

Report Title: Update to Hastings Town Deal Board

Date: 21st September 2022

Report by: Town Deal Programme Team

1. Town Deal Programme update

The Project Change Request submitted on 23rd June was approved by Department of Levelling Up, Housing and Communities (DLUHC). Key changes to the programme include the inclusion of the Debenham building project by Moxie Management Two Limited and C & O Entertainment; and the redistribution of £820K to existing projects. All affected projects have been notified and generally included an uplift of @3.7% to their projects. Table 1 below confirms the reallocation amount for each project.

Project	Total (£) Original	Re-allocation	Revised Town Fund Allocations	% TDF reallocated
TOTALS per project:	£23,085,000.00	£0.00	£23,085,000.00	
ON SITE				
Churchfields	£750,000.00	£28,211.00	£778,211.00	3.76%
Hastings co-working, flexible office, community space	£112,500.00	£4,232.00	£116,732.00	3.76%
Hastings Commons	£3,852,300.00	£144,903.00	£3,997,203.00	3.76%
Former Debenhams Building	£0.00	£400,000.00	£400,000.00	0.00%
Priory Meadow shopping centre (Fast Track element)	£337,000.00	£12,676.00	£349,676.00	3.76%
Source / Courtyard lift	£65,000.00	£0.00	£65,000.00	0.00%
APPROVED				
Broadening Futures Together	£402,000.00	£15,121.00	£417,121.00	3.76%
Green construction, energy and vehicle training centre	£2,543,100.00	£95,658.00	£2,638,758.00	3.76%
Public Realm & Green connections	£2,815,100.00	£105,889.00	£2,920,989.00	3.76%
Town Living	£1,000,000.00	£37,615.00	£1,037,615.00	3.76%
PENDING BUSINESS CASE COMPLETION				
Hastings Castle	£3,325,000.00	£125,069.00	£3,450,069.00	3.76%
Priory Meadow shopping centre	£1,663,000.00	£62,553.00	£1,725,553.00	3.76%
Priory Street	£5,000,000.00	£188,073.00	£5,188,073.00	3.76%
CANCELLED				
Ponswood Worxpace	£220,000.00	-£220,000.00	£0.00	-100.00%
Town Centre Core Project 3 (Wellington Place)	£1,000,000.00	-£1,000,000.00	£0.00	-100.00%

To date, nine business cases (with 3 sub-projects within Hastings Common) have been approved by the Town Deal Investment Panel.

There remains three business cases outstanding which includes Hastings Castle (due for submission in October 2022; and Priory Meadow 1b (housing development proposal on the West Wing) and the development of Priory Street Car Park – both now due for submission in January 2023. These extensions have been agreed by DLUHC and related to the item below.

1.2 Update on the Priory Street Car Park and Priory Meadow projects

Both of the above projects relate to the delivery of new homes and leisure and cultural facilities in the core of the Town Centre. Options studies for both projects show a considerable financial challenge for the council and the need for additional government

support and assistance. To this extent the council has received interest from Homes England to regenerate the town centre. In a statement to the council and the Town Board they confirm:

'Homes England are working with Hastings Borough Council to understand the opportunities that exist and exploring how Homes England can use its resources to support Hastings' regeneration ambitions, as part of the agency's support for the government's levelling up ambitions.'

The Towns Fund team at DLUHC, the MP and the Leader of the Council have been made aware of Homes England interest and it is to enable these opportunities to be explored further that the business case submission date has been delayed.

Homes England officers are currently following their internal process in determining their strategies and priorities, which is being formulated for approval as soon as possible. We are hoping for a clearer statement over the next few weeks and the Board will be kept informed of progress as soon as possible.

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 Project business case assessment report (Former Debenhams Site): July 2022

The investment panel met on 20th July 2022 to consider the business case for the Former Debenhams site.

The 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. Board members were notified of this approval via email on 29th July.

The overall assessment of the economic case is that the scheme will deliver a high benefit cost ratio of **5.4:1** taking account of the strategic alignment, need for intervention, outputs, and outcomes, our assessment is that the scheme represents 'Very High' value for money.

Project name and sponsor	Description	Assessment comments	Proposed outputs and outcomes	Project cost and Towns Fund offer
Former Debenhams site Moxie Management Two Ltd and C&O	The project involves repurposing of 80,000 sq. ft of the Debenhams site that will result in an entertainment centre housing over 20 leisure attractions. Phase 2 of the project (the	Alignment with national, regional, and local policy has been explained and is compelling. The project delivers against TIP strategic objectives. The business case doesn't explicitly mention the TIP principles, although alignment with TIP is well explored and sufficient. The project is 'shovel-ready' and alignment with other	<ul style="list-style-type: none"> • Repurposing 80,000 sq. ft of dilapidated site (Phase 1 and Phase 2) • An additional 5 visitor attractions in Phase 2 • An additional 35 FTE job openings and 30 temporary build 	Project value £800,000 Towns Fund grant approved £400,000 Other match funds £400,000

Entertainment Ltd	part for which Towns Fund monies will be used) will enable 5 attractions and enhanced DDA facilities. This will help create a new indoor cultural and leisure offer that connects the town and the seafront, extending the visitor season.	local, regional and national policy is clearly illustrated in the business case. A strong evidence-based case for change has been made around the high unemployment levels in Hastings, increasing deprivation amongst children, and the high proportion of unqualified people. The intervention is needed to address the negative social impacts associated with this, help lower high retail vacancy rates in the town centre, and boost the visitor economy. Ultimately, there is an immediate need to contribute to Hastings' recovery from the pandemic.	construction roles in Phase 2 The project sponsor clearly states the assumptions behind these outputs and outcomes. It is our view that they provide adequate certainty.	
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A project summary is attached for information at Appendix 1.

2.2 Project business case assessment report: September 2022

The investment panel again met on 7th September to consider the following business cases: 1) Green Construction, Energy and Vehicle Training Centre, 2) Town Living and 3) Public Realm and Green Connections.

All three business cases have been independently assessed by Steer Group and have 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 (some with conditions).

2.2.1 Green Construction, Energy and Vehicle Training Centre

The project business case was initially presented to the investment panel on 20th July. However, the investment panel was unable to approve the business case and further clarifications were sought from the project sponsor. These clarification points were discussed at the 7th September meeting and the business case was recommended for approval by the panel, subject to several conditions which are being finalised between the programme team and the project lead. These will be circulated to the board in due course.

The overall assessment of the economic case is that the scheme will deliver a benefit cost ratio of 2.5:1 and taking account of the strategic alignment, need for intervention, outputs, and outcomes, our assessment is that the scheme represents 'High' value for money. Risks that were identified in our first review have all been raised at an 'inter-gate' meeting and subsequent discussions. 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
Green Construction, Energy and Vehicle Training Centre	<p>The Green Construction, Energy and Vehicle Training Centre (GCEVTC) is a planned refurbishment of ESCG's Ore Valley Campus in East Hastings.</p> <p>The GCEVTC will focus on developing advanced practical skills around green insulation, electric vehicles, solar panels, boilers and heat pumps.</p>	<p>The intervention is primarily needed to provide local skills infrastructure that helps Hastings reach its net zero commitments and carbon reduction goals. Hastings has a far higher proportion of carbon emissions emanating from its housing stock than the national average which directly relates to the courses that will be provided at GCEVTC. A strong evidence-based case for change has also been made regarding levels of deprivation in Hastings (above regional and national averages), mainly due to a lack of skills and qualifications.</p>	<ul style="list-style-type: none"> • 650m² of new and/or existing refurbished facilities • Development of a 200m² commercial space, specifically to be used by green businesses • An additional 150 learners per year attending courses at GCEVTC by 2025/26 • 2000m² of urban regeneration enabled on Ponswood and Castleham Industrial Estates after ESCG's current training centres are relocated to the new site at Ore Valley <p>The project sponsor clearly states the assumptions behind these outputs and outcomes. It is our view that they are reasonable and provide certainty.</p>	<p>Project value £2,930,000</p> <p>Towns Fund grant approved £2,638,758 (original TF offer plus uplift)</p> <p>Other match funds £430,000</p>

2.2.2 Town Living

The overall assessment is that the scheme presented (phase 1) will deliver a benefit cost ratio of 2.2:1 and taking account of the strategic alignment, need for intervention, outputs, and outcomes, our assessment is that the scheme represents 'High' value for money. Risks that were identified in our first review have all been raised at an 'inter-gate' meeting and subsequent discussions. It is our assessment that this project represents **High** value for money, with a **Medium** level of certainty of achieving that value for money. The business case was approved by the investment panel subject to conditions which are being finalised between the programme team and the project lead. These will be circulated to the board in due course.

Project name and sponsor	Description	Assessment comments	Proposed outputs and outcomes	Project cost and Towns Fund offer
Town Living	Town Living project will be delivered in at least two phases; the business case only pertains to	Alignment with national, regional, and local policy has been explained and is compelling. The project delivers against TIP strategic objectives. The business	<ul style="list-style-type: none"> • five two-bedroom social housing units; • restored building layout; 	<p>Project value £3,700,000 total</p> <p>(phase 1 = £794k + £620k build acquisition)</p>

	<p>Phase 1. Phase 1 will create 5 affordable 2-bedroom housing units at 22 Wellington Square, a Grade 2 listed building in central Hastings currently being used for emergency homeless accommodation. Emphasis will be placed on making the building as efficient as possible to maximise carbon and environmental/sustainability benefits.</p> <p>Other residential properties in Hastings will be considered for retrofits in future phases.</p> <p>Phase 1 follows the HBC purchase of 22 Wellington Square in 2019 for £620,000 excluding expenses.</p>	<p>case demonstrates alignment with the TIP. Alignment with other local, regional and national policy is also clearly illustrated in the business case.</p> <p>A strong evidence-based case for change has been made around the high demand for housing in Hastings, increasing reliance on emergency housing and the high proportion of Hastings' carbon emissions emanating from its period housing stock. The intervention is needed to help address the negative social impacts of housing insecurity, act as proof-of-concept for future programme phases and reduce carbon emissions. Ultimately, there is an immediate need to invest in Hastings' long-term resilience as the town recovers from the pandemic and other economic and social shocks.</p>	<ul style="list-style-type: none"> • upgraded internal building fabric; and • building energy measures (e.g. air source heat pump, solar PV panels). <p>The project sponsor clearly states the basis behind these outputs and outcomes. It is our view that they provide adequate certainty.</p>	<p>Towns Fund grant approved £1,037,615 (original TF offer plus uplift) with conditions</p> <p>Other match funds at least £2,700,000 (to be drawn down over remaining phases)</p>
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2.2.3 Public Realm and Green Connections

The overall assessment is that the scheme will deliver a benefit cost ratio of 2.5:1 and our assessment is that the scheme represents 'High' value for money. Risks that were identified in our first review have all been raised at an 'inter-gate' meeting and subsequent discussions. It is our assessment that this project represents **High** value for money, with a **High** level of certainty of achieving that value for money. The business case was approved by the investment panel subject to conditions which are being finalised between the programme team and the project lead. These will be circulated to the board in due course, together with further consultation and engagement for development of the project's next phase.

Project name and sponsor	Description	Assessment comments	Proposed outputs and outcomes	Project cost and Towns Fund offer
Public Realm and Green Connections	<p>The project comprises public realm and active travel improvements; primarily along a key route running from Hastings rail station through the town centre to the seafront. It will include a reallocation of road space to pedestrians and cyclists, safety improvements at junctions, and the creation of a "central, adaptable public space" to host public events. Finally, there will be numerous improvements to dwell space provision and increased tree planting and biodiversity measures in Hastings town centre.</p> <p>As a first phase, it is proposed to focus on all the improvements to Havelock Road including the enhanced pedestrian footways, Sustainable Urban Drainage System (SuDS) planting, segregated two-way cycle lane, one-way bus lane with new bus stops, alongside the potential re-routing of a one-way bus route along Queens Road.</p>	<p>Alignment with national, regional, and local policy has been explained and is compelling. The business case explains the project's benefits and draws out its wider context to show how it will address the principles of the Hastings Town Investment Plan, i.e. 'Inclusive Economic Growth', 'Delivering Clean Growth' and 'Improving Health and Wellbeing'. The project is particularly strong when it comes to the Improving Health and Wellbeing principle.</p> <p>The intervention is needed to increase footfall in the town centre and help Hastings reach its net zero commitments and carbon reduction goals. It is also needed in terms of the public health benefits that will be driven by more walking and cycling across the town. A strong evidence-based case for change has been made regarding the poor state of the public realm in this area of the town centre and its potential to become a better visitor gateway if given the requisite investment.</p>	<ul style="list-style-type: none"> improved lighting at 10 columns and up to 4 new wayfinding signs/information nodes; 13 benches/seats; 5,600 square metres of improved public realm and new public spaces; 10 cycle parking facilities, approx. 1,000 metres of upgraded pedestrian routes and 400 metres of cycleways; improved surface water drainage; at least 20 new trees on Havelock Road; and additional soft landscaping planting in Hastings town centre <p>The project sponsor clearly states the basis behind these outputs and outcomes. It is our view that they are reasonable and provide certainty</p>	<p>Project value £3,400,000 (first phase)</p> <p>Towns Fund grant approved £2,920,989 (inclusive of uplift)</p> <p>Other match funds (for this phase) £479,011</p>

Project summaries are attached at Appendix 1 for information.

The Town Deal Board is requested to note and support the decisions of the investment panel as set out above.

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	APPROVED
	Churchfields (fast-track)	Yes	APPROVED
	Enterprise Space, Ponswood	Yes	WITHDRAWN
Green Low Carbon Skills and Economy	Green construction, energy, and vehicle training centre	No	APPROVED
	Broadening Futures Together	Yes	APPROVED
Hastings Castle World Heritage Destination	Hastings Castle	No	Due for submission: 14/10/2022
Town to Sea Creative Quarter (Hastings Commons)	Observer Building Creative Digital Hub	No	APPROVED
	Cambridge Rd (Eagle House)	No	
	12 Claremont	No	
Town Centre Core	Priory Street Car Park (Town Centre Core Project 2)	No	Due for submission: Jan 2023
	Repurposing Priory Meadow (Town Centre Core Project 1b)	No	Due for submission: Jan 2023
	New Look Fast Track (Town Centre Project 1a)	Yes	APPROVED
	Former Debenhams Building	No	APPROVED
Town Centre Public Realm and Green Connections	Public Realm & Green connections	No	APPROVED
Town Living	Town Living	No	APPROVED
Accelerator Project extension	The Courtyard (the Source) installation of lift	Yes	Business case N/A - Summary Document submitted to DLUHC for approval

5. Communications update

Hastings Town Investment Plan – show casing 15th October 2022

The programme is planning an open day showcase on 15th October 2022. This ‘open day’ has the aim of bringing an understanding of the Town Deal to local people, inviting them to find out more about the programme, introducing them to the projects which will be open by this point, and familiarising with more exciting projects to come in the future.

This will include a central space in Priory Meadow Shopping Centre with exhibition boards with information about each project, and then we are inviting project leads to do their own forms of engagement on the day, or in the week after that can be promoted on the day, either at their project sites or in the centre.

Information will follow about specific plans after project leads meeting when we find out more from each lead. We should hopefully have some boards completed by then that we can show.

We would appreciate any volunteers from the board to help out on the day and/or to promote the day and other events being hosted by the projects.

6. Complaint regarding the process of selecting projects at the early stage of the programme

An email was circulated on 28th July 2022 to some members of Town Board regarding the process of selecting and prioritising projects at the beginning stages of the Town Investment Plan. The complaint followed the publication of the original list of project ideas submitted by the local community and organisations. The HBC programme team provided an explanation of the early project selection process to the Board on 5th August 2022 and any further comments will be noted.

7. Equalities Impact Assessment

The Council is committed to conducting an equalities impact assessment on the programme as whole. Its purpose is as follows:

- to consider how policies or decisions of the council affect people who are protected under the Equality Act.
- The standard set is to ensure local authorities ‘have due regard’ to the need to ‘eliminate discrimination ... advance quality of opportunity, and ... foster good relations between different people’.

The final EIA report will set out the following:

- EIA Report using templates provided by the Town Hub / merged with HBC corporate templates. The report will be presented to the Town Board asap
- An overview of each project and their impact on equalities (positive and negative)
- Presentation of assessment, issues arising and recommendations
- Presentation of any baseline evidence to support recommendations

The work will be commissioned externally (January 2023) to provide for an independent led assessment.

8. Programme finance update

Current actuals spend against fund allocation – provided below – Table 2

Project	Allocated from town fund	Total spent to date	Total left to spend	% TDF spent
TOTALS per project:	£23,085,000.00	£1,264,663.01	£19,181,578.99	5.48%
ON SITE				
Churchfields	£778,211.00	£660,662.05	£117,548.95	84.89%
Hastings co-working, flexible office, community space	£116,732.00	£80,070.88	£36,661.12	68.59%
Hastings Commons	£3,997,203.00	£148,312.56	£3,848,890.44	3.71%
Former Debenhams Building	£400,000.00	£0.00	£400,000.00	0.00%
Priory Meadow shopping centre (Fast Track element)	£349,676.00	£265,430.52	£84,245.48	75.91%
Source / Courtyard lift	£65,000.00	£0.00	£65,000.00	0.00%
APPROVED				
Broadening Futures Together	£417,121.00	£0.00	£417,121.00	0.00%
Green construction, energy and vehicle training centre	£2,638,758.00			0.00%
Public Realm & Green connections	£2,920,989.00	£0.00	£2,920,989.00	0.00%
Town Living	£1,037,615.00	£0.00	£1,037,615.00	0.00%
PENDING BUSINESS CASE COMPLETION				
Hastings Castle	£3,450,069.00	£110,187.00	£3,339,882.00	3.19%
Priory Meadow shopping centre	£1,725,553.00	£0.00	£1,725,553.00	0.00%
Priory Street	£5,188,073.00	£0.00	£5,188,073.00	0.00%
Totals per theme:	£23,085,000.00	£1,264,663.01	£19,181,578.99	5.48%
Enterprise & Employment infrastructure	£894,943.00	£740,732.93	£154,210.07	82.77%
Green Low Carbon Skills and Economy	£3,055,879.00	£0.00	£417,121.00	0.00%
Hastings Castle World Heritage Destination	£3,450,069.00	£110,187.00	£3,339,882.00	3.19%
Town to Sea Creative Quarter	£3,997,203.00	£148,312.56	£3,848,890.44	3.71%
Town Centre Core	£7,663,302.00	£265,430.52	£7,397,871.48	3.46%
Town Centre Public Realm and Green Connections	£2,920,989.00	£0.00	£2,920,989.00	0.00%
Town Living	£1,102,615.00	£0.00	£1,102,615.00	0.00%

9. Subsidy Control

The UK Subsidy Control Act was agreed by Parliament last April. The consultation for its implementation finished in August and further information will be confirmed by the government in due course. Subsidy control is the UK version of the European State Aid process which ensures public money is being used to deliver policy objectives and changes without distorting the marketplace in the UK or internationally.

It is expected that the grant award information will have to be held on a public database. In terms of the Town Deal programme, there needs to be an audit process to ensure compliance with the Act, and all projects will be required to complete a proforma. The approved project proforma will be held by HBC as the accountable body as evidence of legal control should there be a challenge from a third party.