

Agenda Item No: 9.6 **Report No:** 151/17
Report Title: Asset Development: Newhaven Town Centre
Report To: Cabinet **Date:** 13 November 2017
Cabinet Member: Cllr Bill Giles
Cllr Andy Smith
Ward(s) Affected: Newhaven Valley
Report By: Nazeya Hussain, Director of Regeneration & Planning
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Purpose of Report:

To provide an overview of the potential redevelopment of Newhaven town centre, as well as the scheme's role in successfully delivering the aims of the Newhaven Enterprise Zone.

Officers Recommendation(s):

- 1 To request the Director of Regeneration and Planning to develop a business case outlining the investment potential and opportunities for Cabinet to consider early in 2018.
- 2 To approve the allocation of funding of up to £1.2m from the property acquisition and development budget in respect of consultancy, professional fees, surveys and the planning application.
- 3 To undertake early public consultation with a range of stakeholders prior to submitting the detailed design for planning purposes.
4. To delegate authority to the Director of Regeneration and Planning, in consultation with the Lead Member for Finance and Resources, and the Strategic Property Board, to develop a detailed design for a mixed-use development scheme at Newhaven Town Centre, in readiness to submit a planning application.

5. To delegate authority to the Director of Service Delivery in consultation with the Director of Regeneration and Planning and the Portfolio Holder for Environmental Impact (and where appropriate the Chief Finance Officer and Assistant Director – Legal and Democratic Services) to progress the project through the Energy & Sustainability Joint Venture if they consider it appropriate and at an appropriate future stage to decide the project should be put forward to the JV Steering Board for inclusion as a Part 1 and/or Part 2 project.
 6. Delegate authority to award any of the contracts required in relation to recommendation 2 above to the Director of Regeneration and Planning; such delegation to include approval to a waiver of the Contract Procedure Rules (sought under CPR 2.4.1 (a)) for those appointments.
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Reasons for Recommendations

- 1 Newhaven has substantial physical capacity for growth, including large brownfield sites in and around the waterfront and the town centre. The town is planning for 28% of all housing growth within the District over the lifetime of the Local Plan (ie. to 2030). Newhaven is also home to 40% of the district's B-Class employment space, and the designation of the Enterprise Zone emphasises the town's central role in delivering sustainable economic growth.
- 2 Newhaven town centre is one of the key redevelopment sites within the town and will be the anchor playing a critical role in delivering new housing and employment space. The redevelopment of the town centre links closely with delivery of the Newhaven Enterprise Zone that commenced in April 2017 and seeks to address a range of development barriers that are inhibiting effective investment delivery.
- 3 A commercial opportunity has now emerged for a mixed-use redevelopment of the Council's landholdings within the town centre. The proposed scheme will create new employment space, employment opportunities and has a strong fit with the ambitions for the Newhaven Enterprise Zone.

Information

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Local Challenges and Opportunities

- 4.1 Historically, Newhaven has faced a number of challenges which have been well-documented elsewhere. However, in recent years, there has been significant investment in Newhaven and it is clear there is a real opportunity for growth.
- 4.2 Funding has been committed through the Greater Brighton City Deal and additional funding to improve flood defences in the town and build a new Port Access Road. Local Growth Funding has also acted as a catalyst for

the development of a major new business and industrial park at Eastside South and has facilitated the Council's purchase of the Railway Quay site adjacent to the new University Technical College.

Newhaven Enterprise Zone

- 4.3** Enterprise Zones are a central pillar of the Government's long-term plan to rebalance the economy. In total, the Government is investing £330 million to support Enterprise Zones to realise their potential as engine rooms of local economies.
- 4.4** There are now 48 Enterprise Zones across England (including Newhaven). To date¹, the 36 previously established Enterprise Zones have attracted more than 730 businesses, secured £2.6 billion of private sector investment and created over 30,000 local jobs. Enterprise Zones have been successful in attracting world class companies and their suppliers, as well as stimulating local business formation, clustering and growth.
- 4.5** The designation of 8 key sites in Newhaven as an Enterprise Zone is the next step in ongoing regeneration activities in the town and is a major proposal of regional significance. Having commenced in April 2017, the Enterprise Zone is forecast to create around 55,000m² of new commercial floorspace, refurbish a further 15,000m² of commercial floorspace and create / sustain around 2,000 jobs over the zone's 25-year lifespan.
- 4.6** The Council has been proactively planning for this with the securing of town centre lease in April 2016 and more recently acquiring the Railway Quay site in March 2017. Funding has been secured from Coast to Capital and there is further development at Eastside South with 7,733 sq metres of commercial space underway.
- 4.7** This proposed development would assist with meeting the commitments outlined in para 4.5.

Newhaven Town Centre

- 4.8** The town centre of Newhaven has experienced decline over a number of years. Whilst the presence of retail provision on the eastern side of the River Ouse has increased, the level of retail activity in the town centre has significantly diminished. In turn, this has led to an increase in the number of vacant units and a decrease in the level of activity and footfall experienced in the area.
- 4.9** In 2016, the Council bought back leases within the Newhaven Square area of the town centre and has commenced works to refurbish one of the blocks. Newhaven Square is a key part of the Council's property portfolio, and includes the former Co-op supermarket, the Seahaven

¹ Enterprise Zones Data Release 9 November 2016

Swim & Fitness Centre and the Dacre Road multi-storey car park, as well as other retail units.

- 4.10** The Council has recognised that services which benefit the community are an important element of the town centre regeneration and has begun the refurbishment of accommodation for Citizens Advice Bureau, which will also help to generate footfall.
- 4.11** Since the Council bought the headlease back in, we have actively marketed the offer locally and nationally and as a result there has been significant interest in Newhaven Square with all but one of the properties on the Peacock's block being let, or with an agreement to let. The Council early intervention on securing the headlease town centre site, is to ensure high quality development proceeds in a timely manner.
- 4.12** While the renewed commercial interest in Newhaven Square is encouraging, it is not in itself sufficient to deliver the step change that is needed to regenerate the town centre and encourage new investment. Subsequently, the Council has worked with external support to develop a deliverable development strategy for the town centre.

Current Uses

- 4.13** Newhaven Square covers an area of around 1.22 hectares and comprises a mix of land uses, with the main focus being predominantly retail. However, shopping habits have changed and high streets up and down the country have struggled. For any development scheme to be successful in a high street location, there should be a mix of uses which will attract different types of footfall that will support primary or secondary activities. This approach also considerably de-risks development.

Site Constraints

- 4.14** The site has a number of constraints that are hindering development. These include:
- Lack of good quality retailers and national multiples generally within the Town Centre.
 - Poor signage into Newhaven Square from the High Street. Sightlines and focal points into the scheme all present dead or inactive frontages.
 - Poor signage and no retailer activity along the primary vehicular routes around the perimeter of the Town Centre.
 - Pedestrian routes are very disjointed with no clear flow around or through the Town Centre.
 - Poor quality car park which attracts low-level anti-social behaviour, such as vandalism and street-drinking, and which is not a welcoming or attractive asset within the town.

Development Opportunities

- 4.15** The proposal outlined at Appendix A involves a comprehensive redevelopment of the Town Centre from Seahaven Swim and Fitness Centre through to Dacre Road multi-storey car park.
- 4.16** Early designs demonstrate that by reconfiguring the existing layout, it would be possible to create:
- 14,000 sq ft of retail space, including an anchor retail store of 10,000 sq ft and new occupiers including an increased food and drink offer
 - A 1,750 sq ft extension to the leisure centre
 - 20,000 sq ft of commercial space
 - A 75 bed hotel
 - 90 residential flats
 - A new well-designed and lit car park of a total of total of 317 car parking spaces, including dedicated public and residential spaces.
 - A new public realm which focuses on high quality experience for local shopper and visitors
- 4.17** The Council has explored a range of options for the development including full demolition or refurbishment of the current assets. It is proposed that in order to achieve the step change required, and to ensure it is viable, we will work with the existing shell of the asset as much as possible as well as some new build.
- 4.18** The exact configuration of the space is subject to change and will be partly informed through the consultation process. To date, there has been informal consultation with Ward Councillors, Wave Leisure, Officers from Newhaven Town Council, the Enterprise Zone Programme Board, and the Strategic Property Board, resulting in broad support from each. It is recommended that informal public consultation is carried out prior to the submission of the detailed scheme for planning.
- 4.19** With the prime intention of rejuvenating the town for local residents, so that once again we have a diverse and strong offer of local services and shops in Newhaven, the Council has been gauging the level of interest that a development such as this would generate in the market. The response has been extremely positive and there has been significant interest. Proposed Heads of Terms have been exchanged with a national chain hotel operator who are keen to finalise the deal.
- 4.20** The proposed scheme is designed to regenerate the town centre and to give residents the facilities they need now and in the future. The hotel proposition would not only provide new accommodation for visitors to the town, but would also result in other food and drinks interest into the town centre and increase footfall. Gauging interest in pre-lets in this manner considerably de-risks the proposal and strengthens the investment case.

Regeneration Benefits

- 4.21** The redevelopment of Newhaven Square is expected to be a catalyst to generate interest in the wider town centre, which is something that existing businesses will benefit from.
- 4.22** The delivery of the Enterprise Zone is strongly supported by these redevelopment proposals. The scheme fits with the Council's aims for Newhaven, as well as Newhaven Town Council's ambition to revitalise the town centre. There is also a strong strategic fit at a regional level through the Greater Brighton City Region, Coast to Capital Local Enterprise Partnership and South East Local Enterprise Partnership.
- 4.23** Regeneration of the town centre will also have a positive impact on property valuations in the area and help to keep the property market buoyant as well as helping to attract inward investment.

5 Financial Appraisal

- 5.1** It is recommended that funding be allocated of up to £1.2m from the property acquisition and development programme in respect of consultancy, professional fees, surveys and the planning application.
- 5.2** It is also recommended that officers develop a business case outlining the investment potential and the opportunities for the Council to contribute to the development for Cabinet to consider early in 2018.
- 5.3** These costs and subsequent development costs can be financed by the Council borrowing against the future uplift in business rates forecast due to Enterprise Zone designation for the Town Centre.
- 5.4** In the short term an allocation of £1.2m will be internally borrowed and/or financed from capital receipts.

6 Legal Implications

- 6.1** The proposed consultancy contracts will need to be awarded in accordance with the council's Contract Procedure Rules with the particular process depending on the nature and value of each contract. A waiver is sought in relation to these to provide the Director of Regeneration and Planning the flexibility to award any of these contracts that are below the EU Threshold without a competition. The Energy & Sustainability Joint Venture was procured in compliance with the Contract Procedure Rules and so can be used in accordance with its terms without the need for a further competitive process.
- 6.2** Any disposal of land or lease will need to be undertaken in accordance with the requirements of paragraph 18 of the Contract Procedure Rules.

- 6.3** All transactions will be on market terms and so no issue of State Aid will arise.

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7 Risk Management Implications

- 7.1** The risk management implications will be determined through the options appraisal.

8 Equality Screening

- 8.1** An equality impact assessment will be carried out at the same time as the possible delivery options are determined.

9 Background Papers

- 9.1** None

10 Appendices

- 10.1** Appendix A: Development proposal