on how to spend the 25%, each council has been required to confirm its Leader’s decision to approve the recommended allocations. This will be achieved at a meeting of the West Sussex Leaders’ Board in February 2020.
- 5.4 Once the decisions are endorsed through the collective approval of Leaders’ Board, they can be delivered, with any subsequent individual “project” decisions to be taken at the relevant Project Boards by their respective Chief Executives. It is proposed that any project related key decisions required by the County Council would be delegated to the Executive Director of Place Services in consultation with the Project Board lead District Chief Executives and the Cabinet Member for Economy and Corporate Resources.

6. Risk Implications and Mitigations

Risk	Mitigating Action (in place or planned)
The BRP is currently estimated at £21m, however the final sum will not be known until the Districts and Boroughs complete their accounts for 2019/20.	Most of the spend profile is after the year end and therefore visibility of the final value of the BRP will be known before draw-down. This is a reducing risk and there is no significant spend expected prior to the year end
The telecoms market and the political environment are subject to change as new technologies, suppliers, policies and funding impact the industry regionally, nationally and internationally.	The Digital Infrastructure Team and the digital leads across the District and Borough Councils have developed relationships with the market and with central government that strengthens our collective horizon scanning ability and allows us to take advantage of new opportunities. This landscape will be managed at programme level to ensure that the management of opportunities and threats are central to the

Risk	Mitigating Action (in place or planned)
	programme governance. Projects will also undergo risk management and be responsible for the continuing viability of individual business cases.

7. Other Options Considered (and reasons for not proposing)

- 7.1 Option 1: do nothing
This does not involve any immediate risk to the councils but carries opportunity risks e.g. not stimulating the local economy through investing in digital infrastructure and not in line with the County Council’s shared ambition to put the county on the map as a key location of digital investment, innovation and expansion. There is a further risk that West Sussex will be left behind in the rankings of counties with gigabit-capable full fibre coverage as the government pushes forward from the current nationwide coverage total of 10%.
- 7.2 Option 2: spend investment differently
The proposals for funding from the pool have been developed through engagement with the market and are scoped for effective delivery and to ensure that all the councils are supportive. The County Council is innovating in the space created by a slow commercial investment and is trying new approaches to see which are most effective in expanding connectivity in all areas of the county. New and different creative approaches may well become evident as learning is applied and refined with DCMS and commercial suppliers.

8. Equality and Human Rights Assessment

- 8.1 Projects funded from the business rates pool are intended to improve digital connectivity for residents and businesses, as well as to public sites and services.

9. Social Value and Sustainability Assessment

- 9.1 Projects funded from the business rates pool will support the economic growth of West Sussex as well as allow carbon-saving opportunities such as reduced commuter travel and flexible working across the county.

10. Crime and Disorder Reduction Assessment

- 10.1 NA

Lee Harris,
Executive Director for Place Services

Contact Officer: Sarah Bazen, Digital Infrastructure Manager

0330 2222374

Appendices

None

Background papers

- a) A Digital Vision for West Sussex - working paper
(http://www2.westsussex.gov.uk/ds/edd/cab14_19-20backpaperA.pdf)
- b) Summary of West Sussex Full Fibre Programme
(http://www2.westsussex.gov.uk/ds/edd/cab14_19-20backpaperB.pdf)

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Cabinet	Ref No: CAB13 19/20
18 February 2020	Key Decision: Yes
Arrangements for delivery of the Horsham Enterprise Park Scheme	Part I with Part II Appendix
Report by Executive Director Place Services and Director of Property and Assets	Electoral Divisions: Horsham East, Horsham Hurst and Horsham Riverside
<p>Summary</p> <p>This report seeks Cabinet endorsement of arrangements for the delivery of the Horsham Enterprise Park scheme on land owned by the County Council. These include entering into a development agreement through the procurement of a development partner, who would carry out commercial and residential development in accordance with the approved outline planning permission for the site; and funding and carrying out enabling works to facilitate the development.</p> <p>The main objectives are to develop an enterprise park that will retain and promote high-value employment in Horsham and the local area and to generate a financial return on the Council's investment.</p>	
<p>West Sussex Plan: Policy Impact and Context</p> <p>The proposal is in accordance with the West Sussex Plan `Prosperous Place` priority and is a key project in the adopted West Sussex Economic Growth Plan 2018-2023.</p>	
<p>Financial Impact</p> <p>The sum of £4.157m is to be drawn from the Horsham Enterprise Park capital programme allocation for site enabling works and infrastructure upgrades, professional services, internal project and contract management, and statutory approvals. It is expected that the scheme will give the County Council a net capital receipt taking account of the additional revenue expenditure, including interest payments.</p>	

Recommendations - The Cabinet is asked to:

- (1) Confirm the proposal to deliver the Horsham Enterprise Park Scheme through a 'development agreement'.
- (2) Authorise the Director of Property and Assets to procure a development partner through an OJEU procurement process using the competitive procedure with negotiation (CPN), and to procure the work packages for enabling works through a non-OJEU procurement process.
- (3) Delegate authority to the Executive Director Place Services to award the contract to the bidder submitting the most advantageous tender to deliver the Horsham Enterprise Park scheme consistent with the outline planning permission to finalise negotiations on the contractual development agreement, and to award the contract or contracts for the enabling works.
- (4) Authorise the use of £4.157m from the Horsham Enterprise Park capital programme allocation for site enabling works and infrastructure upgrades, professional services, internal project and contract management, and statutory approvals to be undertaken through existing contractual arrangements or framework agreements.
- (5) Delegate authority to the Director of Property and Assets, in consultation with the Director of Highways and Transport, to consider and pursue options to enable and fund improvements to the junction of Wimblehurst Road and Parsonage Road, Horsham (adjacent to the site), and to sign a funding agreement if successful, subject to County Council governance.

Proposal

1. Background and Context

- 1.1 The County Council purchased the site formerly owned by Novartis Pharmaceuticals in Wimblehurst Road, Horsham, in December 2016 for £16.952m. The key driver for the County Council's investment in this acquisition was to sustain and build on the site's long-established position as a major centre for high value employment in Horsham town, and as a key contributor to the local, county and sub-regional economy.
- 1.2 The Council recognised the development was unlikely to be commercially viable for high quality employment use, otherwise a private sector developer would have stepped in when the site became available for purchase. The Council intervened to secure the site for high quality employment use and was awarded a Coast to Capital LEP grant of £3.66m towards the site acquisition cost in recognition of the market challenge.
- 1.3 Following site acquisition, the County Council undertook a programme of work with its commercial advisors which culminated in a Key Decision LDR07 (18/19) authorising the submission of an outline planning application to Horsham District Council (the planning authority) for a mixed commercial and residential scheme. Outline planning permission was secured in October 2019, subject to the signing of a Section 106 agreement. The Section 106

Agreement was signed in February 2020 between Horsham District Council and West Sussex County Council.

- 1.4 The main features of the scheme are to develop a high quality mixed-use development comprising up to 25,000 square metres of employment space suitable for B1 use classes (offices, research and development uses, and light industrial) on two thirds of the site including a new enterprise hub or collaborative workspace for micro and small businesses; and up to 300 new homes on one third of the site in a range of sizes, types and tenures, and including provision of 35 per cent affordable housing in full compliance with the Adopted Horsham District Planning Framework (2015). There will also be community facilities for shopping and services.
- 1.5 Wider benefits of the scheme include additional council tax income (estimated at £361,000 per annum), business rates income (estimated as £636,000 per year), and community infrastructure levy income from the residential development estimated at around £2.3 million for social infrastructure. It is also projected the scheme will provide an additional £88 million to £105 million Gross Value Added (GVA) associated with the additional jobs over time.
- 1.6 Work has been progressed on the options for scheme delivery with support from appointed external advisors. Key criteria to inform the consideration of options for scheme delivery are to:
 - achieve the scheme's original objectives of developing an enterprise park that will retain and promote high-value employment in Horsham and the county
 - generate a financial return on the Council's investment
 - progress the residential element of the scheme as enabling development to support the feasibility of the scheme overall (it is not the Council's main objective to develop and/or retain the residential element)
 - consider the risk profile of the delivery options, particularly in respect of development risks to the Council.

2. Proposal Details

- 2.1 The proposal is to proceed with the option of a 'development agreement' through the OJEU procurement of a single development partner to develop out the whole site in agreed phases. A development agreement is a common form of development contract that public authorities use to partner with the private sector on mixed use or housing schemes for a range of urban regeneration and town centre developments.
- 2.2 The proposal to proceed through the procurement of a development partner follows extensive options appraisal work with support from external advisors. Six short-listed options for the site have been considered in terms of financial costs and benefits; non-financial benefits; risks and issues, with a focus on risk to the Council and the extent to which the option meets the Council's objectives for high value employment and a return on investment.
- 2.3 The preferred option would see the Council engaging the services of an experienced development partner to carry out the entire process of

development, construction, sale of homes and buildings to final occupation. This development partner would be procured through a public procurement procedure in accordance with the Public Contracts Regulations 2015. The Executive Director Place Services would approve the terms of the development agreement, to be executed as a deed under seal. The Director of Property and Assets would lead the governance of the project under the terms of the development agreement for the oversight and delivery of the development programme.

- 2.4 A market sounding exercise was undertaken over the summer and autumn of 2019, with the objective to gauge market interest and sentiment for delivery of the proposed Horsham Enterprise Park scheme. Key messages included the value and importance of the residential element to the overall deliverability of the scheme, and that a speculative build approach for the commercial development would be unlikely, with respondents overwhelmingly advocating a pre-let strategy whereby tenants are secured in advance of commercial development.
- 2.5 The market sounding confirmed sufficient market interest in the development opportunity to enable the Council to have confidence in initiating a procurement process that will result in a successful bidder being selected.
- 2.6 The market sounding also highlighted the importance of engaging early with potential occupiers in support of the pre-let strategy for the commercial space. Private sector organisations have expressed interest in letting space in the first commercial phase of the scheme. These discussions are commercial-in-confidence at this stage and will proceed in parallel with the procurement of a development partner, with the objective of confirming agreements to lease with future occupiers. The Director of Property and Assets would oversee and authorise agreements to lease in consultation with the Director of Law and Assurance and once it is clear the obligations of any lease can be met by reference to the development agreement.
- 2.7 It is proposed to fund and carry out the essential works that will enable early commencement of the first phase of commercial development. These include works to existing buildings, general site works and drainage, sewer and utility works. This work would have three advantages: first, it will allow the works to occur at the same time as procurement of the development partner, saving six to nine months on the programme; second, the works will substantially de-risk the site and so reduce development uncertainty; and third the works will increase the overall value of the site. The County Council has obtained cost options and the lowest, £2.717 million, is preferred to enable early commencement of the first phase of commercial development.
- 2.8 It is proposed to pursue possible options for external funding to improve the junction at the intersection of Wimblehurst Road and Parsonage Road (cost at around £2.2 million). The intersection was a cause for concern amongst local residents during the outline planning process. If a funding option becomes available a funding agreement would only be signed if the County Council is able to meet the funding conditions, and in accordance with council governance arrangements. These works are not required under the terms of the outline planning permission as the funds that could reasonably be levied from the scheme would not cover the cost. A funding route via the Community Infrastructure Levy may be possible at a future date. Any

junction improvement by the County Council is conditional on external funding being secured.

- 2.9 The arrangements will provide gigabit-capable digital infrastructure for the site, as part of the County Council's 'Converged Fibre Connectivity Scheme' with partners (which has received Coast to Capital LEP Local Growth Funding). The scheme will build a duct spine which includes Horsham to enable ultrafast speeds, and Horsham Enterprise Park is a site identified for inclusion in the project.
- 2.10 The recommendations are made based upon a series of assumptions which will be regularly reviewed and tested and mitigating action will be taken if needed to ensure the project remains on track to meet the overall objectives. The arrangements will include ongoing dialogue with the local community as plans progress towards delivery, through communication activities and occasional community events.

Factors taken into account

3. Consultation

- 3.1 Officers from legal, finance, procurement, capital, property and assets, and highways and transport have been engaged in developing and responding to the proposals through the Horsham Enterprise Park Project Board (Chaired by the Director of Property and Assets); and through the Council's Procurement Board, Assets Hub, and the Capital and Assets Board as part of capital programme governance.
- 3.2 A market sounding exercise with developers has been undertaken with the objective to gauge market interest for delivery of the proposed Horsham Enterprise Park scheme.
- 3.3 The Performance and Finance Scrutiny Committee scrutinised the proposals at its meeting on 22 January 2020. The committee raised a number of concerns over highway congestion issues and the financial viability of the project but, after debate, endorsed the proposed arrangements and objectives for the delivery of the Horsham Enterprise Park scheme. The committee fully supported seeking external funding to achieve improvements to the main road junction and emphasised the importance of maintaining a dialogue with the community on this and the wider development as plans progress towards delivery. The committee requested clarification on the land value estimates for the site and for proposed arrangements for scheme delivery.
- 3.4 The development of the site is included in the Horsham Growth Deal agreed between the County Council and Horsham District Council. The District Council is keen to see the site developed in accordance with the planning permission that it has granted.

Financial (revenue and capital) and Resource Implications

- 4.1 It is proposed to allocate £4.157m from the capital programme allocation for the enabling works, and for the professional services, internal project and contract management, and statutory approvals for scheme delivery as set

out below. The costs are set out to 2025/26 to reflect the expected date for the completion of the entire development.

Proposed Capital Expenditure							
Item (£m)	Total	20/21	21/22	22/23	23/24	24/25	25/26
Enabling works	2.717	2.717	-	-	-	-	-
Professional fees	0.750	0.500	0.050	0.050	0.050	0.050	0.050
WSCC staff costs	0.690	0.115	0.115	0.115	0.115	0.115	0.115
Total:	4.157	3.332	0.165	0.165	0.165	0.165	0.165

- 4.2 The resource implications for finance, procurement, legal and other services are met through existing resources and through the proposed capital programme allocation.
- 4.3 Value for money will be ensured through the use of existing contractual arrangements or framework agreements for the capital programme allocation spend.
- 4.4 Overall the scheme projects a net capital receipt to the County Council which is the balance of projected total capital grants and receipts minus total capital expenditure. The detail of these estimates which cover total revenue expenditure over the period to 2025/26 are set out in the appendix (available to members only) which is currently commercially sensitive due to its relevance for the planned procurement.

5 Legal Implications

- 5.1 Legal implications have been fully considered through the development of the scheme options and proposal. Provided the enabling works and development partner are both competitively procured, no State Aid issues arise.

6 Risk Implications and Mitigations

- 6.1 The main risks and mitigations actions are set out below.

Risk	Mitigating Action (in place or planned)
Procurement risks	Risk minimised. Risks associated with failure to achieve competitive bids have been minimised through an extensive period of market sounding/soft market testing with the development industry. This market testing has confirmed sufficient market interest in the development opportunity to enable the County Council to have confidence in initiating a procurement process that will result in a successful bidder being selected.

Development / construction risks (e.g. cost escalations, skills shortages, sub-contractor non-performance, health & safety, market changes, utilities, third party rights, sales slowdowns, etc.)	Risk transferred. The development opportunity has been explicitly structured through the planned procurement to minimise development/construction risk to the Council.
Planning risks (Reserved Matters applications)	Risk eliminated and minimised. The main risks associated with planning have been eliminated by the securing of outline planning permission - issues around transport and access, affordable housing, land use, quantum of development and development phasing. A Section 106 Agreement has been settled with the local planning authority. Strong working relationships with Horsham planners have been established which will facilitate future stages of planning (Reserved Matters applications). Community consultation and engagement has been open.
Delivery risk – first phase commercial	Risk managed. The delivery of the first phase of the commercial development is critical to overall project success. Risks associated with the first phase of commercial office space will be managed through the pre-let engagement strategy and also undertaking the enabling works, developer procurement, development agreement, RIBA Stage 3 Report and associated Reserved Matters planning application.
Programme / timeline risks	Risk minimised and transferred. Programming risks are an ever-present issue in any development project. Much of this will be managed through the development agreement. High level programme management will be monitored and managed by the Project Executive Group. The procurement process has been programmed to run concurrently with the enabling works programme.

7 Other Options Considered (and reasons for not proposing)

- 7.1 A long list and then a short list of options were considered for scheme delivery. The short-listed options considered in addition to the proposed preferred option for the site were: land banking, site sale, option agreement, corporate joint venture, and direct development. These were fully considered

within project governance and were available for review and rationale appraisal both through the scrutiny committee meeting and in informal briefings of cabinet where the full commercially sensitive information to inform the options appraisal was available.

8 Equality and Human Rights Assessment

- 8.1 This report concerns internal procedural matters at this point. Equality and Human Rights Assessment requirements will be addressed at ensuing stages as appropriate.

9 Social Value and Sustainability Assessment

- 9.1 A sustainability appraisal has been prepared and shows 'very positive' outcomes across all themes and subsections.
- 9.2 The procurement process (ITT stage) will explore with potential development partners how they can improve the economic, social and environmental wellbeing of West Sussex through their employment practices and supply chains in order for the County Council to meet its obligations under the Public Services (Social Value) Act 2012.
- 9.3 Sustainability is a key concern of the planning process and requirements have been met. Sustainability will be a key consideration in the Reserved Matters applications for individual phases of the development once the development partner is selected and under contract. This statutory planning stage will focus on the environmental performance of buildings and the sustainability of the place-making aspect of the scheme.
- 9.4 A framework travel plan has been prepared and a travel plan co-ordinator will be employed for the scheme as part of the obligations under the Section 106 Agreement. Overall, the aim of the travel plan will be to reduce travel to work by private car by 15 per cent. New cycle and pedestrian links will be funded through Section 106 contributions. These will be external infrastructure improvements to link the site with Horsham station and Horsham town centre. Use of renewable energy as well as installation of electric car charging points will be encouraged through the planning process.
- 9.5 As part of the procurement process, bidders will be required to submit their sustainability and corporate social responsibility policies as well as any corporate sustainability assurance reporting. It is anticipated that a BREEAM rating level will be determined through the procurement process to which all new and refurbished buildings will need to be certified. This will be in addition to standards applied through UK building regulations. BREEAM is an international scheme that provides independent third-party certification of the assessment of the sustainability performance of individual buildings, communities and infrastructure projects. This certification scheme is governed by the UK's Building Research Establishment.

10 Crime and Disorder Reduction Assessment

- 10.1 Undeveloped, vacant sites do on occasion generate crime and anti-social behaviour, and associated complaints. Bringing the site forward for development will reduce these incidents.

Lee Harris

Executive Director Place Services

Andrew Edwards

Director of Property and Assets

Contact Officer: Carolyn Carr, Economic Growth Manager, 0330 2223836

Appendix

Table of capital programme funding and outturn projection (Part II attached for members only due to procurement and contractual confidentiality).

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