

Report To: Cabinet

Date of Meeting: 6th November 2023

Report Title: Hastings Town Deal Programme Update

Report By: Victoria Conheady, Deputy Chief Executive and Director of Place

Key Decision: Y

Classification: N/A

Purpose of Report

1. To provide updates on the Hastings Town Deal programme

Recommendation(s)

1. To continue to progress the implementation of all projects making necessary adjustments as may be required in consultation with the Town Deal Board and the Department for Levelling Up Housing and Communities (DLUHC).
2. The Town Deal Board management team to incorporate key recommendations arising from the review of the programme by the Overview and Scrutiny committee on 18th October 2023.

Reasons for Recommendations

1. Through the investment provided by the Towns Fund Programme we will see the revival of Hastings Town Centre with investment in key heritage assets, buildings in the town centre, improvements in the public realm and creation of a 'garden town'. There will also be new 'environmental & green technology' business facilities with employment and training opportunities for local people.
2. The Towns Fund projects approved for implementation have all successfully developed full business cases, which have been independently assessed and approved by the Town Deal Investment Panel, the Section 151 Officer and ratified by the Town Deal Board. The Project Summary documents have all been approved by DLUHC.
3. All projects should be completed by end of March 2026.

Introduction

Hastings Town Investment Plan

1. Hastings Town Investment Plan was submitted to DLUHC (formerly the Ministry of Housing, Communities and Local Government) on 29th January 2021. Hastings' Stage 1 Town Investment Plan (TIP) can be viewed by following this link to our blog: <https://www.hastingstowndeal.co.uk/>
2. Our ambition through the Town Investment Plan is to deliver 'a healthy, vibrant and quirky seaside town that people love to visit, live and work in and say, 'I can #MakeItInHastings'.'
3. Through the investment provided by the Town Deal Board Programme we will see the revival of Hastings Town Centre with investment in key heritage assets, large buildings and the public realm.
4. Residents and visitors to the town centre will want to visit these renewed assets and will also want to see the South East's first 'garden town'. Green arteries buzzing with biodiversity will connect the entwined streets in the town centre with routes to the sea. It will allow for curation of the street scene which will allow people to breathe, think and dwell.
5. Supporting and interweaving with this is the creation of two new regional skill bases in the Ore Valley. These will be focused on the green economy and land-based skills, employment and self-enterprise. To support small business and start-ups a new BREEAM standard (Building Research Establishment Environmental Assessment Method) business centre has been built in Hollington, set amongst high tech manufacturing businesses to enable cross fertilisation, mutual support and growth.
6. The government issued a Heads of Terms to the town in June 2021 offering £24.3m for delivery of our investment proposals. This was less than asked for but a considerable success for the town. Since the terms were issued there have been several changes to the project profile, which have been agreed with both DLUHC and the Town Deal Board. The changes arise from the withdrawal of projects due to financial viability and/or failure at the business case stages.
7. All the Towns Fund Projects have successfully developed full business cases that have been independently assessed and approved by the Town Deal Investment Panel, the Section 151 Officer and ratified by the Town Deal Board. The Project Summary documents have all been approved by DLUHC. See Appendix 1
8. An updated summary of the current projects agreed with the Town Deal Board and DLUHC is detailed in Appendix 1 with their short description. It also identifies all the withdrawn / cancelled projects since the heads of terms was issued by the government.
9. Appendix 2 is a Towns Fund Programme Project Update presentation documentation for wider use.
10. It is important to note that the council is the accountable body for the programme, but investment decisions are made by the Town Deal Board and its delegated bodies, following

DLUHC guidance. In addition, this update and progress report is compiled from the ongoing feedback provided by the lead organisation for each project. This includes the council, but also other bodies as identified in Appendix 1. They are responsible for direct project delivery.

Towns Fund Programme overview October 2023

11. The programme has now fully entered project implementation with all project business cases formally approved by DLUHC.
12. The following Towns Fund projects have now been completed and are open for activities and business, some are still to deliver their outputs and are mainly on track:
 - a. **Churchfield Business Centre** – a new, sustainable green building with 29 Business incubation units for the town's small businesses. Several of these have already been let;
 - b. **Hastings Commons (Observer Building Creative Technology Hub)** is open;
 - c. **Former Debenhams Building (1) Freedom Works** – Hastings' co-working, flexible office and community space on the third and fourth floors of the former Debenhams Buildings. This has been so successful the fifth floor is being developed independently of Towns Fund;
 - d. **Former Debenhams Building (2)** – joint venture between Moxie Management Two and Owens Entertainment - after opening last autumn, the building provided a mixed entertainment, game and leisure venue (Ground, first and second floors of the former Debenhams building). It is currently closed for refurbishment and rebranding with statements from operators it will re-open in the new year.
 - e. **White Rock Courtyard** – installation of the lift to the courtyard allowing the mix of restaurants and businesses to be fully accessible.
 - f. **Priory Meadow** (repurposing of New Look building) – Gym Group is now open on the upper floor offering affordable gym memberships which has increased the provision of affordable health and fitness facilities to a larger catchment population for a longer period of the day. There are new office spaces on the ground floor where an alternative user is being sought after the departure of JobCentre Plus.
 - g. **Broadening Futures Together** – This is a unique partnership between Education Futures Trust and Plumpton College. With the development of 18,000m² semi-derelict site the new education facilities will offer courses related to the land-based economy. Construction is complete and the building will be available for use by Plumpton College from September 2023. Other courses are already underway, and the student related outputs are on track and increasing.

Progress on all other projects

Hastings Castle

13. The council has been considering how to deliver the Hastings Castle Project given its current restricted financial circumstances. Essentially this has impacted in its ability to borrow from the Public Works Loan Board given its low reserve balance and the current high interest rates. This limits its financial ability to commit to the repayments of any loans and take additional substantial financial risks in the short to medium term. In 2022 the council had expected to commit £2.5m towards the development of the first phase of the castle project in addition to the £3.4m on offer from the Town Deal Board Programme.

14. As a result, the council would preferably like to explore with the wider private and public development market to seek partners including potential developers, operators and funders who may be interested in delivering the above project. This approach has been discussed with DLUHC, the Town Deal Board and other potential funders and all are generally supportive. Once the EOIs have been carefully assessed, the Programme Team, the council and the Town Deal Investment Panel will consider the next steps and identify the appropriate processes.

Hastings Commons

15. All the Towns Fund projects within Hastings Commons are progressing with the Observer Building creative technology hub being complete. The initiative has been able to access various other sources of funding including CHART, Trinity Triangle Heritage Action Zone, Growing Places Fund (loan), Getting Building Fund, Architectural Heritage Fund (loan), Youth Investment Fund & Towns Fund: Total project value £19M (TF contribution @£4m).

16. Eagle House has been acquired and the project is going through its RIBA stages but on track for full outputs by the end of the programme. Full refurbishment being funded by YIF for the creation of a youth hub. Initial works have been undertaken to open up the Alley Level floor.

17. Planning permissions are currently being sought for development of 12 Claremont – art gallery, workspace and hosting centre for ethical nomads. 12 Claremont will go to tender for the main contractor in Jan 2024 and is expected to start on site in April 2024. This building is now the main focus of Towns Fund activity.

Public Realm and Green Connections

18. The ambition of the project is to create green arteries buzzing with biodiversity that will connect the entwined streets in the town centre with routes to the sea. It will allow for curation of the street scene which will allow people to breathe, think and dwell.

19. The project is led by East Sussex County Council with guidance and contributions from Hastings Garden Town and the council. The Project is progressing but the reallocation of Towns Fund, taking it from £3m to £10m, required a review of the internal procurement process, driving a delay in appointing the design consultants for the public realm work. Contract negotiations are being finalised and the consultant design team are due to start work by mid-October 2023. The construction company for the build phase is already in place and the delivery date of 2026 still holds.

Green Construction, Energy and Vehicle Training Centre

20. The project (@£2.63m TF allocation) it will provide new training and skills opportunities with focus on installing and maintaining green and sustainable technologies in homes, industry and transport (electric vehicles).

21. Progress is being made on the implementation of the project although delayed until September 2024 for completion. Delays have been caused by finalising the funding agreement and pausing the programme until construction costs relatively stabilise.

Town Living

22. This project is currently being reviewed by the council given its current financial position. The specific building originally identified is not being taken forward as part of the programme because of various risks including financial, suitability, deliverability, and future management of a refurbished listed building. The council is due to propose alternative ways of delivering homes in the town centre with other potential providers using the £1m Towns Fund allocated for this project.
23. Further discussion will be had with DLUHC, the Town Deal Investment Panel and the Town Deal Board to agree a way forward.

Reallocation of Funds

24. Table below confirms the reallocation amount for each project following two reallocation processes agreed with the Town Deal Board and DLUHC. The last being the reallocation of Town Core Projects funds to the Public Realm project.

Project	Original Allocation	Reallocation	Current Allocation	% TF Uplift
TOTALS per project:	£23,085,000.00	£0.00	£23,085,000.00	
COMPLETED inc Outputs				
Hastings co-working, flexible office, community space	£112,500.00	£4,232.00	£116,732.00	3.76%
Source / Courtyard lift	£65,000.00	£0.00	£65,000.00	0.00%
COMPLETED On Site				
Churchfields	£750,000.00	£28,211.00	£778,211.00	3.76%
Broadening Futures Together	£402,000.00	£15,121.00	£417,121.00	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%
ON SITE				
Hastings Commons	£3,852,300.00	£144,903.00	£3,997,203.00	3.76%
APPROVED				
Green construction, energy and vehicle training centre	£2,543,100.00	£95,658.00	£2,638,758.00	3.76%
Hastings Castle	£3,325,000.00	£125,069.00	£3,450,069.00	3.76%
Public Realm & Green connections	£2,815,100.00	£6,939,358.00	£9,754,458.00	246.50%
Town Living	£1,000,000.00	£37,615.00	£1,037,615.00	3.76%
CANCELLED				
Enterprise Space, Ponswood	£220,000.00	-£220,000.00	£0.00	-100.00%
Wellington Place/Sports Direct	£1,000,000.00	-£1,000,000.00	£0.00	-100.00%
Priory Meadow shopping centre	£1,663,000.00	-£1,663,000.00	£0.00	-100.00%
Priory Street/ESK	£5,000,000.00	-£4,919,843.00	£80,157.00	-98.40%

Cancelled or withdrawn projects from the programme;

25. Four projects have been cancelled / withdrawn from the programme (listed in above table) and explanation provided in Appendix 1.
26. All the funds from these projects have been reallocated to existing projects with one new project being the Debenhams building and the funding being split between Moxie Management Two and Owens Entertainment with the required business case, Town Deal Board and DLUHC approval.

Review of the programme and projects by Overview and Scrutiny Committee

27. The Overview and Scrutiny Committee reviewed a draft copy of this report on 18th October 2023.
28. The Overview and Scrutiny report is included with the papers for this Cabinet meeting 6th Nov 2023.
29. In summary, the programme team will be incorporating the following recommendations into the management of the programme as soon as possible:
- All existing projects will be requested to provide relevant building and safety certificates before HBC make the last stage payments. These will, however, have to be accepted on face value as it is the building owners/operators who are responsible for ensuring the building works are satisfactory and satisfy all regulations.
 - The Town Deal website and blog will be kept up to date to reflect progress, success, or failure.
 - Specialist advisors will be employed to assess business cases appropriate to the project proposal.
 - Estimates of the income generation by the council because of the projects being delivered – income arising from investment in HBC and other assets via rentals, business rates etc.
 - Improvements in the publicity, community engagement and consultation conducted by projects.
30. Other recommendations and suggestions made by the Overview and Scrutiny Committee will be examined and considered by the programme team as appropriate.

Launch of the Hastings Station Gateway Project initiative with Homes England

31. This initiative follows the cancellation of the ESK / Priory Street Car Park development project which was included in the Towns Fund Programme. This was due to the large funding gap to enable a mixed-use development but also because of interest from Homes England to regenerate the town centre.
32. In a statement to the council and the Town Deal Board in October 2022 they confirmed the following:
- ‘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.’
33. In December 2022, Homes England and HBC commissioned Lambert Smith Hampton and Tibbalds Planning and Urban Design to review and advise on the market potential for regeneration of sites around Hastings Station. As part of this work, the consultants produced a report outlining their recommended next steps. This identified the need to develop a Strategic Regeneration & Investment Framework to guide investment and the regeneration of the town centre.

34. In summary, the aim of the SRIF is to identify the opportunities that exist within the site area and to explore options as to how best to deliver Hastings' regeneration ambitions. It will support the identification, co-ordination and suggested management of critical interventions and initiatives. It will help unlock wider investment within Hastings Town Centre from both the public and private sectors. It will also enable the delivery of homes through quality placemaking and protect the future of the town centre, generating future income and creating employment opportunities.

35. This work is due to commence very soon and will be conducted in phases with consultation with the community and key stakeholders during the whole process. It will take approximately 9 months to complete. Further updates on this will be provided to members and Cabinet as this initiative progresses with Homes England.

Other government funded initiatives

36. The programme team is also overseeing the delivery of £1m UK Shared Prosperity Fund focused on improving the lives and opportunities of residents on the Broomgrove Estate. Update on this programme and others recently announced by the government (Levelling Up Partnerships and Long-Term Town Plan) will be provided to members and the Cabinet as soon as possible.

Public Exemption

None

Timetable of Next Steps

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

Action	Key milestone	Due date (provisional)	Responsible
Continue to progress implementation of all remaining Town Deal Board Projects	Keep members updated with further updates.	October / November 2024	Pranesh Datta Economic Development Manager
Commencement of Hastings Station Gateway Project with Homes England	Completion of Phase 1 of study Spring 2024	Updates to members Summer 2024	Pranesh Datta Economic Development Manager

Wards Affected

All

Policy Implications

Reading Ease Score:

Have you used relevant project tools? Y

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

Equalities and Community Cohesiveness Y

The proposals set out in the Town Investment Plan – includes delivering jobs, skills, new housing, educational, cultural and leisure assets to maintain opportunities for all in the town. Employment and Educational assets are also being built or enhanced in the most deprived parts of the part of the town including in Hollington and the Ore Valley.

A full Equalities Impact Assessment has been conducted on the programme and this shows the potential for positive benefits for all residents. All projects will be completing an Equalities Screening check to and identify any immediate issues and actions with their proposal. The Programme Team will engage with each of the projects to review their 'screening' check and ensure actions are followed through as agreed.

Crime and Fear of Crime (Section 17) Y

The Town Investment Plan has a large investment programme to improve the public realm in the town centre, increase footfall and reduce fear of crime.

Risk Management Y

As part of the project management tools a detailed project plan is used and a RAID log is being maintained. Each project will be producing their own risk assessment as part of preparing their business cases. Risk assessments of projects will be regularly conducted by the programme team.

A programme risk assessment has been produced by the programme team. Generally, the risks relate to the projects rather than the programme.

Environmental Issues & Climate Change Y

As part of business case development all project leads were asked to consider the environmental impact of their project and respond to council's net zero carbon emission target by 2030. The indicative plans will attempt to deliver the new buildings to high sustainability standards. The buildings need to be sustainably built and operated and will include use of modern technologies such as heat pumps and solar panels where applicable. In addition, a project included in the plan is to establish a new sustainable skills excellence centre by East Sussex College Group.

Economic/Financial Implications Y

This is a large capital investment programme with the council being the accountable body. Further implications will become clearer as projects are developed in more detail and tenders are prepared. All the projects have the potential to generate income for the council (including business rates and council tax) and contribute to the wider economic growth and regeneration of the town.

Human Rights Act N/A

Organisational Consequences Y
The organisational consequences were set out in previous Cabinet reports to deliver the Town Deal Board programme.

Local People's Views Y
Local stakeholders were consulted on development of the Town Investment Plan. Many put their ideas forward and will have further opportunities to shape projects as they develop. A community engagement plan has been developed as part of the programme.

Anti-Poverty Y
The proposals will deliver jobs, skills, new learning opportunities and raise people's income.

Legal Y
HBC as accountable body for the entire programme has addressed all legal issues relating to its projects and also other delivery partners.

Additional Information

Appendix 1 – Towns Fund programme projects summary October 2023

Appendix 2 – Towns Fund Programme project update presentation

Officer to Contact

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