

Report to: Leader of the Council

Date: 2 April 2020

Title: Newhaven Development and Regeneration

Exempt reason: The Appendices to this report contains exempt information as defined in Schedule 12A of the Local Government Act 1972.

Appendices 1- 3.

Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Report of: Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning

Cabinet member: Councillor James MacCleary, Deputy Leader & Lead Member for Regeneration and Prosperity

Ward(s): All Newhaven Wards

Purpose of report: To provide an update on Newhaven related to key regeneration and development activities.

Decision type: Key

Officer recommendation(s): 1. To note the bid to the Future High Streets Fund (FHSF), the timescales and competitive nature of the funding process as detailed in Appendix 1.

2. To note the co-funding already secured from the Council and key partners as shown in Appendix 2.

3. To agree the proposed FHSF co-funding identified in Appendix 3. This is subject to the Future High Streets Fund bid being successful.

4. To note the progress with a range of projects that are contributing positively to the Council's overall ambition to support the regeneration of Newhaven.

5. To delegate authority to the Director of Regeneration & Planning in the terms set out in Appendix 3, subject to:

a) consultation with the Lead Member for Regeneration and

Prosperity and the Chief Finance Officer and
b) the FHSF bid being successful.

Reasons for
recommendations:

1. Capital funding of the type being sought from the Future High Streets Fund requires co-funding from the bidding authority (and partners) to justify the level of intervention sought from Government.

2. There is a need to mobilise activities within the town centre to help address the declining footfall and high vacancy rates existing currently. This builds upon initial activation work to let existing vacant premises in Newhaven Square for new business uses.

3. Newhaven remains a regeneration priority for the Council, building upon Enterprise Zone designation and investment from a range of partners (including Local Enterprise Partnerships) over recent years.

Contact Officer(s):

Name: Peter Sharp
Post title: Head of Regeneration
E-mail: peter.sharp@lewes-eastbourne.gov.uk
Telephone number: 07826 903742

Name: Nick Adlam
Post title: Newhaven and Sustainability Lead, Commercial Business
E-mail: nicholas.adlam@lewes-eastbourne.gov.uk
Telephone number: 01323 415214

1 Background

- 1.1 Newhaven is a focal point for regeneration activity within the Lewes District, with a number of key achievements over recent years, with the Council working closely in partnership with national, regional and local stakeholders to address the identified challenges for the town.
- 1.2 Alongside these challenges, Newhaven has substantial physical capacity for growth including on brownfield land formerly used for Newhaven Port. Newhaven also includes some of the most deprived areas of the Lewes District, with lower skills and lower earnings than other areas. The table below highlights the skills issue locally.

Area	% of Residents	
	No Qualifications	Level 4+ Qualifications
England & Wales	22.7	27.2
Lewes District	21.5	29.4
Newhaven	25.6	18.6

Source: 2011 Census / NOMIS

The recently published English Indices of Deprivation highlight that parts of Newhaven are in the most deprived 20% in England, emphasising the importance of Council activity focused on regeneration and economic development.

- 1.3 It is widely acknowledged that the town centre of Newhaven is challenging. At the time of our Expression of Interest to FHSF, the vacancy rate was estimated at 19%. There have been a number of key closures over recent years, including the Co-op supermarket in 2016, the Crown Post Office (2017) and the last bank (2014).
- 1.4 However, Council efforts are starting to reverse this decline. Having acquired Newhaven Square (incl. the Co-op building), the Council has pursued a strategy of letting empty premises to local businesses and entrepreneurs. This has included the opening of a fabric shop / café, a new sub-Post Office, a yoga studio and a veterinary practice. These new openings will draw additional visitors into the town centre, but it is acknowledged that further interventions are urgently required.
- 1.5 To support Officers in bidding for Government funding to support the Council's regeneration ambitions for Newhaven, there is a need to demonstrate the level of co-funding committed by the Council and its partners towards achieving such goals. As shown in Appendix 2, there is a substantial level of funding that has been spent or committed by the Council, which can be used to demonstrate the importance of the additional Government funding intervention.

Newhaven Enterprise Zone - Update

- 1.6 The [Newhaven Enterprise Zone](#) (EZ) covers eight sites and around 79 hectares of land within Newhaven. The EZ comprises a mixture of greenfield and brownfield sites, focused on the potential to develop new employment-generating uses. It is a partnership led by South East Local Enterprise Partnership (SELEP), with the secretariat and programme administration led by Lewes District Council.
- 1.7 Commencing in April 2017, the EZ is a key strategic programme offering opportunities and incentives for growing businesses investing in Newhaven and creating employment for local residents. Over the 25-year lifespan, the EZ is forecast to:
 - Create 55,000m² of new employment floorspace
 - Refurbish a further 15,000m² of existing employment floorspace
 - Create / sustain up to 2,000 FTE jobs.
- 1.8 The EZ is seeing increased levels of demand for employment space in Newhaven. During the last six months of 2019, a total of ten businesses were approved for business rates relief. These were across a variety of sectors including manufacturing, advanced engineering and those focused on provision of community services.
- 1.9 Other key successes in the last year include:
 - Securing Sector Support Funding from SELEP to support marketing and

- improvement plans for key employment areas
- The recent (November) launch of Year 2 of the successful [EZ Community Fund](#), providing more opportunities for local charities and not-for-profit organisations to bid for funding that specifically focuses on enhancing the sense of place and building on the town's thriving community
- Development of a Business Forum for the Avis Way and North Quay industrial estates
- The development of the new business units at Eastside South is nearing completion, with strong demand reported by the landowner reflecting the increased demand reported in paragraph 1.8.

2 Future High Streets Fund (FHSF)

- 2.1 The Future High Streets Fund (FHSF) is Government funding with a core objective to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability. The FHSF operates as a two-stage application process. Applications for Phase 1 Expressions of Interest had to be submitted by 22 March 2019. The Government assessed the applications in summer 2019 and announced those places moving to Phase 2. Shortlisted places were invited to develop their strategic vision and business cases, and are now being asked to submit their final full business cases for specific projects.
- 2.2 Newhaven town centre has been shortlisted in the first wave of towns, and Officers are currently preparing a detailed business case for submission to Government by 30 April 2020. Each town can bid for up to £25million, which must be spent by April 2024 and fit with the following key themes:
1. Investment in physical infrastructure
 2. Acquisition and assembly of land
 3. Improvements to transport access, traffic flow and circulation
 4. Supporting change of use where appropriate
 5. Supporting adaptation of the high street in response to changing technology.

Members should also note that Government has been clear that smaller population centres (such as Newhaven) are expected to bid for between £5-10 million only. We expect a decision from Government during late Summer 2020.

- 2.3 As noted in paragraph 1.4, there are signs of increased investor interest in Newhaven town centre and there is an opportunity to capitalise on the progress made by the Council's Commercial Business team. If secured, the FHSF will help underline progress and generate additional investment and footfall in Newhaven town centre.
- 2.4 The Council's FHSF bid focuses on addressing a number of the key themes highlighted above – seeking to re-imagine Newhaven's town centre to take account of the declining retail sector nationally. Detail on the bid is provided in Appendix 1, and seeks to re-purpose existing buildings for new uses on a short to medium-term basis. This does not preclude the wider redevelopment of the

town centre in the longer term.

- 2.5 The FHSF bid is supported by a wide range of co-funding from the Council and its partners. Some of this funding has already been spent, with other funding having been committed for expenditure during the lifespan of the FHSF (ie. to April 2024). A full list of already committed co-funding is shown as Appendix 2.
- 2.6 As part of this co-funding, there is a need for the Council to commit additional funding to support the proposed FHSF intervention. It is important to note that this funding will only be utilised should the Council's FHSF bid be successful. A full list of proposed expenditure is included as Appendix 3, but broadly speaking focuses on the following areas:
- Re-purposing of existing LDC assets to support town centre vitality
 - Funding to enable new acquisitions and investments that are either located in, or directly impact, Newhaven town centre
 - Co-ordinated programme of events and activities to attract additional footfall to the town centre.
- 2.7 It is recommended that the co-funding identified in Appendix 3 is approved by Members. This will provide Government with sufficient assurance regarding co-funding for the proposed FHSF intervention.

3 Emerging Opportunities

A Town Deal for Newhaven

- 3.1 As well as FHSF, Newhaven is one of 100 towns shortlisted for the Government's £3.6billion [Towns Fund](#). Information on the Towns Fund is still emerging, but the following actions have already been taken:
- A detailed 'Readiness Checklist' has been submitted to Government
 - A Town Deal Board has been formed, comprising representatives from LDC, East Sussex County Council, Newhaven Town Council, Newhaven Enterprise Zone, Maria Caulfield MP, Central Government, business and community representatives. The first meeting of the Town Deal Board was held on 12 February.
- 3.2 It is expected that the Town Deal Board will be responsible for developing a 'Town Investment Plan' due for submission in Summer 2020. This will set out a plan to attract Government investment of up to £25million, which will subsequently be agreed as a Town Deal for Newhaven. Officers will provide Members with periodic updates on progress with this work.
- 3.3 Members should note that the timescales referred to above are subject to change at the behest of Central Government.

4 Newhaven Enterprise Centre

- 4.1 The [Newhaven Enterprise Centre](#) is the Council's flagship centre supporting local business start-ups, micro-businesses and SME's. The Centre opened in

2007 has 60 units and continues to experience high demand¹.

- 4.2 The Centre is operated on behalf of the Council under an Operational Management Agreement. The previous contract was due to expire, and so therefore Officers undertook a detailed OJEU-compliant procurement process in late 2019. Following the completion of this process, the decision was taken to award the contract to a new operator – Let's Do Business Group. This decision was taken on the basis of combined price / quality scores.
- 4.3 Let's do Business are an East Sussex-based social enterprise that currently operates the Locate East Sussex investment service, and are also a regional delivery partner for the Government's [Start-Up Loans](#) scheme. The company currently operates one other business centre (in Essex), but demonstrated their ambition to maximise local supply chains from the Centre's operation – ensuring that there is a greater level of local economic benefit from the operation of the Centre.
- 4.4 Members should note that this change of operator was effective from 1 February 2020, and that Let's do Business Group have been awarded a 10-year Operational Management Agreement to run the Centre.

5 Town Centre Programming

- 5.1 An opportunity to have a co-ordinated programme of events and activities – focused on Newhaven town centre – has been identified. The intention is that this will build upon the success of existing events such as Artwave and the Newhaven Festival (the latter is run by Newhaven Town Council).
- 5.2 This programme has yet to be developed but it is anticipated that this will build upon the current focus on re-activating the town centre, supporting existing businesses, creating new footfall and economic activity, and attracting additional investors and businesses into Newhaven.
- 5.3 It is anticipated that this programme will be developed over the first half of 2020/21 with a package of an anticipated value of £125,000 over a 2-year period incorporating the re-allocation of existing internal expertise and additional external funding contributions.

6 Consultation

- 6.1 Extensive consultation has already taken place through the Newhaven Enterprise Zone and FHSF steering group, as well as the recently formed Town Deal Board.
- 6.2 No further consultation is proposed for these matters at this stage, although it is recognised that there will be a need for further consultation as the Town Investment Plan is developed in accordance with the requirements of the Towns Fund.

¹ Unit occupancy level at the Newhaven Enterprise Centre was 88% in October 2019.

7 Corporate plan and council policies

- 7.1 The projects outlined in this report contribute strongly to the Council's focus on creating sustainable community wealth as outlined in the new Corporate Plan.
- 7.2 The focus of activities such as FHSF and the appointment of a new operator for the Newhaven Enterprise Centre seek to ensure that more money stays within the district, directly benefiting residents and local companies.

8 Business case and alternative option(s) considered

- 8.1 A number of options have been considered for the FHSF submission and were assessed on the basis of their likely Benefit-Cost Ratio. This is based on information provided by Government that highlighted that 'value-for-money' was one of the key assessment criteria. The proposed submission highlighted in Appendix 1 has a higher benefit-cost ratio for the level of Government intervention requested than other options considered.
- 8.2 The remaining projects outlined in this report are for information purposes and the only alternative option(s) would be not to bid for funding / not undertake these particular activities.

9 Financial appraisal

- 9.1 Newhaven remains a regeneration priority for the Council, building upon Enterprise Zone designation and investment from a range of partners (including Local Enterprise Partnerships) over recent years.
- 9.2 If the Future High Streets Fund bid is successful, the Fund would provide a capital grant to support the viability and diversity of Newhaven town centre. There is a FHSF requirement that projects be co-funded by public and private sector and that this will be taken into consideration as part of the assessment of projects. The need for the Council to commit additional funding to support the proposed FHSF intervention will only be utilised should the Council's FHSF bid be successful.
- 9.3 While Appendix 3 highlights co-funding recommended for allocation between 2020/21 and 2021/22, subject to the successful outcome of the submission to the Future High Streets Fund for Newhaven town centre, there would be a need to maximise other funding opportunities and to build upon existing or emerging council regeneration, infrastructure and housing initiatives.
- 9.4 There will be revenue implications of maintaining the assets created/improved and these will be quantified and will be reported to the next appropriate meeting of the relevant Committees.

10 Legal implications

- 10.1 There are no legal implications arising directly from this report. Detailed legal due diligence will be required as the project moves forward.

11 Risk management implications

11.1 This report covers a range of projects, each of which has / will have its own risk register. Some of the key risks are highlighted in the table below.

Risk	Impact	Likelihood	Mitigation
Council does not receive FHSF funding	4	2/3	FHSF is a competitive process, but Officers have prepared a robust bid for submission.
Operation of NEC is unsuccessful	4	1	A robust OJEU-compliant process was undertaken to select a proven operator.
EZ does not achieve stated goals	4	2	Significant work has been undertaken to maximise benefits, including publication of Strategic Framework.

12 Equality analysis

12.1 It is not considered that an EA would be appropriate at this stage. Existing projects have been subject to Equality Analysis, and any subsequent funding bids will have EA's completed should the bids be successful.

13 Environmental sustainability implications

13.1 This report contains proposals that are focused on supporting regeneration and sustainable economic growth that benefits local communities.

13.2 If successful, the FHSF bid will seek to re-use existing assets to provide additional local economic value from Council interventions. As such, there are positive sustainability impacts that will arise from these proposals, including an enhanced town centre environment. Opportunities to enhance the sustainability of proposals will be assessed should the funding bid be successful.

14 Appendices

- EXEMPT: Appendix 1 – Summary of Proposed FHSF Bid
- EXEMPT: Appendix 2 – FHSF Co-Funding Committed
- EXEMPT: Appendix 3 – FHSF Proposed Additional Co-Funding

15 Background papers

The background papers used in compiling this report were as follows:

- [Newhaven Enterprise Zone Strategic Framework](#)
- [Towns Fund Prospectus](#)
- Equality and Fairness Screening Document