

Report to: Cabinet

Date: 11 November 2021

Title: Newhaven Town Deal - Update

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

Cabinet member: Councillor Zoe Nicholson, Leader of the Council, Chair of Cabinet and Cabinet member for finance and assets

Councillor James MacCleary, Deputy Leader of the Council and Cabinet member for growth and prosperity

Ward(s): All Newhaven Wards

Purpose of report: To provide an update on the Newhaven Town Deal and delegate authority to sign off business cases to unlock grant funding

Decision type: Key decision

Officer recommendation(s): (1) To note the Newhaven Town Deal offer of £19.3 million from Government.

(2) To delegate authority to the Director of Regeneration and Planning, in consultation with the Chief Finance Officer, Leader and Lead Member for Regeneration and Prosperity to:

- (a) Review and sign-off completed business cases for each of the 7 Strategic Programmes within the Newhaven Town Deal, to unlock funding from Government;
- (b) Enter, or authorise entry into, all necessary documentation with the Department for Levelling Up, Housing and Communities (DLUHC) to receive the advanced funding (as specified in paragraphs 4.1 to 4.3 below) and the subsequent Town Deal funding;
- (c) Enter, or authorise entry into, all necessary documentation with Delivery Partners, to ensure that appropriate monitoring and evaluation of target outcomes is undertaken in line with the Council's procedures and processes.

Reasons for recommendations: (1) The Council received an offer of £19.3million for the Newhaven Town Deal on 15 July 2021. Following this offer,

Heads of Terms for the Newhaven Town Deal were signed by the Chief Executive, as well as the Chair of the Newhaven Town Deal Board.

(2) To unlock funding, detailed business cases in line with the HM Treasury Green Book must be provided for each of the 7 Strategic Programmes outlined in the Town Investment Plan.

(3) DLUHC requires the Council – as the Accountable Body for the funding – to follow its usual assurance processes to sign-off all business cases and allow the funding to be unlocked.

(4) DLUHC has offered the Council an advance of 5% of the total funding offer to be spent before the end of the 21/22 financial year.

(5) Newhaven remains a regeneration priority for the Council, building upon the Enterprise Zone, FHSF and other funding secured. The regeneration programme fits strongly with the Council’s Community Wealth Building focus.

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1 Introduction

1.1 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.

The Towns Fund is a central part of the Government's 'levelling up' agenda.

- 1.2 The Towns Fund is primarily capital funding and is intended to fund the interventions identified in 'This is Newhaven', which is the Town Investment Plan (TIP) submitted by the Council in January 2021. The Plan was developed with the Newhaven Town Deal Board, which comprises a range of public, private and community stakeholders including Maria Caulfield MP, South East Local Enterprise Partnership and Newhaven Town Council. The Board is chaired by a private sector businessperson.
- 1.3 The TIP set out an overarching vision, underpinned by 5 core themes and a number of guiding principles. The Plan identified seven Strategic Programmes for investment and a total Government funding ask of just under £24.7million.

2

Strategic Programme	Component Projects	Total Towns Fund Ask (£)	Total Programme Cost incl. Co-Funding (£)
Re-connecting our Town	<ul style="list-style-type: none"> • Pedestrian Gateway • Wayfaring & Visitor Trails 	£1,057,027	£1,307,273
Building our Economic Strength	<ul style="list-style-type: none"> • Norton Road Business Park • Avis Way Improvement Plan • Social Enterprise Incubator • The Old Boatyard • Business Grants Programme 	£5,430,190	£20,579,320
Re-imagining our Town Centre	<ul style="list-style-type: none"> • Community & Creative Hub 	£1,305,700	£1,357,700
An Active Community	<ul style="list-style-type: none"> • Eastside Recreation Ground • Fort Road Rec Ground • Newhaven FC • Denton Island Slipway 	£3,421,000	£4,469,000
Destination Newhaven	<ul style="list-style-type: none"> • Newhaven Fort 	£5,841,000	£7,041,000
Better Journeys for All	<ul style="list-style-type: none"> • Hydrogen Hub • Multimodal Superhubs • Body, Paint & Trim Facility 	£6,473,500	£6,573,500
Maintaining Maritime Vitality	<ul style="list-style-type: none"> • Marine Gateway 	£1,155,000	£1,155,000
TOTAL		£24,683,416	£42,482,792

- 2.1 On 15 July 2021, the Council received a Town Deal offer for the above Strategic Programmes, worth up to £19.3million. This award represents one of the highest offers per head of population in the Towns Fund¹ and is a significant achievement for the Council and the Newhaven Town Deal Board. Heads of Terms for the Town Deal were signed by the Chief Executive, following the Leader's Executive Decision of 23 July 2021.

3 Project Re-Prioritisation

¹ Analysis of all Town Deals by Officers highlights that Newhaven has been offered the 13th highest award – per head of population – in the country.

- 3.1 Following the Town Deal offer and signed Heads of Terms, Officers led the Newhaven Town Deal Board through a process to re-prioritise the listed projects to find savings totalling approximately £5.4million. This is due to the Town Deal offer representing around 78% of the original funding ask.
A meeting of the Newhaven Town Deal Board was held on 27 August, at which it was agreed that the revised project list for submission would be as follows:

3.2

Strategic Programme	Component Projects	Original Ask (£)	Revised Ask (£)
Re-connecting our Town	<ul style="list-style-type: none"> • Pedestrian Gateway • Wayfaring & Visitor Trails 	£1,057,027	£1,057,027
Building our Economic Strength	<ul style="list-style-type: none"> • Social Enterprise Incubator • Business Grants Programme 	£5,430,190	£1,086,273
Re-imagining our Town Centre	<ul style="list-style-type: none"> • Community & Creative Hub 	£1,305,700	£1,305,700
An Active Community	<ul style="list-style-type: none"> • Eastside Recreation Ground • Fort Road Rec Ground • Newhaven FC • Denton Island Slipway 	£3,421,000	£3,421,000
Destination Newhaven	<ul style="list-style-type: none"> • Newhaven Fort 	£5,841,000	£5,841,000
Better Journeys for All	<ul style="list-style-type: none"> • Hydrogen Hub • Body, Paint & Trim Facility 	£6,473,500	£5,434,000
Maintaining Maritime Vitality	<ul style="list-style-type: none"> • Marine Gateway 	£1,155,000	£1,155,000
TOTAL		£24,683,416	£19,300,000

- 3.3 The rationale for this decision was that two of the original projects were no longer deliverable, and the retained project list sought to maximise community benefit and positive social and economic outcomes from the funding.

- 3.4 Aside from these positive outcomes, it is estimated that a further £3.2million of match funding will also be unlocked. Much of this (£2.55million) is additional public sector contributions from Lewes District Council and Newhaven Town Council to help deliver key projects. It is recognised that this is a significant contribution towards overall Town Deal delivery. The remaining contribution is from the private sector.

- 3.5 It is important to note that this match funding is that required to deliver the projects. All projects will also lead to significant further funding requirements as part of the ongoing operation and maintenance of facilities. This will be set out in detail in the Financial Model as part of the overall business case for each of the Strategic Programmes.

4 Advanced Funding

- 4.1 In addition, and following the Town Deal offer, DLUHC has offered all towns an advance of a maximum of 5% of the funding offer. This money will be advanced to the Council to commence delivery of the prioritised projects in advance of the business case development process.

4.2 For Newhaven, this equates to £965,000. The priorities for this funding have been identified through detailed discussions with Project Sponsors and was agreed with the Newhaven Town Deal Board on 22 October.

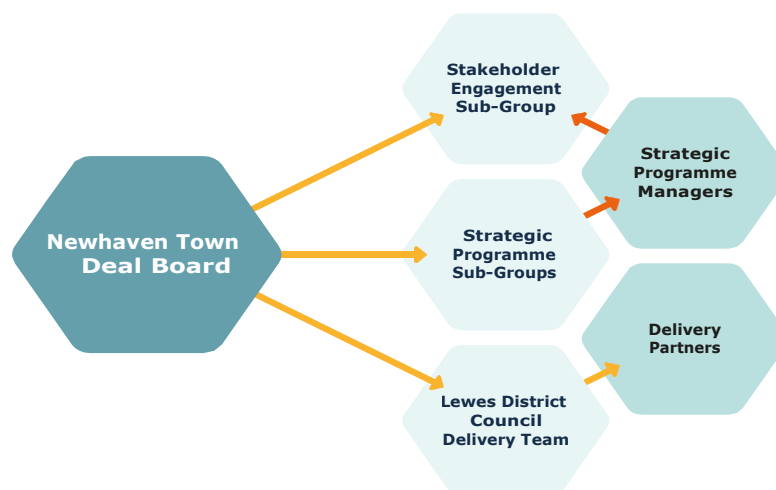
4.3 It is important to note that this is not additional funding. The advanced funding forms part of the overall £19.3million Town Deal offer. As such, any advances will be subject to the same scrutiny as proposed for all business cases.

5 The Business Case Development Process

5.1 Following the Heads of Terms and project re-prioritisation, business cases are being developed in priority order, based on the revised project list. Each business case must follow the requirements of the 5-case model as set out in HM Treasury’s Green Book²:

The Case	The Question	What the business Case must Demonstrate	
Strategic Case	Is the proposal needed?	Will it further the aims and objectives?	Is there a clear case for change?
Economic Case	Is it value for money?	has a range of options been considered?	Is it a balance of cost, benefits and risk?
Commercial Case	Is it viable?	Is there a supplier who can meet our needs?	can we secure a value for money deal?
Financial Case	Is it affordable?	are the costs realistic and affordable?	is the required funding available and supported?
Management Case	Is it achievable?	are we capable of delivering the project?	do we have robust systems and processes in place?

5.2 The Council is the Accountable Body and will be responsible for managing and administering funds on behalf of the Newhaven Town Deal Board. To support delivery of the business cases, the following structure has been agreed by the Board:



5.3 Each Strategic Programme Sub-Group is chaired by a different member of the Newhaven Town Deal Board, supported by Officers from the Council’s Regeneration team. Following finalisation of business cases, these will be submitted to the Council for a further review by the Head of Regeneration, Deputy Chief Financial Officer and Head of Legal Services.

² The Green Book is guidance issued by HM Treasury on how to appraise policies, programmes and projects. It also provides guidance on the design and use of monitoring and evaluation before, during and after implementation.

- 5.4 Following the completion of this process, the business cases will be ratified by the Director of Regeneration and Planning and the Chief Finance Officer. Accordingly, it is recommended that Cabinet agrees to delegate authority to review and sign-off business cases to ensure that funding can be unlocked and expedite project delivery.

6 Consultation and Engagement

- 6.1 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.
- 6.2 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.
- 6.3 A 'Virtual Exhibition' and an online community survey were also utilised to engage with the local community despite the challenges created by the Covid-19 pandemic and informed the Town Investment Plan. Community and business engagement will be ongoing throughout the lifespan of the Towns Fund programme.

7 Corporate plan and council policies

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

7.2 Building Community Wealth

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 project delivery.

7.3 Sustainability and Climate Change

Providing enhanced greenspaces 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.

- 7.4 The Newhaven Town Deal also fits strongly with the ambitions for the Newhaven Enterprise Zone and the recently secured FHSF funding for the 'Re-imagining Newhaven' programme. It is a further step in the successful place-making and management strategy that is supporting the 'levelling up' of Newhaven.

8 Business case and alternative option(s) considered

- 8.1 As per the previous reports to Cabinet (December 2020) and to the Leader (July 2021), the Town Investment Plan was developed with a full range of stakeholder and community involvement and projects are due to be delivered by a range of partners.
- 8.2 It is therefore 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.

9 Financial appraisal

- 9.1 A robust assurance process has been designed by Officers, which will involve significant input from the Finance service. This has been designed to ensure that business cases are appropriate for the level of funding required and continue to align with the purpose of the Towns Fund.
- 9.2 The Council will be the Accountable Body for the funding secured through the Towns Fund and it is imperative that business cases are robust and compliant with the Green Book prior to sign-off by the Council's Section 151 Officer.
- 9.3 Any projects that are being led by the Council will be the subject of separate reports to Cabinet to ensure appropriate authorisation to proceed from Members.

10 Legal implications

- 10.1 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 is protected from any clawback. The nature of those agreements will depend on the project being funded and the conditions attached by Central Government.
- 10.2 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.
- 10.3 The council will need to consider the application of any applicable subsidy rules before passing on any funding to ensure that any funding given is lawful. Under the Subsidy Control regime applicable from 1 January 2021 the UK has committed to introducing its own domestic subsidy control regime which includes the requirements set out in the UK-EU Trade and Cooperation Agreement (TCA) and other trade agreements. The Government introduced the Subsidy Control Bill to parliament on the 30 June 2021 which will apply to any funding granted after it becomes law.

11 Risk management implications

11.1 Detailed risk registers for each Strategic Programme will be produced as part of the business case development process. The headline risks, below, focus on delivery of the overall Newhaven Town Deal.

Risk	Impact	Likelihood	Mitigation
Funding does not meet the needs of Newhaven's residents, businesses, and visitors	4	1	The programme has been informed by detailed engagement with the local community, businesses and Newhaven Town Deal Board to ensure needs are met.
Failure to deliver projects within the Towns Fund programme timeframe and / or budget allocations	4	1	Each business case will be produced in accordance with the Green Book, ensuring that projects are achievable, affordable and deliverable.
Business cases produced do not meet Government criteria and / or follow Best Practice guidance	5	1	Experienced consultants have been retained to support the business case development process alongside the Newhaven Town Deal Board.

12 Equality analysis

12.1 This report is focused on the business case development process and the delegation of authority to members of the Council's Corporate Management Team. As part of the sign-off process, each business case will need to produce a thorough assessment of impact in line with the Public Sector Equalities Duty.

12.2 The HoT require a programme-wide level impact assessment to be undertaken as part of the monitoring and evaluation of project effectiveness post-delivery. This PSED will consider whether the Programmes would have an impact on protected characteristics and, if so, confirm mitigation. This will be reported to Cabinet as appropriate.

13 Environmental sustainability implications

13.1 There are no significant environmental sustainability implications as a result of the recommendations in this report. Indeed, some of the Strategic Programmes accord strongly with the Council's environmental aims.

13.2 However, as business cases are developed, the potential impact of each Strategic Programme will be considered in greater detail as required.

14 Contribution to Community Wealth Building

14.1 The TIP and subsequent Newhaven Town Deal have been developed with the principles of Community Wealth Building in mind.

- 14.2 Anchor commissioning and procurement – the Council will support procurement for all projects being delivered through the Town Deal. This will, where possible, support local businesses and local jobs.
- 14.3 Many of the projects focus on generating local wealth through employment creation, enhanced place-making and supporting investment in much needed green and blue infrastructure.
- 14.4 The Newhaven Town Deal will act as a catalyst and support planned regeneration across Newhaven, linking with existing initiatives. This is demonstrated through the Accelerated Project – The Sidings at Railway Quay – which opened earlier this year.

15 **Appendices**

- None

16 **Background papers**

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

- [This is Newhaven – our Town Investment Plan](#)
- [HM Treasury Green Book](#)