

Report to: **Cabinet**

Date: **27 January 2004**

Title of report: **Hastings and Bexhill Taskforce Business Plan**

By: **Chief Executive**

Purpose of report: **To accept the proposed business plan for the executive delivery vehicle for the Hastings and Bexhill Task Force and to approve, in principle, the County Council joining Hastings and Bexhill Renaissance Ltd.**

RECOMMENDATION

- 1. To accept the proposed business plan.**
 - 2. To become an 'A' member of Hastings and Bexhill Renaissance Ltd (trading as Seaspace), and to authorise the Chief Executive to settle the detailed arrangements, having taken appropriate financial and legal advice.**
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1. Financial Appraisal

1.1 The cost to East Sussex County Council of becoming a shareholder in the company is £1, with this contribution required at such time as the Company is wound up.

1.2 Project expenditure will be subject to SEEDA's internal appraisal and approval process as agreed and endorsed by the department of Trade and Industry (DTI), with projects in excess of £5 million being submitted to the Government's Central Project Review Group.

2. Legal appraisal

2.1 It is proposed to establish Hastings and Bexhill Renaissance Ltd as a company limited by guarantee. In addition to ESCC, the initial board members are to be South East England Development Agency (SEEDA), Hastings Borough Council, Rother District Council and English Partnerships.

2.2 SEEDA has sought and received ministerial approval to form and acquire an interest in a company, as required by Section 5 (2) (C) of the Regional Development Agencies Act 1998.

2.3 Three classes of member have been defined, to allow for different membership rights. The three local authorities are to be A Members. Local authorities, either individually or in aggregate, are restricted in law to holding no more than 19.9% of the votes exercisable by members, if the company is to be deemed not influenced or controlled by said local authorities. ESCC will therefore in effect have 6.63% of the voting rights.

2.4 In addition, each A member is able to appoint (and remove) one director of the Company, adoption of the business plan by the company requires a majority acceptance by the A members, and for a board meeting to be quorate requires at least one A member to be in attendance. Article 19.1 of the Articles of Association lists a range of actions which the company cannot take without prior written consent of the B Member and a majority of the A Members.

2.5 The other members of the company comprise B members (SEEDA), with 50% of the voting rights, and C members (others, e.g. English Partnerships).

2.5 The proposed structure provides the 3 local authorities with the ability to be engaged with the company and provides sufficient safeguards to protect their interests, particularly Article 19.1.

3. Company objectives and rationale

3.1 The Council has been involved over the last eighteen months with the evolving Hastings and Bexhill Taskforce. The background to this is summarised in Appendix 1. The joint development of the Hastings and Bexhill Five Point Plan led to Government creating a ring-fenced allocation in SEEDA's budget of £38 million. Creation of an executive delivery vehicle (Hastings and Bexhill Renaissance Ltd; HBRL), with characteristics similar to an Urban Regeneration Company is a means by which initial Government funding can be developed into a larger capital investment programme over a 10 year period.

3.2 The Company will acquire land and property assets in the Hastings and Bexhill Taskforce area and undertake such remediation work as necessary. Joint ventures with private sector partners (secured through OJEC procedures) and with bank finance facilities (also secured through OJEC procedures) will be established to deliver physical development projects. HBRL will have not less than 50% of the share capital in each of the Joint Ventures, using its land and property assets as equity.

3.3 The company will concentrate on a relatively small number of physical development projects selected to deliver the ambitions of the Five Point Plan, leverage the maximum of resources, create synergies with other projects and help deliver economic inclusion objectives.

3.4 The main roles of the Company are to be the regeneration administrator, masterplan physical regeneration, manage delivery of the business plan, provide project management and to champion the delivery of the Five Point Plan.

3.5 The company will employ some 20 staff to perform these roles, with the Chief Executive also being a Company Director (B Class member). Funding for staffing has been provided by SEEDA, English Partnerships and HBC and RDC.

4 East Sussex County Council engagement in creating the Company

4.1 ESCC has been involved in all stages of the development of the Hastings and Bexhill taskforce, has endorsed the Five Point Plan and has been consulted on and commented on the development of the Company Memorandum and Articles of Association and the Business Plan.

4.2 A number of detailed items relating to the Memorandum and Articles of Association are still a matter of discussion, but are not of such significant nature as to preclude an in principle decision to join the company.

5 Conclusions

5.1 ESCC should accept the Business Plan for Hastings and Bexhill Renaissance Ltd and, subject to the conclusion of detailed negotiations become an A Member of Hastings and Bexhill Renaissance Ltd.

Cheryl Miller Chief Executive

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Appendix 1 Extracts from the Business Plan of Hastings and Bexhill Renaissance Ltd

In March 2002 Lord Rooker confirmed the Government's commitment to the comprehensive Regeneration of Hastings and Bexhill and its' facilitation through a £38 million allocation in SEEDA's budget over three years. At this time it was envisaged that this funding would be spent through a Company or Executive Delivery Vehicle with characteristics similar to an Urban Regeneration Company.

A Linked Vision

The Business Plan for the Company is about delivering key projects which make a meaningful contribution to the vision for regeneration. All partners contributed to the Five Point Plan in March 2002 and thus achieved a shared vision. The vision continues on that basis with the need for partners' complementary investment to spread the lasting benefits beyond the spending capacity of the development programme expressed in the Business Plan.

The Shared Vision

The shared vision is summarised for the Business Plan as:

“The securing of economic prosperity through the creation of a new urban fabric accommodating and encouraging a vibrant resident, business and education community embracing a strong entrepreneurial culture where the economic benefits can be directed to the most deprived wards in the communities of Hastings and Bexhill”.

Over the ten-year life of the Business Plan, it is the aspiration of all partners that the five wards in Hastings which are among the 10% most deprived wards in England and the further six in Hastings and two in Bexhill within the 20% most deprived wards in England, are removed from these categories.

To achieve this goal, the physical and economic regeneration activities will need to be accompanied by a range of effective economic inclusion measures.

Origins of a Shared Vision

When approval was withheld by the Secretary of State for the western and eastern By-passes for Hastings and Bexhill on 12th July 2001 he noted in his letter the need for a substantial transport investment programme as an essential part of a wider regeneration programme for the Hastings and Bexhill area. This view was endorsed by the principal public sector agencies and in the local communities. Ministers then gave SEEDA the remit to come up with proposals to regenerate Hastings and Bexhill.

Between August 2001 and March 2002 all local partners, in association with The Hastings and Bexhill Task Force and facilitated by DTZ Piedad Consulting, contributed to the development of a package of collectively identified measures into a comprehensive regeneration strategy. These measures comprise of five interlinked initiatives which aimed to give an impetus to the regeneration of the area.

The Five Point Plan

The five interlinked initiatives which comprise the Five Point Plan together with a number of notes on each are set out below.

Urban Renaissance – a range of projects that aim to:

- Regenerate the town centres of Hastings and Bexhill
- Bring redundant buildings back into use
- Recycle brown field land
- Create key employment sites
- Develop a range of brown field mixed use projects under the Millennium Communities project
- Refurbish poor housing stock and develop new private and affordable housing units
- Regenerate the seafronts of Hastings and Bexhill
- Provide access to new parkland

Business Innovation, Enterprise, Creativity and Technology Transfer – aims to stimulate business innovation in Hastings and Bexhill by:

- Developing an 'Enterprise Gateway' in Hastings
- Providing accommodation and support for high-tech business start-ups
- Providing accommodation and support for high growth businesses in high-tech sectors
- Providing support to increase the skills of the labour market
- Providing support to businesses on the use of IT and innovation
- The promotion of technology transfer from the new University Centre to existing and new businesses in the area

Excellence in Higher and Further Education focuses on raising the higher level skill base in Hastings and Bexhill by facilitating the development of a Further Education Institution in Hastings. The institution will accommodate students on courses including New Media, IT and CPD.

The Education Dimension is critical to the successful regeneration of Hastings and Bexhill and is evolving as a partnership area of activity with close co-operation between the Learning & Skills Council, East Sussex County Council, SEEDA and the EDV. This partnership is formulating strategy and curriculum and providing funding. The Higher Education Funding Council is being encouraged to join this partnership which is pursuing the broader undernoted agenda:

- Develop a centre of excellence in the provision of Higher Education for local, national and international communities through the focus of the University Centre
- Contribute to the regeneration of the local communities by the development of a curriculum that is focused on employers and community needs
- Focus on the raising of educational aspirations and educational achievements across all sectors from schools to Further Education, Vocational and Skills Training and Higher Education
- Further develop existing subject disciplines in key areas such as Business and IT, New Media, Tourism Management, Leadership and Management, Public Services, Health and Social Care
- Develop and provide the highest quality academic offering making best use of new technologies and an academic infrastructure to support them
- Responding to the needs of the construction industry

Broadband, ICT Infrastructure and Applications – aims to make Hastings the UK's first e-Town by:

- Rolling out broadband fibre optic networks to key employment sites, residential developments and community centres
- Increasing the availability of mass market broadband services (ADSL)

- Ensuring all primary and secondary schools are broadband enabled (in conjunction with the NGfL)
- Developing a range of content for a Hastings portal
- Offering a range of e-Learning courses via 'Learn Direct'
- Stimulating demand for broadband by opening a broadband demonstration centre in Hastings

With the considerable SEEDA investment in promoting and providing Broadband, all the local BT exchanges in Hastings and Bexhill are now ADSL enabled as indeed are the surrounding areas in Rother District. The initial emphasis on Broadband awareness is now switching to educating businesses on Broadband capabilities through incorporation into the formal education and training systems across Hastings and Bexhill. The quality of Broadband will also have to be upgraded in parallel with the new built environment and our aspirations to attract new businesses, in particular, HBRL and SEEDA will seek to attract SDSL and VDSL providers.

Transport Improvements – will introduce a number of public transport initiatives which include:

- A reduction in the journey time on the Hastings to London rail service
- The development of a rapid rail transit system between Ore in the east and Bexhill in the west
- The construction of a new train station at Bulverhythe in order to provide access to existing and proposed developments

The role of HBRL has been to champion transport improvements, refine what these are with partners, work through partners to deliver improvements, provide (limited) funding support where possible and ensure the availability of a transport model to inform the transport viability of key 'Urban Renaissance' projects identified in the Business Plan.

The South Coast Multi-Modal Study (SoCoMMS) addressed integrated road and rail improvements. This was in part recently approved by Government though funding for rail improvements has still to be identified as has funding for the Hastings/Bexhill Link Road.

The range of measures for public and private transport to which the partners are now committed include:

- Better rail links to Ashford, Gatwick and Brighton
- A reduction in the journey time on the Hastings to London rail service and more frequent services
- The development of a metro-style rail service between Ore in the east and Bexhill in the west, initially providing more frequent stopping trains
- Modernisation of rail operators' rolling stock
- Upgrading of Hastings, Bexhill and Ore stations
- The construction of new train stations at West Marina, Glyne Gap and Wilting Farm in order to provide access to existing and proposed developments. Good road to rail interchange, particularly at Wilting Farm, which could become a 'Parkway Junction'
- Aspirations to upgrade the A259 to the east of Hastings to an acceptable standard of safety and performance
- An aspiration to create a Willingdon Chord Link on the railway line to the north of Eastbourne so as to speed up the journey time between Hastings and Brighton and create alternative road and rail interchange facilities north of Eastbourne

Already 'Early Wins' for the transport agenda include:

- Government commitment to a substantial upgrade of the A21 to create more reliable and generally faster road links between Hastings and the M25
- An 'in principal' commitment to the Hastings/Bexhill Link road announced by Government
- Network Rail constructing the new Hastings Station with SEEDA funding support
- SEEDA funding of additional Hastings to London peak hour and evening services

The principal partners working together with HBRL on delivery of transport and improvements are East Sussex County Council, Highways Agency and Government Office of the South East.