

Report to: Cabinet

Date: 11 July 2024

Title: Newhaven Square - Health & Wellbeing Hub

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

Cabinet member: Councillor Zoe Nicholson, Leader of the Council and Cabinet member for finance, assets and community wealth building

Ward(s): Newhaven South

Purpose of report: To drive forward the Newhaven Square – Health & Wellbeing Hub project, forming part of the Reimagining Newhaven programme, into the delivery phase.

Decision type: Key decision

Officer recommendation(s):

- (1) To approve the Newhaven Square – Health & Wellbeing Hub scheme financial appraisal and business case in accordance with Appendix 1 (Exempt), forming part of the Reimagining Newhaven programme.
- (2) To delegate authority to the Assistant Director – Property and Development, in consultation with the Director of Finance and Performance (S151 Officer) and the Lead Member for Finance, Assets and Community Wealth Building, to make an allocation within the General Fund Capital Programme and to take all necessary actions to deliver the project, including determining, executing and completing all leases, contracts, and all other related documentation.

Reasons for recommendations: To provide the required approvals to deliver the Newhaven Square – Health & Wellbeing Hub project.

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1 Introduction

- 1.1 This report provides Cabinet with an update on progress relating to the project known as Newhaven Square (Health & Wellbeing Hub), which forms part of the wider Reimagining Newhaven programme.

2 Background

- 2.1 The transformation proposals for Newhaven Square have evolved significantly since the original Future High Streets Fund (FHSF) bid submitted in March 2019, which focused on several key themes to re-imagine the town center at a time when the retail sector was declining nationally and therefore sought to re-purpose a number of vacant assets within the control of the council.
- 2.2 Over the past 5 years, the national landscape and operating environment of the council has changed dramatically. The outcomes of BREXIT, the Covid-19 pandemic, Russia's invasion of Ukraine, and even more recent global events have had unprecedented impacts on the UK economy and led to increasing pressures on front-line public services. This, together with the consequential effects on the construction industry including cost inflation, supply chains, and labour shortages, meant that a change in approach was needed to ensure that the needs of Newhaven residents were accurately reflected in the proposals.
- 2.3 During this time, the council was asked to support health partners to help find solutions to resolve pressures on the primary care system. At risk of losing their existing premises and underpinned by a greater need to provide a wider range of enhanced local services, the council immediately got to work with NHS Sussex, Quayside Medical Practice, and Chapel Street Surgery to find collaborative, asset-led solutions to the problem.

Alongside, the council's long-standing partnership with Wave Active became integral to the discussions given their existing presence within the town center and heightened importance of exercise and social interaction, for both physical and mental wellbeing, since the pandemic. The ability to take pressure off the health service by utilising alternative support options quickly became a key component.

- 2.4 As we embarked on this journey and navigated through the challenges of delivering "health hubs", the original proposals for Newhaven Square and essential on-site structural safety works that had already commenced had to be paused. This was to ensure that the council and our public sector partners took the required time to co-design a different approach that would shift the design and delivery of the buildings being targeted for transformation.
- 2.5 Fast forward to September 2023, Cabinet considered and approved the Reimagining Newhaven programme and Investment Plan as part of the government Simplification Pathfinder Pilot, consolidating three grant funding streams into one including:

- FHSF

- Towns Deal
- Levelling Up Fund (LUF) Round One

This Investment Plan captures the new proposals and latest designs for Newhaven Square, as approved by Planning Committee in July 2023, to deliver a transformative town centre Health & Wellbeing Hub including:

- New GP Surgery and Primary Care Network (PCN) in the majority of the former Co-Op (10 Newhaven Square)
- New GP Surgery in the former Peacocks (5-8 Newhaven Square)
- New Creative Hub (within part of 10 Newhaven Square)
- New Wave Active facilities, an extension to Seahaven Swim and Fitness Centre (within part of 10 Newhaven Square)
- Refurbished car park to support the proposals (Dacre Road multi-storey)

In addition, but outside of the formal Simplification Pathfinder Pilot, the council will also be looking to incorporate a new pharmacy within 9 Newhaven Square that complements the integral health and wellbeing local offer and forms part of the enclosed business case.

- 2.6 The PCN will build upon existing primary care services working in partnership with community, mental health, social care, pharmacy, hospital, and voluntary services. This will enable a greater provision of proactive, personalised, coordinated, and more integrated health and social care within the town for local people.

The relationship between health, fitness, and exercise is cyclical and will promote increased wellbeing opportunities.

- 2.7 The delivery of the whole programme will achieve the following key objectives:
- Job creation
 - Help to make the town centre an attractive place to live, work and visit
 - Transform disused and underutilised commercial town centre assets.
 - Provide new commercial space for start-up businesses and local entrepreneurs
 - Increase footfall and dwell time in the town centre
 - Deliver a scheme that will act as a catalyst for planned regeneration
 - Improve wayfinding and accessibility
 - Improve the sightlines into the town centre

- 2.8 The delivery of a new health hub is not without its challenges, where the sector nationally has competing priorities and significant financial challenges, exacerbated here by the regeneration and redevelopment of vacant brownfield assets. However, with a lot of hard work, dedication, and solution-driven discussions, the aspirations for Newhaven Square are soon to become a reality and just shows the strength of how public sector partnerships can make real, positive change locally.

3 Progress

3.1 Since the last update to Cabinet in February 2023, the council has:

- Secured planning permission for the Newhaven Square project
- Completed phase 1 of the upgrading to the Dacre Road car park
- Procured a main contractor to develop the detailed design
- Approved an updated Investment Plan to align the deliverables of the Newhaven Square project
- Agreed Heads of Terms (HoT) with key stakeholders and developed Agreements for Leases (AFLs)
- Continued positive working with NHS partners to agree lease terms and rent levels
- Finalised the specification to meet the required standards of NHS Sussex for GP surgeries in refurbished buildings
- Submitted an additional planning application to install new lighting and external green living wall systems to the Dacre Road car park

3.2 The main contractor has been appointed through a Pre-Contract Services Agreement (PCSA) to finalise and develop the approved planning design. This has progressed into detailed design packages, which have been competitively priced, enabling the council to finalise lease agreements with the proposed tenants and enter into the main development contract.

4 Programme

4.1 The current timeline for the project through to completion is:

- Q2 2024/25 – Appoint main contractor.
- Q2 2024/25 – Execute AFLs with both GP surgeries, pharmacy and Wave Active.
- Q2 2024/25 – Main contractor start on site.
- Q2 2024/25 – Re-open part of the top deck at Dacre Road Car Park (part will remain closed for the main contractors use).
- Q3 to Q4 2024/25 – Progress an Expressions of Interest (EOI) exercise to secure an operator for the Creative Hub space.
- Q4 2025/26 – All works complete.
- Q1 2026/27 – All areas operational.

4.2 As outlined above in the current timeline, the execution of the main development contract and AFLs with tenants will happen simultaneously. This is to ensure that the end tenants are contractually committed to the development project, before the council enters into the main contract.

5 Consultation

5.1 The draft Investment Plan had been shared and agreed internally with the Leader of the council, Legal Services team, and the S151 Officer. The Investment Plan

was also shared with the Newhaven Town Deal Board (now Re-imagining Newhaven Board) who agreed its contents prior to submission to government.

- 5.2 Public consultation has been carried out as part of the planning process.
- 5.3 A detailed consultation plan is being developed to ensure engagement with local residents and businesses continues throughout the development phase. This will include updated designs and information to the extensive site hoarding and signage around the sites.

6 Corporate plan and council policies

- 6.1 The Newhaven Square project supports the *Re-imagining Lewes District Corporate Plan 2024- 2028*, specifically Community Wealth & Wellbeing, which includes:
 - To complete the Pathfinder Pilot regeneration projects in Newhaven.
 - Supporting our NHS partners to improve delivery through local health hubs.
 - To use our land and assets to benefit the local community and businesses.
- 6.2 The Pathfinder Pilot also supports the council's planning policy key strategic objectives under core policy 4 'Encouraging Economic Development and Regeneration'.
- 6.3 As already outlined, the delivery of this project will have a significant impact and transformative effect on Newhaven town centre. Not only reutilising vacant public sector assets but also bringing enhanced primary care and wellbeing services to local residents.

It cannot be overstated how much time and effort has been taken to see these proposals come forward, supported by partners and other key stakeholders, at a time of continued market volatility.

7 Business case & financial appraisal

- 7.1 As set out, considerable progress has been made since cabinet last considered the project in February 2023. This progress has resulted in additional surveys and investigations, which have identified additional works and upgrades to 5-8 and 10 Newhaven Square to meet the specification requirements of NHS Sussex. Additional areas (i.e., the pharmacy) have also been added into the scope.
- 7.2 Even though the overall budget has increased to meet the higher specification, the appointment of a main contractor through the PCSA to carry out the investigation works has resulted in more accurate pricing and reduced the risk of unforeseen costs to the council.
- 7.3 The financial appraisal and business case, including fully priced scheme considering the increased scope of works and specification as well as the agreed rent levels, has now been prepared and enclosed within Appendix 1 – exempt. This includes reasonable assumptions made in relation to the cost of borrowing and Minimum Revenue Provision (MRP) in-line with the CIPFA Prudential Code for Capital Financing.

- 7.4 The flexibilities afforded by the Pathfinder Pilot and revisions within the approved Investment Plan have resulted in an increased grant allocation. Also, as the project includes major infrastructure upgrades, the council applied for additional Community Infrastructure Levy (CIL) funding, subject to final cabinet approval, included within the financial appraisal assumptions. The combined result reduces the council's overall level of borrowing and meets the updated budget requirements.
- 7.5 The rents set by the District Valuer (DV) have remained fairly static and at near pre-pandemic levels, which has made achieving financial viability difficult. However, in the context of the whole project and additional levels of funding secured, it has been possible to develop a business case that is effectively cost neutral to the council. This was an essential minimum criterion as the council could not afford to deliver the project at a financial loss. The council will however need to carefully monitor the scheme to mitigate the risk of losses arising due to the close operating margins.

8 Legal implications

- 8.1 Funding will need to be delivered in compliance with the Subsidy Control Act 2022 (the 2022 Act). The 2022 Act widens the **definition of a subsidy** to include measures that have a (potential) effect on competition or investment within the UK as well as on trade or investment between the UK and other countries. Where a subsidy is being granted, the council will need to assess compliance with this new regime and subsidies may be permissible under the Minimum Financial Assistance rules.
- 8.2 The council will comply with public procurement rules where applicable and will act in compliance with its Contract Procedure Rules (CPR).
- 8.3 The rents for both GP surgeries exceed the £25,000 threshold and therefore cabinet approved a waiver in February 2023 to cover the CPR requirement to seek authorisation where lease agreements for over £25,000 per annum are not advertised. *t*

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9 Risk management

- 9.1 The appointment of a main contractor through the PCSA has enabled accurate pricing and additional survey work to de-risk areas of the project. The proposed Design & Build (D&B) JCT development contractor is based on a fixed price for the delivery of the project, with suitable liquid and ascertained damages (LAD) clauses built in to reduce cost risk.
- 9.2 Both the development contract with the main contractor and AFLs with tenants are being drawn-up, ready for back-to-back execution. This reduces the overall risk to the council by ensuring the tenants are contractually committed to the project, which has been designed to meet the specific and specialist needs of end users.

The council will not enter into the development contract until the AFL's have been agreed with tenants.

- 9.3 The council will be required to submit 3-monthly summary updates to the Department for Levelling Up, Housing and Communities (DLUHC) in the form of a 'RAG' report, focussing on spend, progress and highlighting any key risks.

10 Equality analysis

- 10.1 The proposed redevelopment of existing council assets to provide a new Health & Wellbeing Hub in the centre of Newhaven will result in improved access to health services, supporting the local community. The tenants of the properties will be responsible for ensuring compliance with the Equalities Act within their individual operations.
- 10.2 The proposals for both GP surgeries have been designed to meet the latest requirements of the NHS, to ensure the relevant needs of patients and staff are met. Access into all the buildings will be upgraded to current standards to meet Building Regulation requirements.

11 Environmental sustainability implications

- 11.1 The specification for the proposed GP premises needs to meet NHS requirements for 'Building Research Establishment Environmental Assessment Methodology' (BREEAM) "very good". This measures many aspects of the build from thermal performance, energy usage, waste, and much more, and is above and beyond the requirements of the current Building Regulations.
- 11.2 The new areas of development will be all electric, supported by a large solar PV array. This approach will reduce Co2 emissions compared to a standard gas installation, which will only improve as the national grid de-carbonises.
- 11.3 The inclusion of green living walling, in the town centre location, will also increase biodiversity, positively contribute to the Air Pollution action plan, and provide habitat for insects and birds.

12 Contribution to Community Wealth Building

- 12.1 As part of the planning approval, the development will contribute through a local labour agreement. This contribution will be managed by the regeneration team and will support start-up businesses and local apprenticeships. Where possible, this will be directly linked to the development.

13 Appendices

- Exempt Appendix 1 – Scheme Financial Appraisal

14 Background papers

- March 2020 – Newhaven Development and Regeneration
- July 2021 – Reimagining Newhaven

- July 2022 – Reimagining Newhaven – Project Update
- September 2023 – Funding Simplification Pathfinder Pilot
- February 2023 – Reimagining Newhaven Programme – Project Update