

Report to: Cabinet

Date: 10 December 2020

Title: Newhaven – Towns Fund

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

Cabinet member: Cllr James MacCleary, Leader of the Council

Ward(s): Newhaven North and Newhaven South

Purpose of report: To provide an update on progress with the submission to the Towns Fund for Newhaven.

Decision type: Non-key decision

Officer recommendation(s): (1) To note the bid being prepared for submission to the Towns Fund and the decision-making of the Newhaven Town Deal Board.

(2) To authorise the Director of Regeneration and Planning to submit the Towns Fund bid by 29 January 2021 in line with Government requirements.

Reasons for recommendations: (1) The Towns Fund is a £3.6billion Government funding pot. Newhaven has been shortlisted to submit a bid of up to £25m of capital funding that will contribute to economic recovery and growth.

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1 Introduction

Towns Fund

- 1.1 Newhaven is one of 101 towns shortlisted for the Government’s Towns Fund. 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 29 January 2021, as part of the third cohort of bidding towns.
- 1.2 The overarching aim of the Towns Fund is “*to drive the sustainable economic regeneration of towns to deliver long-term economic and productivity growth*”. The core elements of this goal are:

- **Urban Regeneration**

Ensuring towns are thriving places for people to live and work, including by:

- Increasing density in town centres
- Strengthening local economic assets including local cultural assets
- Site acquisition, preparation, remediation, and / or development
- Making full use of planning tools to bring strategic direction and change.

- **Skills and Enterprise Infrastructure**

- Driving private sector investment and small business development
- Ensuring towns have the space to support skills and small business development.

- **Connectivity**

- Developing local transport schemes that complement regional and national networks
- Supporting the delivery of improved digital connectivity.

- 1.3 Members should note that the funding available is primarily capital, and as such must be used to provide infrastructure rather than deliver training programmes or other revenue-funding initiatives. The Towns Fund programme lasts for six years.

2 **Proposal**

Newhaven Town Deal Board

- 2.1 As part of the Towns Fund process, a Town Deal Board was formed. This met for the first time on 12 February 2020 and has met regularly to agree the Vision, Investment Themes and the Interventions proposed for funding via the Towns Fund.

- 2.2 The Town Deal Board is chaired by a private sector businessperson, with representatives from the Council, alongside Maria Caulfield MP, Baroness Whitaker and representatives from Newhaven Town Council, East Sussex County Council, the Greater Brighton Economic Board, South East Local Enterprise Partnership, Newhaven Enterprise Zone, Central Government, community, education and business representatives.

- 2.3 The Board has final sign-off on the Town Investment Plan for Newhaven. Members should note that the Council will be the Accountable Body for any funding if the bid is successful.

Our Vision and Investment Themes

- 2.4 The Vision for Newhaven has been informed by a wide range of strategies and engagement. This includes the Neighbourhood Plan (Newhaven Town Council), LDC's Future High Streets Fund bid, business and community engagement undertaken by the Council and its partners.

- 2.5 The Vision must showcase the 'golden thread' that links all of the proposed Towns Fund interventions together and makes a compelling case on the need for

investment in Newhaven. This work has been informed by a 'Visioning Workshop' held on 6 August 2020 and facilitated by Arup, paid for by the Towns Fund.

- 2.6 The Vision and priority Themes for investment in Newhaven are shown in Appendix 2 to this report.

Accelerated Project Funding

- 2.7 As part of the Government's Covid-19 response, Newhaven was offered £500k to deliver a capital project by March 2021. Six projects were shortlisted, with the Board choosing to bring forward the Railway Quay Hub scheme for meanwhile uses as a priority.

- 2.8 The scheme at Railway Quay is as detailed in the Executive Member Report (dated 7 August 2020), and Members should note that a planning application was submitted in October. Delivery on site is planned to commence in January 2021.

Proposed Strategic Programmes

- 2.9 As part of the development of the Town Investment Plan, a call for projects from partners and Board members resulted in a total of 29 capital projects being submitted. A number of other projects were ruled out as they relied solely on revenue funding. This is not permitted within the Towns Fund.

- 2.10 Following an initial sift, 10 projects were not taken forward. This was due to various factors including cost, deliverability, level of outputs and market failure¹.

- 2.11 The remaining 19 projects have been combined into 7 different strategic programmes. This is to ensure that as much added value is secured as possible, by combining related projects to create a 'critical mass' of interventions that will benefit the community and boost the local economy.

- 2.12 The seven strategic programmes identified are:
- **An Active Community:** delivering land and water-based recreation initiatives to offer greater access to healthy lifestyles for the community.
 - **Re-connecting our Town:** improving accessibility to key residential and business areas for pedestrians and cyclists.
 - **Re-imagining our Town Centre:** a revitalised town centre as a focus for community life.
 - **Building our Economic Strength:** ensuring a strong and diverse economic base, space for business growth and employment opportunities for local residents.
 - **Destination Newhaven:** building on Newhaven's status as a gateway to the South Downs National Park.
 - **Better Journeys for All:** ensuring a comprehensive and sustainable public transport network.
 - **Maintaining Maritime Vitality:** supporting and growing the maritime sector in Newhaven, reflecting the town's heritage.

¹ Government funding is intended to address areas that the private sector will not invest in (ie. there is a market failure).

- 2.13 The detail within these programmes is still being finalised, but the intention is to bid for as close to £25m as possible to maximise the impact of the funding for Newhaven, our residents and our businesses.

3 Consultation

- 3.1 As part of the Towns Fund process, the Board has given due consideration to the extensive engagement that has taken place in Newhaven over recent years. This includes the Neighbourhood Planning process, the work of the Newhaven Enterprise Zone and those of other key stakeholders.
- 3.2 In addition, Government has run the #MyTown campaign for each of the shortlisted towns. This has shown key community focus on areas that are addressed by the seven strategic programmes proposed.
- 3.3 Members should note that a community survey is currently live and will inform the final draft of the Town Investment Plan. Community and business engagement will be ongoing throughout the lifespan of the Towns Fund programme and a detailed Stakeholder Engagement Plan will be prepared and submitted alongside the Town Investment Plan.

4 Corporate plan and council policies

- 4.1 The Council's Corporate Plan 'Re-imagining Lewes District Corporate Plan 2020-2024' sets out a number of areas that will be addressed by Newhaven's Town Investment Plan:

4.2 Building Community Wealth

- 4.3 The strategic programmes identified will contribute to reducing employment inequality, help the Council to prioritise investment into the local economy and increase training and employment opportunities for local residents. The extensive engagement undertaken and proposed will help to ensure that community views and aspirations are firmly embedded within the bid.

4.4 Sustainability and Climate Change

- 4.5 Providing new facilities and routes to enable more walking and cycling fits strongly with this theme of the Corporate Plan. The potential for provision of low-carbon public transport and infrastructure will help lead the ambition for cleaner air in the district – which is particularly important in Newhaven, and its Air Quality Management Area around the Town Centre.

5 Business case and alternative option(s) considered

- 5.1 As noted in Paragraph 2.9, a number of projects have been omitted for various reasons. These are based on the Towns Fund guidance provided by Central Government.

5.2 Given the restrictions of the funding, it is considered that there are no appropriate alternative options to be considered. These have already been considered by the Town Deal Board in keeping with the required governance for this funding.

6 **Financial appraisal**

6.1 The Towns Fund is a £3.6billion Government funding pot, which Newhaven has been shortlisted to submit a bid of up to £25m of capital funding that will contribute to economic recovery and growth. This will be provided as a capital grant to the Council which means it must be spent on capital projects. By their nature capital projects can be challenging to deliver within an exact cost envelope. The proposals in this report will provide flexibility to best ensure that the funding allocated to the Council is used in full and the risk of having to return unused funds is minimised.

6.2 While the fund is 90% capital, generally, the Council will need to ensure that funding bids concentrate on capital spend on tangible assets. There may be a particular need for a small amount of revenue funding – perhaps to support implementation of a capital project. However, this will need to be fully evidenced and will be the exception.

6.3 If the Council is successful in securing the Towns Fund, then it is expected that there will be additional financial reporting, however these details will be outlined in any subsequent future report. As such, there are no additional direct financial implications because of this report at this stage.

7 **Legal implications**

7.1 As the accountable body, LDC will be expected to enter into a funding agreement with Central Government that will set out the detailed terms. The Council will in turn need to enter agreements with each funding recipient to ensure that any funding conditions are met and the council protected from any clawback. The nature of those agreements will depend the project being funded and the conditions attached by Central Government.

7.2 Some projects may be subject to the public procurement rules when being delivered. This may depend on the status of the grant recipient (if they are a contracting authority procuring goods, works or services when spending the funding) or if the projects fall to be considered as “subsidised contracts”. The Council will ensure that any procurement obligations are clear and incorporated into any funding agreements.

7.3 The Council is considering the application of any applicable subsidy rules (such as State Aid and the WTO agreement) as part of the development of its bid submission to ensure that any proposals are compliant. The major change on the horizon though is what happens when the Brexit transition period ends. In September, the Government issued the draft of the State Aid (Revocations and Amendments) (EU Exit) Regulations 2020. If these become law as planned it will mean that as from 31 December 2020 the rules of State Aid will no longer be recognised, available or enforced in England with regard to subsidies provided after that date. The Government’s intention is that the UK will continue to be

governed by the WTO Agreement on Subsidies and Countervailing Measures and any rules forming part of future trade agreements. Further Government guidance is expected along with a consultation on any additional subsidy regime. The scope of the future UK subsidy regime is interconnected with the outcome of the UK-EU negotiations on future economic partnership and so at present it is not possible to be certain what additional rules will apply when the Town Funds are distributed. It is anticipated that this should be clearer before the bid submission is made.

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8 Risk management implications

8.1 The following risks may arise if the recommendations are implemented. It is proposed to mitigate these risks as follows:

Risk	Likelihood	Impact	Mitigation
Failure to secure appropriate Towns Fund funding	Low / Medium	High	Officers have undertaken robust project assessments on all proposals submitted for consideration.
Failure to deliver projects within Towns Fund programme timeframe	Low / Medium	High	Deliverability is one of the key criteria that has been assessed for all proposals submitted.
Funding does not meet needs of Newhaven resident and business communities	Low	High	The Town Investment Plan has been informed by extensive engagement with the community and businesses to ensure needs are met.

9 Equality analysis

9.1 This report is focused on the submission of a strategic funding bid to Central Government. Should the bid be successful, individual strategic programmes will have their own equality analyses undertaken as needed to ensure the Council's statutory duties are met.

10 Environmental sustainability implications

10.1 There are no significant environmental sustainability effects as a result of the recommendations in this proposal. Indeed, some of the strategic programmes accord strongly with the Council's environmental aims.

10.2 However, should Government funding be forthcoming, the potential impact of each strategic programme will be considered in greater detail as required.

11 **Appendices**

- 11.1
 - Appendix 1: The Towns Fund Process
 - Appendix 2: Vision and Themes for Newhaven

12 **Background papers**

- 12.1 The background papers used in compiling this report were as follows:
 - [Towns Fund Further Guidance](#).