

**Report to:** Leader of Lewes District Council

**Date:** 10 August 2020

**Title:** Railway Quay Hub

**Report of:** Ian Fitzpatrick, Director of Regeneration and Planning

**Cabinet member:** Cllr James MacCleary – Leader and Cabinet Member for Regeneration & Prosperity

**Ward(s):** Newhaven South

**Purpose of report:** To approve development proposals for Railway Quay

**Decision type:** Non-key

**Officer recommendation(s):**

1. To note the opportunity afforded by accelerated projects funding via the Towns Fund, and note the support of the Town Deal Board for the Railway Quay Hub proposals.
2. To delegate authority to the Director of Regeneration & Planning to prepare and submit a planning application for the Railway Quay Hub in line with the proposals set out in this report.
3. To delegate authority to the Director of Regeneration & Planning, in consultation with the Leader of the Council to:
  - a. Appoint the operator through a process settled by the Director;
  - b. Agree the final scheme;
  - c. Authorise entry into an Agreement for Lease (AFL) with the appointed operator;
  - d. Authorise the grant of a lease to the appointed operator;
  - e. Authorise the contract for the supply and installation of shipping containers and any related services;
  - f. Authorise any other ancillary legal documents required in connection with the matters referred to at 3(a) to (e) above;
  - g. Formally request the £500k funding from Government;
  - h. Cash flow the development of the project ahead of receipt of capital funding from Government.

**Reasons for recommendations:** The funding opportunity means that there is a significant time imperative to agree the emerging proposals for Railway Quay. If approval for the scheme is sought through Cabinet (24 September), the scheme will be delayed by six weeks. This means that we would be unable to deliver the Railway Quay Hub by the Government's funding deadline.

The proposals also accord with Council policies and seek to regenerate a vacant, highly prominent and strategic site within Newhaven that will directly contribute to the Council's ongoing regeneration ambitions and the successful delivery of the Enterprise Zone.

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## 1 Introduction

- 1.1 Railway Quay has a long and rich industrial heritage but has been under-utilised for a number of years. It is a highly visible site located adjacent to the entrance to the Newhaven-Dieppe Ferry terminal, close to Newhaven Town railway station. It is one of the eight sites that comprise the Newhaven Enterprise Zone, which focuses on place-making and inclusive economic growth alongside job creation and inward investment. With this focus in mind, the Council successfully bid to Coast to Capital Local Enterprise Partnership for funding to purchase the site, which was completed in 2017.
- 1.2 Challenging ground conditions have led to previous attempts to re-develop the site stalling. The site is currently home to the Railway Club, and is used for temporary Council storage and unofficial car parking for the nearby railway station.
- 1.3 Given the site conditions and its regeneration importance, Officers have been exploring an opportunity to introduce meanwhile<sup>1</sup> uses onto part of the site to stimulate economic activity and create new facilities for residents, visitors and local businesses.

### Towns Fund

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<sup>1</sup> Meanwhile uses can have significant long-term benefits and can accelerate the pace of change, particularly where sites have a number of challenges that constrain development (<https://www.arup.com/perspectives/meanwhile-use-long-term-benefit>).

- 1.4 As Members will be aware, Newhaven is one of 101 towns shortlisted for the Towns Fund announced by Government at the end of last year. Newhaven is being asked to develop a Town Investment Plan to access funding of up to £25 million via the Town Deal process. It is planned to submit this Plan by 31 October, although Members should note that there is a degree of flexibility to this deadline.
- 1.5 As part of the Government's response to the Covid-19 pandemic, the Towns Fund has made additional capital grant funding available to deliver a 'shovel-ready' project that will contribute to Newhaven's sustainable economic growth. This funding (£500k) is based on Newhaven's population and must be spent on delivering a capital project by March 2021.
- 1.6 Following a discussion at the Newhaven Town Deal Board<sup>2</sup> on 22 July, a shortlist of projects was debated. An online survey of Board Members highlighted that 80% of respondents wished to see the delivery of a new Hub at Railway Quay.
- 1.7 It was felt that Railway Quay would offer the best chance of meeting community and regeneration ambitions, providing a new focal point and a gateway to the town centre – building on the Council's recent Future High Streets Fund submission (Re-imagining Newhaven). As such, Officers are writing to Government to confirm acceptance of funding for the delivery of the Railway Quay Hub by the deadline of 14 August.

## 2 Proposal

- 2.1 The proposal is to use a limited number of containers to create the Railway Quay Hub. Containers are light and rigid so can be installed with minimal cost and can have different facades placed on them to create any style that is required. The proposed container design would be clad with reclaimed wood, so would have a contemporary feel and follow the principals of sustainability.
- 2.2 There are a number of key elements that make up the proposed Railway Quay Hub. These are as follows:
- **Information Hub:** there will be an information hub for visitors and residents that will offer flexibility to complement wider events and festivals within the town. Despite almost 400,000 visitors using the Newhaven-Dieppe ferry service, Newhaven does not have a tourist information centre. This will help to promote the town centre, local activities and places to go.
  - **Refreshment Hub:** providing refreshments for a wide range of users, including residents and travellers utilising nearby transport connections. The café container will have a flexible space that can be used for training and learning events, augmented by an external decking area that will help to ensure user safety in line with Covid-19 restrictions.

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<sup>2</sup> The Board comprises a wide range of business, community and political representation, including Maria Caulfield MP, LDC, ESCC and Newhaven Town Council.

- **Active Travel Hub:** this would provide a range of travel options. It's primary offering would be cycle hire and related services. There is potential to introduce a wider range of transport subject to funding (e.g. e-bikes). The Railway Quay site is located on an established cycle and walking route, and these proposals will link well with the cycle maintenance offer provided by SCDA at Denton Island.

A sketch plan of the proposals is provided as Appendix 1 to this report.

- 2.3 Initial cost estimates are that the proposed Hub would fit within the capital grant funding offered by Government, and allows for an appropriate level of contingency.
- 2.4 Due to funding timescales, there is an extremely limited window to approve this project. The proposed development will be using converted shipping containers, with limited groundworks to ensure deliverability within the allotted timeframe.
- 2.5 The key milestones are:
- Agree Operator to manage the site - September 2020
  - Agree final plan and lease conditions - October 2020
  - Planning consent granted - January 2021
  - Project completion - end March 2021
- 2.6 Should the Railway Quay Hub become well established and prove successful, then further phases of development can be considered, expanding the on-site offer. This could include, for example, waterside / water sports activities, as well as additional commercial uses. Funding would be sought from a range of sources at the appropriate time, subject to approval of Members and the Newhaven Town Deal Board.

### **3 Outcome expected and performance management**

- 3.1 The objectives for this work are to:
- Redevelop a vacant and prominent piece of land in Newhaven
  - Provide a limited number of jobs and a space to encourage innovation and creativity
  - Promote sustainability and healthier lifestyles
  - Enhance social cohesion and grassroots activity; and to
  - Capitalise on market opportunities to generate income.
- 3.2 These objectives will form part of the site operator tender and be reflected in the eventual lease.

### **4 Consultation**

- 4.1 This proposal was chosen by the Newhaven Town Deal Board, following discussion at the Board meeting on 22 July and a subsequent online survey of Board Members. Initial discussions have also been held with Newhaven Ward

Councillors, who approved the principle of the development proposal. Further discussions have subsequently been held with Newhaven Port & Properties, to ensure that the design of the Hub does not impact on access to the ferry service.

## **5 Corporate plan and council policies**

5.1 The proposed development of the Railway Quay Hub fits strongly with existing Council policies, including LDC's Corporate Plan. In particular, the proposals will:

- Help to build community wealth through use of Council land to create new investment in our local economy, creating new employment for local residents and seeking to work with existing local operators to run the proposed facilities.
- Help to meet the Council's target for a net zero carbon and climate resilient district by 2030 through encouraging more walking and cycling, as well as working with partners to improve infrastructure and reduce barriers to cycling through the proposed Hub.

5.2 The proposed development also aligns closely with the Newhaven Enterprise Zone Strategic Framework and its three priorities for growth to ensure lasting and positive change. In particular, Priority 1 (Quality Growth). The Railway Quay Hub will ensure more cohesive development, linking well with the Town Centre and key employment areas to help foster greater pride in Newhaven and showcase its riverside location. Priority 2 (Inclusive Growth) is also closely aligned through the creation of new employment to ensure local residents are shared benefactors of change.

5.3 The Railway Quay Hub also aligns with the Council's recent submission to the Future High Streets Fund. The Re-imagining Newhaven proposals were endorsed by Cabinet and will be complemented by the proposed scheme for Railway Quay.

## **6 Business case and alternative option(s) considered**

6.1 Given the timescale for the grant funding, there is a very limited range of alternative uses that could be delivered. Following technical assessments, the use of containers was identified as the most appropriate method of delivery.

## **7 Financial appraisal**

7.1 There are no direct capital financing or financial implications to the Council arising from this report. The project will be funded through the Towns Fund, which is central to the government's ambition to level up the country. The Government has offered Newhaven a grant of £500,000 to fund the development proposals for Railway Quay projects that can be delivered this financial year, and this grant will be used to support capital spend within the intervention framework as set out in the Towns Fund Further Guidance.

7.2 Staffing and any other costs associated within the report's recommendation are to be contained within existing department revenue budgets. However, the

majority of these costs might be capitalised, which means that staff time for supporting the project can be added to the total project cost.

## **8 Legal implications**

8.1 The intention is to seek an operator who will take a lease of the completed development. A typical contractual framework for this type of matter is an Agreement for Lease (AFL), followed by the grant of a lease once the conditions set out in the AFL have been satisfied and the development completed.

The AFL could include the following:

- LDC will apply for planning permission, in consultation with the operator.
- On the grant of a “Satisfactory Planning Permission”, the AFL will become unconditional.
- LDC will carry out works to create the lettable space. On practical completion the parties will enter into a lease in a pre-agreed form.

The lease could include the following:

- Lease term: up to 5 years.
- Excluded from security of tenure.
- Break clause: a clause enabling the lease to be brought to an early end.
- Subletting:
  - Subletting of whole not permitted.
  - Subletting of part permitted with landlord’s consent, not to be unreasonably withheld or delayed.
- Permitted Use: Based around information/refreshment/travel hub uses.
- Rent: to be settled through the tender process.
- Maintenance and condition: to be the responsibility of the lessee (the operator).

8.2 The process for appointing the operator needs to be developed. One approach under consideration is an option for submission of a “consortium” proposal, where the proposed operator and the sub lessees of individual parts of the development (information, refreshment and/or travel hubs) come together as part of a single proposal.

8.3 The supply and installation of the containers and any related services will be undertaken by LDC. The detailed proposals are being developed. Given the very challenging timescales outlined in this report, it is possible that a waiver will be required in respect of compliance with certain sections of the Council’s Contract Procedure Rules (CPRs). CPR 2.4.1 sets out the rules and process for waivers. No action under CPR 2.4.1 is required at this time.

As part of the due diligence process it will be necessary to ensure compliance with rules relating to securing best consideration for the lease (section 123 Local Government Act 1972) and state aid.

## **9 Risk management implications**

- 9.1 The current risk register is attached as Appendix 2 to this report. Officers will update this regularly to ensure project delivery within the timeframe.

## **10 Equality analysis**

- 10.1 An equality analysis will be provided at a later stage, once development proposals for the site have been finalised.

## **11 Environmental sustainability implications**

- 11.1 The proposed development accords with the Council's Sustainability Policy (2018) and the three pillars of sustainability (the economy, the environment and social community). The scheme will promote active travel with a specific focus on cycling, as well as providing new sustainable economic development opportunities that will provide community benefits, as well as new facilities for visitors and those working locally.

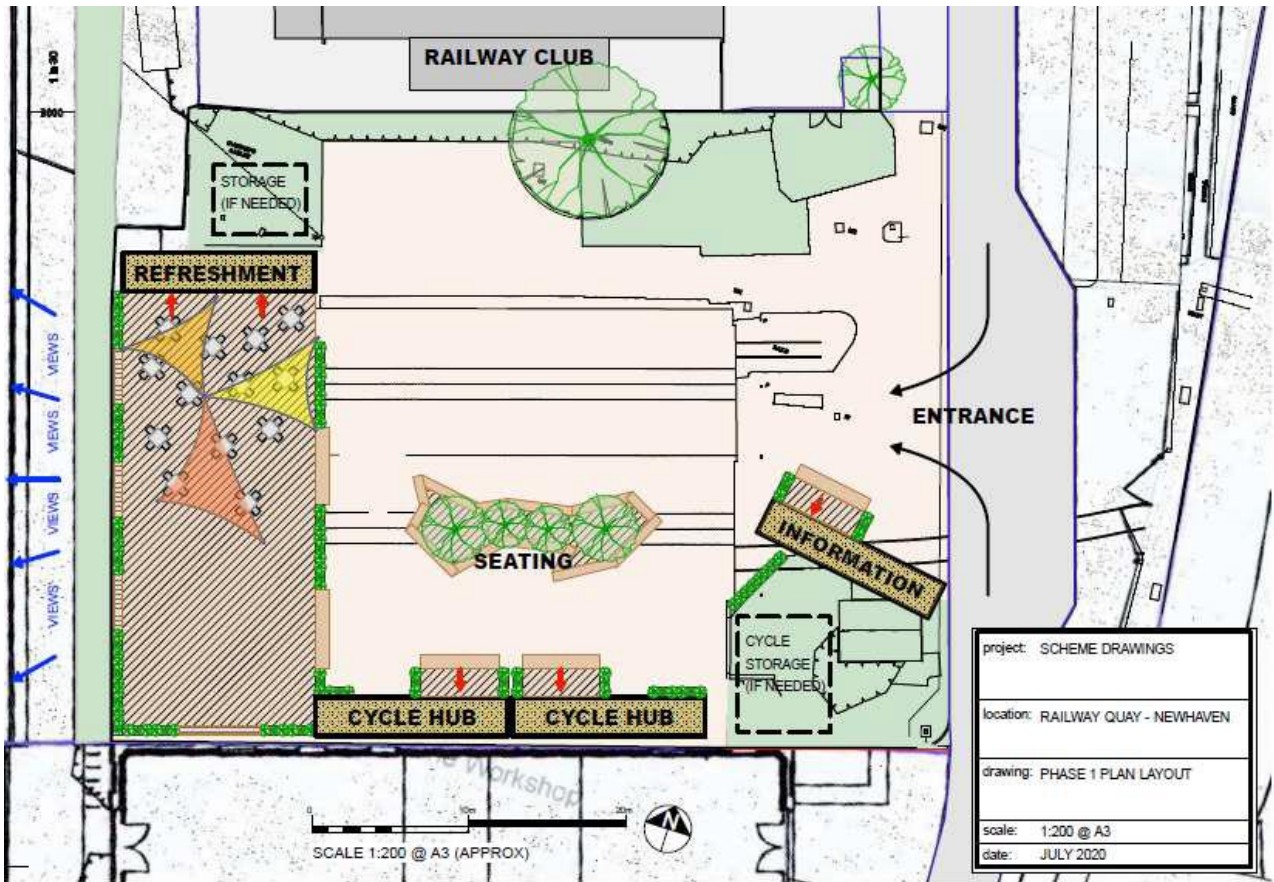
## **12 Appendices**

- Appendix 1 – Indicative Site Layout
- Appendix 2 – Project Risk Register

## **13 Background papers**

- Towns Fund prospectus  
(<https://www.gov.uk/government/publications/towns-fund-prospectus>)
- Towns Fund further guidance  
(<https://www.gov.uk/government/publications/towns-fund-further-guidance>)

# Appendix 1 – Indicative Site Layout





## Appendix 2 – Project Risk Register

Risk No.	Date Raised	Risk Description	Likelihood 1-5*	Impact 1-5*	Risk Rating (autofills)	Owner	15-25 Red High Immediate action required - escalate	8-14 Amber - Significant, review & ensure effective controls	4-7 Yellow - Moderate - monitor regularly or tolerate	1-3 Green - Low tolerate and monitor periodically	Progress on Action	Status (open, waiting, closed, in progress)
							Mitigating Action					
1	30/07/2020	Supply chain will be unable to deliver converted containers in time	2	5	10	NA	Spoken to Turner Works who have confirmed that there are a number of UK companies that can supply. Obtaining a contractor early will help - tender due to be complete by 4 November 2020				Ongoing	
2	30/07/2020	Site operator has the ability to gear up an capacity to manage the site	3	5	15	NA	Early soft market testing shows there is potential however a formal response will need to be seen to determine this				Ongoing	
3	30/07/2020	Winter weather conditions and high water table will prevent the works from being carried out	2	4	8	NA	Most of the ground is hard standing, very little ground works will be undertaken, and containers will be put onto rafters. Unlikely to be a major issue				Ongoing	
4	30/07/2020	Covid resurgence will affect the build and projects	3	5	15	NA	To be kept under review. If Covid affects this project it is likely to affect other projects in the area.				Ongoing	
5	30/07/2020	Unlikely to get planning	2	4	8	NA	Sought early advice from planning. No major issues and ones that there are, we have already considered e.g. conflict with port access.				Ongoing	