

Report to: Cabinet

Date: 8 July 2021

Title: Re-imagining Newhaven

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

Cabinet member: Cllr James MacCleary, Leader of the Council, Chair of Cabinet and Cabinet member for regeneration and prosperity

Ward(s): All Newhaven Wards

Purpose of report: Update on the Future High Streets Fund project

Decision type: Non-key decision

Officer recommendation(s):

- (1) To note the Future High Streets Fund capital grant award from MHCLG and that this represents a considerable achievement for the Council.
- (2) To note the timescales to deliver the Re-imagining Newhaven programme.
- (3) To delegate authority to the Director of Regeneration and Planning, in consultation with the Lead Member for Regeneration and Prosperity, to:
 - (a) enter, or authorise entry into, all necessary documentation with MHCLG to receive the Future High Street Fund grant;
 - (b) carry out all necessary actions to deliver the Re-imagining Newhaven programme including undertaking feasibility work, procurement and appointment of the professional team, development and determining the terms of, and authorising the execution of, all necessary documentation, including the procurement and appointment of an operator.
- (4) To delegate authority to the Director of Regeneration and Planning, in consultation with the Lead Member for Finance and Chief Finance Officer, to make an allocation within the General Fund Capital Programme for the co-funding part of the Re-imagining Newhaven programme, subject to further finance and legal advice, also subject to a sound business case.

Reasons for recommendations: (1) A grant offer letter has been received from MHCLG on 03/06/21 confirming the funding award.

(2) Newhaven remains a regeneration priority for the Council, building upon Enterprise Zone designation and investment from a range of partners, and the formation of the Newhaven Town Deal.

(3) The Re-imagining Newhaven programme strongly aligns with the Council's Community Wealth Building Pillars.

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1 Introduction

- 1.1 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.
- 1.2 The FHSF operates as a two-stage application process, with an Expression of Interest submitted to MHCLG in 2019, followed by a detailed business case submitted in June 2020. Further clarification exercises were completed in October 2020, February 2021 and March 2021.
- 1.3 LDC received the FHSF grant offer letter on 03/06/21 confirming the £5,004,938 capital award for the Re-imagining Newhaven programme. Bidding for the Future High Streets Fund was a highly competitive process for the oversubscribed fund. Securing the capital funding represents a considerable achievement for the Council.
- 1.4 The FHSF grant is paid over the lifespan of the fund, meaning that LDC will receive payments in the financial years 21/22, 22/23 and 23/24 in accordance with the business plan provided to Government. All payments are less a 5% contingency, which is withheld by Government and must be claimed in the relevant financial year.
- 1.5 MHCLG require all grant funded interventions within the programme to be delivered by 31 March 2024.

1.6 FHSF requires a commitment of co-funding to support the delivery of town centre transformation programmes. Therefore, the Re-imagining Newhaven programme is a package of interventions funded by the FHSF capital grant as well as co-funding.

2 Proposal

2.1 The Re-imagining Newhaven programme is a package of interventions to transform underutilised and vacant commercial properties in the heart of Newhaven town centre. The programme will create a place-led, integrated and strengthened Town Centre that brings new and diversified uses to serve resident, business and visitor communities, with an expanded range of services to generate and maintain a sustainable footfall. It strongly aligns with principles of retaining wealth locally and providing opportunities for local entrepreneurs, micro-businesses and SME's.

2.2 The Re-imagining Newhaven programme has five main elements:

- **Creative & Wellbeing Hub** - providing a mixture of co-working and public spaces, studios, meetings spaces, café and retail area primarily targeted at creative industries and wellbeing providers on the ground floor of the disused supermarket.
- **Urban Living Room** - transforming the upper levels of the underutilised Dacre Road car park into a multi-purpose community and entertainment facility.
- **Community Healthy Living & Sustainability Hub** - creating a community supermarket and community kitchen on the lower ground floor of the disused supermarket.
- **Connectivity & Access** – connecting the town centre with key residential and business areas to increase footfall and dwell time.
- **Town Centre Events Programme** – a coordinated programme of events and activities to attract footfall and increase dwell time in the high street.

All of these elements are subject to final Due Diligence to ensure their long-term viability and sustainability.

2.3 Indicative timescales for the Re-imagining Newhaven programme are as follow:

Activity	Estimated completion
Extended feasibility	July 2021
Operator procurement	October 2021
Appoint professional team	August 2021
Planning process	February 2022
Contractor specification and procurement	June 2022
Contractor appointment	July 2022
Construction phase	March 2023
Handover	April 2023
Operational phase	May 2023+

3 Outcome expected and performance management

3.1 Re-imagining Newhaven objectives:

- Job creation.
- To help make Newhaven Town Centre an attractive place to live, work and visit - daytime and evening.
- To transform disused and underutilised commercial properties in the heart of the Town Centre into financially and commercially sustainable destinations.
- To provide new commercial space for start-up businesses and local entrepreneurs.
- To increase footfall and dwell time in the Town Centre.
- To deliver a scheme that will act as a catalyst and support for the planned regeneration both within the Town Centre and widespread across Newhaven.
- To improve connectivity and accessibility in Newhaven resulting in positive impact on quality of life and footfall.
- To improve the sightlines into the Town Centre.

3.2 To support project delivery, a Programme Board will be set up to oversee progress and manage the successful delivery throughout the programme. The project team will be responsible for fulfilling the robust monitoring and evaluation reporting requirements of central Government, and a new post has been recruited within the Regeneration service to assist with maintaining the Programme's Monitoring and Evaluation Plan.

4 Consultation

4.1 Briefings have been provided via updates to Newhaven Ward Councillors, Informal Cabinet, the Enterprise Zone Strategic Board and the Newhaven Town Deal Board. Ongoing regular stakeholder consultation is governed by the programme's engagement and communication plan which involves a wide range of stakeholders.

5 Corporate plan and council policies

5.1 The Council's Corporate Plan 'Re-imagining Lewes District Corporate Plan 2020-2024' sets out the following areas that will be addressed by the Re-imagining Newhaven programme.

5.2 Building Community Wealth

The Re-imagining Newhaven programme will contribute to reducing employment inequality through provision of new opportunities, help the Council to prioritise investment into the local economy and increase opportunities for start-up businesses and local entrepreneurs through provision of new affordable workspace. This will help to retain more wealth locally.

5.3 Sustainability and Climate Change

Providing new connectivity and active travel routes to encourage more walking and cycling fits strongly with this theme of the Corporate Plan and will also support visitors to access key locations in Newhaven by foot and bicycle. Equally, by re-purposing existing buildings, the programme aims to help reduce the Council's carbon footprint.

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

- 6.1 A number of options were considered and appraised for the FHSF business case submission and were assessed on the basis of their impact on the 5-case model used by Government assessors. This is based on information provided by Government on the key assessment criteria.

7 **Financial appraisal**

- 7.1 LDC has been awarded a Future High Streets Fund capital grant of £5,004,938 to support the viability and diversity of Newhaven town centre. This grant will be paid over three years in line with the business case submitted and the Grant Offer Letter received. There is a FHSF requirement that projects be co-funded. The details of the overall programme cost are provided in the Exempt Appendix 1 as contractor procurement has not yet commenced.

- 7.2 The Future High Streets Fund (FHSF) is subject to compliance with the MHCLG funding agreement and associated conditions. The funding is principally capital and is predicated on match funding secured through public sector and private-sector sources. Any funding matched to the programme will be through an allocation within the General Fund Capital Programme.

- 7.3 The allocation will be facilitated through review, and prioritisation of the Capital Programme. Spending will be drawn down on an individual business case basis – requiring demonstration of the value of the investment either in terms of outcomes, through regenerating high streets, and/or financial benefits achievable. Where appropriate, staffing costs relating to capital project delivery will be included in project costs at a rate which is proportionate and permissible within the funding terms.

8 **Legal implications**

- 8.1 The Council has not yet received the final funding documents, but has been provided with outline drafts of the funding letter and Memorandum of Understanding under which the grant will be awarded. MHCLG are awarding this grant under Section 31 of the Local Government Act 2003 and it will be subject to its standard local authority grant conditions. The MOU sets out the principles and practices that will apply to the working relationship between MHCLG and the Council.

As part of the extended feasibility process, additional legal due diligence will be undertaken in relation to the project and specific assets within the project scope

which will include ensuring compliance with the UK subsidy control regime where applicable.

All professional appointments, the appointment of the operator and other contracts will be made in accordance with the Council's Contract Procedure Rules (CPR) and subject to prior legal advice.

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9 Risk management implications

9.1 The full risk register has been submitted to MHCLG and will be maintained as part of the Council's project management procedures.

Key risks:

Risk	Impact	Likelihood	Mitigation
Failure to deliver projects within the Re-imagining Newhaven programme timeframe	4	2	Deliverability is one of the key criteria that has been assessed for all proposals submitted in the business case, although Government delays has reduced the delivery timeframe.
Funding does not meet the needs of Newhaven's residents, businesses, and visitors	4	1	The Re-imagining Newhaven programme has been informed by engagement with the local community and businesses to ensure needs are met.
Construction costs exceed the tolerance that is built into the estimated capital cost proposal	3	2	Some condition surveys have already been carried out on 10 Newhaven Square. The cost proposal has been verified by a QS, but additional studies have now been commissioned by Commercial Business to ensure deliverability within the stated cost parameters.

10 Equality analysis

10.1 An Equality and Fairness Analysis for Re-imagining Newhaven has been undertaken.

The following potentially positive Impacts include:

- Street level access to the Creative Hub and Community Healthy Living & Sustainability Hub, meaning better accessibility for disabled people, people with mobility issues, their carers and also people with pushchairs.
- New improved floor surface and additional lighting in the Dacre Road car park.
- Installation of new lift to enable access to the Urban Living Room.
- Accessible new wayfinding routes and signage.
- Community Kitchen and other activities that may help tackle social isolation and promote cohesive communities.

A copy of the full analysis is available on request from equalitiesemail@lewes-eastbourne.gov.uk.

11 Environmental sustainability implications

- 11.1 This report contains proposals that are focused on supporting regeneration and sustainable economic growth that benefits our local communities.
- 11.2 The Re-imagining Newhaven programme seeks to re-use existing assets to provide additional local economic value from Council interventions. The programme will also deliver improved access and connectivity into the town centre from surrounding residential and employment areas. This will support modal shift through increasing the attractiveness of the walking and cycling environment.

12 Contribution to Community Wealth Building

- 12.1 The Re-imagining Newhaven programme will actively contribute to the Council's 5 Pillars of Community Wealth Building.
- 12.2 Anchor commissioning and procurement – LDC led procurement for professional appointments, contractors and operators will support local businesses and local jobs.
- 12.3 Socially productive use of land and property – supporting local jobs and enterprise to generate local wealth. The Programme will ensure maximum wealth is produced through construction. Place-making is at the heart of Re-imagining Newhaven programme, enabling the town centre to adapt and thrive. The Programme aims to boost town centre activity by increasing footfall and dwell time throughout the town centre and high street,
- 12.4 Fair employment and just labour markets – the Re-imagining Newhaven programme will generate local jobs and create new opportunities for local entrepreneurs. The Programme will also provide local supplier opportunities within the construction and operational stages and beyond.
- 12.5 Making financial power work for local places – the Programme aims to act as a catalyst and support for planned regeneration both within the town centre and widespread across Newhaven.
- 12.6 Grow local and community ownership of the economy – the interventions being delivered by the Programme will provide opportunities for local enterprises to thrive and grow and retain wealth within the local area. The creation of new community and creative spaces and the community supermarket & community kitchen will have a fundamental focus on local suppliers.

13 Appendices

- Exempt Appendix 1 – Re-imagining Newhaven Programme Spend Profile

14 **Background papers**

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

- None