

Cabinet Agenda

Monday, 8 February 2021 at 6.00 pm

MS Teams

For further information, please contact Democratic Services on 01424 451484 or email: democraticservices@hastings.gov.uk

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Agenda Item 3 Public Document Pack

CABINET

4 JANUARY 2021

Present: Councillors Fitzgerald (Chair), Barnett, Batsford, Chowney, Evans, O'Callaghan and Rogers.

In opening the meeting Councillor Fitzgerald acknowledged the difficulties faced by Hastings residents in 2020 and in particular over the Christmas period. Councillor Fitzgerald said that the council will continue to work with, and support, residents until the current crisis is over.

295. APOLOGIES FOR ABSENCE

Apologies received from Councillor Forward.

296. DECLARATION OF INTERESTS

Councillor	Minute	Interest
Rogers	299. Hastings Draft Local plan – Regulation 18 Consultation	Personal – Works in sport
Chowney	300. Housing Renewal Enforcement Policy	Personal – Partner owns a property which is subject to the selective licensing scheme

297. MINUTES OF LAST MEETING

RESOLVED – that the minutes of the Cabinet meeting held on 7th December 2020 be approved as a true record.

298. TREASURY MANAGEMENT - MID-YEAR REPORT 2020/21

The Assistant Director, Financial Services and Revenues, introduced a report to advise the Cabinet of the Treasury Management activities and performance during the current year.

The mid-year report provides the opportunity to review the Treasury Management Strategy and make appropriate recommendations to Council to take account of any issues or concerns that have arisen since approving it in February 2020.

Acknowledging the difficult year that has just passed the Assistant Director informed the meeting that the Treasury Management strategy has proven to be invaluable in meeting the challenges of Covid-19. The strategy and supporting policies for the next financial year will be presented to the February meeting of Cabinet and the January meeting of the Audit Committee. No amendments to the strategy were recommended.

The Chair thanked the Assistant Director and the Finance Team for their work on the strategy.

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Councillor Chowney proposed approval of the recommendation, seconded by Councillor Fitzgerald.

RESOLVED (unanimously):

Cabinet agree the Mid-Year report.

Reason:

The Code of Practice on Treasury Management requires, as a minimum, a mid-year review of the Treasury Management Strategy and performance. This is intended to highlight any areas of concern that have arisen since the original strategy was approved (February 2020). It is a requirement of the Code of Practice that the Mid year review is considered by Cabinet, Audit Committee and full Council.

299. HASTINGS DRAFT LOCAL PLAN – REGULATION 18 CONSULTATION

The Assistant Director, Regeneration and Culture, presented a report to advise Cabinet of the necessity of publishing a draft Local Plan for consultation purposes and the arrangements in place to promote public engagement.

The existing Local Plan requires updating and the new plan will identify future land use needs and requirements relating to housing, economic growth and physical and social infrastructure needs in the town. The first draft has been completed in line with regulatory requirements and the council is now required to undertake public consultation on the draft Local Plan.

The Planning Policy Manager gave an overview of the draft Local Plan and explained that there is a significant evidence base underpinning the draft but public consultation will further this and help shape the final document.

Councillor Davies was present and spoke as ward councillor for Baird ward. Councillor Davies welcomed the draft document and said that he thought there was another important strand which should be included, namely creating an environment which supports healthy lifestyles and opportunities. Councillor Davies said the key objective of the document is to improve the health and wellbeing of local communities, however this isn't fed through into any actions. The community in Broomgrove, in Baird ward, have been left behind in this regard. This community is seeking to build beautiful homes against the odds and the Local Plan provides an instrument for intervention. The Local Plan can be a structure for redistributing wealth and economic opportunities, as explored in the NHS report Putting Health into Place. Councillor Davies called on the Cabinet to consider how this could be implemented strategically into the draft Local Plan so that it is a clear strand in the document before it goes out to consultation.

Councillor Fitzgerald briefly left the meeting at 6.50pm and returned at 6.52pm.

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Councillor Chowney proposed approval of the recommendations, seconded by Councillor Barnett.

RESOLVED (unanimously):

1. That the Hastings Local Plan Regulation 18 consultation document is published for an eight-week consultation period between January 2021 and March 2021.

2. That the Managing Director has delegated authority in consultation with the Leader to agree any necessary minor editorial changes to the draft Local Plan before it is published for consultation purposes.

Reasons:

1. It is a regulatory requirement to invite the public and stakeholders to participate in the preparation of the new Local Plan for Hastings.

2. In order to ensure the draft document is as up-to-date and accurate as possible at the time of publication

1. That the Hastings Local Plan Regulation 18 consultation document is published for an eight-week consultation period between January 2021 and March 2021.

2. That the Managing Director has delegated authority in consultation with the Leader to agree any necessary minor editorial changes to the draft Local Plan before it is published for consultation purposes.

300. HOUSING RENEWAL ENFORCEMENT POLICY (INCLUDING MINIMUM ENERGY EFFICIENCY STANDARDS ENFORCEMENT)

The Managing Director introduced a report to agree substantive amendments to the Housing Renewal Enforcement Policy in order to undertake enforcement in respect of the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 (known as the Minimum Energy Efficiency Standards Regulations – “MEES”). In March 2020 the Department for Business, Energy and Industrial Strategy approached Hastings Borough Council to express an interest in piloting an enforcement toolkit for MEES. Officers submitted an expression of interest and were successful in being selected as one of 10 local authorities to pilot the enforcement toolkit. As part of this pilot Hastings Borough Council were awarded £100,000 of funding.

Due to the way MEES is enforced a review of the Housing Renewal Enforcement Policy has taken place to include the provisions required to robustly enforce the regulations.

Councillor Batsford proposed approval of the recommendations, seconded by Councillor Rogers.

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RESOLVED (unanimously):

- 1. The revised Housing Renewal Enforcement Policy (Version 3.0) is approved**
- 2. Cabinet are recommended to delegate future minor amendments to the Assistant Director Housing and Built Environment and Chief Legal Officer in consultation with the Lead Member**

Reasons:

Due to the substantive changes proposed to the previously approved Housing Renewal Enforcement Policy Cabinet approval is required.

301. HASTINGS COUNTRY PARK VISITOR CENTRE PART 1

The Assistant Director, Environment and Place, introduced a report to update Cabinet on progress with the project, and to seek authority to increase the capital and revenue budget associated with it.

The Assistant Director informed the Cabinet that although the project to provide a state of the art, environmentally sustainable, visitor centre is nearing completion the last year has been extremely challenging and consequently an overspend is being projected. Changes to working practices due to Covid-19 and a breakdown in the relationship between the principal contractor and the council have contributed to the overspend. An additional factor has been the impact of Covid-19 on the availability of UK grant funding to bodies such the council's partner Groundworks South.

However, despite these difficulties when the project is completed, and Covid-19 restrictions lifted, Hastings residents will have a new environmentally sustainable community facility which is likely to become a major attraction for people from across Kent, Sussex and beyond.

Councillor Evans proposed approval of the recommendation, seconded by Councillor O'Callaghan.

RESOLVED (unanimously):

It is recommended that Cabinet consider the content of this report in conjunction with the associated part two report, and that Cabinet agree that the works on the visitor centre should be completed subject to the recommendations in the Part 2 report being approved.

Reasons:

Due to matters set out in this report and the associated part two report, additional funding is needed to complete the project, and this requires Cabinet approval.

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Councillor Fitzgerald proposed a motion for the exclusion of the public from the meeting, seconded by Councillor Rogers.

RESOLVED that the public be excluded from the meeting during the consideration of the items of business listed below because it is likely that if members of the public were present there would be disclosure to them of “exempt” information as defined in the paragraphs of schedule 12A to the Local Government Act 1972 referred to in the relevant report.

The live stream was ended and the meeting proceeded in private session.

302. HASTINGS COUNTRY PARK VISITOR CENTRE (PART 2)

The Assistant Director, Environment and Place, introduced a report to update cabinet on progress with the project, and to seek authority to increase the capital and revenue budget associated with it.

Councillor Evans proposed approval of the recommendations, seconded by Councillor O’Callaghan.

RESOLVED (unanimously):

It is recommended that Cabinet authorises the Assistant Director Financial Services and Revenues to:-

- 1. Increase the capital budget for completion of this project as set out in the report.**
- 2. Increase the revenue budget for completion of this project and to cover basic ongoing annual premises costs as set out in the report.**

Reasons:

Due to matters set out in this report and the associated part one report, additional funding is needed to complete the project, and this requires Cabinet approval.

303. CORNWALLIS STREET CAR PARK - POTENTIAL DEVELOPMENT

The Assistant Director, Financial Services and Revenues presented a report considering revised terms for the potential development of a hotel on Cornwallis Street Car park (Council owned land).

Councillor Barnett proposed an additional recommendation (as set it out recommendation 2 below), seconded by Councillor Chowney. The additional recommendation was agreed unanimously.

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Councillor Chowney proposed approval of the recommendations, subject to the addition of recommendation 2, seconded by Councillor Rogers.

RESOLVED (unanimously):

- 1. Agree in principle to proceed on the basis of revised terms.**
- 2. Delegated authority is given to the Chief Finance Officer, in consultation with the Lead Member for Financial Management and Estates, to agree to the revised terms.**

Reason:

The hotel chain agreed at their meeting on the 10 December 2020 revised terms on which to proceed with the development of a hotel at Cornwallis Street in Hastings. The scheme remains a viable option should the Council wish to proceed.

(The Chair declared the meeting closed at 8.22pm)

Agenda Item 4



Report to: Cabinet

Date of Meeting: 8th February 2021

Report Title: Pay Policy Statement 2021/22

Report By: Jane Hartnell – Managing Director

Purpose of Report

The purpose of the report is for approval of the Pay Policy Statement for 2021/2022, as required by the Localism Act 2011.

Recommendation(s)

- 1. Recommendation of the pay policy statement to full council for approval**

Reasons for Recommendations

The Localism Act 2011 requires Hastings Borough Council to prepare and publish an annual pay policy statement. The purpose of such a statement is to provide information about Council policies on a range of issues relating to the pay of its workforce, particularly its senior staff and its lowest paid employees. A Pay Policy must be prepared for each financial year and must be approved by Full Council, and published

Introduction

1. The Localism Act 2011 requires Hastings Borough Council to prepare and publish a pay policy statement for each financial year.
2. The attached statement (Appendix 1) sets out the key policy principles that underpin the Council's requirements to provide accountability under the Localism Act. It takes into account and has due regard to guidance issued by the Department of Communities and Local Government.
3. The majority of the statement reflects current policy, practice and procedures adopted by the Council and it is cross referenced to other documents including the Council's severance scheme and transparency requirements.

Timetable of Next Steps

4. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
No further action required	To be reviewed annually	January 2022	Verna Connolly

Wards Affected

Insert the list of wards affected

Implications

Relevant project tools applied? No

Have you checked this report for plain English and readability? Yes

Climate change implications considered? Yes

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Yes
Crime and Fear of Crime (Section 17)	No
Risk Management	No
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	Yes

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Appendix 1

Hastings Borough Council

Pay Policy Statement for the year 1 April 2021 to 31 March 2022

Introduction

1. This pay policy statement under section 38 of the Localism Act 2011 shall apply for the financial year 2021 - 2022 until amended.
2. The purpose of the statement is to provide transparency regarding the Council's approach to setting the pay of its employees by identifying:
 - the methods by which remuneration of all employees are determined, including the remuneration of its most senior staff;
 - the arrangements for ensuring the provisions set out in this statement are applied consistently throughout the Council.
3. This statement applies to all employees under the following conditions of employment:

JNC for Chief Officers of Local Authorities
NJC for Local Government Services
4. The council defines its senior management as:
Managing Director
Assistant Directors
General Managers/Professional leads who are directly accountable to a statutory or non statutory officer in respect of all or most of their duties (excluding roles which are clerical or secretarial). Such officers are invited to provide expertise in their role as head of their profession.
5. This Pay Policy will operate subject to any requirements regarding exit payments pursuant to the Enterprise and the Small Business, Enterprise and Employment Act, 2015 and associated regulations.

The Council's policies for setting remuneration

6. In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.
7. With the exception of the Managing Director and Assistant Directors, the Council uses the nationally negotiated pay spine as the basis for its local grading structure. The grade of a post is determined by application of an agreed Job Evaluation process. The value of scale points changes in line with national agreements, including any "cost of living" increases, the most recent of these at the time of preparation of this policy, was a 2.75% increase effective from 1st April 2020

Grade and Salary Band (from 1st April 2020)

Grade	Salary Band
11	£18,198 to £19,312
10	£19,312 to £20,493
9	£19,698 to £22,183
8	£20,903 to £24,491
7	£23,080 to £27,041
6	£25,481 to £30,451
5	£28,672 to £33,782
4	£32,234 to £36,922
3	£34,728 to £40,876
2	£39,880 to £45,859
1	£44,863 to £51,754

8. All other pay-related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council policy.
9. New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where possible, the Council will ensure the requirement for such approaches is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.
10. There are a number of pay points within each grade. For staff not on the highest point within the band, there is a system of annual progression to the next point on the band. Faster progression is possible for posts identified and evaluated as career grades.
11. Regarding the equal pay requirements of the Equality Act 2010, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed job evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

Chief Officer Grade Range pay rate (officers who are JNC Chief Officers Terms and conditions of employment)

12. Chief Officer pay is £113,025 (value at 1st April 2020)

Chief Officers

13. The Council's policy and procedures regarding recruitment of Chief Officers are set out in the Officer Employment Procedure Rules in Part 4, Section 30 of the Council's Constitution. The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with this pay policy statement and other relevant policies in place at the time of recruitment. In the case of recruitment of Directors and Assistant Directors, the decision on remuneration will be taken by the Employment Committee. Any appointments at this level offering a salary in excess of £100,000 would require approval by Full Council. Where the

Council is unable to recruit to a post at the designated grade, it may consider the use of temporary market forces supplements in accordance with its relevant policies.

14. Where the Council remains unable to recruit Directors or Assistant Directors under a contract of service, or there is a need for interim support to provide cover for a vacant substantive Director or Chief Officer post, the Council will, where necessary, consider engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the council is able to demonstrate value for money from competition in securing the relevant service.

Additional payments

15. In addition to the basic salary for the post, staff are or may be eligible for other payments under the Council's existing policies. Some of these payments are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties:

Lease car provision, the Council no longer offers subsidised lease cars to new employees. A small number of employees remain eligible under historical contracts of employment;

Benefits allowance, employees who are not entitled to a lease car but are required to travel in order to carry out their duties may receive a benefits allowance to cover motor costs of travel including mileage except for journeys over 50 miles.

Reimbursement of mileage, Employees can claim mileage travelled in the course of council business. Hastings Borough Council mileage rates are paid dependant on which scheme the employee is in.

This could be:-

NJC rates which are based on the engine size, fuel type for protected employees in post prior to 27th November 2001

HMRC Company Advisory Fuel Rates for lease cars.

HMRC Approved Mileage Rates for all other employees. Passenger rate is also paid if appropriate;

Professional fees. The Council will meet the cost of a legal practicing certificate for all those employees where it is a requirement of their employment; and professional body subscriptions for staff who are studying providing sponsorship has been agreed by the Council.

Long service awards. The Council allows staff to purchase a gift to a maximum amount if they have completed 25 years of service;

Honoraria, in accordance with the Council's policy on salary and grading. Generally, these may be paid only where a member of staff has performed a role at a higher grade. Deputy returning officers are paid an honorarium.

Fees for returning officer and other electoral duties, such as acting as a presiding officer of a polling station, excluding deputy returning officers. These are fees which are identified and paid separately for local government elections, elections to the UK Parliament and EU Parliament and other electoral processes such as referenda;

Pay protection, where a member of staff is placed in a new post and the grade is one grade below that of their previous post, for example as a result of a restructuring, pay protection at the level of their previous post is paid for the first 18 months;

Childcare vouchers are available to all eligible employees via the HMRC-approved salary sacrifice scheme. There is no direct subsidy towards childcare costs by the Council;

Standby and/or call-out payments, employees who are required to be on standby at times which are outside their normal working week and/or who may be called-out to attend to an issue at the Council's premises or other location may receive an additional payment in accordance with the provisions of the relevant Council policy;

Provision of mobile telephones, mobile telephones are provided to employees based on business need where they are necessary to enable them to undertake their duties effectively. The Council funds the provision of the phone and business calls.

Discounted loans, permanent employees who have satisfactorily completed their probationary period have access to discounted loans for:

- The purchase of cars/bicycles; and/or
- The purchase of season tickets for travel;

Interest is charged on Car and Bicycle loans at current PWLB (Public Works Loan Board) rates plus 1.25%. For a small number of employees employed before 27th November 2001 no interest is chargeable under historical contract of employment terms. Travel season ticket loans are interest free;

Employee assistance programme, is a 24/7 confidential support service for information and guidance on a range of work-life topics funded by the Council and made available to all staff.

Lifestyle scheme is an online benefits scheme that works with well-known retailers, both online and on the high street, to provide market-leading offers and discounts to all staff.

Performance-related pay and bonuses

16. The Council does not operate a scheme of performance-related pay or bonuses for its staff.

Lowest-paid employees

17. The Council's definition of lowest-paid employees is people employed in Grade 11 of the Council's grading structure. This is because it is the lowest pay band operated by the Council for permanent staff. Hastings Borough Council ensures its lowest paid employees are paid the current published UK Accredited Living Wage or higher.

Relationship between remuneration of chief officers and remuneration of employees who are not chief officers

18. The Council's ratio of pay at the top, to pay at the median is currently 1:4.1. The Council will look to ensure the ratio does not exceed the national average for the public sector. This ratio is based on basic salary only, excluding variable pay and benefit in kind.

Payments on termination etc.

19. The Council's approach to statutory and discretionary payments on termination of employment is set out within its Early Termination of Employment – Compensation Policy which includes the written statement in accordance with regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006. At the time of preparation of this policy statement, the policy is:
- to pay statutory redundancy payments in accordance with the Employment Relations Act 1998, which provides for a maximum calculation of up to 30 weeks' pay, multiplied by two.

The payment will be based on an employee's actual weekly salary rather than the figure set by the Government.

20. The Council's policy is normally not to make any awards under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011: this constitutes its written policy statement under the regulations.
21. Any large severance payments will be considered by the Employment Committee and referred to full Council for approval. Large payments would be those in excess of £95,000 including salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonuses, fees or allowances paid. The basis of any exit payment is subject to a maximum salary of £80,000.
22. Employees re-employed by a relevant body, as specified in the Modification Order, within 12 months of receiving of an exit payment in excess of £80,000 will be required to repay an amount of the payment. Tapering provisions will be implemented using Government guidelines when they become available.

Publication of information

23. This statement will be published on the Council's Website www.hastings.gov.uk
In accordance with regulation 7 of the Accounts and Audit (England) Regulations 2011, for posts where the remuneration in a year is £50,000 or more, the Council's Annual Statement of Accounts will include a note setting out the total amount of - salary, fees or allowances paid to or receivable by the person in the current and previous year;
 - any sums payable by way of expenses allowance that are chargeable to UK income tax;
 - any compensation for loss of employment and any other payments connected with termination;
 - any benefits received that do not fall within the above

The statement of accounts is available on the Council's website.

24. The Council also publishes information about remuneration of JNC Chief Officers and staff in the transparency section of its website.
http://www.hastings.gov.uk/my_council/transparency/
This information is updated from time to time and includes a list of Directors and Assistant Directors as defined in the Localism Act 2011.

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Agenda Item 5

Report to: CABINET

Date of Meeting: 8th February 2021

Report Title: Churchfields Business Centre - Incubator Units

Report By: Peter Grace (Chief Finance Officer) and Victoria Conheady (Assistant Director Regeneration and Culture)

Purpose of Report

The Council included this scheme in its Capital programme when determining its budget in February 2020 at an initial estimated cost of £3.3m (includes £800,000 of external funding).

As the project has developed a number of additional opportunities have arisen to increase the deliverables. The specification of the build has been amended to meet higher sustainability criteria, and the project scope has been amended to include works that will facilitate a second phase of investment for additional units.

The most significant change is that the scheme has been included as 'a shovel ready' project in the Town Investment Plan (TIP) submission to Government for funding as part of the Town Deal programme. The TIP identifies that investment in the town's employment and enterprise infrastructure is essential to drive economic growth. Whilst none of the funding requests from this programme can be guaranteed at this stage, the additional £750,000 'ask' for this scheme would significantly reduce the council's overall costs.

The purpose of this report is to consider whether the Council wishes to proceed with scheme and if so an increase in the Capital budget allocation would be required, which is a decision of full Council. The Council will need to determine its support for this scheme, and commit to it without certainty of whether the Town's Fund investment will be forthcoming.

Recommendation(s)

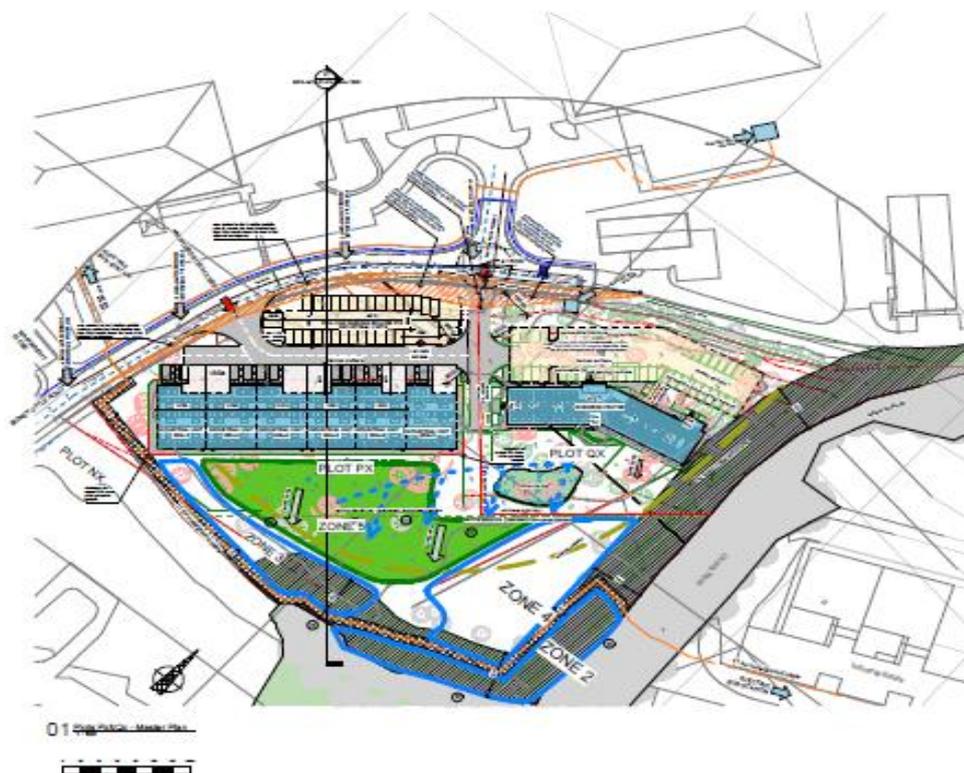
1. Cabinet recommend to full Council that the scheme proceeds and that the Capital budget be increased to £4.5m (an increase of £1.2m), in the knowledge that there is a potential funding source of up to £750,000 if the Town Investment Plan is successful and the full funding ask is allocated.

Reasons for Recommendations

The land is allocated for employment use in the Development Management Plan (DMP). Significant external funding has been obtained for a development which will increase the availability of high-quality business premises, enabling business growth, retention and churn by improving the local employment and enterprise infrastructure. Employment growth is dependent on having new industrial space available and this project supports the wider market and inward investment demands.

Introduction

1. This is the proposed Business Centre for plot QX with 28 units totalling some 9,558 sq. ft. (887m²). The overall development cost was budgeted at £3.3m (incl fees & exc. VAT) and following a tendering exercise has a revised estimate of £4.4m the assumed rent was £12.08 psf (inclusive).
2. The Council acquired Plots PX and QX in 2016/17. The sites adjoin an existing HBC site and unlock further development potential – thus enabling a more imaginative and ambitious use of the land. The development of the other sites could also proceed should the funding bid to government in respect of the Towns Fund be successful, or subsequent funding be obtained from the Local Growth Fund for example.
3. The site plan for plots QX and PX is shown below. The incubator units are shown on the right hand side (Labelled Plot QX).



4. This scheme was projected to break even – but only doing so with the inclusion of substantial external funding. The external funding was needed due to the low rental/land values which persist in Hastings. This consisted of £500,000 secured from the Local Growth Fund (LGF) and £300,000 from Connecting Hastings and Rother Together (CHART) Programme – Community led Local Development (CLLD).
5. The conditions associated with the external funding have enhanced the specification of the building considerably, and the requirements for additional power supplies necessitate more infrastructure which can then also service the remaining as yet undeveloped plots.
6. There is a degree of urgency in determining this matter as the timescales associated with delivery of the project are tight in order to meet the external funding requirements. The tender prices will also not be held beyond the end of February 2021.

Town Investment Plan - intervention logic for the project

7. Hastings is a popular location for employers, with five well-established industrial estates supported by innovation clusters and good quality business support. There is strength and depth in local manufacturing and the supply chain that these companies support.
8. Recent consultation with the sector indicates a climate of relative stability for most despite the current climate.
9. This project activity directly responds to the key challenges of jobs and enterprise growth. The proposed new builds are located in undeveloped employment land and could provide a substantial transformation to the productivity capacity of Hastings. The builds will provide a good ladder of accommodation that will encourage business clusters to form, grow and stay in Hastings. It has good links to local road networks recently built and funded by SELEP.
10. This is a 'shovel ready' project. Planning consent and a business case already exists, tenders for works have been sought and the build could be completed within 12 months of funding approval.

Financial Implications

11. Tenders Received - There were 36 expressions of interest, with three tenders being received of which two were fully compliant.

Company A - £4,103,865

Company B - £4,304,543

Once existing fees are included the budgeted costs for the scheme, including fees incurred to date (£131k) and outstanding (£81k), could amount to some £4.3m. There are potential opportunities to reduce the costs and a figure of some £250,000 has been identified through a post contract evaluation – however

reductions of this magnitude may result in the project not delivering the intended outcomes and may not in practice be deliverable. These costs do not include those in respect of the solar panels and other energy saving initiatives which would be financed from the Council's existing Solar Panel capital programme (at an estimated cost of up to £200,000).

12. For budget purposes and to allow for a degree of contingency an increase in the budget of £1.2m to £4.5m is recommended in total to deliver an advanced building to the highest BREEAM standards – in this case the Excellent rating.
13. BREEAM is the Building Research Establishment (BRE) Environmental Assessment Method, first launched in the UK in 1990. It sets best practice standards for the environmental performance of buildings through design, specification, construction and operation.
14. The original estimate of £3.3m in 2019 did not take account of all the drainage issues, utility issues and the much higher specification requirements following the engagement of specialist BREEAM advisors.

An additional £1.2m, financed from borrowing, would result in additional borrowing costs for the Council of £38,077 per annum – based on an annuity loan over 50 years at 2% (currently 1.72%). Should the external funding bid of £750,000 be successful then the additional borrowing cost would reduce to some £14,279 p.a.

15. It may be expected that over time rental rates will increase and that the project would thereafter break even. Whilst the very latest economic predictions are for full recovery of the economy in 2023 this is by no means certain, and as such the Council if approving the additional costs should recognise this ongoing cost on this project. The Council does however continue to have success in increasing rentals on existing units as and when rent reviews are undertaken.
16. The scheme also provides for a potential additional long-term income stream in terms of business rates.
17. The Council's existing borrowing limits as determined by full Council would be sufficient if full Council agrees to increase the Capital programme budget. However, this would leave reduced headroom for new Capital schemes that would need to be financed from borrowing without agreement of full Council and amendment to the borrowing limits, prudential indicators and Capital Strategy.
18. The Treasury Management Strategy and Capital strategy are all subject to review and determination through the budget making process, but are likely to need revision given other major projects in the pipeline.

Risks

19. There remain a number of risks. For example, (a) a continued economic downturn which leaves some of the units vacant, (b) the development of other sites within Hastings and Bexhill depresses the rental streams in the longer term,

(c) borrowing rates could potentially increase – albeit not expected to do so for several years.

20. There could be reputational damage, with the other funders should the Council be unable to progress the scheme, along with repayment of grant monies received to date.

Climate Change

21. Whilst more expensive than first envisaged the BREEAM rating results in what would be one of the most energy efficient and sustainable buildings in Hastings. The scheme will be fitted with solar panels and additional greening/tree planting, thereby being an exemplar for future developments in our town.

Anti-poverty

22. The likely post-pandemic recession will hit our town hard, mitigations need to be put in place to increase opportunities for skills, training and jobs in new growth areas of green technologies and supporting industries. This project will play a key role in future job opportunities and economic development.

Conclusion

23. With base rates at a historical low there is a window of opportunity to develop such sites, and it may become increasingly harder to fund such developments in the future. Whilst public subsidy is still required now the requirement could be higher in the future.
24. As part of the Covid recovery, skills, retraining and job creation the projects are essential for the current economic need for modern businesses to thrive. This project will contribute to achieving the town’s strategic objective of providing a resilient local economy.

Wards Affected

Hollington.

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	Yes
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No
Local People’s Views	No
Anti-Poverty	Yes

Additional Information

None

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