

## APPENDIX C

### ENERGY & SUSTAINABILITY JOINT VENTURE INVESTMENT STATEMENT



**NOVEMBER 2016**

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## **1. COUNCIL POSITION**

The ambition is to have a joint venture between a Private Sector Partner and both Eastbourne Borough Council and Lewes District Council.

The two Councils already have a close working relationship and their combined asset and resource base will offer greater opportunities for the Joint Venture to establish itself in its first few years of operations and importantly create a platform to expand across the South East.

Lewes District Council has a particular strategic importance given it is geographically central to the region and close to the regional economic centre of Brighton & Hove, has a good mixture of urban and rural land, has good transport links, and has a port with cross-channel ferry services that can be shaped as a base for future sustainability and resilience.

Eastbourne can also act as an important blueprint for larger urban areas as it has reached its boundary limits on expansion, has an established built environment that utilises gas and grid electricity, and a growing population. If a smart energy and sustainable system can be established in Eastbourne then it will be relatively easy to replicate elsewhere.

Both Councils' approach to development and regeneration has been to work collaboratively with the local community, asset holders, and businesses. This drives the focus of both of the Council's Corporate Plans and results in projects being delivered incrementally.

In any given year or political cycle there are always regeneration projects that a Council is involved in. They vary in scale but a pipeline is continually being developed so they can strive to create vibrant thriving communities. As an example, in Eastbourne over the next few months work is due to start on a £44m redevelopment of its theatres and cultural quarter, and a £85m redevelopment of the Town Centre. In Lewes,

meanwhile work will start soon on the £150m North Street Quarter, while the Newhaven Enterprise Zone takes effect as of April 2017.

Once the Joint Venture is in place it is expected the first phase will be to scope out the potential projects in the geographical areas of both Eastbourne and Lewes Councils.

A key part of this first phase is to support the review of the Eastbourne Local Plan which is due to be partially re-examined in Autumn 2017. There is an opportunity to influence the outcomes of the new Local Plan outcomes and to initiate plans for future investment in local energy and sustainability. The second phase would be to scope projects in the wider region. Lewes's Local Plan Part 2 is in the early stages of being prepared, with the Part 1 Core Strategy having been adopted in 2016.

Section 2 outlines the potential projects that Lewes District Council is in the process of exploring and developing.

Please note that Section 2 is not a guaranteed pipeline, it is a reflection of the regeneration discussions both Councils are involved in; some may succeed, some may not, and as the Council is not always the landowner commercial terms separate to the Joint Venture will need to be negotiated and agreed by Members. Planning permission would also be required.

It is anticipated that more projects and investment opportunities will come on stream as the Joint Venture gains credibility and experience.

It is also anticipated that Lewes District Council will formalise their involvement in the Joint Venture at their Cabinet on 4 January 2017.

## **2. PIPELINE DEVELOPMENT**

We expect the Joint Venture to have a mobilisation period but once the projects start to get approved we look forward to it going from strength to strength.

The Joint Venture business plan that has been requested from you will allow us to see what resources are required to gear up this pipeline of work and to make sure it turns into a reality.

The amount of resource required for the first phase will be part of the five year business plan requested in the Initial Detailed Tender. We are seeking Tenderers' input as to the best way to make this work for both parties. One option is for the Private Sector Partner to do the scoping and recharge it to projects once they are developed, another is to provide this resource at no cost to the Joint Venture but with a similar or alternative level of supported resource from the Councils.

The Councils will identify appropriate level of staff resources for the Joint Venture team, and ensure we put in place what is required once projects have been approved. Section 3 highlights the Councils' track record of making investments for change.

We have already made a start by securing grants from the Government's Heat Network Delivery Unit (HNDU). For initial energy masterplan scoping across both Council areas there is a total budget of £65k, and to support the development of an energy network for the Lewes North Street Quarter there is a budget of £90k. HNDU have agreed the funding can be used by the Joint Venture for the purpose it was awarded.

The other business plans requested in the Initial Detailed Tender reflect the early type of work we expect the Joint Venture to be involved in.

The sites to be considered for the first phase of scoping are set out in the table below. As mentioned above these projects that Lewes District Council is in the process of exploring and developing; some may succeed, some may not, and as the Council is not always the landowner separate commercial terms will need to be negotiated and agreed by Members. For example, whilst the Tenderer will have exclusivity rights to develop an energy network, a third party landowner will need to agree to this and the commercial contract before it can be developed. Planning permission will also need to be sought.

<b>Area</b>	<b>Commentary</b>
<p>Newhaven Enterprise Zone (NEZ)</p>	<p>Overall, the NEZ is over eight sites and is expected to lead to 55,000sq.m of new employment floor space and 15,000sq.m of refurbished employment floorspace over the Zone's 25-year lifespan, which starts in April 2017. The eight sites have multiple land owners, and are a mixture of greenfield and brownfield land.</p> <p>One of the sites is also adjacent to the Energy from Waste plant (managed by Veolia) which has a capacity to provide a waste heat source. Consultants have used HNDU funding to explore uses for this heat. This work was commissioned by Newhaven Town Council and they will be able to discuss the outcome of the study.</p> <p>The NEZ has multiple landowners (including Lewes District Council) and the Coast to Capital Local Enterprise is the Accountable body for the NEZ to Government. Any projects would be subject to both the LEP approval as well as Lewes District Council</p>
<p>Newhaven Square</p>	<p>This is within the Town Centre – one of the eight NEZ sites and is owned by Lewes District Council. The Council is currently undertaking initial first stage feasibility study of developing a viable scheme. The site presently includes the ageing Seahaven Leisure Centre, a car park as well as commercial/retail space</p>
<p>North Street Quarter</p>	<p>This is a large redevelopment site in the town of Lewes. The site is partly owned by Lewes District Council, approximately 65% is owned by a private sector party who Lewes District Council is appointing</p>

	<p>with exclusive rights to develop the site. The site aims to deliver:</p> <ul style="list-style-type: none"> <li>• 416 new homes (including 40% affordable);</li> <li>• 140,000 sq ft of flexible workspace (including subsidised creative workspace);</li> <li>• Public spaces, riverside walkways and a footbridge, opening this riverside location up to the public;</li> <li>• Vital flood defences;</li> <li>• A new 'health hub' serving 26,000 people, including 3 doctors' surgeries, a dentist, pharmacy and other medical services;</li> <li>• A heat network, utilising the river Ouse.</li> </ul> <p>The Joint Venture could aim to work with the private sector party as the developer of some or the entire energy network; there is a budget of £90k to support the development of the energy network (partially funded by HNDU).</p> <p><a href="http://northstreetqtr.co.uk/">http://northstreetqtr.co.uk/</a></p>
<p>Energy Supply Licence</p>	<p>The Council wishes to have access to (but not set up from scratch) a Supply Licence so that it can:</p> <ul style="list-style-type: none"> <li>• trade the energy generated from the solar PV installations;</li> <li>• install more renewable energy at commercial buildings and trade this energy (in conjunction with PPAs);</li> <li>• sell energy to local residents and businesses.</li> </ul> <p>With Eastbourne Borough Council's broadband company and the deregulation of the water industry the JV could become a complete utility business.</p>



### **3. COUNCIL APPROACH TO INVESTMENT**

Both Councils sees themselves as forward thinking, able to react positively to changing circumstances, and importantly invest in future solutions.

Eastbourne Borough Council's Corporate Plan, which includes the ambition to become a low carbon town and to invest in the local economy, can be found [here](#).

Lewes District Council's Plan 2016 – 2020 can be found [here](#).

The anticipated approach of both Councils to the Joint Venture will be the same, planning for the long term and making investments and commitments to match the scale of the problems we are all facing.

The following text outlines some of the steps both Councils have taken already to make a difference. These are significant investments for and are the start of a larger transformation programme:

#### Joint Transformation

To ensure the two councils remain fit for purpose, and continued to deliver efficient services for residents, in the context of reducing Government grants, they have embarked upon a radical restructure of staff and their estate. They are embarking on a joint transformation programme and both Councils will set up shared services and create a single employer to improve resilience, gain increased strategic presence and maintain customer services.

#### Major Redevelopments

*Eastbourne Town Centre*

Eastbourne Borough Council has had a longstanding ambition to see the Town Centre regenerated and has played a key role in working with Legal & General to ensure delivery of the £85m private investment to provide an extension to the Arndale Shopping Centre, by using its compulsory purchase powers.

#### *North Street Quarter*

Lewes has a similar programme in place with its North Street Quarter. It recognised the need for change and set up regeneration joint venture to ensure progress was made.

#### *Sovereign Harbour, Eastbourne*

Sea Change Sussex have recently delivered the first phase of the Sovereign Harbour Innovation Park with the provision of flexible, modern business space within a striking contemporary building known as Pacific House.

#### *Newhaven Enterprise Zone*

Again Lewes has a similar programme in place with the creation of an enterprise zone for Newhaven. In the long term Newhaven has the potential for strategic importance for the area as it has deep sea port that can be used to import the next generation biogas, be a supply chain base for marine based energy and can be an import/export zone for food.

#### Building Redevelopment

Two of the Eastbourne's key leisure areas require redevelopment.

Eastbourne Borough Council will be investing £44m to re-design the Devonshire Park complex into a thriving and nationally important sporting, cultural and conferencing destination.

It will also be investing over £20m into building a new water and leisure complex to replace the Sovereign Leisure Centre – now part of the Joint Venture process.

Similar approaches are being taken across Lewes and the Seahaven leisure centre in Newhaven is reaching the end of its operational life.

### House Building

The market was not able to meet the local need of regenerating one of the most deprived wards (Devonshire), so a new housing and regeneration initiative was set up - the Housing & Economic Development Partnership (HEDP) which forms a team within the Council's wholly owned housing management company (Eastbourne Homes Limited).

Eastbourne Homes Limited has since set up its own Housing Investment Company to buy land and build properties and has recently won a national award for the work it has completed. The HEDP initiative is actively pursuing housing development sites and is seen as a key partner for the Joint Venture. Lewes District Council also agreed in November 2016 to set up its own Housing Investment Company – either jointly with Eastbourne BC or as a standalone entity.

### Superfast Broadband

Again as the market was not able to deliver superfast broadband to Eastbourne businesses (despite being the largest town in East Sussex) the Council set up its own broadband company CloudConnex. This has been operating successfully since 2012 and has the potential to be a delivery partner for the Joint Venture's smart grid development.

## Renewable Technology

To take advantage of the Solar PV Feed in Tariffs that were available in 2011, the Eastbourne Borough Council agreed to an investment fund of £13m. We were one of the first local authorities to invest our own money in Solar PV and although some of this investment fund was not used due to the reduction in feed in tariffs, we now have a portfolio that generates a healthy income and local energy.

Lewes has also invested in renewable energy, installing solar PV systems onto over 700 of its houses and installing heat pumps into 100 of its properties.

Both Councils are also part of an Innovate funded project investigating new electrically-led heating systems.

## **4. LEGAL NOTICES**

4.1. Nothing in this document should be relied upon as a promissory or a representation as to the Councils' ultimate decisions in relation to this Project which will depend at least in part on the outcome of negotiation with Tenderers.

4.2. This ITP and other documents (such as the contract notice and other marketing material and this document) ("the procurement documents") have been prepared by and on behalf of the Councils for the purposes of:

- a) Providing an application procedure for individuals or organisations interested in tendering for the Project, and
- b) To assist persons interested in tendering for the Project in making their own evaluation of the potential opportunity to enter into a contractual relationship for the provision of such services.
- c) The procurement documents are intended only as a preliminary background explanation of the Council's activities and plans and are not intended to form the basis of any decision on whether to enter into any contractual relationship with the Councils. The procurement documents do not purport to be all inclusive, to contain all of the information that a prospective contractor may require or to have been independently verified. The procurement documents should not be considered as an investment recommendation made by the Councils Team to developers.

4.3. None of the Councils' Team:

- a) Makes any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of the procurement documentation provided. Any persons considering making a decision to enter into contractual relationships with the

Councils following receipt of the procurement documents should make their own investigations and their own independent assessment of the Councils and its requirements for the Project and should seek their own professional technical, financial and legal advice.

- b) Accepts any responsibility for the information contained in the procurement documents or their fairness, accuracy or completeness;
- c) Shall be liable for any loss or damage arising as a result of reliance on such information or any subsequent communication. Any and all liability is expressly disclaimed and excluded to the maximum extent permissible by law.

4.4. No disclaimer in this document is intended to exclude liability for fraud or fraudulent misrepresentation.

4.5. Only the express terms of any written contract relating to the subject matter of the procurement documents as and when it is finally executed and duly declared unconditional shall have any contractual effect in connection with the matters to which it relates. The Tenderers should note that no offer or Final Tender is deemed accepted until the relevant contractual documents have been duly signed on behalf of the Councils, the Potential Partner and all other relevant parties and declared unconditional. No dialogue or communication with the Councils whether prior to, during or subsequent to the procurement process (including any notification of Potential Partner status) imply acceptance of any offer or constitute an indication that the Tenderer will be awarded the contract.

4.6. Nothing in the procurement documents should be relied upon as a promissory or a representation as to the Council's ultimate decisions in relation to this Project which will depend at least in part on the outcome of negotiation with Tenderers.

4.7. In this document, the "Councils' Team" means all or any of the Councils, its members and officers, its advisors, and the directors, officers, members, partners, employees, other staff, agents or advisors of any such body or person.