

# **Recommendations of the Project Prioritisation Working Group**

## **August 2021**

### **Introduction**

Our original Town Investment Plan submission to Government in January 2021 was £28,216,500. However, the eventual offer from the government in June 2021 totalled £24,300,000. This is less than asked for but a considerable success for the town. This reduction is common to all Town Deals and our Heads of Terms didn't specify how this reduction was to be applied across the programme, other than stipulating that all projects should be delivered within the financial envelope available, within the document.

MHCLG subsequently offered to all town deal area accountable bodies a 5% allowance for Management, administration and Monitoring (M&A) of the programme. This allowance needs to be included in our submission in August.

As you will remember the management of the programme has been a significant concern to the Board, Executive Delivery Group (EDG) and accountable body and this request for M&A was lobbied for by HBC officers, councillors, and via other local authorities and strategic bodies. We know that other towns, given the scale of the work to deliver the programme, had also asked for the same. This M&A now needs to be netted off our heads of terms offer. This equates to a further £1,215,000 from the overall programme for projects, leaving £23,085,000 which will be available for capital expenditure (project implementation, delivery and completion) which equates to a difference of approximately £5m from our original submission in terms of capital expenditure.

### **Independent re-assessment of all projects to fit the financial envelope**

As agreed at June's Town Deal Board meeting, Genecon was commissioned to independently re-assess all the projects and recommend how the funds should be re-allocated. This was a contract extension to their original work in the initial project selection process. This process was conducted via full discussions with all project promoters included in the original application. All project leads are aware of their proposed allocation, to enable full detailed submission of information required by MHCLG by the 31<sup>st</sup> August 2021.

As agreed, this reprioritisation fell to the oversight of the Project Prioritisation Working Group (PPWG). Members of the PPWG attending the meeting included: Philip Johnson (ex-Locate East Sussex Director), Graham Marley (Let's Do Business Group), Steve Manwaring (Hastings Voluntary Action) (replacing Rich Moore due to conflict of interest) and Graham Peters (Co-Chair of the Town Deal Board). Genecon presented the recommendations included in this report to the PPWG for approval and this now comes to the Town Deal Board for endorsement. The EDG have also endorsed the recommendations.

MHCLG expect our project confirmation list within the agreed funding offer envelope by the 31<sup>st</sup> August 2021, approved by the S151 officer and chairs of the Town Deal Board. The S151 officer is due to sign off the submission post this meeting, assuming both chairs are happy with the recommendations.

## Re-prioritisation key objectives

1. To reduce the TIP ask by @£5m without reducing its transformational potential.
2. To ensure the original TIP vision and balance of projects and themes are retained in the revised ask.
3. In order to maintain the TIP vision and achieve necessary reductions Genecon recommended:
  - a. Maintain Fast-Track projects at original level: shovel ready, immediate outcomes, grant levels of £750,000 or less.
  - b. Minimise reductions for the 'Flagship Projects':
    - i. Hastings Castle, World Heritage Destination
    - ii. Town Centre Public Realm, Green Connections, Garden Town
    - iii. Town to Sea Creative Quarter
  - c. Focus principal reductions on projects that are likely to have access to alternative funds, or/and viability is at risk with reduced financial envelope available.
  - d. To take into account the need for 5% Management Allowance by the accountable body to assist project delivery over the lifetime of the programme (see additional paper).
  - e. Take into account £65,000 additional costs associated with the approved accelerator courtyard project (Town Fund accelerated project) for the installation of a lift to the courtyard (MHCLG recommended this route for this element of the project).

Please note the following tables which summarise the recommended changes:

**Table 1: The original Town Investment Plan Ask**

**Table 2: Recommended reductions by the Project Priority Working Group**

**Table 3: Summary rational for the proposed reductions by programme theme**

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**Table 1: The original Town Investment Plan Ask**

TIP funding table, including match and total project value:

Programme Theme	Project	Town Fund request	Co-funding - Public	Co-funding - Private	Project Value
Enterprise & employment infrastructure	Churchfield industrial estate	£2,750,000	£9,450,000	£0	£12,200,000
	Enterprise Space, Ponswood	£220,000	£75,000	£0	£295,000
	Hastings co-working, flexible office and community space	£112,500	£0	£161,000	£273,500
Green low carbon skills & economy	Green construction, energy and vehicle training centre	£2,677,000	£360,000	£70,000	£3,107,000
	Broadening Futures Together	£402,000	£499,775	£10,000	£911,775

Hastings Castle world heritage destination	Hastings Castle	£3,500,000	£2,150,000	£0	£5,650,000
Town to Sea creative quarter	12 Claremont	£1,800,000	£300,000	£0	£2,100,000
	Cambridge road development	£1,500,000	£100,000	£840,000	£2,440,000
	OB Creative Digital Hub	£755,000	£3,524,000	£1,200,000	£5,479,000
Town centre core	Town centre core (phase 1 projects)	£10,000,000	£52,845,835	£10,000,000	£72,845,835
Town centre public realm & green connections	Town centre public realm & green connections	£3,000,000	£1,498,000	£0	£4,498,000
Town living	Town living	£1,500,000	£2,500,000	£0	£4,000,000
	<b>TOTAL</b>	<b>£28,216,500</b>	<b>£73,302,610</b>	<b>£12,281,000</b>	<b>£113,800,110</b>

**Table 2: Recommended reductions by the Project Priority Working Group**

Proposed reduction (taking into account the re-prioritisation objectives as set out above):

Programme Theme	Project	Town Fund request	Proposed reduction	Revised TF ask	Summary % reduction
Enterprise & employment infrastructure	Churchfield industrial estate	£2,750,000	£2,000,000	£750,000	73%
	Enterprise Space, Ponswood	£220,000	Nil	£220,000	Nil
	Hastings co-working, flexible office and community space	£112,500	Nil	£112,500	Nil
Green low carbon skills & economy	Green construction, energy and vehicle training centre	£2,677,000	£133,850	£2,543,150	5%
	Broadening Futures Together	£402,000	Nil	£402,000	Nil
Hastings Castle world heritage destination	Hastings Castle	£3,500,000	£175,000	£3,325,000	5%
	12 Claremont	£1,800,000	£90,000	£1,710,000	5%

Town to Sea creative quarter	Cambridge road development	£1,500,000	£75,000	£1,425,000	5%
	OB Creative Digital Hub	£755,000	£37,750	£717,250	5%
Town centre core	Town centre core (phase 1 projects)	£10,000,000	£2,000,000	£8,000,000	20%
Town centre public realm & green connections	Town centre public realm & green connections	£3,000,000	£184,900	£2,815,100	6%
Town living	Town living	£1,500,000	£500,000	£1,000,000	33%
	<b>SUB-TOTAL</b>	<b>£28,216,500</b>	<b>£5,196,500</b>	<b>£23,020,000</b>	
	Accelerator Project addition (Source Courtyard lift)		(£65,000)	£65,000	
	<b>TOTAL</b>	<b>£28,216,500</b>	<b>£5,131,500</b>	<b>£23,085,000</b>	

**Including the programme 5% M&A allowance of £1,215,000 the revised TF programme totals £24,300,000**

**Table 3: Summary rational for the proposed reduction by programme theme:**

<b>ENTERPRISE AND EMPLOYMENT</b>	
Project Title	GENECON Recommendation
Churchfields (fast-track) <i>Original TF: £750k</i>	Fast track project, Original TF ask to be maintained
Churchfields (phase 2) <i>Original TF: £1m</i>	Removed from TIP due to possible availability of alternative funding sources. (Any reduction in project grant would mean project unviable due to increased costs) Fast track component retained to deliver thematic impact
Churchfields (phase 3) <i>Original TF: £1m</i>	Removed from TIP due to possible availability of alternative funding sources ((Any reduction in project grant would mean project unviable due to increased costs) Fast track component retained to deliver thematic impact
Enterprise Space, Ponswood <i>Original TF: £220k</i>	Original TF ask maintained because it's a modest ask for significant impact for targeted deprived communities.
Hastings co-working, flexible office, community space <i>Original TF: £112.5k</i>	Fast track project, Original TF ask to be maintained. Very modest ask for important town centre workspace project.
<b>GREEN, LOW-CARBON SKILLS AND ECONOMY</b>	
Project Title	GENECON Recommendation
Green construction, energy and vehicle training centre  <i>Original TF: £2.677m</i>	This project is important for the green growth of Hastings. The project is already phased, and the current TF ask is for phase 1. A reduced scope will impact outcomes/ outputs.  A minimal 5% reduction based on potential to leverage additional public and private sector funding which still enables project to go ahead and create significant impact.  A more significant reduction would threaten the delivery of recent £4m Salix grant for wider green technology investment.
Broadening Futures Together  <i>Original TF: £402k</i>	Fast track project, Original TF ask maintained.  The opportunity presented by securing a location for Plumpton College within the town-centre has significant potential for job creation and realising the green town vision within Hastings.

## HASTINGS CASTLE, WORLD HERITAGE DESTINATION

Project Title	GENECON Recommendation
Hastings Castle <i>Original TF: £3.5m</i>	Hastings Castle has the potential to be a transformational culture and tourism project for Hastings. Considered to be a once in a life-time opportunity. A minimal 5% reduction in original TF ask is identified based on a phased approach with phases 1-3 focussed on essential access infrastructure and services. The reduction stems from phase 4, the proposed digital tech VR centre based on the rationale that a later phasing will enable using of the latest technology trends and potential partnerships.

## TOWN TO SEA CREATIVE QUARTER

Project Title	GENECON Recommendation
OB Creative Digital Hub <i>Original TF: £755k</i>	This set of creative and inclusive projects are expected to form a strong USP for Hastings, and an important set of town centre projects, complementing the Town Centre Core, Town Living and Green Connections projects. Given the nature of the community organisations leading on these projects, any significant reduction would most likely to have a very significant impact on ability to deliver the projects.  However, it is located in the HAZ area and after discussions with project leads, it is considered that the project promoters are very experienced at seeking funding from a variety of sources, and should be capable of managing a minimal reduction of around 5%, replacing the lost Towns Fund from other sources.
Cambridge Rd (Eagle House) <i>Original TF: £1.5m</i>	
12 Claremont <i>Original TF: £1.8m</i>	

## TOWN CENTRE CORE

Project Title	GENECON Recommendation
Wellington Place Development <i>Original TF: £1m</i>	This is a key project for the TF bid that could become the heart of the "20-min town". A reduced TF grant allocation is identified for Priory Street Car Park and Priory Meadow shopping centre given that it is considered that this project offers potential to flex phasing and scope and the potential to alternative funding through Sports England, Homes England and others.  Town Deal Board is encouraged to keep the strategic potential of TC core project open to developing other empty buildings, given the significant interest generated by the Town Investment Plan.
Priory Street Car Park <i>Original TF: £6.5m</i>	
Priory Meadow shopping centre: West Wing <i>Original TF: £1.25m</i>	
Priory Meadow shopping centre: refurbishment of New Look Building (Fast Track element) <i>Original TF: £1.25m</i>	

**TOWN CENTRE PUBLIC REALM AND GREEN CONNECTIONS**

Project Title	GENECON Recommendation
Public Realm & Green connections <i>Original TF: £3m</i>	This is a key project for the TF bid that is likely attract further inward investment and give Hastings another powerful USP. A Minimal 5% reduction is identified based on potential alternative financing (public and private) as well as a phased approach which maintains the ambition of the project. Some chance of s106 funding suggested

**TOWN LIVING**

Project Title	GENECON Recommendation
Town Living <i>Original TF: £1.5m</i>	A reduced ask of £500k is identified based on new partnership arrangement agreed with Homes England since the submission of the TIP that will focus on housing.

**ACCELERATOR PROJECT EXTENSION**

Project Title	GENECON Recommendation
The Courtyard (the Source) installation of lift <i>Addition of £65k</i>	Increased construction costs meant it wasn't possible to include within the original accelerated fund request. However, installing the lift is seen as essential to ensuring the courtyard is accessible for all members of the community.