

Report Title: Update to Hastings Town Deal Board

Date: 30th June 2022

Report by: Town Deal Programme Team

1. Town Deal Programme Update

The Town Deal Programme Team intends to submit a Project Change Request to the Department of Levelling Up Housing and Communities (DLUHC) which will encompass the following changes to the investment proposals over the last three months.

- a) The withdrawal of proposed development of 1-7 Wellington Place from the programme: £1m Town Fund monies originally allocated.
- b) Ponswood Worxpace project has also been withdrawn from the programme. The Town Deal Investment Panel (TDIP) was unable to approve the business case submitted and had requested further information and clarification. Unfortunately, this did not occur, and it was agreed with DLUHC Area Leads to redistribute the £220,000 fund allocation to other existing projects.
- c) Following an open call and much interest, the TDIP agreed to the allocation of £400k Towns Fund monies to enhance the offer in the redevelopment and repurposing of the Debenhams building to bring it back into active use. Like all projects this is however subject to business case approval.
- d) Approximately £820,000 now remains to be allocated to existing projects. Taking into consideration rising construction costs and the cost of borrowing, the TDIP considered several options regarding the distribution of the funds. Following discussions, it was agreed that the most fair and transparent solution was to distribute to all projects on a proportionate basis to their Towns Fund allocation, with the exception of the new project at Debenhams and Source Park lift installation which was near completion. Most projects will receive an uplift of @3.76% of their Towns Fund monies. This is subject to confirmation by DLUHC asap.
- e) To date, five business cases (with 3 sub-projects within Hastings Common) have been approved by the TDIP, with a further two being considered over the next two weeks. The remaining business cases will follow over the next few months with the final project submission date to DLUHC being the end of September 2022.
- f) Planning Performance Agreement – one PPA has been agreed to date for the redevelopment proposals for the west wing of Priory Meadow Shopping Centre.
- g) A recent project leads meeting was held on 27th May 2022. The main item for discussion was a presentation by Optivo Housing to consider ways of directing benefits to the wider community.
- h) Minister Neil O'Brien will be invited to visit the projects at Churchfields Industrial Estate, Former Debenhams store and other projects (TBC) – with possible date 16th September 2022.
- i) Assurance performance review submitted to DLUHC in May 2022

- j) Subsidy Control guidance published by government in April 2022 and it is currently being considered how this impacts projects in Hastings. Legal advice is being sought on completing assessment proformas. The programme and projects need to have a transparent and open audit trail for the Towns Fund grant in case of any third-party challenges.

2. Decisions of the Town Deal Investment Panel

The Town Deal Investment Panel is a subgroup of the Town Deal Board. It has been given delegated responsibility to assess business cases and make final recommendations on projects together with the accountable body (HBC) and its representative – the Section 151 Officer.

This note is to confirm the decisions of the investment panel and the Section 151 officer.

2.1 New project(s) assessment: April 2022

- a) The investment panel met on 21st April to consider the applications received for new project proposals to benefit from up to £400k of Towns Fund grant made available from the withdrawn Wellington Place proposal.
- b) A total of 8 applications were received. These were assessed by Steer Group and clarification meetings held with project leads. Steer presented the approach taken, the criteria and scoring used, and the recommendations to the panel, based on value for money, timescales, deliverability and suitability. Various scenarios were then considered by the panel.
- c) The investment panel discussed the recommendations/scenarios presented and after deliberation it was agreed that the application by Moxie Management Two Limited and C&O Entertainment for the Former Debenhams Department Store was the strongest. It was recognised that other projects were strong in some areas and had their own merits. Overall, however, the Debenhams application met the objectives of the town deal programme and will be able to deliver within the required timescales. The funding will generate additional outputs to a development that is already underway.
- d) The investment panel agreed to support the Former Debenhams Department Store application and award (in principle) funding of £400k. A full business case has been submitted and will be presented to the panel for approval in July.

2.2 Project Business case assessment report (Hastings Commons): May 2022

- a) The investment panel met on 25th May to consider the business case for Hastings Commons (formerly Town to Sea Creative Quarter). The project involves development of three buildings in the Hastings Commons - the Observer Building; 12 Claremont; and Eagle House.

- b) The Hastings Commons business case has been independently assessed by Steer Group and has been recommended for approval by the Town Deal Investment Panel and confirmed by HBC's S151 Officer as able to proceed to delivery and implementation.
- c) The overall assessment of the economic case is that the scheme will deliver a high benefit cost ratio of **2.32:1**; taking into account the need for intervention, outputs and outcomes it presents high value for money. Risks that were identified on the first review have been discussed in a feedback meeting and resolved. "Therefore, it is our assessment that this project represents **high** value for money, with a **high** level of certainty around achieving that value for money".

Project name and sponsor	Description	Assessment comments	Proposed outputs and outcomes	Project cost and Towns Fund offer
Hastings Commons Hastings Commons Ventures (HCV) formerly White Rock Neighbourhood Ventures	The project involves development of three buildings in the Hastings Commons - the Observer Building; 12 Claremont; and Eagle House. This is principally to enable the delivery of courses to lower skilled and unemployed local residents with a view to increasing their employability and transferrable skills. The project will also enable cultural events, community space and affordable workspace as part of a diverse benefits offer.	Alignment with national, regional, and local policy has been explained and is compelling. The business case explicitly draws out how the project will address the principles of the Hastings Town Investment Plan, i.e. Inclusive Economic Growth, Clean Growth and Health and Wellbeing. The project is 'shovel-ready' and alignment with other local, regional and national policy is clearly illustrated in the business case. A strong evidence-based case for change has been made regarding the pronounced education inequality in Hastings, with the proportion of unqualified people exceeding Southeast and national averages. The intervention is needed to stimulate employment, improve social mobility and ultimately contribute to Hastings' recovery from the pandemic. The scheme targets a number of areas, including education but also social care (via 'Project Art Works') and business (via workspace provision).	<ul style="list-style-type: none"> •Provision of 640 training course spaces annually. •Hosting cultural events with approximately 11,900 unique visitors annually. •Developing 1,996sqm of dilapidated site, including 1,027sqm of new affordable workspace. •Generating 11 new FTE jobs and safeguarding a further 3 FTE jobs. <p>The project sponsor clearly states the assumptions behind these outputs and outcomes. Provided all unsecured funding can be identified and secured, it is our view that they are reasonable and provide certainty.</p>	<p>Project value £4,355,000</p> <p>Towns Fund grant approved £3,853,000</p> <p>Other match funds £502,000</p>

- d) A project summary for 'Hastings Commons' is attached for information at Appendix 1.

2.3 General Fund re-allocation assessment: May 2022

- a) The investment panel also considered a variety of options regarding how to re-allocate the funds available from the withdrawn projects. Three main scenarios were considered assessing the pros and cons of each with an options analysis for each on the impact on

programme resource, programme and project deliverability benefit, fairness, transparency of approach, ability to make decisions quickly, and reputational and political impact.

- b) The scenarios were:
 - i. General uplift for all projects (could include or exclude all fast-track projects which are already in delivery)
 - ii. Allocation awarded on need basis
 - iii. Allocation of funds on a first come first basis – justifying need
- c) Following discussions, it was agreed that the most fair and transparent solution was to distribute to all projects on a proportionate basis to their Towns Fund allocation - with the exception of the new project at Debenhams and Source Park lift installation which was near completion. From this scenario, most projects will receive an uplift of @3.76% of their Towns Fund monies. This decision by the investment panel is subject to confirmation by DLUHC asap.
- d) The Town Deal Board is requested to note and support the decisions of the Investment Panel as set out above.
- e) Regarding the project approvals, the accountable body will supply a summary document containing details of these projects to DLUHC in due course. The summary document will be signed by the Town Deal Board co-chairs prior to submission. Additionally, DLUHC will be notified via a formal project alteration request (PAR) form regarding the re-allocation of funds (as mentioned in item 1).
- f) Additionally, it is suggested that during the summer holidays any business cases that are approved by the investment panel are confirmed and noted by the Board upon email notification of the decision. The next board meeting is scheduled to take place on 21st September, when all decisions will be noted in the minutes.

3. General Project update

From any project leads attending the board meeting.

4. Business Case Progress Report by theme

Project (programme) theme	Project Title	Fast-track	Business case status
Enterprise & Employment infrastructure	Hastings co-working, flexible office, community space	Yes	SUBMITTED: 24/09/2021 APPROVED: 22/11/2021

	Churchfields (fast-track)	Yes	SUBMITTED: 27/09/2021 APPROVED: 22/11/2021
	Enterprise Space, Ponswood	Yes	Project withdrawn
Green Low Carbon Skills and Economy	Green construction, energy, and vehicle training centre	No	Assessment underway Approval: pending
	Broadening Futures Together	Yes	SUBMITTED: 17/01/2022 APPROVED: 08/03/2022
Hastings Castle World Heritage Destination	Hastings Castle	No	Due for submission: 30/06/2022
Town to Sea Creative Quarter (Hastings Commons)	Observer Building Creative Digital Hub	No	SUBMITTED: 18/04/2022 Approved: 25/05/2022
	Cambridge Rd (Eagle Hse)	No	
	12 Claremont	No	
Town Centre Core	Priory Street Car Park (Town Centre Core Project 2)	No	Due for submission: August 2022
	Repurposing Priory Meadow (Town Centre Core Project 1b)	No	Due for submission: 30/06/2022
	New Look Fast Track (Town Centre Project 1a)	Yes	SUBMITTED: 07/10/2021 APPROVED: 14/01/2022
	Former Debenhams Building	No	Assessment underway Approval: pending
Town Centre Public Realm and Green Connections	Public Realm & Green connections	No	Due for submission: 14/07/2022
Town Living	Town Living	No	Due for submission: 14/07/2022
Accelerator Project extension	The Courtyard (the Source) installation of lift	Yes	Business case N/A - TBC by DLUHC

5. Communications update

We are currently working on updating the Town Deal blog to reflect the work the programme is doing now – more specific to individual projects and we are also looking to integrate CitizenLab with the blog.

We are planning a project open day for 16th September 2022 at Muriel Matters House. This open day will include people from each project team to present and talk through their project with the public and invited guests. Promotion is due to start within July.

Arrangements are being made with all the project leads and more information will come out over the next few weeks.

6. Project Change Request

Now submitted via a project alteration request form to DLUHC, which is already underway regarding the changes detailed in item 1 for approval as soon as possible.

7. Programme finance update

Spend of £173k Capacity Funding awarded to the council over two years ago to prepare the Town Investment Plan and progress is provided below.

Capacity Fund £173k	2020/21	2021/22	2022/23	total to Jun 22	Detail
Salaries	£ 1,392	£ 34,397	£ -	£ 35,789	
Travel Expenses	£ -	£ 86	£ -	£ 86	
Citizens Lab	£ -	£ 10,000	£ -	£ 10,000	
Damon McCollin-Moore	£ 1,225	£ -	£ -	£ 1,225	Research session
Fastprint & Design Ltd	£ -	£ 66	£ -	£ 66	Correx Board printing re Town Investment Plan
GENECON Ltd	£ 20,000	£ 5,000	£ -	£ 25,000	Hastings Town Investment Plan
Land Registry	£ -	£ 54	£ -	£ 54	Land Registry Charge
Larking	£ 7,421	£ 8,955	£ -	£ 16,376	Hastings Town Deal Investment Plan & Blog
Let's Do Business	£ -	£ 2,000	£ -	£ 2,000	LDBG work Town Deal Blog
Mott McDonald	£ -	£ 69,167	£ -	£ 69,167	Town Investment Plan & Business Case Development
Steer Davies & Gleave Ltd	£ -	£ 12,550	£ -	£ 12,550	Hastings Towns Fund - Independent Assurance
Trustmarque Solutions Limited	£ -	£ 679	£ -	£ 679	Creative Cloud for teams All Apps - For Comms
SubTotal - Capacity Fund	£ 30,038	£ 142,953	£ -	£ 172,992	
<i>Remaining Fund</i>				<i>£ 8</i>	