

# Hastings Commons – Town to Sea



**FIVE-CASE BUSINESS CASE SUBMISSION TO HASTINGS TOWN DEAL**

**April 2022**

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## **Executive Summary**

*This business case focuses on three specific capital interventions that are integral to delivering the coherent vision of the Hastings Commons. The main case put forward therefore is the overarching one, with each intervention separately described and costed as appropriate.*

The Hastings Commons is a collection of buildings and spaces clustered around an historic Alley that is not owned by anyone or adopted by any authority. This locally-rooted, evolving community is creating high quality, capped rent homes and workspaces where creativity can thrive, boosting local participation and economic growth, promoting inclusion and diversity, and encouraging grassroots enterprise.

Our focus is on the fine grain of the neighbourhood, to protect its diversity by ensuring there will always be affordable and inclusive spaces for living, working, learning, wellbeing, leisure and community action. Through this very local work, Hastings Commons challenges traditional approaches, creating new models of ownership, management and collaboration. It can make a huge difference to this part of the town centre and inspire others - locally, nationally and internationally.

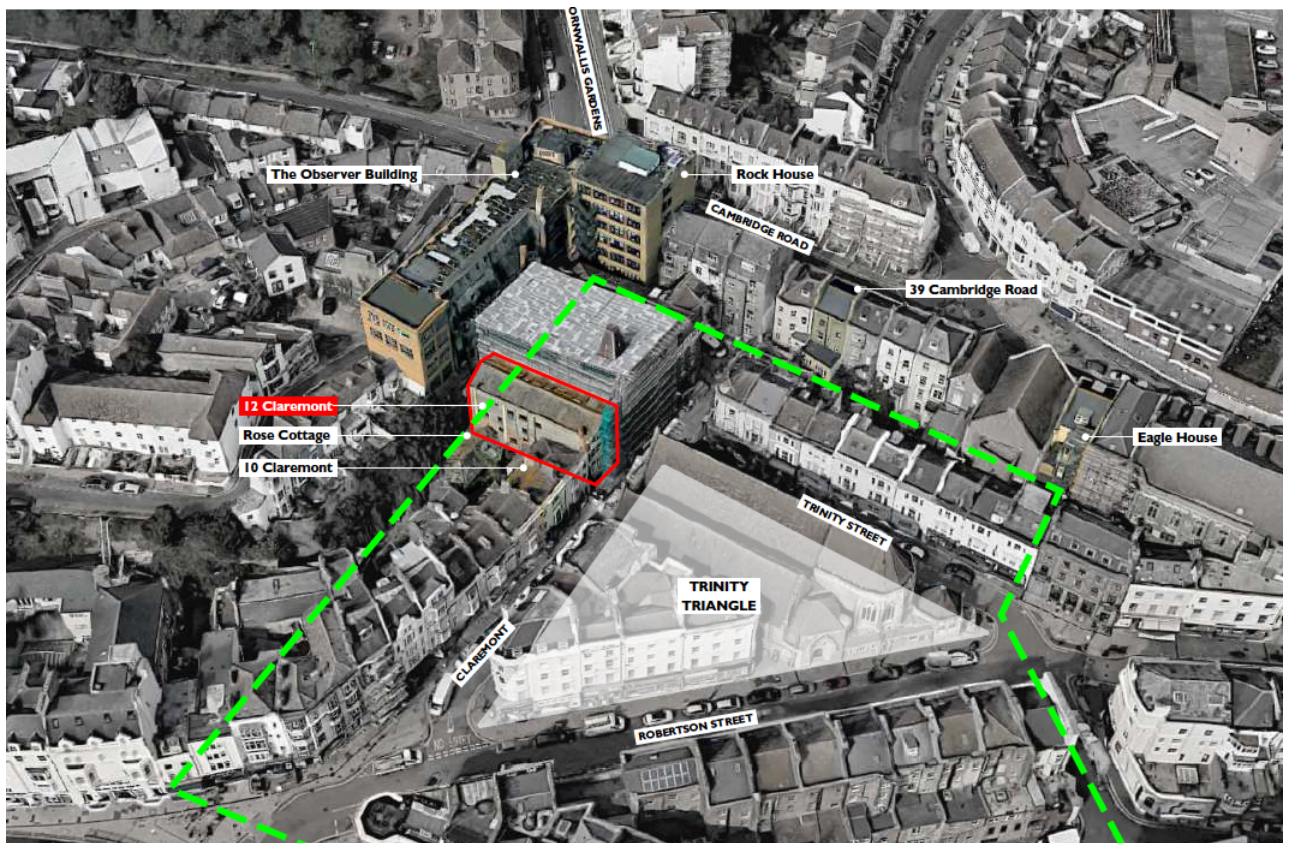
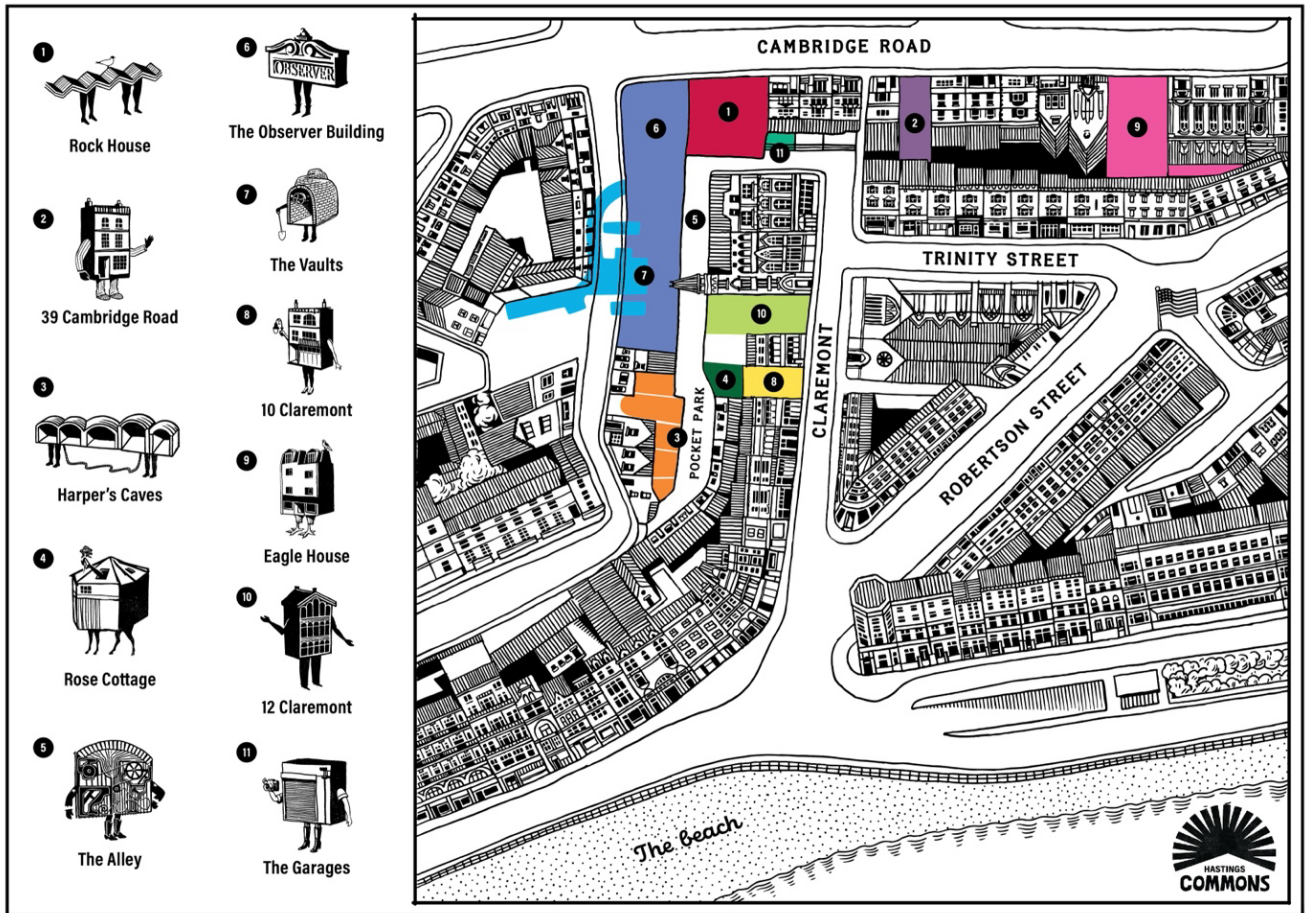
**We make it normal to know your neighbours and contribute to the commons, to look out for each other and look after the place.**

Hastings Commons is being developed by an ecosystem of connected organisations, including a social enterprise property developer and a community land trust. We bring difficult property into community ownership, renovate to a high quality, offer genuinely affordable rents, and help local residents and business collaborate to take more control of where they live and work.

Since 2014 we have brought over 8,000 square metres of floorspace into custodian ownership across a whole cluster of buildings in the centre of Hastings, including the enormous and precious Observer Building. Our goal is secure community ownership – forever.

The Hastings Commons isn't only about the buildings. It's about creating a positive way for people to live and work, one that enables them to thrive. 'Commoning' is an activity we do together to make and look after resources for the greater good. By taking a 'phased organic approach', which directly involves the tenants and other users of spaces, we design and develop our indoor and outdoor spaces to be actively inclusive and to work hard for the people using them to achieve the highest possible social impact.

The Towns Fund will invest in three unique, historic and much-in-need buildings in Hastings Town Centre – the Observer Building, 12 Claremont, and Eagle House – transforming them from dereliction and vacancy to life as hubs of creative digital (OB), inclusive creativity (12C), and wellbeing and connection (EH).





The Observer Building, 53 Cambridge Road



12 Claremont



**Eagle House, 27-29 Cambridge Road**



## A: STRATEGIC CASE

The strategic case provides the background and rationale for the work of the Hastings Commons overall, before turning to the individual projects that make up the proposed programme of work.

The Hastings Commons is an extraordinary regeneration approach that has been created over more than 15 years through local action in the White Rock neighbourhood of Hastings. First in the rescue of Hastings Pier and, since 2014, in bringing difficult properties into ‘community custody’ and developing them into productive space guided by local demand, interest and opportunities. At its heart is a collaboration between community and enterprise that seeks to challenge dominant models of ownership and regeneration that fail our neighbourhoods.

This is a community-led response to a local context of long-term dereliction which both market and state have failed to address. Indeed both individual owners and public-private regeneration agencies have benefited financially from this ‘failure’ over decades. The Observer Building, for example, had 13 owners from its closure in 1985 until it was purchased by WRNV (now Hastings Commons Ventures) in February 2019. All but one of them made money on the property while it rotted away. Since it came into the Commons, the building has had full concrete repairs, a new weatherproof roof, high U-value windows and insulation, full mechanical, electrical and plumbing services. The lower four floors will be available to bring into use from summer 2022. There is more to do but the tide has been turned, the cycle of profitable dereliction broken.

The Commons is not only about rescuing, developing and sustaining ‘common-ground resources’. It is also about ‘commoning’ as a verb – people working together to positively change their environment and in doing so taking opportunities to improve their own lives within an open and mutually-supportive community. *We look out for each other and we look after the place.*

# 1. The Case for White Rock

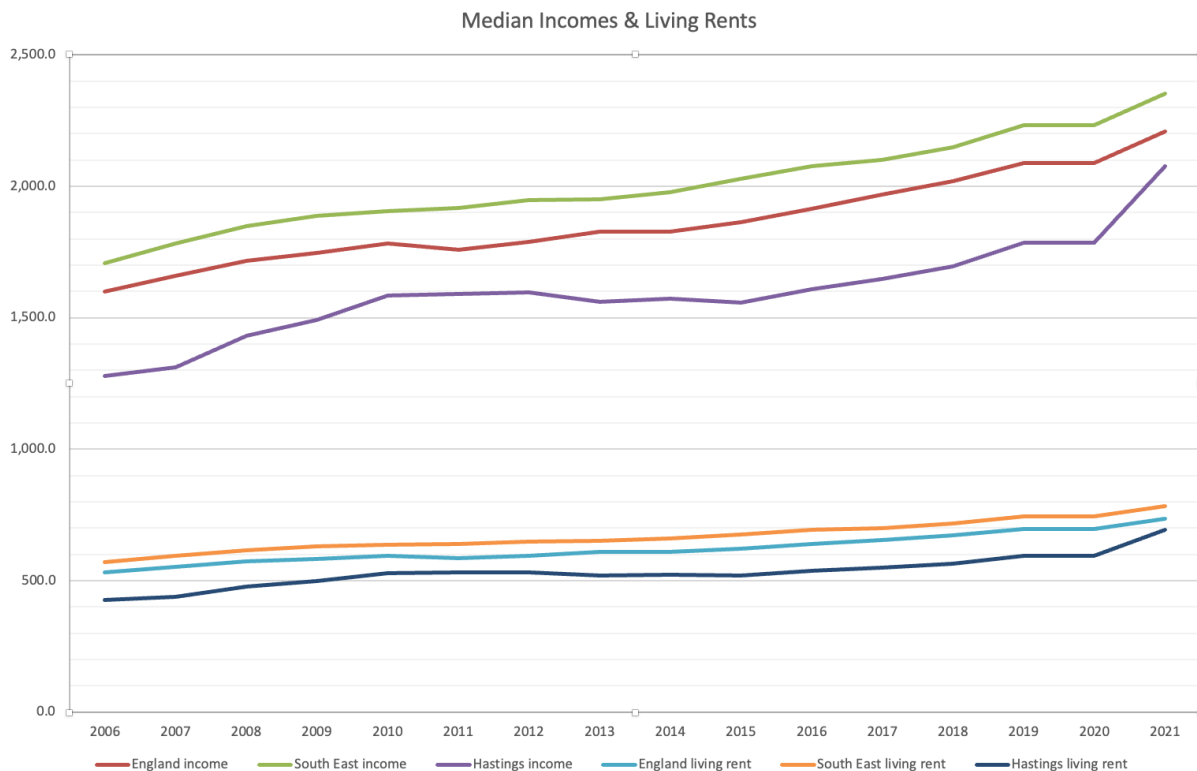
White Rock is a natural neighbourhood rather than an administrative one. However, it correlates with the Lower Super Output Area (LSOA) Hastings 9B.

In 2019 this LSOA ranked 333 out of 32,844 neighbourhoods in England, putting it close to the 1% most deprived. This is slightly worse than it was in 2015. In that 4-year period some themes had slipped particularly badly – White Rock was becoming relatively worse in education (from 17% worst to 9% worst) and losing its previously better position in terms of barriers to housing (from 36% to 27%). Other falls were seen across the domains of income, health, and pensioner deprivation. The employment domain had improved by 0.5% from 1.1% worst in England to 1.6% worst in England. Crime went from 0.7% worst to 1.3% worst. Interestingly, ‘the living environment’ improved from a dire 1.6% to an almost respectable 11.5%.

White Rock is symbolic of a wider Hastings issue. Out of 317 local authority areas, the borough worsened from 20<sup>th</sup> most deprived to 13<sup>th</sup> most deprived between 2015 and 2019.

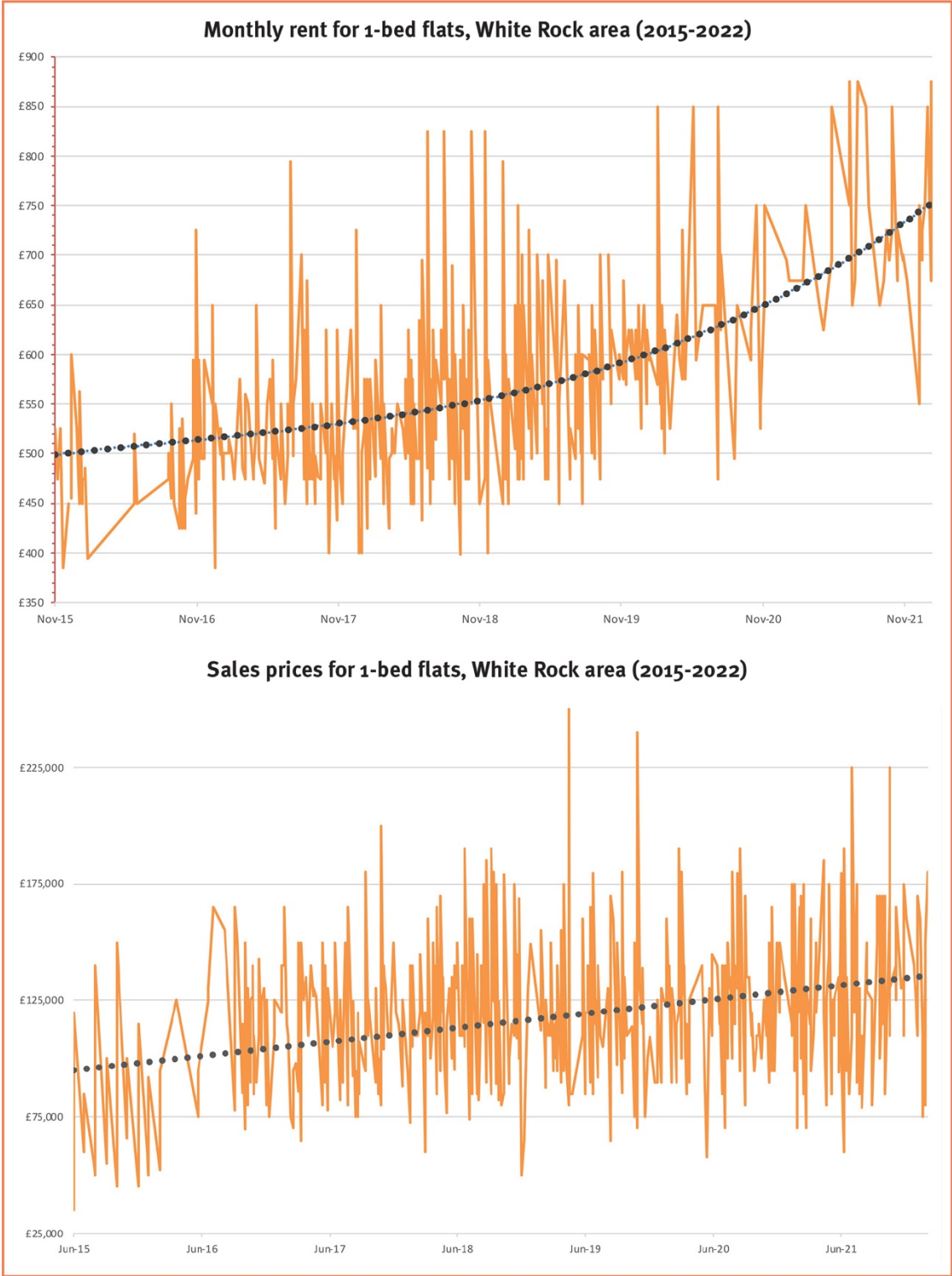
Hastings has traditionally been an extremely low-wage economy. Figure 1 shows median incomes and living rents (ie 1/3 median income) for England, the South East and Hastings. The noticeable ‘tick’ in 2021 is not a sign of Hastings people earning more but of people who earn more moving to Hastings.

**Figure 1: Median Incomes and Living Rents (England/South East/Hastings)**  
**Source: Annual Survey of Hours & Earnings, ONS**



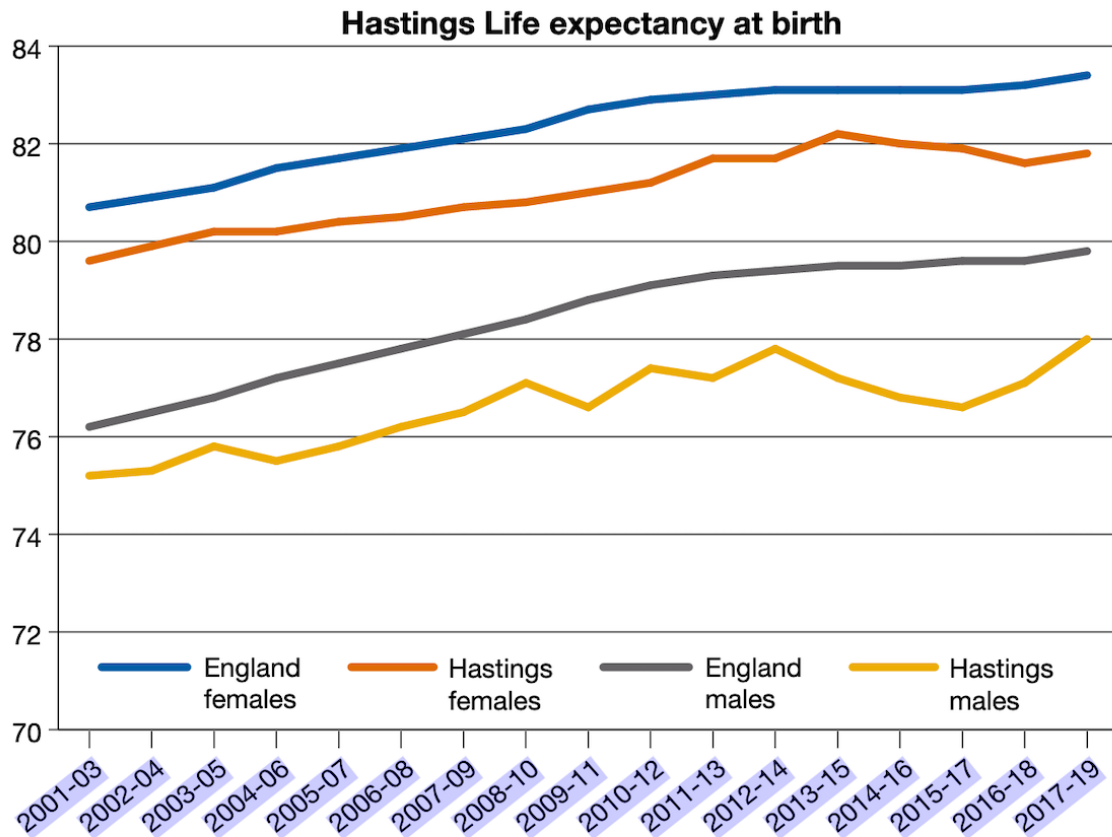
This is having a significant impact on the affordability of living in Hastings, and beginning to affect other aspects of local life such as the cost of commercial rents and the availability of affordable leisure activities.

**Figure 2: House prices and rents in White Rock 2015-22**



People die younger in Hastings. Chris Whitty’s report 2021 exposed the physical and mental health issues in coastal communities and Hastings was a major case study.

**Figure 3: Life expectancy (from Whitty 2021 Health in Coastal Communities)**



**Source:** Public Health Outcomes Framework from Public Health England

Hastings lacks employment opportunities. The town has an unemployment rate of 6.5% compared to a South East average of 4.1% (Jul 2020-Jun 2021) (*NOMIS, accessed Oct 2021*) and a job density (ratio jobs to working age population in 2019) of 0.77% compared to a South East average of 0.9% (*ibid*). Hastings has a claimant count of 7.2% compared to a South East average of 3.9% (Sept 2021) (*ibid*). This is the second highest rate in the SELEP region (*southeastlep.com, accessed Oct 2021*). For local 18-24 year olds, the claimant count is 10.1% (compared to 4.9% in the South East).

Hastings lacks high income jobs. The average hourly rate for Hastings residents in full-time work (excluding overtime) is £11.96 compared to a South East average of £16.24 (*NOMIS, accessed Oct 2021*).

29% of children in Castle Ward live in low income families (*TIP p15*).

27.8% of Hastings working-age residents hold an NVQ Level 4 and above qualification (or equivalent) compared to a 45.1% South East average. 67.9% hold an NCQ Level 2 and above qualification (equivalent to 5 or more GCSEs A-C) compared to a South East average of 80.5%. 11.6% hold no formal qualifications, as against a 4.8% South East average (*NOMIS, accessed Oct 2021*). Those with lower incomes, in unemployment, in social housing or homeless, or with fewer educational qualifications are more likely than other groups to suffer social and digital exclusion.

## Telling a Different Story

These data about the neighbourhood and the town paint a gloomy picture. Even the up-ticks do not necessarily demonstrate ‘levelling up’, unless that is purely a statistical measure and displacement is considered a valid policy instrument. However, there has always been a different story about White Rock, and about Hastings as a whole.

“Our part of Hastings town centre is saturated with stories which have left it with many names – Trinity Triangle, White Rock, the America Ground, the Alley Quarter, Priory Valley. Local people love this place but it is something of a secret” [Trinity Triangle Heritage Action Zone Expression of Interest July 2019].

The White Rock neighbourhood was for a long time a ‘missing zone’ in the town. There was the Old Town, the new town and St Leonards. The pier campaign (2006-13) brought a new focus on the neighbourhood, and that work has grown over the last decade into the Hastings Commons, focused around the town centre part of the area.



**Figure 4: Map showing the location of the pier, the White Rock area and the three other ‘zones’ of Hastings – Old Town, Town Centre & St Leonards.**

With a long tradition of under-the-radar creative activity, the area has become increasingly recognised as a creative quarter (see Hastings TIP).

The Towns Fund investment will ensure this ongoing community-led regeneration approach continues and its ambition is achieved, bringing three large, difficult but important buildings back into use. It will increase community engagement within the town through arts, culture, wellbeing and digital services for everyone, especially the next generation.

**Figure 5: Features of White Rock that have enabled a ‘self-renovating neighbourhoods’ approach**

• Central location yet historically a strategic blind-spot
• Spirit of independence, both as a town (with its array of idiosyncratic festivals etc) and specifically in White Rock (with its history of smugglers, pirates, and the America Ground story)
• Poverty and creativity with high levels of overlap given the precarity of the creative life
• Extensive unsolved dereliction from 1980s industrial abandonment
• High proportion of private rented property including houses of multiple occupation (HMOs)
• DFLs and gentrification – being able to see the lessons of Old Town and St Leonards and being just ahead of the same effect in White Rock
• Experience of saving the pier fed a sense of agency and momentum that led directly into White Rock Trust, then Heart of Hastings CLT, and now the Hastings Commons.

## 2. The Case for the Commons

The concept of the ‘urban commons’ is increasingly debated. Google Scholar returns 100k articles on the subject since 2018, of which 17.5k were published in 2022 (accessed 7/3/22). The idea is also under discussion in many think tanks and policy forums (see for example [Fraser and Mande 2021](#) *The Commons in a Wellbeing Economy*). Meanwhile, we are in touch with grassroots practitioners developing commons-style activities in several other neighbourhoods across England (including Nudge Community Builders in Plymouth, Onion Collective in Watchet, Granby 4 Streets CLT in Liverpool, and Coalville CAN in Leicestershire).

Urban commons are made up of three intertwined elements:

- the common ground resources held in custody for community benefit
- the activities of ‘commoning as a verb’ – people working together for the greater good
- the commoners who undertake this commoning and the organisations and decision-making structures and processes they put in place to grow and sustain the commons.

Hastings has always been an affordable place to live, hang out, make friends, start a business, be creative, and look after each other. That underlying affordability has enabled the town to be its quirky, vibrant self that is so well loved. But it is under threat from the twin engines of gentrification and (blunt instrument versions of) ‘levelling up’. Left alone those two forces could well change the deprivation statistics but this would be through displacement and dilution. It would sterilise the place, reducing the diversity of those who can afford to live here. Hastings could become just another story of a coastal town ‘ruined’ by high house prices, second homes, Airbnb, and regeneration decisions based on attracting outsiders rather than self-renovating our neighbourhood.

Our approach is different. We start with what is already here – both the landscape and the people. We refuse to allow the deadening effect of the SEP (‘Somebody Else’s Problem’) forcefield. As local residents we point out what should be obvious – from the rotting pier in 2006 to the 35 years of farmed dereliction at the Observer Building – and we always focus on constructive DIY solutions – ‘what can we do?’.

## Taking a different approach

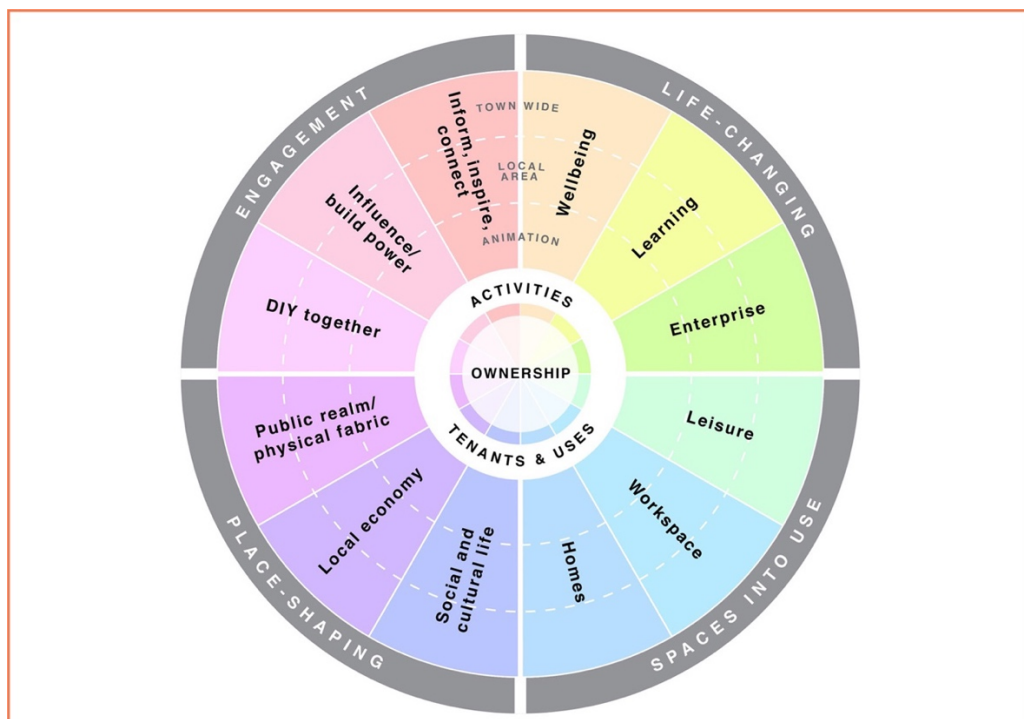
Social enterprises (businesses which operate commercially but exist for a purpose beyond profit) “are a central part of the economy of ‘left behind’ places, and are helping these places to prosper... The value of the sector to places experiencing economic hardship is apparent in the fact that for every £100,000 of turnover, social enterprises create three jobs, compared to the 0.66 jobs created by the private sector for the same money. 30% of jobs created in the poorest communities are in social enterprises. They are job-creating machines for people and places which experience the highest unemployment. Social enterprises can, in the words of Alistair Wilson of the School for Social Entrepreneurs (SSE), ‘fix broken markets from within’” (Danny Kruger MP, 2020).

Our work in the Hastings Commons creates space and conditions for great things to happen and injects nurturing sparks into those environments – from the informality of tea and biscuits in the public living room to complex blended discussion events such as those hosted by Isolation Station Hastings during the first Covid lockdown. We create environments, facilities, tools and conditions for community life to flourish and thrive, in which people can take up the opportunities to enhance their lives and re-shape their neighbourhood.

From these environments emerge outcomes - difficult to predict precisely but easy to see – in terms of place-shaping and life-enhancing opportunities, bringing spaces into use and nurturing a strong sense of local pride and agency.

The longer term impact is the creation of high quality, inclusive and sustainable spaces in the town centre, held for community benefit in perpetuity, the protection of diversity and vibrancy, and the catalytic/inspirational effect of the Hastings Commons work within the White Rock neighbourhood, the wider town centre, the town as a whole, and beyond across the country.

**Figure 6: Hastings Commons Impact Themes**



Dereliction is always an opportunity – either for extraction or transformation. Rather than watch speculators extract value from our place, we have taken a chance on a transformative community-led approach.

- Stewarding and nurturing difficult properties into new life
- Responsible landlording for the benefit of local people
- Improving living standards without displacing residents
- Providing access to affordable, quality workspace where connectivity is prioritised
- Holistic approach to all the issues of local life (including where those touch the global as with climate change)
- Balanced focus on now (meanwhile), soon (steady-state), and the long-term future (perpetuity)

### HASTINGS COMMONS THEORY OF CHANGE

**PURPOSE:** To create environments in which people can enhance their lives, shape their neighbourhoods and look out for each other.

INPUTS The resources we provide	ACTIVITIES The ways we add value	OUTPUTS The direct results of our investment	OUTCOMES The intended and unintended effects of our outputs	IMPACT The long-term impact we enable
Skilled and passionate team with excellent track record across an ecosystem of organisations with strong local roots and networks, and significant capital funding.	Tackling dereliction. Bringing difficult buildings into productive use	New buildings and spaces (nearly 8,000 sq.m).	Improved appearance, new spaces, uses and activities drive up footfall, dwell time, loyalty and spend per head	High quality, inclusive, sustainable spaces in the town centre
	Creating new projects, tools, training opportunities and facilities to support learning, collective community action, and business improvement	New social infrastructure including learning and wellbeing programmes. Businesses benefiting from support.	Improved local skills, employment opportunities, business support. Savings to acute services from increased wellbeing and community-based support	Stronger communities Greater wellbeing More inclusive economy, more successful businesses
	Sustained, inclusive and varied community engagement both with the Commons and on wider issues	Numbers and diversity of people engaged and using spaces	Widespread participation in local activities enhances community wellbeing, shared identity and self-reliance	People’s lives enhanced Strong local pride Increased sense of agency and self-esteem
Support for community self-management, tenant liaison, pastoral care, place-shaping opportunities	Capped rents to sustain affordability in the long term	Community members enabled to stay and to contribute	Increased social capital, social cohesion and wellbeing	Diversity and vibrancy of the neighbourhood protected
Creativity and flexibility in the face of challenge	Continual innovation, particularly of social infrastructure	Social innovations to meet identified needs	Organic phased development which maximises community benefit at every stage.	A beacon of ‘doing development differently’ to inspire others in Hastings and beyond

Our vision: The place has been shaped by local people and businesses who work collaboratively and are confident in their ongoing management of the historic neighbourhood. Dereliction is a thing of the past, but the place retains its character and diversity. This unique part of Hastings is recognised and valued, affordable and inclusive, hugely successful with widespread profits reinvested locally to benefit the area.

Our mission: To grow and sustain the Hastings Commons as an asset to the local community now and for future generations.

## CLIMATE COMMITMENT

Hastings Commons projects contribute directly to the Hastings Borough Council Climate Emergency Strategy 2020 which includes priority themes of *reduced energy demand* and *renewable energy*. In the redevelopment of the Observer Building, we have developed a sustainability strategy of Be Lean, Be Clean and Be Green.

### Be Lean

The project will use less energy by:

- Improved thermal envelope: the built fabric will be upgraded (e.g. through insulation of external walls and installation of triple glazed windows) to achieve a higher



standard of U-values, minimizing heat losses through the fabric during the winter period; thus significantly reducing the overall energy required for heating

- Ventilation: To allow sufficient ventilation in response to the air permeability rate, enhanced natural ventilation is used wherever possible
- Heat Recovery: Whole building Mechanical Ventilation Heat Recovery units are provided for enhanced ventilation during the summer and constant ventilation during the winter period. The advantage of this system is the reduction of energy consumed that would otherwise be required to heat air from ambient external temperatures
- Energy Efficient Lighting: 100% of the fixed internal light fittings as dedicated energy efficient fixtures
- Energy consumption metering for all tenanted spaces. Recharging encourages tenants to be more energy aware.

### **Be Clean, Be Green**

Hastings Commons seeks to supply energy efficiently and use renewable energy through the use of:

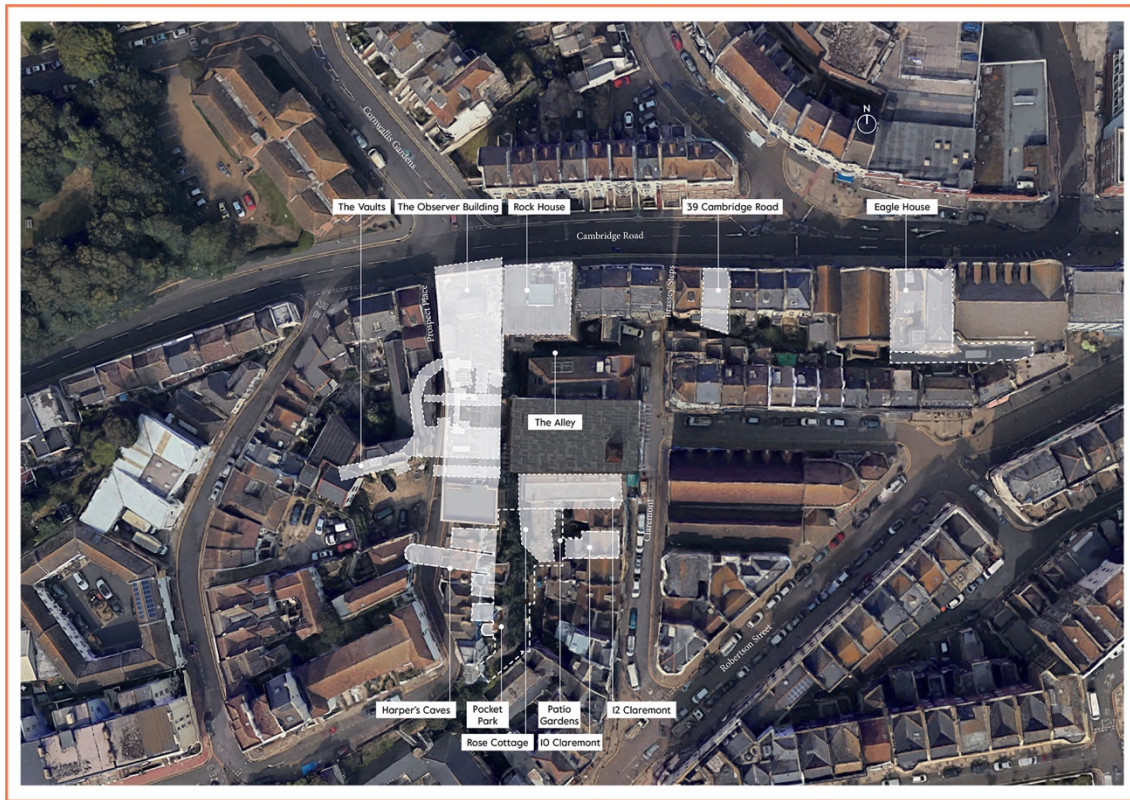
- Purchasing power and choices: we buy energy for all our buildings and have been able to negotiate good terms that allowed us to prioritise greener tariffs.
- PV: Photovoltaic panels are proposed for the Observer Building (to be installed in later construction phase as part of residential and roof development)
- ASHP: Air source heat pumps have been installed already at the Observer Building and we would like to investigate how these might be incorporated into a community distribution grid.

At the Observer Building the CO<sub>2</sub> savings from energy efficiency measures equate to a 20.67% reduction in CO<sub>2</sub> emissions over the baseline resulting in a reduced Carbon emission of 149 Tonnes CO<sub>2</sub>/year. Through efficient heating and DHW delivery and the use of ASHP, the measures equate to further reduction in CO<sub>2</sub> emissions. In addition, through on-site technologies including renewable heating air source heat pumps, and photovoltaics for domestic homes, commercial and retail units, a further reduction of 27.91% or 41.59 tonnes CO<sub>2</sub>/year savings has been achieved, resulting in a total site emission of 107 Tonnes CO<sub>2</sub>/year and a **total carbon saving of 81 Tonnes CO<sub>2</sub> per annum** compared to building regulation standards.

The proposal at the Observer Building includes sustainable drainage systems as part of the site-wide water strategy and allows measures for climate resilience and adaptation. Across all projects we will use a range of sustainable and locally sourced materials, as well as protecting and enhancing existing on-site biodiversity (e.g. through planting and swift bricks). Low flow sanitary devices and water management systems will be used throughout the development to minimize in-use waste water.

The project team are committed to retaining and refurbishing existing buildings wherever possible and suitable. If a building is demolished and a new one constructed in its place, the emissions locked into the original building are wasted and the new building's material manufacturing and construction processes create new emissions. In Hastings Commons the benefits of building retention and adaptation over demolition are not only the conservation of important heritage assets, but significant reductions in embodied greenhouse gas

emissions from the construction materials. Even energy efficient buildings can take decades to save more operational energy emissions than were created in the construction process up to 51% of a residential building's carbon is emitted before the building is operational.

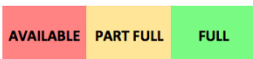


Since 2014 we have brought more than 8,000 square metres of space into custodian ownership as part of the Hastings Commons. Using our 'phased organic development approach', we have successfully transformed Rock House, 39 Cambridge Road, Rose Cottage and 10 Claremont to create 50 workspaces, 10 homes and a series of unique community spaces like the Pocket Park in the Lower Alley.

## Rock House - organic phased development

VACANT POSSESSION - October 2014	PHASE 1: Single conversion on floors 1 & 2. Free rent to A45 School on 2nd Floor	PHASE 2: Big house investment - residential on floors 4&5	PHASE 3: Private to Change Street - A&E through-out. Ground floor conversion	PHASE 4: CC grant - 6th floor, 2nd floor, lower ground	ROCK HOUSE: current position	ROCK HOUSE: July 2019
4		2 BED FLAT 2 BED FLAT 2 BED FLAT	2 BED FLAT 2 BED FLAT 2 BED FLAT	2 BED FLAT 2 BED FLAT 2 BED FLAT	2 BED FLAT 2 BED FLAT 2 BED FLAT	2 BED FLAT 2 BED FLAT 2 BED FLAT
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6	TECHNOLOGY SPA WALK & BIKE STORAGE	TECHNOLOGY SPA WALK & BIKE STORAGE	TECHNOLOGY SPA WALK & BIKE STORAGE	TECHNOLOGY SPA WALK & BIKE STORAGE	TECHNOLOGY SPA WALK & BIKE STORAGE	TECHNOLOGY SPA WALK & BIKE STORAGE
7	INDEPENDENT ART STUDIO	INDEPENDENT ART STUDIO	INDEPENDENT ART STUDIO	INDEPENDENT ART STUDIO	INDEPENDENT ART STUDIO	INDEPENDENT ART STUDIO
8	OLD BARBERS (CREATIVE OFFICE) - COMMUNAL SPACE	OLD BARBERS (CREATIVE OFFICE) - COMMUNAL SPACE	OLD BARBERS (CREATIVE OFFICE) - COMMUNAL SPACE	OLD BARBERS (CREATIVE OFFICE) - COMMUNAL SPACE	OLD BARBERS (CREATIVE OFFICE) - COMMUNAL SPACE	OLD BARBERS (CREATIVE OFFICE) - COMMUNAL SPACE
9	WORKING FLOOR ABOVE G & OFFICE	WORKING FLOOR ABOVE G & OFFICE	WORKING FLOOR ABOVE G & OFFICE	WORKING FLOOR ABOVE G & OFFICE	WORKING FLOOR ABOVE G & OFFICE	WORKING FLOOR ABOVE G & OFFICE
10						

Oct 2014 – July 2019



6 "living rents" flats  
42 workspaces  
Community kitchen



## The assets of the neighbourhood close up



Each building and space within the Hastings Commons has its own character (see below), but they are also all connected and complementary. This business case focuses on three specific buildings: Observer Building (6); Eagle House (9); and 12 Claremont (10). For each of these there is a strategic case for rescue of the building and a strategic case for the specific type of use proposed.

The Towns Fund investment will enable Hastings Commons to take the next major steps, achieving excellent outcomes, balancing social, environmental and commercial returns, and nurturing local businesses, residents and the whole community. While the Hastings Commons is very intensely located in a small area, we believe that the town centre should play a special role for the population of the whole town, including those areas that often miss out, and that the pro-social commons approach will help to make that a reality.

Please see Equalities, Diversity & Inclusion Policy at App 11 and EDI Action Plan for the three projects at App 11a.

In practical terms, the next phase of Hastings Commons development involves:

- Bringing the refurbished Observer Building into operational use, particularly through the development of the Ground Floor 'Creative Digital Hub'
- Securing the future of Eagle House through purchase (fixed price option agreement in place) and initial works to bring it into use as workspace and protect the highly-valued Public Living Room
- Full renovation of 12 Claremont to maximise its street value contribution and partnering with Project Art Works to develop it as a fully-inclusive creative hub

The Strategic Case for each of these is explored in detail below and in the attached feasibility documents.

### **3. The Observer Building (OB)**

When White Rock Neighbourhood Ventures took possession of the OB on Valentine's Day 2019 it had been empty and increasingly derelict for more than 30 years, following the deindustrialisation of print in the 1980s. In that time it had 13 owners. All but one had profited on it, simply buying it, getting planning permission (or just waiting for the market to rise) and selling it for gain. It was the rotting heart of the neighbourhood, the epitome of 'market failure', not because the market couldn't make it work but because in making it work for individual owners and investors the materiality of the building was irrelevant. This abstraction of physical assets into financial commodities, abandoning buildings to deteriorate while milking property rights through title deeds, planning permissions and degraded lettings is a kind of 'farming of dereliction' that has serious ongoing impacts at neighbourhood level. Local dereliction has been mutually reinforcing, presenting an entrenched barrier to neighbourhood improvement. Breaking this cycle in order to make local buildings into assets for local people is the core of our work.

We have successfully raised more than £6m in capital funding for the OB renovation through 12 different grant and loan awards from 5 different funders (not including Towns Fund). We knew from the start that this would be a long-term project and that fits with our 'phased organic development' approach. Following initial concrete repairs and enabling works, the first major phase of renovation – which will bring the lower four floors into use – is due for completion summer 2022. Further works are anticipated to complete the exterior repairs, before a second major phase which will create 15 homes on the upper floors, and a final phase (expected to be funded through private investment) which will complete the roof garden and associated spaces.

Within this wider process, the Towns Fund support focuses on the OB Creative Digital Hub (CDH). This is critical part of the first major phase – acting as a bridge between renovation and operation – and will begin on site as soon as contractor 8Build hand over the lower floors in summer 2022. Part of the funding is allocated directly to the contractor costs of the Ground Floor, part is allocated to the fit-out of that floor specifically relating to the CDH, and part to the purchase of essential equipment to deliver the CDH. 10% of the funding is allocated as revenue towards the initial development and staffing of the CDH.

#### **Strategic case for the creative digital hub (CDH)**

Digital access and innovation is vital for Hastings residents' ability to live and work well, but the market will not develop a creative digital hub for social benefit. A privately-funded version of this concept would be purely commercial. Through a Commons-led approach and public funding support, the CDH can transform dereliction into productive use that harnesses revenue-generating elements in the service of social value aims.

The CDH will combine a changing digital entertainment offer with a digital lab co-designed by young people. It will boost tourism and the local economy, provide learning and training opportunities, improve wellbeing and support NEET individuals into careers in digital industries.

Taking inspiration from the highly successful local asset the Source Park, the CDH will deliver a digital asset to complement the world class active leisure offer the town proudly hosts. The Source Park has uniquely harnessed the talents, passions and skills of young people in BMX and skateboarding, by providing a high class facility, the world's largest underground skatepark, alongside support and encouragement in the form of training and classes, as well as aspirational pathways to employment through hosting the contests and competitions. To young people in Hastings, BMX or skating is now a viable and achievable career. We believe there is a potential parallel offer to young people whose passion is gaming, tech and digital content creation. Providing a high quality facility and equipment, that is co-designed with young people to build ownership, alongside support to collaborate with each other and digital businesses, programmed activities, workshops and events, as well as opportunities to attend and inform high quality digital events, the CDH will meet these aspirations. Similar to hiding vegetables in young children's food so they get the nutrients, we see the CDH Talent offer in particular as a fun, informal, safe space that young people want to spend time in, trust is built, and gradually their horizons are broadened, they build relationships and networks with people and business in the digital industries, options for careers in the digital industries are opened up to them, and aspirations are widened.

In order to meet the necessary income to provide a sustainable facility, the CDH Leisure offer needs to be equally well considered, with a flexible space, providing a quality offer and equipment that can be booked by tech promoters, local leisure operators and creative individuals alike. A busy, diverse Leisure offer would encourage collaboration with the Talent offer, and include commissions for local creative professionals. It could include digital exhibitions, VR experiences, experiential gigs, enhances exhibitions, live performance or other kinds of events.

This vision has been built from the ideas and advice of local stakeholders and industry experts. The aspiration for this project as defined through the engagement process is for a space that is innovative and inclusive, that provides opportunities and that draws in visitors.

The philosophy of 'DIY job creation' builds on the concept of self-renovating neighbourhoods and Meanwhile uses. It celebrates the passions, skills and talents of individuals, providing the space and connections to people to build their own networks and find their own way. It is a more resilient approach to job creation, harnessing the drive and ambition of young people as well as creative people, providing opportunities to achieve their potential and remain within Hastings rather than leaving to seek opportunities in Brighton or London.

Despite a lack of data specifically about digital inclusion (SELEP Digital Skills Partnership does not have data to compare Hastings with the South East), we know Hastings has lower incomes/ qualifications than the South East as a whole so we believe that young people in Hastings are more likely to suffer digital and other exclusion, a trend that has been further exacerbated by home schooling during the ongoing COVID pandemic.

A key component of the CDH will be the construction of a VR capture studio at Rock House. This long term community facility will provide Hastings Commons with the ability to create three dimensional interactive, immersive environments that can be used in a variety of media: 3d gaming, interactive video, immersive POS and so on. Through VR and gaming – the

primary technological touchpoint for young people – the capture studio will introduce young gamers to the possibilities and techniques of digital production and provide a starting point for other types media production. Additionally, as it is a unique facility on the South East Coast, the capture studio will be an important catalyst in reshaping Hastings’ reputation, particularly for young people, as a destination for the creative use of new technology and digital media.

Supplementing the engagement process (described later) with wider research, we mapped out the challenges faced in Hastings that this project could help address, and the demand for different types of creative digital activities. Through this analysis, three different routes towards meeting the aspiration for the Creative Digital Hub began to emerge and the needs and demands are grouped to respond to these strands of Leisure, Talent and Community.

## **LEISURE**

Tourism is important to Hastings’ local economy and projects that could diversify town centre activity and boost tourism would be beneficial. The number of visitors to the town and evidence of demand for locally-produced creative events suggests an appetite for entertainment.

### **NEED**

The Hastings Town Investment Plan (TIP) identifies a need to diversify the town centre offer to attract different audiences, increase visitor numbers and increase footfall, dwell time and spend (*TIP p30*)

There is a lack of local visitor attractions. The *Visit England website’s* only Hastings entries in its top 80 East Sussex visitor experiences are the town itself and the Country Park; compared to 15 in Eastbourne and 29 in Brighton.

There is a need for activities that celebrate local heritage (the OB is a heritage asset within Hastings HAZ). In the *RSA Heritage Index Rankings 2020* Hastings is ranked 7th in the country for its heritage assets but 56th in the country for its heritage activities

The Hastings Commons ecosystem will include a number of small f&b businesses. These businesses will need strong footfall to survive and thrive.

Pre-Covid, 22% of the population were employed in the tourism sector (*2019 Hastings Borough report on the Economic Impact of Tourism*). Following a rollercoaster couple of years, hit by lockdowns and benefitting from staycation trends, it is crucial to the local economy and jobs that the industry performs strongly post-Covid.

### **DEMAND**

Hastings’ thriving creative sector “employs around 800 Hastings residents across approximately 260 organisations and accounts for 9.4% of businesses in Hastings which

involves interactive, performing, visual and fine arts, gaming, digital, story-telling and more” (TIP p28) and could benefit from having a platform for its work

The population of Hastings has traditionally been boosted during the tourism season on very busy days by up to 50%. (TIP p12). Covid resulted in stronger staycation trends (TIP p26)

There has been a rise in day trips to Hastings. 3.8 million tourism day trips were made to Hastings in 2019, a rise of 12% compared to 2018. There was also an increase in day visitor expenditure of 14% (TIP, p26)

A previous pop-up leisure experience in this location, Wondergolf, had strong visitor numbers and overwhelmingly positive responses to feedback surveys (Wondergolf Feedback Summary).

## **TALENT**

Young people in Hastings, particularly individuals who are NEET, need more access to opportunity. Despite a lack of data specifically about digital inclusion (SELEP Digital Skills Partnership does not have data to compare Hastings with the South East), we know Hastings has lower incomes/qualifications than the SE so we believe that young people in Hastings are more likely to suffer digital and other exclusion.

## **NEED**

Hastings lacks employment opportunities. The town has an unemployment rate of 6.5% compared to a South East average of 4.1% (Jul 2020-Jun 2021) (NOMIS, accessed Oct 2021) and a job density (ratio jobs to working age population in 2019) of 0.77% compared to a South East average of 0.9% (NOMIS, accessed Oct 2021)

Hastings lacks high income jobs. The average hourly rate for Hastings residents in full-time work (excluding overtime) is £11.96 compared to a South East average of £16.24 (NOMIS, accessed Oct 2021).

29% of children in Castle Ward live in low income families (TIP p15).

For 18-24 year olds in Hastings, the claimant count is 10.1% (compared to 4.9% in the South East)

## **DEMAND**

DV8’s gaming course has an increased number of applicants, and has a waiting list. DV\* are launching a new qualification in esports (a growing area). Many students don’t have equipment or space to work at home.(Interview, James Sharpe DV8)

Hastings skater mecca Source Park demonstrates the potential success of this type of subculture-led ecosystem of space, events and small businesses

There are 405 video game developers and publishers in the South East (*Ukie*)

Gaming is the UK's fastest growing creative industry. The UK market for video games grew by 30% in the year from 2019, reaching a record £7bn (*Ukie*)

## **COMMUNITY**

Greater access to digital facilities could help Hastings residents manage their lives and improve their job prospects.

### **NEED**

Hastings is the 14th most deprived LA nationally (*'Mapping income deprivation at a local authority level: 2019', ONS*)

Hastings has a claimant count of 7.2% compared to a South East average of 3.9% (Sept 2021) (*NOMIS, accessed Oct 2021*). This is the second highest rate in SELEP (*southeastlep.com, accessed Oct 2021*)

27.8% of Hastings working-age residents hold an NVQ Level 4 and above qualification (or equivalent) compared to a 45.1% South East average. 67.9% hold an NCQ Level 2 and above qualification (equivalent to 5 or more GCSEs A-C) compared to a South East average of 80.5%. 11.6% hold no formal qualifications, as against a 4.8% South East average (*NOMIS, accessed Oct 2021*).

Those with lower incomes, in unemployment, in social housing or homeless, or with fewer educational qualifications are more likely than other groups to suffer digital exclusion.

### **DEMAND**

For those facing barrier to employment, acquiring creative, digital and high technology skills could be a pathway into jobs

Isolation Station Hastings proved a local community desire to engage with creative digital media - the station trained hundreds of people to use technology to make their own programs and to present them, and has 6900 Facebook followers.

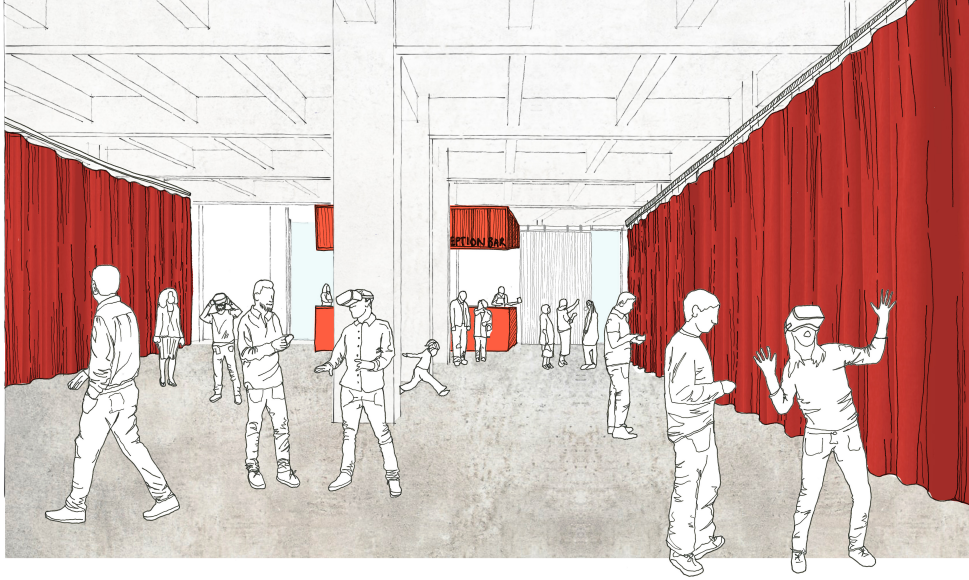
Most professionals need to regularly update digital skills as part of their career development

Covid increased out-of-office working. People need places to work close to home. Creative professionals are currently travelling out of Hastings to access digital facilities.

Those who don't have their own digital devices need to access online services eg online banking, DWP benefit claims, applying for jobs.



### 3.0 Creative Digital Hub - Sketch I



While the Observer Building is further advanced in its rescue, the other two buildings are at an earlier stage as described below.



12 Claremont



Eagle House

These buildings, despite looking very different, are surprisingly similar: both built in the 1860s, both 5 storeys, both with strategic access to front and rear. However, they have a fundamental difference. 12 Claremont cannot be brought into use without a full renovation and there is a clear deadline in the lease for these works. In contrast, we have already brought parts of Eagle House into use – the key needs here are to secure the freehold purchase by March 2023 (through a fixed price option agreement already in place) and to undertake targeted works to bring the full building into use.

We have undertaken very detailed optioneering for both buildings (see Economic Case) not just for the sake of this business case but to ensure that there are numerous potentially viable options as we begin the phased organic development process. This holding open of flexibility for future use is key to our development approach.

The preferred option that this business case presents is:

- A full renovation of 12 Claremont to develop it as an inclusive creative workspace, gallery and hosting centre
- The purchase and partial upgrade of Eagle House to unlock workspace throughout, generating economic and social benefits, with the potential to intensify renovation works and achieve a co-housing solution, as further funds become available

As fundraising progresses we wish to retain flexibility to reallocate Towns Fund capital between the buildings where this can leverage maximum investment.

## 4. 12 Claremont

This building was purchased in 2011-12 by ESCC from its former owner who had successfully operated it as artists' studios and a café, with a view to including it in the redevelopment of the Brassey Library but this turned out to be impractical. By that point the building had been stripped back, with ceilings, lift and electrics removed. With some encouragement, ESCC decided to make it a community asset transfer and, after a strenuous selection process, Heart of Hastings CLT and Project Art Works were chosen as the preferred option in July 2018. Unfortunately it then took 3.5 years to agree the lease! A 125-year peppercorn lease was eventually signed between the council and the community land trust in January 2022 and the building is now being maintained and developed by WRNV on behalf of the CLT.

Until November 2021 the proposals included creating four Living Rents flats specifically for working artists. However, ESCC Legal refused to allow tenancies of more than two years which would undermine the Hastings Commons approach to creating high quality secure rented homes. We have therefore developed options, assessed in this Business Case, that do not involve longer-term accommodation.

### **Strategic case for 12C as an inclusive creative hub**

#### **Project Art Works and the 'Untitled' Gallery**

Project Art Works is a local charity and arts organisation with an international reputation. They collaborate with disabled people and carers through artistic practice, training and development. Working with some of the most marginalised members of our community, their aim is to highlight the valuable contribution disabled people and carers make to cultural and civic life.

Most recently artworks made by disabled people local to Hastings were included in the Turner Prize exhibition as part of their 2021 nomination, and films produced collaboratively with disabled and non-disabled members of Project Art Works won the prestigious 2020 Film London Jarman Award.

As people managing their own care and support provision, family carers employ teams of support workers, making a direct financial contribution to the local economy. Project Art Works facilitates peer support so that family carers, as experts by experience, can share their knowledge with other carers, skilling up employers and increasing employment opportunities locally. More formal training on skills needed to work safely in health and social care are offered at no cost to disabled people and carers, by Project Art Works.

As part of the Trinity Triangle development, Project Art Works will open a new gallery and event space in 12 Claremont. Untitled Gallery will show internationally renowned artworks made by disabled people and the space will provide opportunities for disabled people to work, volunteer, curate and create new works. Across Hastings Commons and especially within the development of the vision and business case for 12 Claremont, Project Art Works has acted as inclusion advisors supporting the development to look beyond physical access to a truly inclusive space that further enables disabled people and carers to be located in the heart of our community and to contribute to our local economy.

Use options are explored in detail in the Optioneering section, with particular attention to Option A (PAW + workspace) and Option B (PAW + workspace + hosting base). The current preferred option is to work to Option A while fundraising further for Option A+, which would allow for additional elements – most importantly better carbon-efficiency through air source heat pumps, and the additional costs of the hosting centre (subdividing, additional MEP).

### **The Hosting/Rest & Recuperation Base**

There are two quite different potential markets for short-term stays.

*Hosting Base target market* – short term leisure visits, artists in residence, project workers, people coming to learn about the Hastings Commons/community-led regeneration/inclusive creativity. International artists and cultural organisations collaborating with Project Art Works through residency programmes or organisational development. As an Arts Council England National Portfolio Organisation, Project Art Works is well placed to realise ACE's Let's Create national strategy investment principle 'Inclusivity and Relevance' and will use the Untitled Gallery space to share learning with other cultural organisations and artists from across the country.

*R&R Base target market* – short-term accommodation for neurodiverse people with complex needs and/or respite space for carers. The potential for short-term stays could be used to enable family carers to have respite from their caring responsibilities or for short-term use when disabled people transition from living in residential care and medical settings into living independently. Even before the pandemic, local respite provision for family carers and appropriate services for children and young people with support needs was at breaking point: <https://www.theguardian.com/society/2018/aug/22/respite-care-families-of-disabled-children-at-breaking-point> .

Both of these options remain under review – an organic approach to start with workspace and develop a hosting approach will allow this aspect to grow slowly and be tested before making a major commitment.

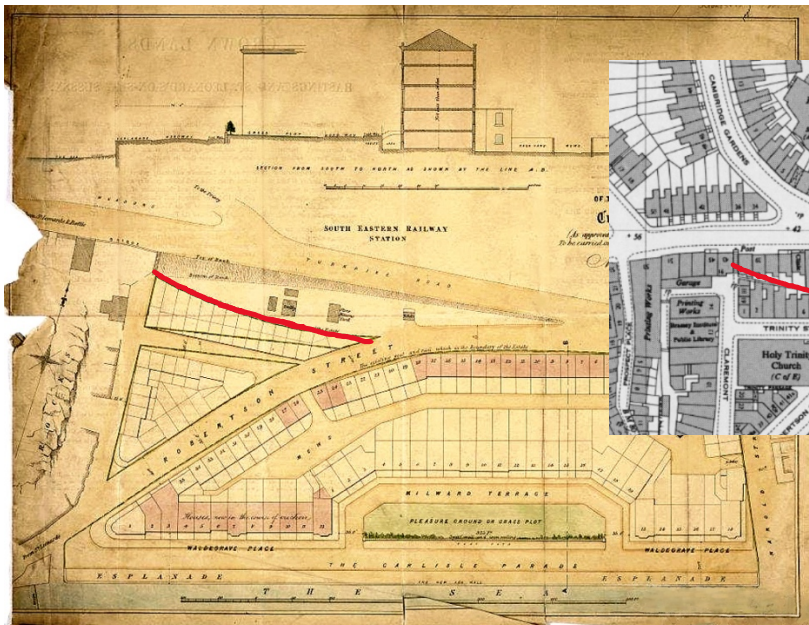
## 5. Eagle House

This building, directly opposite ESK, between two important local churches, and adjacent to a busy town centre bus stop, was previously Dalton's carpet and furniture shop. Over the years the upper floors had fallen out of use. Peter Dalton was retiring and the shop was at serious risk of vacancy and further dilapidation. In April 2021 Ventures took a 2-year development lease with an option to purchase at a fixed price by March 2023.

The façade of the building – once quite grand – appears to have ‘fallen off’ in the 1980s and been replaced by a shockingly bad frontage that is recognised in the Conservation Area Appraisal as detrimental to the historic neighbourhood. Yet this is an important historic building dating from the mid 1860s and the Alley to the rear is the original boundary of the America Ground.



61 and 62, CAMBRIDGE ROAD. FOUR IMMENSE SHOWROOMS for FURNITURE of every description, BEDSTEADS, BEDDING and OCCASIONAL FURNITURE. **EASY** PAYMENTS ARRANGED TO CUSTOMERS' CONVENIENCE.



## Strategic Case for Eagle House as a wellbeing hub

There is significant evidence of the need to invest in community wellbeing. The question is how to achieve this. Throughout the Commons, we take an asset-based approach which focuses on strengths, gifts and promises rather than deficits, needs and grievances. We have been able to put this to the test since September 2021 with the Public Living Room at Eagle House.



Building on our experiment over the past six months (see draft impact review at Appendix 7), Eagle House will be secured and developed as a creative, colourful and communal hub where Hastings residents, regardless of background or circumstance, feel comfortable, welcome and safe to meet each other. It will be a place rich with mutual support where time, skills and talents are shared and where people come together to co-create a happier, healthier, more sustainable town.

The design of Eagle House will reference and utilise the 6 key themes of Wheel of Wellbeing (WoW), an evidence-based framework that integrates the best available research into health and wellbeing. Developed from UK government's Foresight report, *Mental Capital and Wellbeing: Making the Most of Ourselves in the 21<sup>st</sup> Century* (2008), the "WoW" framework incorporates 6 actions (Be Active, Keep Learning, Give, Connect, Take Notice and Care) and 6 key themes (body, mind, spirit, people, place, planet) that will act as scaffolding to guide decision-making throughout the design and development process, to ensure an environment that fosters wellbeing.

At the heart of the project is the Common Room, a community 'chat and chill space' that opened in September 2021. Inspired by Camerados' Public Living Rooms, the Common Room provides a valuable starting point for next stage of the project: a space to listen and learn from people already using the building and a communal place where people can come together to develop Eagle House as a centre for wellbeing, including intentionally designing



The erosion of direct human contact has been well-documented for decades, with countless ‘loneliness’ initiatives introduced by successive governments and other funders, even as the closure of local pubs, post offices and community centres continues unchecked. The past two years have amplified the problems of social isolation and separation more than ever in human history. Never before has the need for more communal “third spaces” (those physical, neutral places between home and work), been more pressing, as appreciation and understanding of the destructive impact of social isolation on physical and mental health grows. As Eagle House develops organically over the coming years, it will seek to demonstrate the very best of “building forward better”; a thoughtful, careful, intelligent and beautiful blending of both spatial design and social architecture that will bring people together and bring out their best.

The current (meanwhile) uses of Eagle House:

Town level: Warehousing

GF: Common Room – public living room (12-4 Tues-Sat) and venue for hire

F1: Commons Team Base (15 desks)

F2: Reweave (and spare space)

F3: not currently useable

Having undertaken a full re-costing of options for the renovation Eagle House (see under Optioneering below), our plan is to secure the freehold ownership of the property for long-term community ownership, to enable the future of the well-used and much-loved Common Room, and to open up the whole of the remaining space for workspace use. This is the preferred option described in this business case.

Our longer term aspiration is to work with SAP Hastings to create 12 exempt accommodation co-housing homes for people moving from long term supported accommodation into shared living, when being placed in a one bedroom flat or bedsit would be detrimental to their mental health and result in high involvement with the NHS. At present there are 60 people ready to leave long term supported accommodation, who are costing ESCC thousands per week to stay there (Public Health Commissioner ESCC, personal communications). SAP Hastings say: “One-to-one care will be offered in the accommodation, enabling people to be independent and part of a community yet still be provided with the necessary support to meet their needs. This will enable savings for both the NHS and ESCC. Living in this way will also alleviate loneliness, which is a major cause of mental health difficulties. As high care needs drop and independence is gained, tenants can go on to participate and volunteer in the Hastings Commons ecosystem activities and placements.”

We commissioned specialist advisers MR Associates<sup>1</sup> to review our draft rent-setting and provide an indicative licence fee schedule (see Appendix 5) which confirms our belief that co-housing offers the best combination of social value and financial sustainability.

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<sup>1</sup> “MR Associates have over 22 years’ experience working in the area of Exempt Accommodation, this is all we do, and are considered to be leading experts within this area. We work with small and large not-for-profit organisations around the UK and Registered Providers in maximising the weekly rent by negotiating with Local Authorities and claiming costs which can be claimed legitimately through the Housing Benefit Scheme. We review the existing rents of existing providers and build up a weekly rent as well as setting rents for new schemes (like SAP).” <https://www.mrassociates.org/who-we-are>



## 6. Stakeholders

The Hastings Commons is being developed and delivered by an ecosystem of collaborating organisations, including:

- Hastings Commons Community Land Trust (formerly Heart of Hastings CLT) – long term owner of the full Hastings Commons portfolio
- Hastings Commons Ventures (formerly White Rock Neighbourhood Ventures) – social enterprise property developer, 1/3 owned by the CLT
- Leisure & Learning – registered charity promoting education and community capacity building
- Meanwhile Space – investor partner in Ventures, lead on Creative Digital Hub
- Project Art Works – long-term ally and inclusion partner, anchor tenant of 12C
- Self-Actualisation Project – potential future anchor tenant of EH
- Current participants, anchors and regulars in the Public Living Room
- The eco-ventures at Eagle Alley level and 2<sup>nd</sup> floor
- The staff team, including Kickstarters, who currently occupy the first floor at Eagle House
- Current and future tenants of all Hastings Commons buildings

Other key stakeholders include:

- Hastings Borough Council – local planning authority and Towns Fund lead
- Historic England – actively involved funder of the Trinity Triangle Heritage Action Zone
- East Sussex County Council – freehold owner of 12 Claremont
- Peter Dalton – freehold owner of Eagle House
- Independent Advisory Group – collection of local and other interested people with relevant expertise
- Love Hastings business improvement district
- East Sussex College – partner for construction training placements
- Bright Black – likely tech partner working with young people to develop the Digital Lab

Hastings Commons has grown out of 15+ years of sustained community engagement. To understand this process to date please see Appendix 6 – Community Engagement in White Rock 2006-22. We are currently working on a full review of the first 6 months of the Public Living Room at Eagle House - see Appendix 7 for an early draft.

Funders of the Hastings Commons to date include:

Accelerated Towns Fund (HBC)  
Access Foundation  
Architectural Heritage Fund (grants & loans)  
Big Issue Invest  
Big Lottery/The National Community Lottery Fund  
Big Potential (SIB)  
CHART (via HBC as accountable body)  
Coastal Communities Fund  
Community Organisers Ltd

Community Renewal Fund  
Coop Foundation  
Crowdfunder  
Diageo  
Donations/grants to Library of Things  
ESCC Stalled Sites Fund  
Ecology Building Society  
Getting Building Fund  
Hastings Voluntary Action  
HBC Community Led Housing  
HBC Disabled Facility Grant  
Historic England  
Historic England  
Heart of Hastings Investors Collective (loanstock)  
Heart of Hastings shareholders (equity)  
Homes England Community Housing Fund  
Kickstart (DWP)  
Lankelly Chase Foundation  
Locality  
MHCLG Pocket Parks Plus  
National CLT Network (Urban CLT)  
Power to Change  
Sean Lask, Castlestone  
SELEP Growing Places Fund  
Sussex Community Foundation  
Trinity Triangle Heritage Action Zone  
UKPN Green Recovery Fund

See Appendix 14 for a summary of stakeholder engagement including activity, who engaged and the influence on the project.

## 7. Policy Alignment

The three Hastings Commons projects offer an excellent opportunity to help achieve a large number of policy and strategy objectives at a local and national level. As a result, the proposals are wholly aligned with the Hastings TIP objectives.

By repurposing dilapidated assets in the town centre the programme will increase town centre vibrancy and contribute towards the town's cultural heritage.

The programme aims to equip Hastings residents with the skills and confidence needed to succeed in the local economy.

Proposals will facilitate businesses and residents to work and relax in the town centre and support digitally excluded residents adapt to new working arrangements post COVID-19. The scheme will help create a resilient local economy by building on the town's economic strengths.

The projects support the Hastings TIP principles

- Delivering Clean Growth – as described in our Climate Commitment (see p14), we are committed to clean growth through the reuse of existing buildings, high standard thermal envelopes, heat recovery, ventilation, energy efficiency and metering.
- Inclusive Economic Growth – through creating diverse and affordable new workspaces to meet existing and emerging local needs and interests.
- Improving Health and Wellbeing – health and wellbeing are integrated throughout Commons thinking but are particularly supported through the Eagle House project which will help secure the public living room as a long-term community resource.

The Figure below summarises how the programme delivers against the Hastings TIP Strategic Objectives and flags other key policies that the scheme aligns to, including:

- Build Back Better
- Levelling Up
- Net Zero
- Community Ownership
- High Streets and Town Centres, especially through heritage
- Hastings Borough Council Climate Emergency Strategy
- Draft Hastings Local Plan
- South East LEP Economic Recovery and Renewal Strategy

## Hastings Commons – Delivering strategic local value in the heart of Hastings

### Hastings TIP Strategic Objective



- To equip people with the skills and confidence to achieve their potential, strengthen their progression and pathways into education, employment, self-enterprise and raise their income levels



- To achieve a vibrant town centre, creating new leisure, housing and service offer, positioning Hastings as a regional and national attraction while enhancing our rich built and cultural heritage



- To create an attractive vibrant and connected place to live, relax, work and visit and take full advantage of stronger staycation and home working trends as a result of COVID-19



- To create a resilient local economy by building on the town's economic strengths, through greater diversification and innovation, job creation and improved productivity

### Hastings Commons Delivers

- Over 700 learners assisted per year with training courses including for digitally excluded residents.
- Collaboration and interactions within flexible workspace will allow for occupants to coastal businesses to learn and grow together.
- Repurposing existing assets avoids embedded carbon of new builds.
- Renovations will be lean, clean, & green with: high quality insulation & ventilation, whole building Mechanical Ventilation Heat Recovery units, energy efficient fixtures and energy consumption metering, photovoltaic panels where appropriate, and air source heat pumps.
- Redevelopment of over 1,900 sqm of floorspace on dilapidated sites in the heart of the town, removing negative spill-overs on the surrounding area.
- A new high quality visitor attraction in the town centre.
- New public events including additional gallery space in all three buildings.
- 200 sqm of new public amenity space.
- Creates attractive and interesting spaces for residents to work and play.
- Supports Hastings town centre renewal by boosting footfall.
- Delivers immediate fiscal stimulus from shovel-ready and deliverable scheme.
- Flexible workspace and skills training prepares and supports residents to adapt to new working trends.
- 11 new FTE jobs and 3 safeguarded jobs.
- Supporting over 20 start-ups / SMEs to grow and prosper
- Community-led regeneration of a previously neglected neighbourhood.
- Community ownership model fosters 'pride in place'.

### Policy alignment

- Levelling Up
- South East LEP Economic Recovery and Renewal Strategy
- Net Zero
- Hastings Borough Council Climate Emergency Strategy
- Build Back Better
- Levelling Up
- Draft Hastings Local Plan
- Build Back Better
- Levelling Up
- South East LEP Economic Recovery and Renewal Strategy
- Build Back Better
- Levelling Up
- South East LEP Economic Recovery and Renewal Strategy

## 8. Risks & Interdependencies

The Project Wide Headline Risk Register and a more detailed Risk Schedule for 12 Claremont are provided as Appendix 9.

There are many positive interdependencies between the three Hastings Commons projects, and potentially with the additional Upper Alley project if it were to receive funding in future. The project is also complementary to two key Towns Fund projects - the Garden Town proposals and the redevelopment of the ESK/Priory Street car park site.

## 9. Milestones and SMART Objectives

See Appendix 13 for an overall programme Gantt chart showing key processes and milestones for each element of the Hastings Commons – Town to Sea. This includes some highlighted key dates that could be seen as forecasted completions, although in fact each project will continue to develop throughout the Towns Fund investment period.

The following SMART Objectives are derived from this programme.

### OB

Establish the CDH as venue by March 2023, having tested at least 2 major events  
 Develop the Digital Lab co-designed with at least 10 young people as initial members  
 Engage with partners and potential participants to design relevant and viable programme from April 2023

### EH

Complete the purchase into the Hastings Commons asap and by latest Mar 23

Undertake carefully targeted capital interventions to enable a total of 928 m2 of workspace and wellbeing uses

Before the end of the Towns Fund investment period, develop proposals and funding plans for long-term renovation to include homes for good (either Living Rents or exempt accommodation)

### **12C**

Submit planning application for a high-quality renovation scheme (expected by Feb 2023 but not time-critical)

Achieve full renovation of historic building (752 m2) (expected by October 2024 but not time-critical)

Using phased organic development approach, test out hosting business model

### **Constraints/assumptions/basis for programme durations**

Key time-critical elements within the programme are:

OB: Completion of GF works to enable CDH fit-out in time for Sonics Festival Oct 22

EH: option to purchase must be exercised by March 23

12C: the programme is relatively flexible but has been designed around the needs of Project Art Works as they manage their own expansion processes. The RIBA timetable is based on direct experience from the Observer Building and advice from Purcell and NorthGates.

Other elements within the programme can be more flexible and responsive and should be seen as representing our overall approach within the lifetime of the Towns Fund investment.

## B: ECONOMIC CASE

This section begins with the details of our optioneering both Commons-wide and for the specific projects, leading to a description of the Preferred Options, initially for the OB Creative Digital Hub and then for the balance and focus of investment between 12 Claremont and Eagle House.

It then considers the Economic Benefits of the preferred option and compares these against the Costs to make a judgment on value for money. This part of the Business Case was carried out by Mott Macdonald.

### 1. Optioneering Commons-Wide

Do minimum	Programme proposed	Do maximum
<p>The Observer Building and 12 Claremont are already in Commons ownership and their redevelopment would be at risk without Towns Fund support. Could choose not to purchase Eagle House but this would be wasteful and the building would be at serious risk of vacancy/dilapidation while becoming ever more 'detrimental to the conservation area'.</p>	<p>Support three key buildings within the overall Commons, each with its own complementary focus and between them providing a swathe of interconnected benefits. Focus renovation capital onto 12 Claremont, while securing Eagle House and opening up the full building for use. Deliver the Creative Digital Hub on/from the Ground Floor of the Observer Building.</p>	<p>This is our longer term, wider ambition, which would include developing the Claremont Garages and bringing other local buildings into the Commons.</p>

### 2. OB Creative Digital Hub Optioneering

See CDH feasibility study (App 1) for detailed description of the optioneering process. Key points are drawn out below.

The CDH project started by gathering and exploring as many possibilities of what the Creative Digital Hub could be as we could, through a series of workshops and one-to-one conversations with local professionals either working in digital sectors or close to the project through roles within the Hastings Commons. These stakeholders brought industry experience orientated to the local context.

There are few 21st century jobs or lives that don't include some element of creativity and digital engagement. That is the reason why a creative digital hub is important – and also why

it is hard to define. A series of workshops in 2021 explored the range of possibilities and potential social value of this project, and despite the sometimes wildly different individual imaginings of the 'creative digital hub', a picture began to form of an overall aspiration for what this space should be and what it should achieve. The Creative Digital Hub will be:

- Innovative and inclusive
- a space that draws in visitors
- a place of opportunity

Supplementing the engagement process with wider research, we mapped out the challenges faced in Hastings that this project could help address, and the demand for different types of creative digital activities (described earlier in the Strategic Case). Through this analysis, three different routes towards meeting the aspiration for the Creative Digital Hub began to emerge: Leisure, Talent and Community.

### **LEISURE: WHAT WOULD IT LOOK LIKE?**

A digital entertainment offer with a wow-factor generated by the futuristic nature of the tech and the creative spectacle of the experience created. Drawing in residents and tourists, creating a buzz around the Observer, driving footfall, and putting Hastings on the map. It would provide an outlet for local creatives and digital businesses to showcase their work as well as beta-testing for big tech companies, or different games companies might take over a VR arcade, drawing business and talent. Some examples of potential activities or uses that fall into this option include:

- A VR arcade for games or video
- An immersive theatrical-type experience with AR and projection mapping
- A VR playground with team sports
- Exhibitions of digital and interactive art
- Immersive digital music experience

### **TALENT: WHAT WOULD IT LOOK LIKE?**

A space for young people (14-25) that is co-designed by its members, and provides a comfortable space for those who may already make and stream digital content. It would be a means to engage young people who may normally be more comfortable hiding behind an avatar, in particular a neurodiverse community. It will provide access to facilities for those who don't have them at home, and lead to inspiration and pathways into jobs, as well as commissions and networks. Key equipment could include PCs with powerful graphics cards, a 3D scanner, arduinos, a good high quality webcam, and a big screen that serves as a focal point and makes it feel like an event.

### **COMMUNITY: WHAT WOULD IT LOOK LIKE?**

A space that reduces digital exclusion and enables access to digital equipment, with a focus on improving the wellbeing and economic opportunities of the local community. It may include mobile or satellite hubs for those in outer wards who may be suffering from digital and social exclusion would be unlikely to travel into the Observer. The offer could include

formal and informal training, clubs and opportunities to engage, participate, socialise and build confidence. Additionally, practitioners could work with community groups or individuals to produce digital tools as a means to make creative / heritage projects.

### **BLENDED MODEL**

Clearly, each theme offers different social value and financial viability. On its own, one theme offers a narrow value and present significant weaknesses and risks. So we looked at how to combine these themes to provide a wider benefit and build a stronger business case.

### **BLENDED: COMMUNITY-LED**

The community theme offers strong potential for social impact addressing local needs, but will struggle to generate the necessary revenue to maintain an inspiring high-tech space. A model that focuses on providing digitally excluded people with access to digital facilities (community), but also includes digital equipment that could be hired out to creative professionals (talent), and also hires out the venue for events (leisure), would still generate the majority of social value outputs from its community strand, with revenue from equipment and venue hire.

Community-talent option: A library of digital fabrication and media equipment could be purchased and hired out to digital professionals, or a bookable green room or recording suite, with reduced rates for non-professionals on low incomes.

Community-leisure option: Local art or museum-style exhibits could be developed using digital equipment; flexible space design could accommodate occasional exhibitions or events.



### **BLENDED: LEISURE-LED**

A leisure-led model could broaden its social impact while maintaining financial sustainability by flexible programming to enable community uses outside of peak hours. These uses would be unlikely to generate much income - and in fact might have a negative effect on the financial model through restricting hours and set-ups of commercial users - but would increase social value outputs.

Leisure-community option: The space could be used flexibly eg. weekday VR programming could focus on education and training. Or a fixed space could be carved out for computers to



provide access to online services, or an education space for children inspired by the leisure offer.

Leisure-talent option: A digital lab for young people could form part of the space, with opportunities for cross-fertilisation between these two elements such as works created as part of the lab used as part of a leisure offer.



**BLENDED: TALENT-LED**

Committing the entire space to providing opportunities to young people interested in gaming and new media would limit its reach. This could be broadened out through enabling access to other demographic groups (community). A talent-led model would also need a more commercial element to support its activities financially.

Talent-community option: the space could be used by disadvantaged groups outside of core member hours. Training and other learning opportunities could be provided for individuals not in education or employment.

Talent-leisure option: chargeable leisure activities eg games competitions would improve financial viability.



The conclusion of this work is that the preferred option is LEISURE-TALENT with COMMUNITY underpinning. Optioneering relating to design and layout is considered in detail in the Meanwhile Space CDH vision document (Appendix 2).

### 3. 12 Claremont Optioneering

We began by assessing the options from two angles:

- Range of use options for the upper floors with three sample combination options drawn out for analysis
- Minimum/medium/maximum impact architectural interventions

OPTION	A	B	C
<u>USES</u>			
Basement	Project Art Works / Changing Place / plant room		
Ground Floor	PAW 'Untitled' Gallery		
1 <sup>st</sup> Floor	Artist workspace	Hosting space/facilities	
2 <sup>nd</sup> Floor	Artist workspace	Basic stay-over pods	Higher spec stay-over pods
3 <sup>rd</sup> Floor	Artist workspace	Artist workspace	Artist workspace
<u>CAPITAL WORKS</u>	Stairs/lift remain in current location	Potential relocation of stairs/lift core	Relocate stairs/lift core
	MEP overhaul, life safety measures (sprinklers, fire detection etc)		
	Low grade electrical heating approach	Air source heat pumps, high U-value windows and insulation	
	Basic fit out in each space to ensure fire safety (fire boarding)	Fit-out of each floor with stud walls etc	
	Minimum structural intervention	Structural intervention in line with building regs for stay-over	Fuller structural intervention
	Roof repairs	Roof replacement	Roof replacement and redesign with additional partial level (4 <sup>th</sup> floor)
			Reinstating bridge to OB

#### 12 Claremont use options

All use options assume that Project Art Works will occupy the Ground Floor and that for the moment the Basement will not be renovated.

Option A: Workspace focus. This is the least risky option because it is familiar to us, we know the market exists. It would make a reasonable surplus and be close to break even under 10% sensitivity for income, cost of sales and fixed costs. However, it is less interesting and has low/no growth potential. The building is not particularly well-suited, with large areas at the front needing to be communal, reducing lettable space. New workspace offers (in the OB and at Debenhams) may be competitors.

Option B: Hosting focus. This is interesting because it provides a resource that is currently missing – a place for people to come and stay in Hastings Commons whether for a training course or collaborative project work. Purcell’s initial drawings show that the space could offer up to 22 sleeping pods, and that this could be grown over time rather than all at once. This option would be most likely to fulfil the aspiration to create a hub of inclusive creativity. Though a very different business model it has similar surplus to Option 1 although this option suffers more from the 10% sensitivity test. While inherently riskier than Option 1 because it is unproven, it also offers better potential for growth.

Option C: Rest & Recuperation focus. This option grows from Project Art Works interest in short-term accommodation that would be suitable for people with complex needs and their carers. On current modelling – which remains under-developed until more architectural feasibility can be carried out – this option has slightly higher income than Option 1 but significantly higher costs, so that the surplus is not far above break-even and suffers quite dramatically from 10% sensitivity testing.

## 12 Claremont architectural options

### Option A: Minimum

#### Summary

- New stair and lift core located to north side of building, with accessible lift serving all floors except the fourth.
- Two entry shop front arrangement retained. Glazed front and rear elevations retained.
- Full MEP replacement, with all electric space heating and hot water provision
- Secondary glazing and insulation to comply with Building Regulations requirements, including insulation and tanking to the basement
- Structural repairs to roofs, walls and floors, including to prevent risk of ‘progressive’ collapse
- Repairs to existing roof tiles and replacement of roof level valley gutter
- Project Art Works accommodation to Ground and Basement, with Artists’ studio space to floors 1, 2 and 3.

Table of Accommodation (excludes circulation space)

FLOOR	ACCOMMODATION	AREA (sq.m)
Basement	Project Art Works, workspace (including wash-up area)	46
	Project Art Works, clear storage area	59
	Accessible WC	4
	Unisex WC	4
Ground	Project Art Works gallery/workspace (including wash-up area)	110
First	Artists’ studio/workspace with wash-up area	112
	2 x Unisex WCs	6
Second	Artists’ studio/workspace with wash-up area	112
	Accessible WC	3
	Shower room	3
Third	Artists’ studio/workspace with wash-up area	149

## Option B: Medium

### Summary

- New stair and lift core located to north side of building, with accessible lift serving all floors including the fourth.
- Two entry shop front arrangement retained. Glazed front and rear elevations retained.
- Full MEP replacement, with all electric space heating and hot water provision, supplemented by air source heat recovery
- Secondary glazing and insulation to comply with Building Regulations requirements, including insulation and tanking to the basement
- Structural repairs to roofs, walls and floors, including to prevent risk of 'progressive' collapse
- Full replacement of existing roof tiles and replacement of roof level valley gutter
- Project Art Works accommodation to Ground and Basement, with Artists' hosting, pod sleeping and studio space to floors 1, 2 and 3.

Table of Accommodation (excludes circulation space)

FLOOR	ACCOMMODATION	AREA (sq.m)
Basement	Project Art Works, workspace (including wash-up area)	46
	Changing Places	12
	Accessible WC	6
	Unisex WC with baby change	5
	Storeroom	4
	Office/quiet room	6
	Plant Room (relates to eco-technologies)	27
Ground	Project Art Works gallery/workspace (including wash-up area)	107
	Storeroom	4
First	2 x Unisex showers	11
	2 x Unisex WCs	4
	Artists' hosting space (with kitchenette)	48
	Artists' pod sleeping area (8 space)	52
	Storeroom	4
Second	2 x Unisex showers	11
	2 x Unisex WCs	4
	Accessible WC with shower	5
	Artists' pod sleeping area (8 space)	52
	Artists' pod sleeping area (6 space)	38
	Storeroom	4
Third	Artists' studio/workspace with wash-up area	135
	Storeroom	2

## Option C: Maximum

### Summary

- New stair core located to south side of building into the existing lightwell area, with accessible lift serving all floors
- New flat roofed 4<sup>th</sup> floor level added, replacing rear half of existing pitched roof
- Shop front arrangement modified with single central entry. Upper-level glazed front and rear elevations retained.
- Full MEP replacement, with all electric space heating and hot water provision, supplemented by air source heat recovery and PV electricity generation

- Secondary glazing and insulation to comply with Building Regulations requirements, including insulation and tanking to the basement
- Structural repairs to roofs, walls and floors, including to prevent risk of 'progressive' collapse
- Full replacement of existing roof tiles to retained area of pitched roof and replacement of roof level valley gutter
- New enclosed bridge link across to the Observer Building at 2<sup>nd</sup> or 3<sup>rd</sup> floor level
- Project Art Works accommodation to Basement, Ground and 1<sup>st</sup> floor gallery, with Artists' hosting, pod sleeping and studio space to floors 1, 2 and 3. Additional artists' studio space in new 4<sup>th</sup> floor

Table of Accommodation (excludes circulation space)

FLOOR	ACCOMMODATION	AREA (sq.m)
Basement	Project Art Works, workspace (including wash-up area)	46
	Changing Places	12
	Accessible WC	5
	Unisex WC with baby change	4
	Plant Room (relates to eco-technologies)	27
Ground	Project Art Works gallery/workspace (including wash-up area)	116
	Storerooms	10
First	Project Art Works upper gallery space	23
	2 x Unisex showers	7
	2 x Unisex WCs	9
	Artists' hosting space (with kitchenette)	32
	Artists' pod sleeping area (6 space)	22
Second	2 x Unisex showers	7
	2 x Unisex WCs	9
	Accessible WC with shower	5
	Artists' pod sleeping area (10 space)	60
	2 x single person bedrooms	14
	Artists' hosting space (with kitchenette)	32
	Storeroom	2
Third	Artists' studio/workspace with wash-up area	146
Fourth	Artists' studio/workspace with wash-up area	62

### Summary of services interventions

SERVICES	OPTION		
	A: Minimum	B: Medium	C: Maximum
Space Heating	All electric, wall mounted panel heaters	All electric, central heating with radiators, supplemented by air source heat recovery	All electric, central heating with radiators, supplemented by ground source (bore holes) or air source heat recovery
Hot Water	All electric with local heating at point of supply	All electric with hot water storage. Heating supplemented by air source heat recovery	All electric with hot water storage. Heating supplemented by air source heat recovery
Energy generation	N/A	N/A	Roof mounted PV panels along south facing slope with battery storage.

Ventilation	Extract ventilation at WCs / Kitchenette. Natural ventilation	Extract ventilation at WCs / Kitchenette. Natural ventilation	Whole building ventilation system with heat recovery
Fire Safety	Mains operated fire/smoke detection and alarm system. Existing emergency lighting salvaged for re-use.	Mains operated fire/smoke detection and alarm system. New emergency lighting. Sprinkler system	Mains operated fire/smoke detection and alarm system. New emergency lighting. Sprinkler system

**Conclusions for 12 Claremont:**

- All these options include the essential full renovation to the building.
- The preferred use option is to achieve Option A (PAW + artist workspace), while staying open to the potential to grow the hosting base over time
- We would like to seek further funding to enable some of the Option B (Medium) elements in terms of architectural intervention and particularly relating to environmentally-friendly heating and hot water services

## 4. Eagle House Optioneering

As with 12 Claremont, we have assessed the options from two angles:

- Range of use options for the upper floors with three sample combination options drawn out for analysis
- Minimum/medium/maximum impact architectural interventions

OPTION	A	B	C
<u>USES</u>			
Basement	Warehousing (no alterations)	Commercial let	Spa/wellness space
Ground Floor	Common Room (no alterations)	Common Room (some alterations)	Common Room (redesigned)
1 <sup>st</sup> Floor	Light industrial workspace	WRNV-managed homes. Flats x 6	SAP project co-housing homes x 12
2 <sup>nd</sup> Floor			
3 <sup>rd</sup> Floor	Workspace/artist studio	Workspace/restaurant/more flats	Communal kitchen/lounge for residents
<u>CAPITAL WORKS</u>	Stairs/lift remain in current location	Potential relocation of stairs/lift core	Relocate stairs/lift core
	MEP overhaul, life safety measures (sprinklers, fire detection etc)		
	Minimal fit-out	Fit out for 6 flats	Fit out for 12 homes
	Minimum structural intervention	Structural intervention in line with building regs for stay-over	Fuller structural intervention
	Roof repairs	Roof replacement	

### Eagle House use options

Option A: Common Room and workspace/venue. This would need least intervention to the building, apart from on the top floor to create either a single commercial let, a shared space or a hireable venue. This blends familiar workspace management with a potential new shareable space on the unique top floor. This is the least risky option because it is familiar to us, we know the market exists. However, it does less to reinforce the wellbeing element of the project and has low/no growth potential. New workspace offers (in the OB and at Debenhams) may be competitors.

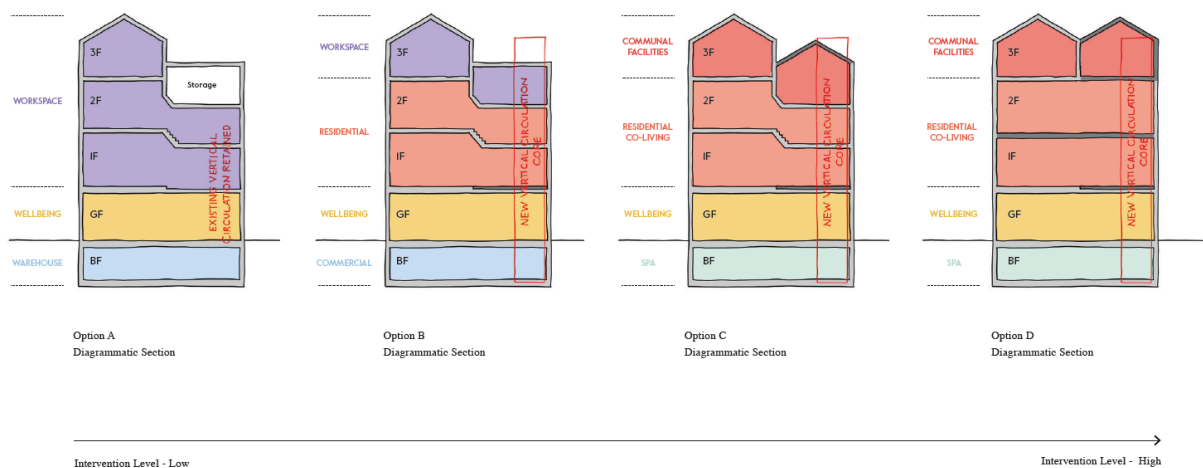
Option B: Common Room, Living Rents flats, workspace, wellbeing. This combines workspace on the top floor with 6 Living Rents flats, retains the Common Room and converts the town-access floor to a wellbeing centre. The results depend on achieving £30k rent+service charge from the wellbeing centre. It would do better if the top floor was a single commercial let at £165 psm pa. Or if it was further flats.

Option C: Common Room and SAP. The upper 3 floors would become SAP co-housing. If the exempt accommodation status and projected weekly rents of £208 per room can be achieved

this produces the highest surplus, although it is vulnerable to sensitivity tests. The Ground Floor would remain as a Common Room, extending to community use of the town-access floor.

## Eagle House architectural options

Eagle House is particularly challenging regarding accessibility because it is two buildings linked together, with different floor heights from 1<sup>st</sup> floor up. The RIBA Stage 1 report at Appendix 4 provides a full overview of the options explored.



## Conclusions for Eagle House

- All these options include protecting the Common Room at Ground Floor
- The full cost plans for the various options explored by NorthGates are available.

## EAGLE HOUSE COST PLANS SUMMARY

Preferred Option - purchase + targeted interventions	£885,000
Option A - renovation as workspace	£2,379,706
Option B - renovation with flats	£3,663,779
Option C - renovation with co-housing	£4,559,015



## **5. Preferred option for the Towns Fund capital allocation**

Detailed cost planning has shown that due to tender price rises since October 2020, it will not be possible to achieve the full renovation of both 12 Claremont and Eagle House through the Towns Fund investment. Large funding gaps on both buildings would be daunting and risky.

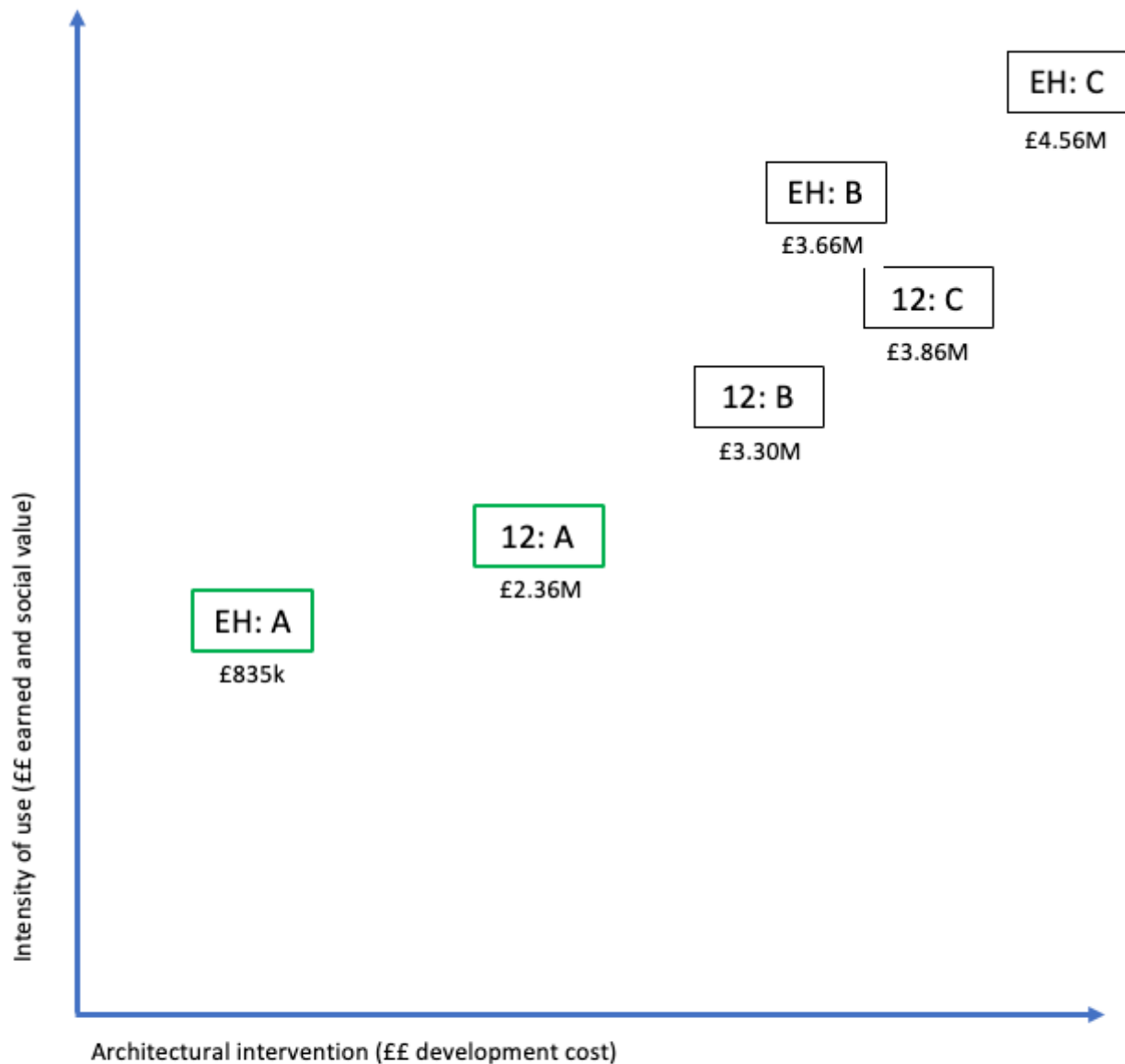
We have therefore refocused substantial capital on 12 Claremont due to its more advanced dereliction and the conditions of the lease with ESCC, while focusing the Towns Fund investment in Eagle House onto securing the purchase (at fixed price set within the April 2021 option agreement) and undertaking targeted works that will allow the full building to be quickly brought into use as workspace.

This approach will enable both buildings to be brought into productive use, maximising economic and social benefits. It also staggers the redevelopment to avoid programming clashes that could cause capacity issues. We are requesting that the £202k removed from the Hastings Commons allocation in summer 2021 is reinstated (given the withdrawal of one of the Towns Fund projects). Together these actions would reduce the capital funding gap on 12 Claremont to a manageable £400k for the Option A (PAW + workspace) and up to £2M for the full option including the Hosting Centre. We will be preparing a share offer so that local people and others can contribute to the renovation of 12 Claremont and are confident we can raise the necessary £400k. No abortive works will be undertaken so that if other funding became available (as our experience with the Observer Building has shown) we would be able to upgrade to incorporate elements from Option B or C.

Securing the purchase of Eagle House with grant makes it a far more viable and sustainable redevelopment project and allows the time necessary for organic phased development rather than having to rush to earn income to meet finance costs. This would directly underpin the highly-valued Common Room. A limited capital expenditure on fire safety and new stairs between 2<sup>nd</sup> and 3<sup>rd</sup> floor would open the upper floors for use as workspace and potential venue hire, enabling the building to meet its costs while providing space for jobs and enterprises. We will continue to work with Living Rents and with SAP Hastings over the coming years and would expect to raise further funds to convert to housing at a later date, potentially before the end of the Towns Fund programme lifetime.

The Creative Digital Hub at the Observer Building has been set a capital budget which the project will work within. As further fundraising evolves across the Hastings Commons the most effective approach will require flexibility within the overall Towns Fund allocation to enable maximum leverage of essential funding into Hastings.

## Options for Eagle House and 12 Claremont



EH A: Secure purchase and undertake key targeted interventions to bring the full building into productive economic use.

EH B: Undertake renovation including 6 1-bedroom flats

EH C: Undertake full renovation (with core relocation) including 12 cohousing homes & communal kitchen/living space

*(NB all EH options include Common Room at Ground Floor)*

12 A: Full renovation with use as workspace throughout

12 B: Full renovation with use including overnight accommodation

12 C: Full renovation and extension to create additional space

*(NB all 12 Claremont options include PAW at Ground Floor)*

## 6. Economic Benefits

### COMMONS-WIDE

- Community-led regeneration of a previously neglected neighbourhood, close to the 1% most deprived of 32,844 in England
- Land value uplift captured, retained and recycled locally
- Increases in local employment and GVA (we have seen significant growth in the job numbers within our commercial tenants, (eg TechBox, Aura Que, Hannah Clode)
- Health benefits from participation in commoning
- Increased footfall to the Trinity Triangle, supporting the aspirations of the TTHAZ programme
- “Amenity benefits” – very significant although hard to define and monetise. In this case they include the production of entirely new publicly accessible space in the heart of the town centre from previously privately owned and degraded land.

Beyond the lifetime of the Towns Fund, the project includes explicit provision to continue to develop and deliver community benefit in perpetuity. There is a clear plan for this in the WRNV Shareholders Agreement (see below).

WRNV is a limited company that develops building projects to create affordable living and workspaces for productive community use. The company is a joint venture between Heart of Hastings Community Land Trust, Jericho Road Solutions and Meanwhile Space CIC, governed by a Shareholders' Agreement and jointly signed Statement of Intent that includes the following provisions:

- Each party shall use reasonable endeavour to promote and develop the Community Business
- WRNV will adopt the following core principles:
  - Ensure buildings respond to community needs
  - Ensure assets remain affordable for local communities in the long term
  - Work towards community ownership
  - Maintain viability and risk management, ensuring that the overall portfolio becomes and remains financially sustainable
  - Ensure alignment with the charitable objectives of Heart of Hastings CLT.

Rents are capped to rise only with inflation, not with the market. A pathway to long term full ownership by the community land trust is enshrined in the Shareholders Agreement:

- A share sale is triggered by an agreement between all parties or 5 years after ‘steady state’ is achieved (i.e. all parties agree that the finances of WRNV have achieved a stable position for the medium term, or at the latest 14 July 2030 being ten years after the agreement was signed).
- Within 3 years of that date Heart of Hastings CLT has the first option to buy out the other two shareholders at a price determined by:
  - Value of fixed assets with a Capped Rents covenant in place (determined by independent valuers); *less*
  - Outstanding debt; *less*
  - Any capital grants received by WRNV from the date of signing this agreement, except where agreed unanimously by the shareholders that these are exempted (this provision is primarily for charitable grants).

Whilst WRNV Ltd is a limited company without an asset lock, it is two thirds owned by two entities which do have asset locks (Meanwhile Space CIC and Heart of Hastings CLT). The shareholders' agreement enshrines that the charitable objects of WRNV must align with those of Heart of Hastings CLT; that Heart of Hastings CLT will be the ultimate owner of the assets; and that Heart of Hastings CLT have significant veto power over decisions and the final transfer of shares and therefore ownership of WRNV assets. That veto will need to be exercised in accordance with its charitable purpose.

The purpose of creating a limited company to achieve these aims is to:

- Encourage private investment to achieve scaled ambition, without exposing Heart of Hastings CLT to undue risk
- Ensure long-term community ownership of assets at a point in time when they have reached steady state and therefore are able to be maintained and owned by the community in perpetuity.

The price and timing of transfer is set so as to:

- Ensure assets represent good value and have reached a profitable state
- Ensure outstanding debt is not carried forward to the price which would create an affordability challenge on transfer of ownership
- Ensure public benefit is preserved by taking the value of charitable grants from the final price and ensuring assets are valued with the rent price cap incorporated in their final valuation

All profits to date have been reinvested in the social purpose and not provided as dividends to shareholders. There is currently no timeline to make dividend payments given the need for full reinvestment to reach steady state and then trigger the share transfer process.

## **OB CREATIVE DIGITAL HUB**

### **Key aims of the investment**

- Support the completion of the OB ground floor works in preparation for the CDH
- Assist the move from renovation to operations – a critical and challenging transition in all capital projects and one that community-led projects often struggle with
- Establish a creative digital specialism for Hastings with a strong and sustainable base, excellent networks and partnership collaborations to maximise the jobs, skills and educational opportunities to local young people
- Create a unique space for visitor attractions and events to attract hires from diverse and exciting creative tech promoters

### **Outputs**

- Redevelopment of dilapidated site – 300 sq.m
- Delivery of new high quality visitor attraction in town centre, new facility giving access/exposure to emerging technologies, and ongoing digital town archive
- Support enterprise and business productivity and growth
- Establish Digital Lab with input from young members
- Create new jobs for local people – 6FTE
- Deliver publicly accessible cultural events – 3,900 unique visitors
- Commissions for local creative people
- Digital workshops/upskilling events – 100 per annum

## **Outcomes**

- Increased job-readiness of young people
- DIY job creation by young people
- Increased opportunities for young people's employment within the creative digital industries
- Increased number of enterprises utilising high quality, affordable, commercial spaces
- Increased number of digital businesses partnering with young people to deliver products and services
- Growth of start-ups/scale-ups
- Availability of new specialist equipment
- Increased opportunities for work for local creative 'gig economy'

## **12 CLAREMONT**

### **Key Aims of the investment**

- Rescue an important local heritage asset, placing it in the care of a mission-driven, asset-locked charitable organisation with strong community support
- Create a showcase gallery & project space for Project Art Works, with an ongoing programme of inclusive events, advocacy workshops and exhibitions by neurodiverse artists and makers
- Create inspiring and affordable creative workspace full of natural light for up to 10 artists
- Establish a 'hosting base' for people from elsewhere in the country/world to come to Hastings to learn about and participate in local community-led regeneration
- Create a high quality multi-purpose Changing Space in Hastings, associated with a welcoming venue rather than sited in a public car park, to enable greater inclusion of people who need such facilities
- Contribute to bringing the Alley into better use for the community by improving circulation and offering a base for Alley activities
- Link the tenants at 12 Claremont to those throughout the Hastings Commons building a mutual support network and expanded community self-management

### **Outputs**

- Redevelopment of dilapidated site – 752 sq.m
- New, upgraded or protected community hubs, spaces or assets, linked to local inclusive growth
- Increase in the amount (and diversity) of high quality, affordable commercial floor space – a type of workspace that is not found elsewhere in the town
- Improved arts, cultural and heritage offer that is more visible and easier for residents/visitors to access
- Increased number of start-ups and/or scaleups utilising business incubation, acceleration and co-working spaces

### **Outcomes**

- Historic building at risk rescued, repurposed and held for community benefit for the next 125 years

- Neurodivergent children, adults and their families and carers will be more visible and included – reducing isolation and leading to greater awareness, understanding, acceptance and support within the wider community
- Increased inspiration and connectivity to support new ventures and collaborations
- People working in the creative industries are supported to collaborate and grow

## **EAGLE HOUSE**

### **Key Aims of the investment**

- Rescue a prominent town centre building at high risk of vacancy
- Reveal and protect the heritage asset, especially the third floor
- Enhanced townscape that is more attractive and more accessible to residents, businesses and visitors
- Improve health outcomes for local people and reduce health inequalities
- Open up the alley from Robertson Street as a new piece of town centre (currently in private ownership), with new uses that drive up footfall and dwell-time
- Provide 520 sq.m of workspace (1-3 floors), protect 195 sq.m of warehouse space
- Secure 195 sq m of community space (Ground Floor common room)
- Eagle House will be the hub and gateway that draws people into employment, volunteering and learning opportunities

### **Outputs**

- Redevelopment of dilapidated site – 928 sq.m
- Delivery of quality community, commercial, and residential space in town centre
- Delivery of new public amenity space (200 sq.m), creating a new part of the town centre – America Alley/Eagle Alley (name tbc)
- New community hub linked to local inclusive growth
- Increase in capacity and accessibility for new skills facilities
- Increase in amount and diversity of high-quality affordable commercial workspace

### **Outcomes**

- Historic building currently acting as ‘detrimental to the conservation area’ is rescued, repurposed and held freehold for community benefit
- Improved visual impact through a mural treatment to the front, pending longer term redevelopment
- New workspace to meet growing demand
- Embedding and enhancing the public living room as a long-term civic facility
- Unlock potential for 6-12 affordable homes in future

## 7. Economic Costs

Capital costs for a wide range of options have been developed using a detailed elemental Cost Plan format populated by items agreed between design team members and then costed by our independent Cost Consultant, NorthGates, using their current cost database of both historic and recent tender information, extended using with industry-standard and own inflation projections to point of contract.

The detailed Elemental Cost Plan has been informed by surveys and subsequent design solutions agreed between the design team members, specifically Architect and Structural Engineer input, which then have been discussed and costed by the Cost Consultant, resulting in building-specific capital cost allowances.

Costs have been estimated at current price point, but then projected to reflect the anticipated contract start date of 1/2Q 2023, using market feedback projections. BCIS indices have also been referenced, but do traditionally lag behind. There are no firm quotations available at this stage. These will be invited, once secure funding from this bid application has been confirmed.

A Project-wide Risk Register has been developed and includes Cost Columns for both Average and Maximum Likely Risks. The Average total is then used to inform the Contingency Sum allowance in the overall Cost Plan.

## 8. Economic Appraisal

Mott Macdonald have undertaken an economic appraisal. The text below is extracted from their technical note (see Appendix 8). These include assumptions about individual beneficiaries based on estimates of numbers of workshops, training opportunities and hours of cultural events programming.

### Approach

To assess the value for money of the preferred option, a Cost Benefit Analysis (CBA) was undertaken based on the guidance provided in HMT Green Book to assess the economic costs and benefits of this option to determine whether the benefits outweigh the costs.

In addition to the costs of the project, and the associated revenues, this CBA is based on the assessment of three key economic benefits to the project. These are:

1. **Education:** The new facilities will allow Hastings Commons to provide additional training courses. CDH will provide a range of courses around digital skills whilst the other facilities will support the wider training offer such as hosting Kickstarters, partnering with the College to provide work experience, supporting groups of volunteer heritage stewards, providing online courses for heritage building maintenance, Make & Mend crafts sessions, photography workshops, and arts therapy.

2. **Cultural engagement:** The new facilities will provide additional cultural and gallery space in all three of the buildings. This will allow more people to attend art events and engage directly with new artists. 12 Claremont will, for example, have the unique ‘Project Art Works’<sup>2</sup> which will display work from a broad range of artists and activists.
3. **Public Realm:** The project will restore three buildings in the heart of Hastings, all of which are currently derelict. This will improve the public realm in Hastings and provide an improved commercial environment for the businesses close to Hastings Commons, thereby reducing negative spill-over effects on surrounding businesses.

These benefits were included within the CBA as clear methods exist to monetise them. This should not be taken to mean that these are the most important of the benefits. A full set of benefits has been included within the economics appraisal section of the Business Case. When assessing the value for money of the project, both monetised and non-monetised benefits need to be carefully assessed and considered side by side to reach a robust conclusion on value for money.

The three elements to the project (12 Claremont, Eagle House and the CDH) have all been assessed separately as well as together. This was to ensure that each element of the project generated value for money and could therefore be justified as well as the entire project.

## Economic costs and revenues

The costs and revenues used in this CBA are fully aligned to the detail provided in the financial case. They are, however, presented in real terms rather than nominal terms (i.e. they exclude inflation). Total capital costs are estimated at £4.0m over the period 2022 – 2024 (including programme costs), with the new facilities assumed to open as soon as construction work has been completed.

Operating costs are estimated at £0.29m per annum in steady state. This is offset in part by revenues arising from fees for use of the new facilities. These revenues are estimated at £0.27m per annum, leaving a funding gap of approximately £20,000 per annum. It is assumed by the project sponsor team that this funding gap is either closed by government funding or private fundraising.

Philanthropic donations can be considered to be transfer payments (in that the donor does not receive any direct good or service as a direct result) in the same way that government funding is a transfer payment. Therefore, it is assumed that both funding streams are identical, and all the costs are included within the Benefit Cost Ratio (BCR) calculation. This is a cautious assumption as it lowers the final BCR figure.

More detail on the costs and revenues used within the model can be found in Table 1 below.

**Table 1: Costs and Revenues (real prices)**

		2022	2023	2024	2025
Eagle House	Capital	-£885,466	£0	£0	£0
	Operating Costs	-£25,970	-£63,776	-£63,776	-£63,776
	Programme	-£10,000	-£12,000	-£3,000	£0

<sup>2</sup> [Home - Project Art Works](#)

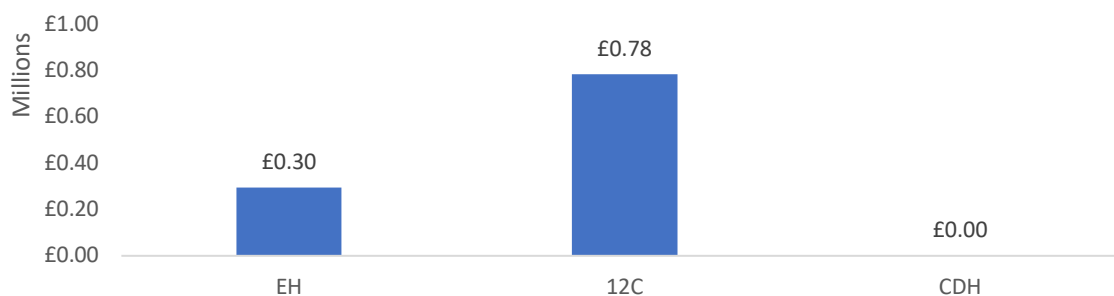


	2022	2023	2024	2025
Revenue	£0	£87,780	£87,780	£87,780
<b>12 Claremont</b>				
Capital	-£185,117	-£2,078,920	-£86,733	£0
Operating Costs	-£23,293	-£43,480	-£60,884	-£60,884
Programme	-£10,000	-£12,000	-£3,000	£0
Revenue	£0	£0	£83,760	£83,760
<b>Creative Digital Hub</b>				
Capital	£0	-£600,000	£0	£0
Operating Costs	-£52,597	-£129,627	-£140,351	-£140,351
Programme	-£10,000	-£12,000	-£3,000	-£0
<b>Revenue</b>	<b>£26,529</b>	<b>£109,743</b>	<b>£120,623</b>	<b>£120,623</b>

Source: Hastings Commons project development team

This CBA is assessed over a 20-year time horizon. While most buildings have a life span considerably greater than 20 years, major renewals are often required after approximately 20 years. Therefore, at the end of the evaluation period there will still be valuable life left in the buildings, though renewals may be required. This needs to be accounted for in the CBA. The residual value was calculated assuming straight line depreciation of the capital spend on each individual project. The (undiscounted) values calculated are shown in Figure 1 below.

**Figure 1: Undiscounted residual values (£m)**



Source: Mott MacDonald Analysis

## Monetised Benefits

### Educational benefits

The new facilities will provide for a total of 640 spaces across a range of new training courses. The benefit of these training courses can be valued using the calculations in the paper “Valuing the impact of Adult Learning”<sup>3</sup>. This paper looked at ongoing adult education courses, rather than formal training/education courses such as Level 2 apprenticeships. This shows that there are three main benefits to such a course:

1. Improvements in health: People who have recently completed a part time education course report higher levels of health satisfaction.
2. Greater likelihood of finding/staying in a job: Part time education significantly improves the likelihood of finding a job and also improves job expectations (i.e. whether they are likely to look for a better job).
3. Better social relationships: People report higher levels of satisfaction with social life when they have recently completed a part time course.

<sup>3</sup> D Fukijama, (2012) Valuing the Impact of Adult Learning An analysis of the effect of adult learning on different domains in life [Layout 1 \(aoc.co.uk\)](http://aoc.co.uk)

This paper calculated that the total value of these three benefits was £1,263 per course in 2021 prices (keeping in 2021 prices for consistency with the previous appraisals within the Hastings Towns Fund programme). The annual benefit of these 640 places was therefore calculated at £0.47m (undiscounted), on the basis that 50% of attendees would have attended an alternative course if the project did not go ahead<sup>4</sup>.

All of the assumptions used, and the source for that assumption, are set out in Table 2 below.

**Table 2: Key education benefit assumptions**

Assumption	Value	Source/Justification
Additionality	50%	The education offer provided by Hastings Commons is part of its unique offer and covers a wide range of different educational courses for a range of different clients. There is considered to be a significant difference between the educational offer provided by this project and other providers within the area, hence a relatively high level of additionality has been selected (this is tested as part of the sensitivity testing). To ensure affordability for the Hastings target market, the courses will be offered at a slight loss. As a result, an alternative education provider is unlikely to enter the market to provide the courses.
Number of individuals receiving training per annum- Eagle House	200	Information provided by Hastings Commons
Number of individuals receiving training per annum- 12 Claremont	40	As above
Number of individuals receiving training per annum- Creative Digital Hub	400	As above
Annual health benefit associated with attending a single training course (2021 prices)	£181	This is based on the “Valuing the impact of adult learning” report. It has been uplifted to 2021 prices using the OBR Autumn Budget Statement GDP deflator. For caution, it is assumed that the benefit is only received for one year and there is no persistence (i.e., learners do not gain the benefit of a course over multiple years).
Annual employment benefit associated with attending a single training course (2021 prices)	£275	As above
Annual social benefit associated with attending a single training course (2021 prices)	£807	As above

Source: As stated

## Cultural Benefits

Hastings Commons estimate that the creative spaces and galleries developed as part of this project will provide space for around 11,900 unique visits per annum. Many of these visitors will be repeat visitors (attending the same, or different, exhibits at different times) and of these many will also attend other similar events in other locations. Assuming that individuals will attend 15 events per year, then this suggests that the 11,900 unique visits will represent nearly 800 unique visitors.

For those visitors who are attending an arts event for the first time, however, there is a proven economic benefit. The value of this can be calculated using the paper “*Quantifying and Valuing the Wellbeing Impacts of Culture and Sport*”<sup>5</sup>. This paper calculates the benefit of attending an arts event at £1,104 per annum in 2021 prices. If 50% of these visitors would

<sup>4</sup> <sup>4</sup> For simplicity this additionality assumption is assumed to include any impact of deadweight or leakage. These were included within the single additionality assumption as they were assumed to be relatively minor impacts.

<sup>5</sup> [Quantifying and valuing the wellbeing impacts of sport and culture.pdf \(publishing.service.gov.uk\)](#)

have attended another event in the absence of this project going ahead this represents an annual (undiscounted) benefit of £0.44m.

All of the assumptions used, and the source for that assumption, are set out in Table 3 below.

**Table 3: Key cultural benefit assumptions**

Assumption	Value	Source/Justification
Additionality	50%	The new galleries will provide a unique community offer to locals and visitors alike and will focus on a wider range of arts and artists than mainstream art galleries. This is likely to attract visitors who would not normally visit galleries meaning that many will be attending an event for the first time. This will be further supported by the low-cost nature of the spaces (which do not operate at a profit).
Number of visitors to Eagle House	1,500	This represents the best estimate at the number of unique visits per annum. Information was provided by Hastings Commons.
Number of visitors to 12 Claremont	6,500	As above
Number of visitors to Creative Digital Hub	3,900	As Above
Annual cultural benefit associated with engaging with arts events (2021 prices)	£1,104	This is based on the “Quantifying and Valuing the Wellbeing Impacts of Culture and Sport”. The value used is for audience arts (i.e. not participating directly in the creation of art). It has been uplifted to 2021 prices using the OBR Autumn Budget Statement GDP deflator
Number of visits per person per year	15	This is drawn from the same report as above.

Source: As stated

## Public Realm

The project will involve the redevelopment of a set of buildings which are currently inactive and partially derelict. Bringing these buildings back into operation will improve the public realm in the heart of the Hastings commercial area. This will generate benefit to businesses operating close to Hastings Commons.

This benefit was assessed using the Valuing Urban Realm Toolkit (VURT). This model assumes that improving the public realm will increase the commercial opportunities in the area around the improvement. An assessment of the improvements using the VURT toolkit concluded that it would lead to an overall 3.66% increase in commercial rateable values.

Given that the buildings have all remained derelict for a period of time, it was assumed that none of this would have occurred without the Hastings Commons project and therefore it was assumed 100% of any increase was due to the project. With rateable values for properties in the immediate vicinity that rely on footfall such as cafes and retail assessed at £0.8m, the total VURT benefit was assessed to be £0.29m. This benefit was split across the three projects based on the shares of total capital spend. Rateable values will grow over the time period, aligned to growth in land values, and therefore this benefit was grown by 5% per annum to allow for this<sup>6</sup>.

All of the assumptions used, and the source for that assumption, are set out in Table 4 below.

**Table 4: Key public realm assumptions**

Assumption	Value	Source/Justification
Additionality	100%	Buildings have remained undeveloped for a considerable period of time and therefore it is not considered likely that major developments would take place in the absence of this project. This is tested as part of the sensitivity analysis.

<sup>6</sup> [ppraisal Guide \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Assumption	Value	Source/Justification
Rateable values in area	£0.8m	This is based on analysis of the businesses in the immediate area around Hastings Commons. Data is taken from Datscha.com .
Average growth in Rateable values	5%	This is a high-level assumption based on 2016 MHCLG Appraisal Guide
Quality of environment uplift	2.44%	This is based on the VURT toolkit with a two point increase in the quality of the environment as a result of the proposed project as currently the derelict building facades contribute to a poor public realm.
Maintenance uplift	1.22%	This is also based on the VURT toolkit with a further 1 point uplift due to improved ongoing maintenance of the buildings as a result of the proposed project and because bringing the buildings back into use will provide the tenants / landlords with an incentive to invest in maintenance going forward.
Eagle House share of capital spend	23%	This is based on the capital costs provided above
12 Claremont share of capital spend	61%	As above
Creative Digital Hub share of capital spend	16%	As above

Source: As stated

## Results

The costs and benefits set out in the previous sections were then assessed over a 20 year evaluation window. All figures were discounted at 3.5% to calculate the current Net Present Value (NPV) of the project. The final NPV shows the total value of the proposed investment to the Hastings' economy over the next 20 years.

Optimism bias was also included in these results. Given the tendency for projects to run over budget, an optimism bias of 24% was allowed for as part of the capital costs. This is in line with the upper bound threshold for standard buildings in the HM Treasury Green Book<sup>7</sup>. The results of this are set out in **Error! Reference source not found.** As can be seen, each of the three projects generates a positive BCR, ranging between 1.47 for 12 Claremont and 3.92 for the CDH. The key drivers of these benefits are the educational and cultural benefits. Overall, the project generates a BCR of 2.32, meaning that for every £1 invested, society will gain a benefit of £2.32. The total benefit to society is estimated at £6.78m over the evaluation window.

<sup>7</sup> [Microsoft Word - GreenBook\\_optimism\\_bias.doc \(publishing.service.gov.uk\)](#)

**Table 5: Net Present Values and BCR, (£m)**

	£m	EH	12C	CDH	Total
<b>Costs</b>	Capital	-£1.12	-£2.83	-£0.74	-£4.69
	Operating	-£1.00	-£0.93	-£2.18	-£4.12
	Revenue	£1.09	£1.07	£1.52	£3.68
<b>Benefits</b>	Education	£1.59	£0.34	£3.46	£5.39
	Cultural engagement	£0.69	£3.22	£1.97	£5.88
	Public realm	£0.14	£0.39	£0.10	£0.64
	NPV	£1.40	£1.26	£4.12	£6.78
<b>BCR</b>					

Source: Mott MacDonald Analysis

### Sensitivity analysis

The result was also tested by generating five additional scenarios. These went from a Pessimistic Case scenario where benefits are considerably reduced and all costs considerably increased, to Optimistic Case where the reverse was true. These scenarios include the potential impact of Covid-19 in the down side (i.e. Cautious and Pessimistic) scenarios. This is based on the assumption that should the impact of Covid-19 continue to be felt beyond 2023 this would lead to higher costs and lower usage of the facilities.

The exact assumptions used for these scenarios are set out in Table 6.

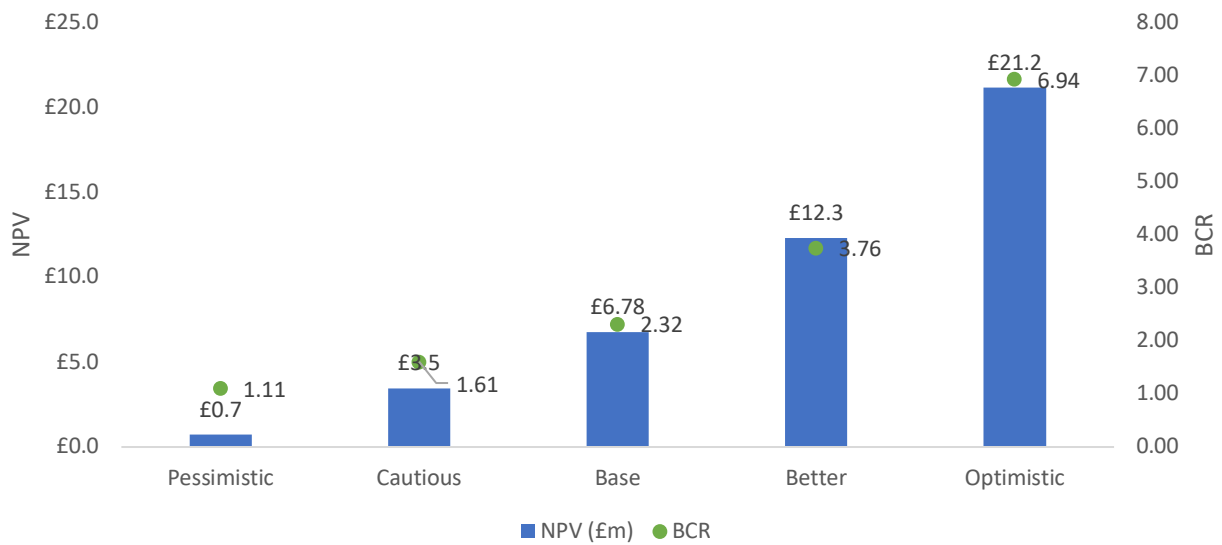
**Table 6: Sensitivity scenarios**

Variable	Pessimistic	Cautious	Base	Better	Optimistic
Capital Costs	40%	30%	24%	15%	0%
Operating Costs	10%	5%	0%	-5%	-10%
Revenues	-10%	-5%	0%	5%	10%
Education additionality	40%	45%	50%	55%	60%
Cultural Additionality	30%	40%	50%	65%	75%
Public Realm Additionality	70%	85%	100%	100%	100%
Unique visitors to gallery	50%	25%	0%	-25%	-50%

Source: Mott MacDonald

The results of these scenarios are shown in **Error! Reference source not found.** below. The BCR ranged from 1.11 in the pessimistic scenario, to 6.94 under the optimistic scenario. The Green Book advises that a BCR between 1 and 2 should be considered to be medium value for money, meaning that even under the most pessimistic assumptions the project still generates an acceptable level of return for the investment. This means that the results are considered to be robust to a wide range of different assumptions.

**Figure 2: Key sensitivity results (£m)**



Source: Mott MacDonald Analysis

## Conclusions

This assessment only considers the readily monetisable economic benefits of the project. These are only a subset of the total benefits set out in the business case and in many cases are a simplification of the actual benefits that will occur.

Nevertheless, this assessment shows that even on this basis the project generates good value for money, with the BCR significantly above 2. The HMT Green Book states that all projects with a BCR greater than 2 should be considered to be high value for money, meaning that the base case assessment for this project is that it generates high value for money. Whilst 12 Claremont generates a relatively low individual BCR at 1.47 (which would only be considered medium value for money), it is important to note that the majority of the space within this building is dedicated to functions for which it was not possible to quantify the benefits for. Therefore the actual BCR for this building is likely to be considerably higher.

Even under the pessimistic scenario the BCR remains above 1, representing medium value for money. When the wider, non-monetisable benefits are included the actual benefits generated by the project will be considerably higher than that indicated by the assessment above.

On that basis this economics assessment concludes that there is a strong value for money justification for this project going ahead.

# C: FINANCIAL CASE

## 1. Approach to and overview of financial case

The economic case above sets out our preferred option on which the financial case below is built. An overview of the full cashflow on which the case is made is provided here:

	Apr 21 - Mar 22	Apr 22 - Mar 23	Apr 23 - Mar 24	Apr 24 - Mar 25	Apr 25 - Mar 26	Apr 26 - Mar 27	Apr 27 - Mar 28	Apr 28 - Mar 29	Apr 29 - Mar 30	Apr 30 - Mar 31	Apr 31 - Mar 32	Total
Rent & service charge income	0	19,950	106,784	173,374	183,776	194,803	206,491	218,880	232,013	245,934	260,690	1,842,694
Ticket sales	0	31,915	74,649	93,944	115,491	139,502	156,926	166,341	176,322	186,901	198,115	1,340,106
Access to facilities	0	10,270	23,203	27,630	33,214	40,120	45,132	47,840	50,710	53,753	56,978	388,849
Bar & refreshments	0	4,550	9,646	10,225	12,193	15,797	18,267	19,363	20,525	21,756	23,061	155,382
Training & events	0	0	2,120	2,247	2,561	3,093	3,479	3,688	3,909	4,144	4,393	29,635
Other income	0	1,500	3,180	3,371	4,631	6,166	6,680	7,081	7,506	7,956	8,434	56,506
<b>Total income</b>	<b>0</b>	<b>68,185</b>	<b>219,583</b>	<b>310,791</b>	<b>351,865</b>	<b>399,481</b>	<b>436,975</b>	<b>463,193</b>	<b>490,985</b>	<b>520,444</b>	<b>551,670</b>	<b>3,813,171</b>
Rent & service charge costs	0	(15,000)	(41,923)	(60,375)	(72,706)	(77,068)	(81,692)	(86,594)	(91,790)	(97,297)	(103,135)	(727,580)
Voids	0	(1,290)	(7,378)	(13,102)	(13,888)	(14,721)	(15,604)	(16,540)	(17,533)	(18,585)	(19,700)	(138,340)
Staffing costs	0	(87,019)	(128,348)	(138,468)	(146,776)	(155,582)	(164,917)	(174,812)	(185,301)	(196,419)	(208,204)	(1,585,845)
Licenses and subscriptions	0	(3,255)	(6,636)	(7,034)	(7,456)	(7,903)	(8,377)	(8,880)	(9,413)	(9,977)	(10,576)	(79,507)
Advertising, marketing & promotion	0	(6,710)	(11,478)	(12,460)	(13,208)	(14,000)	(14,840)	(15,731)	(16,675)	(17,675)	(18,736)	(141,513)
Cleaning, security & waste collection	0	(16,481)	(23,294)	(23,928)	(25,364)	(26,885)	(28,499)	(30,208)	(32,021)	(33,942)	(35,979)	(276,600)
Utilities, rates & internet	0	(17,954)	(25,375)	(25,451)	(26,978)	(28,597)	(30,313)	(32,132)	(34,060)	(36,103)	(38,269)	(295,233)
Insurance	0	(8,456)	(12,058)	(12,077)	(12,801)	(13,569)	(14,383)	(15,246)	(16,161)	(17,131)	(18,159)	(140,041)
Legal, finance & professional fees	0	(3,375)	(4,770)	(4,865)	(5,157)	(5,467)	(5,795)	(6,142)	(6,511)	(6,902)	(7,316)	(56,300)
Ongoing repairs & maintenance incl Sinking Fund	0	(12,500)	(20,140)	(20,585)	(21,820)	(23,130)	(24,517)	(25,988)	(27,548)	(29,200)	(30,953)	(236,381)
Other operating spend incl sundries	0	(3,278)	(9,172)	(13,180)	(14,188)	(15,040)	(15,942)	(16,899)	(17,913)	(18,987)	(20,127)	(144,726)
<b>Operating costs</b>	<b>0</b>	<b>(175,319)</b>	<b>(290,570)</b>	<b>(331,525)</b>	<b>(360,342)</b>	<b>(381,963)</b>	<b>(404,880)</b>	<b>(429,173)</b>	<b>(454,924)</b>	<b>(482,219)</b>	<b>(511,152)</b>	<b>(3,822,068)</b>
<b>Operating profit</b>	<b>0</b>	<b>(107,134)</b>	<b>(70,987)</b>	<b>(20,734)</b>	<b>(8,477)</b>	<b>17,518</b>	<b>32,094</b>	<b>34,020</b>	<b>36,061</b>	<b>38,225</b>	<b>40,518</b>	<b>(8,897)</b>
Purchase	0	(435,000)	0	0	0	0	0	0	0	0	0	(435,000)
Capital development	0	(790,469)	(1,788,285)	(27,233)	0	0	0	0	0	0	0	(2,605,987)
Professional fees inc. development management	(33,302)	(438,891)	(237,401)	(40,450)	(42,877)	0	0	0	0	0	0	(792,920)
Project contingency	(1,515)	(87,608)	(99,376)	(1,362)	0	0	0	0	0	0	0	(189,861)
<b>Total capital spend</b>	<b>(34,817)</b>	<b>(1,751,968)</b>	<b>(2,125,063)</b>	<b>(69,044)</b>	<b>(42,877)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,023,768)</b>
Town Fund Capital	0	3,467,700	0	0	0	0	0	0	0	0	0	3,467,700
Town Fund Revenue	0	0	385,300	0	0	0	0	0	0	0	0	385,300
Other grant or reserves	0	0	60,000	100,000	62,000	0	0	0	0	0	80,000	302,000
Finance received	0	0	200,000	0	0	0	0	0	0	0	(200,000)	0
Finance repayment	0	0	(13,200)	(13,200)	(13,200)	(13,200)	(13,200)	(13,200)	(13,200)	(13,200)	(13,200)	(118,800)
<b>Total development finance</b>	<b>0</b>	<b>3,467,700</b>	<b>632,100</b>	<b>86,800</b>	<b>48,800</b>	<b>(13,200)</b>	<b>(13,200)</b>	<b>(13,200)</b>	<b>(13,200)</b>	<b>(13,200)</b>	<b>(133,200)</b>	<b>4,036,200</b>
<b>Cash-flow surplus</b>	<b>(34,817)</b>	<b>1,608,598</b>	<b>(1,563,950)</b>	<b>(2,978)</b>	<b>(2,554)</b>	<b>4,318</b>	<b>18,894</b>	<b>20,820</b>	<b>22,861</b>	<b>25,025</b>	<b>(92,682)</b>	<b>3,535</b>

This is a synthesis of the following:

- Cashflows for each of the three projects (12 Claremont, Eagle House and OBCDH). The details of each of these projects individually are provided in Appendix 1.
- Towns Fund support is summarised as follows:

	£	%age total
Towns Fund Capital - early claim for costs up to end June 2022	87,917	2.3%
Towns Fund Capital - from July 2022 onwards	3,379,783	87.7%
<b>Total Towns Fund Capital Claim</b>	<b>3,467,700</b>	<b>90.0%</b>
<b>Towns Fund Revenue Claim</b>	<b>385,300</b>	<b>10.0%</b>
<b>Total Towns Fund Claim</b>	<b>3,853,000</b>	<b>100.0%</b>

- The Towns Fund revenue funding, and the additional grants and reserves are included in the table above and therefore the spend is fully allocated, but we need to ensure there is flexibility to allocate this funding between projects should there be overspend on one and underspend on another, or to top up capital spend if necessary if we are able to make revenue savings. This is particularly the case because the operational teams supporting each project will mainly come from the same, central resource. We know from extensive experience over the past 6 years that this level of flexibility is

critical in enabling us to manage risks, cashflows and evolving operational and capital development realities as they arise.

- Any cash-flow surplus will be reinvested in the projects identified in order to further develop the buildings and spaces, and maximize the benefit – in particular there is further potential within Eagle House.
- The cashflow profile above does not indicate further sources of leveraged funding. However, these Towns Fund works and outcomes rely on the foundation of capital spend and leveraged funding completed and underway.

### **OB Funding Sources**

HAZ/HE x 4 awards	£1,625,100
CHART x 2 awards	£538,500
SELEP x 3 awards	£3,648,135
AHF x 2 awards	£850,000
CRF	£63,000
	<b>£6,724,735</b>

The key assumptions made are as follows:

- That with the Towns Fund support, alongside long-term mortgage finance of £200k secured on 12 Claremont or Eagle House (4% over 25 years and well within acceptable loan to value ratios), plus additional fundraising of £302k the combined projects can:
  - Reach a steady state in terms of annual operational surplus by 26/27
  - Repay mortgage finance including interest by 31/32
- The additional £302k of ‘other grants or reserves’ identified have not yet been secured. Previously our bid had been allocated an additional £202k and we have requested that this is reinstated to support a large part of this shortfall, reducing the burden and risk of fundraising. We do have an exceptional track record in fundraising as identified above. It would also be possible to create a community share offer to support development of 12C as identified in the Economic Case, to further increase mortgage finance and/or to repay the mortgage at a later date (though obviously this would push out the steady state date and be more expensive over long-term) in order to cover those shortfalls.
- For all operational revenue and costs, and for all capital spend forecasts we have taken 22/23 as the base year and then applied an annual 6% rate of inflation for later years thereafter.
- Other capital spend costs and modelling assumptions including professional fees and contingencies have been supported by a qualified Quantity Surveyor and vary according to each of the three projects. Detailed assumptions for these are provided in Appendix 1.
- The basis on which the base revenue and operational cost forecasts have been created, including accounting for risks, also vary according to each of the three projects. Again, overview is provided in Appendix 1.
- We have been conservative in our revenue assumptions and based them on our experience of very similar uses in adjacent buildings within the neighborhood. Our



pricing comes under regular review at monthly Finance Team meetings (see ‘management case’) and we retain the right to increase rents or service charges, or other pricing on an annual basis within the term of our leases. Historically across current buildings such as Rock House run through WRNV Ltd. our ‘voids’ and bad debt have been extremely low. We managed this through (i) maintaining a regular ‘waiting list’ of tenants and (ii) regular engagement and support for tenants experiencing any short term financial difficulties.

Outside of the mortgage finance and potential community share offers noted above we regularly seek all forms of potential finance across the Hastings Commons. As noted above we have already raised more than £6.7m and at this stage are confident that no alternative sources of finance are available to fund the work proposed. We will continue to seek sources of flexible finance to further develop all three projects so they can deliver even greater benefit, including reinvesting any operational surpluses greater than those identified in the cash-flow summary above.

We have also provided in Appendix 1d a summary of the cash-flows without any inflation assumptions.

## 2. Sensitivities and break-even

In order to select our preferred option (see Economic Case under ‘optioneering’) we have considered sensitivity testing on all uses and selected those uses that would best reduce sensitivity to changes in operational costs or revenues. On the preferred case we have carried out overall operational sensitivity analysis on projected operational revenues and costs:

Area	Max %age change*	Impact of change on ‘steady state’ date	Overall impact on cash-flow to March 2032
Revenue fall	7.3%	+1 year (March 27 v March 28)	£287,258
Opex increase	7.08%	+1 year (March 27 v March 28)	£310,840

\*any change above this figure would result in rising negative operational cash-flows so ‘steady state’ would not be reached

This demonstrates we could still reach steady state if we were to see revenues drop up by up to 7.3% or operational costs rise by up to 7.08%. The cash shortfalls that this would create in either case of c. could be mitigated by additional cost controls, additional fundraising given our track record of successful fundraising, or if necessary through further secured finance. However, we believe either of these scenarios is significantly mitigated by the following:

- We have been conservative in all our operating revenue and cost estimates based on our significant previous experience and track record managing and letting workspace and cultural spaces in the neighborhood.

- For these scenarios to transpire all three projects would need to experience similar disparities at the same time. Whilst some of the assumptions and markets for the proposed uses in Eagle House and 12 Claremont are similar, the Creative Digital Hub is a different business model which helps to spread risk.
- We still intend to seek to raise additional capital funding, especially in the development of Eagle House. This would open up the potential for different uses (options B or C as outlined in the Economic Case under 'optioneering') which can generate higher rent long-term.
- As outlined in our 'monitoring and evaluation' analysis within the Management Case, we have tight financial management and would seek to adjust revenues and control costs tightly to ensure we remained on track.

In respect of capital costs as well as the contingences built into capital budgets, our 'monitoring and evaluation' analysis within the Management Case identifies our well established processes for close management of development and capital costs programmes.

### **3. Affordability Assessment**

Based on the cashflow provided, assumptions and contingencies built into our modelling, our previous track record and experience and the sensitivity / break-even analysis together with mitigations, including our well established monitoring and evaluation approach, we believe the preferred option represents strong affordability. As outlined in the 'optioneering' section of the Economic case we have considered a wide range of options for both the capital build and operational models and selected the approach we believe is most likely to be affordable whilst still more than meeting our strategic case and providing strong benefits. Those options that generated high levels of risk have been rejected, with key aspirations incorporated or kept as potential for future development.

Significant inflationary rises beyond those modelled are unlikely to have a significant overall impact: the majority of the capital development spend is in the base year or base year +1, and whilst costs may rise with inflation we would also increase revenues with inflation to match that rise.

Significant rises in interest rates would have a relatively limited impact on our operational model given the relatively low levels of finance modelled. Wherever possible we would also seek to raise further funds to cover short-term shortfalls and/or repay loans as early as possible to mitigate this risk further.

Across the Hastings Commons we have a wide range of public and private investors and key stakeholders who have been supportive of our approach for many years and directly involved in ongoing support guidance and funding both local, regional and national. The section on 'stakeholders' in our Strategic Case outlines these further, along with the list of funding sources.

### **4. Derivation of capital costs**

(see also B7 Economic costs above)

BCIS is broadly predicting that the All In Tender Price Index will rise by :-

- 2022 – 4.4%
- 2023 – 4.8%
- 2024 – 4.1%

In comparison, Mace predict tender prices rises of :-

- 2022 - 4.5%
- 2023 - 3.5%

Arcadis predict :-

- 2022 – 4-5%
- 2023 – 3%

Consensus is that the construction industry is still being held back by widespread material and labour shortages, in turn driving up tender prices although partly subsidised by reduced profit being taken during 2022, whilst material price growth could be nearing its peak, with some early signs that price inflation could be slowing.

As a result, we have applied cautionary inflationary factors of 5% for the remainder of 2022 and then a further 4% for 2023 (pro-rata to the tender return/contract start date).

A Project-wide Risk Register has been developed and includes Cost Columns for both Average and Maximum Likely Risks. The Average total is then used to inform the Contingency Sum allowance in the overall Cost Plan.

## **5. Funding & Revenues**

### **Status of other co-funding/third-party contributions/other funding underway**

The Observer Building was purchased with a £1.2M mortgage from Ecology Building Society secured on Rock House. Early spend on concrete repairs and enabling works was financed by ESCC Stalled Sites Fund, the Coop Foundation and short-term loans. The building is currently benefiting from a £5.5M renovation programme funded through Getting Building Fund, Growing Places Fund, Historic England/TTHAZ, Architectural Heritage Fund and CHART (ERDF).

WRNV was awarded a grant of £300,000 from Trinity Triangle Heritage Action Zone for use in the renovation of the Observer Building with the grant condition that an equivalent amount is spend by WRNV on the 12 Claremont project before March 2024. This will count as private match funding into the Hastings Commons Town to Sea project.

WRNV holds a £143,000 loan from Big Issue Invest to support the Eagle House project.

We are currently focusing on fundraising for core revenue that can match the Towns Fund capital input. Conversations are currently underway with National Lottery Community Fund, Tudor Trust, Henry Smith Charity, and Esmee Fairbairn.

## **6. Long term financial sustainability**

We are currently operating a development business with Rock House already profitable and the Observer Building in development. The programme and financing plan for the Towns Fund supported projects is realistic and the cashflow and sensitivity analysis above provide a long term view on how we can reach steady state across the Hastings Commons.

## **D: COMMERCIAL CASE**

### **1. Demonstrating viability**

COMMONS-WIDE – rewiring of the ecosystem is underway in terms of governance and staffing which will increase strategic leadership and build the long-term capacity of the Community Land Trust to hold the properties in perpetuity.

OB CDH – Creative Digital Specialist in place, building up partners and networks. Meanwhile Space will remain involved providing ongoing support. Development of Capture Studio (funded through CRF) is underway to test and refine the commercial model and begin to build participation in advance of the Towns Fund investment. Bookings are already in place for early tests of the space as venue.

12 CLAREMONT – PAW long-signed up as anchor tenant for the Ground Floor and may have more significant requirements in the near future. Workspace option is viable and relatively simple but the hosting centre has more scope for growth. It is possible to create workspace that could be readily converted to hosting and the plan is to grow the hosting slowly.

EAGLE HOUSE – short-medium-term use as Public Living Room and workspace is viable if the targeted interventions can achieve enough quality space. We will seek to work with SAP over the coming years to raise funds for the building’s full renovation as co-housing as this remains the ideal use in terms of maximising both social value and earned income (see Appendix 5 advice from Exempt Accommodation specialists MR Associates).

### **2. Procurement & Management strategy**

#### **OB CREATIVE DIGITAL HUB**

The Creative Digital Hub will be developed and launched by a multi-disciplinary team including the Creative Digital Specialist, existing project architects and design team, and supported by Meanwhile Space. The team reports to the HC Programming Board. As a result of early scoping and partnership-building, it is anticipated that Bright Black will be engaged as consultants to facilitate development of the young people’s digital lab.

As a Hastings Commons project, strong partnership working will be at the core of successful delivery. A detailed delivery programme and monitoring and evaluation processes will be developed alongside SMART objectives as part of next phase of works.

Stakeholder engagement will continue through the next phase of project development, which will include market testing and temporary digital activities including motion-capture rig to build anticipation prior to launch. As part of Hasting Commons, this project is embedded in community networks and engagement processes.

Fit-out works for this project will be led by IF\_DO the design team already successfully delivering the wider Observer Building development alongside Ventures, whose extensive

property development experience in the local area has given us the expertise and resilience to ensure successful project delivery within budget. Internal carpentry fit-out works will be procured through 3 quotes and will seek to encourage local independent businesses to quote.

A dedicated Creative Digital Specialist (CDS) has been employed on a consultancy basis to market test these proposals and work with partners to pilot digital activities in the run-up to launch. The intention is to finalise a JD and recruit to a long term post for this role in Summer 2022. Development of the design and branding for the project will be led by the CDS, with input from the wider design team, Meanwhile Space and the Hastings Commons Programming Board. A brief will be developed and issued to local design agencies to respond with proposals before proceeding with design development.

The CDS will seek detailed proposals from Bright Black following partner research and engagement (Oct 21-Feb 22). The proposals will cover the co-design and delivery of the Talent offer in partnership with a cohort of young people. It will include the development of the look, feel, equipment, membership offer of the Talent space, with the intention of starting in Autumn 2022 to ride the wave of interest from visitors of the 2066 CRF project.

The project has been designed around a commercial leisure offer to mitigate against the risks associated with projects reliant on securing ongoing revenue funding. A blended model has been developed to design in resilience - programming can be adjusted to accommodate a greater or lesser amount of corporate or commercial hire as against free or very affordable activities.

Capital costs will be covered by the Towns Fund. The Creative Digital Specialist role will be funded through Towns Fund revenue to project Y4 (2025/26) Once operational, all other running costs will be paid for from project income. Project income streams will be:

- Ticket sales (leisure)
- Venue hire
- Event f&b
- User membership
- Equipment hire
- Digital lab events - training courses, talks, workshops

Turnover is forecast at £100k Y1 rising to £170k by Y5.

Operational costs will include:

- Rent
- Service charge
- Business rates
- Staff costs
- Cleaning
- Insurance
- Equipment repairs / technician / connectivity support
- Software licences, subscriptions, booking system
- Professional fees including lawyers and accountants
- Advertising and marketing
- Replacing and upgrading equipment, improving space
- Licences (premises, music etc)

Additional funding opportunities will be sought to enable a programme of events, support and facilitation for digital lab members.

The detailed forecast and capex budget is summarised in Appendix 1a.

## **12 CLAREMONT**

This will be a full renovation and will be managed through the RIBA stages by Hastings Commons Ventures (currently White Rock Neighbourhood Ventures) on behalf of the Hastings Commons Community Land Trust (currently Heart of Hastings CLT). A Development Management Agreement is already in place between the two organisations. Ventures will oversee and be assisted by the professional design team led by conservation-accredited architects Purcell, who were appointed as project architect after a compliant procurement process. Their development work on a range of options has informed the detailed Elemental Cost Plans supporting this application.

Whilst there are a variety of Contractor Procurement options available (Traditional, Design and Build, Management Contracting, Construction Management are all options) cost certainty is an essential driver on this project. As a refurbishment project it is essential that it is fully designed and de-risked as far as possible before inviting Main Contract tenders – limiting any risk percentage that Contractors may apply and encouraging more interest in the tender generally, as well as limiting the financial exposure of the Client to unwelcome post-contract claims.

As many intrusive surveys as possible have already been undertaken to inform this Business Case. These include a full Building Survey by Heritage Consulting and Structural Surveys by CTP using their Conservation Engineer, James Miller.

Regarding, the Main Contract Tender List, the final project scope/size/site diversity will ultimately dictate how the List is compiled. Ideally, we would prefer to consider appointing from a recognised Contractor Framework. This has the added advantages of pre-qualifying appropriate candidates whilst also providing a feedback mechanism direct to the Framework, should performance dip below acceptable agreed standards. Contractors do not want to disappoint the Framework managers as it invariably results in curtailed future opportunities until performance is recovered. However, we also recognise that certain elements of the work may better lend themselves to respected small local Contractors with the possible advantages of economy, attention and community investment and this will be reviewed once Towns Fund investment is confirmed and the scope of the project(s) fully established.

Whilst many Frameworks are pre-procured on a Design and Build Contract basis, the reality is that provided the project has been essentially de-risked before Tender, then the actual contract form is a relatively secondary consideration. Standard or D&B JCT Contract Forms should then yield similar tender figures and, provided that the major risks have been identified and mitigated, transfer of residual risk becomes a relatively small issue and not unduly cost-sensitive. Certainly a Single Stage Tender (rather than Two Stage) invitation is preferable to lock-in a high level of Cost Certainty, particularly whilst tender inflation remains uncertain. Our experience with Rock House, the Observer Building and other local projects has been that there is appetite from contractors to work on our projects.

Social value will form an integrated part of the procurement strategy. Many Contractor Frameworks already include a requirement for local apprenticeships and minimum local labour employment throughout the project, but if these are not carefully specified they will add significant cost or fail to be delivered at all. We have learned hard but valuable lessons from the Observer Building renovation and are now much better equipped to squeeze social value from our redevelopment contracts. We will seek to build on partnership work with East Sussex College to achieve construction training placements for local people in the 12 Claremont redevelopment.

## **EAGLE HOUSE**

Following the business case development process – which made clear we could not undertake full renovations of both Eagle House and 12 Claremont – we have rethought our approach to Eagle House. This will focus the Towns Fund investment into meeting the purchase cost plus targeted interventions that can bring the whole building into use as workspace, improve the façade with a striking temporary mural, and protect the Common Room for the future. We will now use project management stages (rather than RIBA stages) to develop the workspace organically with prospective tenants as we did very successfully at Rock House.

The longlist of targeted interventions will be managed in-house by Development Coordinator and Deputy General Manager of Ventures, Kit Godfrey, with support from NorthGates as cost consultant. Several of these interventions can be achieved by existing tried and tested sub-contractors (electricians etc) or by our own caretaking team. Larger interventions like the new staircase will be specified in liaison with already-procured architectural advisers IF\_DO, and procured through minor works approach of obtaining at least 3 quotes.

We have already undertaken development work with Camerados, the Rickard Sisters and a number of local artists to plan and cost the mural for the front façade.

### **Summary of procurement:**

- Professional teams have already been fully procured.
- 12 Claremont main contractor will be procured through a full tender process
- OB fit-out and kit-out managed in-house by the Creative Digital Specialist, with support from QS and existing partners
- EH targeted interventions managed in-house by the Development Coordinator, with support from QS, caretaking team and existing sub-contractors



### 3. Commercial deliverability

WRNV has a successful track record of building development and management. Rock House was our flagship project, which was successfully redeveloped over 5 years by key members of the current team including John Brunton, Jess Steele and Bob Thust. As the functionality and uses of the building came into fruition, so did the organisation. The project allowed WRNV to grow its knowledge, capacity and financial stability as well as providing the confidence to take on further challenging buildings. Since then, the team has expanded from 2 members of full-time staff to 7, bringing in skills and experience from a range of sectors. As the team grew so has the portfolio of redeveloped buildings, for example:

- Rose Cottage - a run-down stable used for storage has been converted into a beautiful learning space and two artist studios;
- The Caves - rubbish filled, unsanitary crumbling caves have been stabilised, cleaned and brought back into community use;
- 39 Cambridge Road - 4 newly converted flats are successfully managed by our wholly owned subsidiary company, Living Rents (Hastings);
- Eagle House - an old furniture store redeveloped on the ground floor to enable users with accessibility requirements to use the Common Room, a public space for all the community to use;
- Observer Building - an extremely challenging building left to decay for 35 years is well on track to be reopened in summer 2022 with an array of commercial uses.

All of WRNV's projects have been carefully financially managed and delivered within budget. The team is astute and commercially minded, looking for cost savings wherever possible. This is proven by WRNV's ability to populate residential and commercial spaces with reliable tenants, who provide the income for the organisation to keep growing as demonstrated in this business case.

As described above, the commercial and contractual strategy is to define and de-risk as much of the project before going to tender for Main Contractors.

**Regular Design Team Meetings** to include the Client are held and recorded throughout the Pre-Contract phase.

**Staged Client Sign-Offs** (following the RIBA Stage structure) are incorporated throughout the design programme to ensure clear understanding and agreement are achieved and recorded.

**Change Control** is strictly managed by the Project Manager through a Client Change Order template with Cost and Programme implications developed with the Main Contractor and presented for Client signature before instructing same. This continues throughout Pre and Post Contract phases.

**Cost Management** is controlled by regular reviews and monthly reporting, supplemented by strict adherence to agreed Cost Plans and Change Management protocols. Post-Contract monthly interim valuations of work completed are agreed between the Cost Consultant and Main Contractor and certified for Client payment in accordance with the Contract provisions. These then inform a corresponding monthly Cost Report, issued to the Client by the Cost Consultant

A **monthly Project Managers Dashboard Report** will be issued identifying Headline feedback on Delivery, Cost, Risk and Functionality, highlighting input required from Client-direct sources to ensure 360 degree co-ordination

**Programme and Risk Register documents** will be reviewed at each meeting throughout the project to ensure continual monitoring and adjustment to remain on time and cost targets.

Tendering will be on a single stage tender basis to selected Contractors to ensure market competitiveness is reflected in pricing. The Contract will be an industry standard JCT (unless using a Contractor Framework procured under an NEC Form). Either off these will identify all roles, responsibilities and management protocols.

The design team will ensure that all statutory consents including Planning Consent, Building Regulations Approval, Conservation consultation, Health and Safety Legislation and Party Wall Awards are addressed and then recorded in the Tender and Contract documentation, clearly stating whether responsibility resides with the Client or is passed to the Main Contractor.

The project will have identified and addressed all major risks recorded on a progressive Costed Risk Register before Tendering, reviewed at each Design Team Meeting leaving a relatively small residual risk to be addressed Post-Contract through a financial Contingency Sum continually (informed by that live Costed Risk Register) to be retained and administered by the Client team.

See Appendix 12 Governance for detail on management of development process, including decision-making, approval and sign-off.

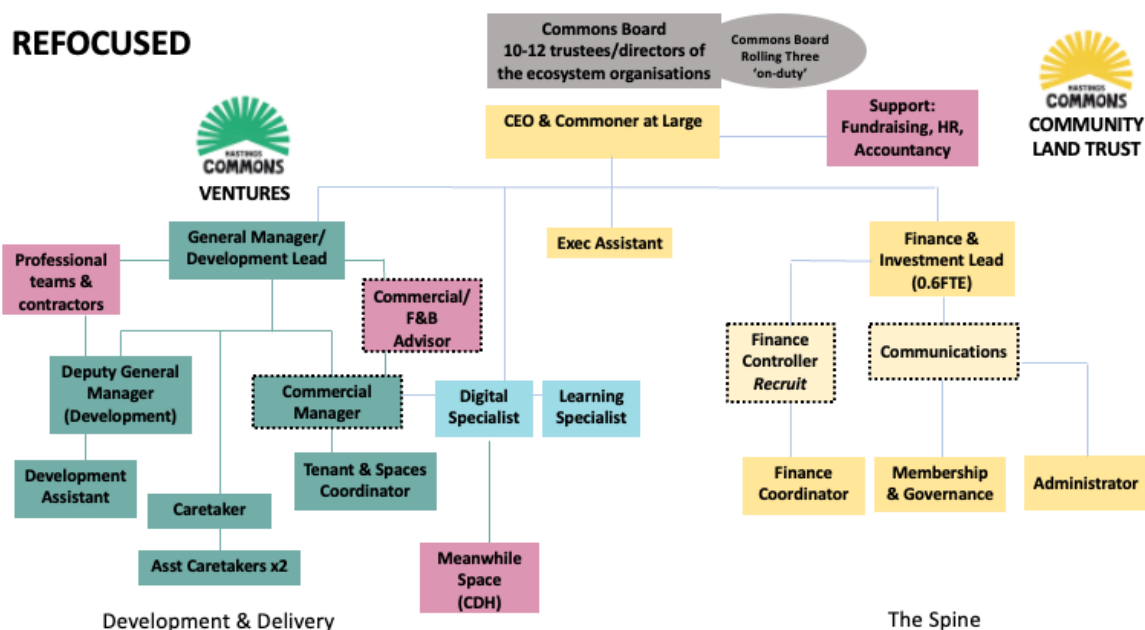
## 4. Operations strategy

### COMMONS-WIDE

The ecosystem is currently being 'rewired' to be fit-for-purpose for the next stage in our journey. While there is still plenty of renovation to be undertaken, we are moving beyond our familiar territory of 'beds and desks' (homes and workspace) to include offers and responsibilities around leisure, food & beverage, digital attractions, and national/international hosting.

New capacity is being put in place through the following actions:

- the Commons Board has agreed and the CLT trustees have confirmed (6/4/22) offers of employment to Jess Steele as Chief Executive of the Hastings Commons and Bob Thust as Finance, Operations & Investment Lead
- these are the initial posts in a restructure that will consolidate the Hastings Commons staff team as shown below, particularly growing the capacity of the Community Land Trust to be the long-term owner of the common-ground resources
- the Ventures team is already strong and well-managed. It will expand to include a Commercial Manager to lead on the development of operations as described above.
- New CLT trustees are currently being inducted to join the Commons Board



### OB CREATIVE DIGITAL HUB

The Commons-wide Creative Digital Specialist (CDS) will manage the ongoing creation of the OB Creative Digital Hub, working closely with the Learning Specialist, Venue Manager and with Meanwhile Space. The CDS role will establish and strengthen meaningful external relationships through partnerships and collaboration, building networks and sharing

knowledge to develop the 3 year strategy and lead the implementation of impressive digital leisure offers, including virtual innovation, programmes and activities to develop a high quality offer that significantly benefits local people in Hastings.

A full time Venue Manager position will oversee the daily operations of the CDH venue, managing the bookings of digital leisure offers and the operation of the Digital Lab. They will work collaboratively with the Digital Specialist and Learning Specialist to align the Digital Commons strategy with commercial operation and social value generation. This role will hire, train and manage casual staff – including staff supervision and rota management, as well as all other practical and bureaucratic considerations for the CDH such as licensing, safeguarding and H&S.

## **12 CLAREMONT**

Kit Godfrey, Hastings Commons Development Coordinator, will continue to coordinate development through the RIBA stages, reporting to the HC Development Board which meets every 6 weeks. While awaiting recruitment of the Commercial Manager and the return of the Tenant & Spaces Coordinator from Covid-related sick leave, Kit will also report to the Programming Board (which meets every 6 weeks in between Development Board meetings) regarding the development of uses.

The next step is to complete Stage 2 to reach a final agreed approach and then through Stage 3 towards a planning application. Once that has been submitted, Stage 4 technical design will produce a Tender Pack and end with the appointment of a main contractor. Stage 5 is the construction phase; Stage 6 is handover.

## **EAGLE HOUSE**

Kit Godfrey, Hastings Commons Development Coordinator, will also continue to coordinate development of Eagle House. However, this will take a different approach with key targeted interventions enabling the opening up of the full building for active uses and working on mural proposals for the façade that clearly show how the building is being brought back into use. We have explored potential approaches with the Rickard sisters who produced the beautiful Robert Tressell Ragged Trousered Philanthropists graphic novel. The aim will be to create something beautiful and striking, historically relevant and clearly temporary – perhaps including Tressell up a ladder painting the front himself?!

# E: MANAGEMENT CASE

## 1. Project organisation and governance

As described in the Commercial Case (Operation Strategy) above, the Hastings Commons is being rewired in terms of staffing and governance. This builds on the long experience and organic growth of the 'ecosystem' of organisations since 2014 and is a kind of consolidating 'reshuffle'. This includes new strategic and financial leadership and the establishing of a 'spine' which provides stable support to the risk-taking inherent in community-led regeneration at neighbourhood level.

In terms of governance, the various ecosystem organisations (the CLT, Ventures, Leisure & Learning) have all come together under the Commons Board. While the staff team will be more integrated and coherent, the legal entities will remain, with their responsible trustees and directors, and their health and compliance is a key priority across the Commons. The organisational roles of each are shown below.



HCV is the risk-taker, the social enterprise property developer – acquisition, financing, renovation, leasing, building management, tenant support, and commercial operations. One-third owned by HC CLT



### COMMUNITY LAND TRUST

HCCLT is the democracy and engagement, building a strong organisation ready for the long-term responsibility of holding community assets in perpetuity



### LEISURE & LEARNING

L&L is the creative animator, achieving its charitable objectives by funding the HC Learning Coordinator, developing programmes, and leasing spaces for learning and community activity

In addition to the main Commons Board, two oversight boards meet alternately every 3 weeks – the Development Board oversees all acquisition, renovation and development of buildings, the Programming Board oversees the uses and creative content.

## 2. Project Teams

Each of the projects has a development coordinator and design teams have been appointed to deliver the capital projects, based upon their previous successful experience, particularly to ensure early identification of potential issues and corresponding solutions.

### NORTHGATES

NorthGates have been employed as our Cost Consultants in preparing and supporting this bid. They were selected through a competitive tender process, having demonstrated particularly relevant recent project delivery experience of:

- Residential and Activity facilities to help support vulnerable adults working with YMCA Downs Link Group on projects in Guildford and Crawley
- Listed Buildings including a £30m Country estate renovation in the particularly sensitive environment of Bath and the £40m creation of 167 residential units from the seafront-located Kings House Council Offices complex in Hove
- Live site working including a £21m contract for altering and extending an occupied College campus in Brighton.
- Hastings environment including supporting Source Park in their successful funding applications to convert White Rock Baths into a successful BMX venue for the young of Hastings
- Experience of the five case business model having most recently used this format in Option Appraisals for the total redevelopment of the Churchill Square Shopping complex in Brighton to form a complete new City Quarter.

As a small practice, they offered a personal Director service, an added value Project Management perspective and demonstrated synergy with the aims and aspirations of WRNV.

## **PURCELL**

Founded in 1947, Purcell are the largest architectural practice in the UK operating in the field of building conservation and repair. Alongside our team of in-house heritage consultants and conservation-accredited professionals, we are well placed to assist our clients unlock the potential of their buildings where complex planning policy and conservation constraints need to be overcome.

Using our thorough understanding of a site's context, fabric condition and heritage value to inform what must remain and what can change, we collaboratively engage with clients, communities, and craftspeople to transform admired buildings and places for the benefit of tomorrow. As such, we have a proven track record in delivering sensitive, award-winning major capital projects and conservation repairs to a variety of building types.

Our portfolio of projects typically consists of salvaging neglected and dilapidated buildings, that have fallen into a state of disrepair due to inoccupancy. We are therefore adept at working with our clients to identify how a new, viable modern-day use can be realised to safeguard the restored building for future generations and communities. In the instance of 12 Claremont, this purpose-built late-Victorian property would greatly benefit from regeneration, to provide a designated space for the Hastings community. Regeneration will ensure its architectural features of historic interest, which include the ornate frontage and decorative internal plasterwork are preserved, enhanced, and celebrated. One of our objectives is to work with the community to ensure this much loved space can once again provide and cater for the people of Hastings.

## **IF\_DO**

IF\_DO is an award winning architecture practice established in 2014, and is dedicated to creating work with a positive impact on users, the environment and surrounding communities.

IF\_DO are passionate about their work in Hastings. They are the project architect and lead consultant for the large scale renovations to the Observer Building, and having worked with White Rock Neighbourhood Ventures and the wider Hastings Commons community since 2019, have a deep understanding of both the local area and the way that WRNV work.

IF\_DO have a track record of delivering award winning buildings that bring measurable benefits to the communities that they are situated within. They are experts in the design of social infrastructure, ranging from community centres to schools, affordable workspace to pavilions. All of their social infrastructure projects are developed in close collaboration with both the communities they will serve as well as our clients, to ensure that they meet the needs and aspirations of the community. Their expertise and track-record makes them ideally placed to lead the design team for Eagle House.

### **3. Management of Scope, Programme, Costs & Risks**

#### **Development management**

Development management is led by Jess Steele, Hastings Commons CEO with the support of the Finance & Investment Lead, Bob Thust and General Manager, John Brunton. The team is augmented by professional advisors and contractors (including quantity surveyors, architects and main contractors), as well as board members with relevant experience. As well as ongoing day to day management, formal Development Board meetings take place including all of the above every six weeks to review for each project:

- Development progress on each project
- Current costs, forecasts and cash-flow
- Development risks and mitigations

#### **Scope & programme management**

All elements of development project management are assisted with key tools and processes.

**Development Board** led by the Client, taking an overview and able to make decisions about all Hastings Commons development activity.

**Regular Design Team Meetings** to include the Client are held and recorded throughout the Pre-Contract phase.

**Staged Client Sign-Offs** (following the RIBA Stage structure) are incorporated throughout the design programme to ensure clear understanding and agreement are achieved and recorded.

**Change Control** is strictly managed by the Project Manager through a Client Change Order template with Cost and Programme implications developed with the Main Contractor and presented for Client signature before instructing same. This continues throughout Pre and Post Contract phases.

The phased organic development approach requires different kinds of scope management to allow for inevitable changes as new funding comes on, as lessons are learned from meanwhile uses, and as early tenants become part of shaping the buildings' redevelopment. This requires flexibility.

A **single Gantt chart** is kept for all WRNV/Hastings Commons developments, which is reviewed and updated as more detailed programming becomes available.

#### **Costs management**

Cost Plans for the Preferred Option are provided at Appendix 1.

Financial management is led by the Hastings Commons Finance & Investment Lead, with the support of Finance Coordinator, Amanda Davies. The team is augmented by professional advisors (experienced financial modellers and local book-keepers) with all records kept on Xero. Monthly, detailed management accounts are prepared which split clearly every business unit / project and analyse each between development projects and operational performance. Long-term and short-term cash-flow forecasts are produced as part of this process. In addition, the following monthly meetings take place:

- **Funding management.** Finance & Investment Lead & Finance Coordinator go through every capital / development spend transaction to allocate spend to correct grant or loan funds, review and agree both capital and revenue claims and evidence.
- **Finance Management.** Finance & Investment Lead, Finance Coordinator, CEO and General Manager review monthly management accounts and financial risks across each project as well as the organisation as a whole.

All Project costs have been included to avoid Exclusions.

Monthly Cost Reports will be compiled and submitted by the Cost Consultant immediately following their monthly valuation with the Main Contractor to ensure the most current information and feedback is included. This will include a section for Anticipated Variations which are likely but yet to be instructed. Standard prompt 14 day payment terms as set out in the Building Contract will be followed.

### **Risks/opportunities management**

Our project-wide risk register is at Appendix 9.

Our management approach is of openness and problem-sharing in a “no blame” environment. Any risks, issues or concerns are encouraged to be shared within the team environment as soon as identified, with the specific aim of finding a solution compatible to all stakeholders (including Client, Design Team and Contractors).

We acknowledge from the project outset that mistakes can, and do, happen. It is how they are dealt with and resolved that separates successful projects from failures. They therefore need to be shared quickly and honestly. In return, we focus on the solution rather than the cause. The benefit of this approach is that if successfully resolved, then such issues do not escalate into Conflict Resolution. Examples of the benefits of this approach, shared by Northgates include:

1. Their Kings House project, where mutual Client/Contractor working through Covid resulted in innovative solutions for continuous working including jointly sourcing/funding separate storage allowing early ordering/delivery of scarce materials. They also jointly facilitated two-shift working to recover lost programme time using Client relationship with Planning Officers to unlock, rather than simply applying the contractual entitlement of the Client to pass the cost implications of delay wholly back to the Contractor.
2. Their Chestnut Tree House Children's' Hospice project where deficient firestopping in the existing roof void was discovered, leading to difficulties in efficiently procuring the necessary specialist to correct due to the labour shortage resulting from a combination of Brexit, Covid



and post-pandemic project glut. When the Main Contractors Supply Chain enquiries were exhausted, NorthGates persuaded a subcontractor from their Kings House project to offer their services explaining the desperation of the charity-funded Client. The Contractor assumed responsibility for them despite never having worked together, the subcontractor undertook the project which proved more difficult than first envisaged without complaint and everyone contributed their best combined efforts to mitigate and overcome the inherited problem.

This is not to say that the cause is not important. It is identified at the time to stop repeat errors and to record, usually through reference in regular Meeting Minutes, in the event that the matter grows into formal Dispute Resolution. A separate individual discussion to rectify any procedural shortcomings with the “guilty” party usually suffices to ensure improvement moving forward. This discussion will be supported by a subsequent email from us, framed in positive language, but clearly highlighting the problem, the agreed resolution and the unacceptability of a repeat.

Should matters escalate into formal Conflict Resolution we will follow formal Dispute Resolution options, supported by the records mentioned above.

Our Risk Register uses formulaic calculation of Users Probability and Impact educated assessments to rate the level of Risk. The residual risks left on the Risk Register at Construction Contract stage continue to be costed, monitored and closed out to ensure prompt attention releases contingency budget soonest.

Risks noted on the Risk Register can also be considered or turn into Opportunities which are equally regularly reviewed and developed to conclusion.

Based on the above a full table summarising how the projects will be effectively managed including decision-making processes across the Hastings Commons is provided as Appendix 11

## 4. Monitoring and evaluation of benefits

The team is highly experienced in managing and delivering complex development projects that create long-term sustainable strategic benefits. As such we have well established monitoring and evaluation processes through which the projects outlined in this case will be effectively managed. We are seeking to develop and update our social impact policy to meet the needs of multiple funders. As with our current processes for allocating and tracking spend against specific funding awards, we will develop more robust processes to allocate and evidence outputs and outcomes.

### Outputs & outcomes

The table here summarises the key aims, outputs and outcomes for each project:

	Creative Digital Hub	12 Claremont	Eagle House
<b>Aims</b>	<ul style="list-style-type: none"> <li>Support the completion of the Observer Building ground floor works in preparation for the CDH</li> <li>Assist the move from renovation to operations – a critical and challenging transition in all capital projects</li> <li>Establish a creative digital specialism for Hastings with a strong and sustainable base, excellent networks and partnership collaborations to maximise the jobs, skills and educational opportunities to local young people</li> <li>Create a unique space for visitor attractions and events to attract hires from diverse and exciting creative tech promoters</li> </ul>	<ul style="list-style-type: none"> <li>Rescue an important local heritage asset, placing it in the care of a mission-driven, asset-locked charitable organisation with strong community support</li> <li>Create a showcase gallery &amp; project space for Project Art Works, with an ongoing programme of inclusive events, advocacy workshops and exhibitions by neurodiverse artists and makers</li> <li>Create inspiring and affordable creative workspace full of natural light</li> <li>Establish a ‘hosting base’ for people from elsewhere in the country/world to come to Hastings to learn about and participate in local community-led regeneration</li> <li>Create a high-quality multi-purpose Changing Space in Hastings, associated with a welcoming venue rather than sited in a public car park, to enable greater inclusion of people who need such facilities</li> <li>Contribute to bringing the Alley into better use for the community by improving circulation and offering a base for Alley activities</li> <li>Link the tenants at 12 Claremont to those throughout the Hastings Commons building a mutual support network and expanded community self-management</li> </ul>	<ul style="list-style-type: none"> <li>Rescue a prominent town centre building at high risk of vacancy</li> <li>Redevelop to reveal and protect the heritage asset</li> <li>Enhanced townscape that is more attractive and more accessible to residents, businesses and visitors</li> <li>Improve health outcomes for local people and reduce health inequalities</li> <li>Open up the alley from Robertson Street as a new piece of town centre, with new uses that drive up footfall and dwell-time</li> <li>Provide 520 sq.m of workspace (1-3 floors), protect 195 sq.m of warehouse space</li> <li>Secure 195 sq.m of community space (Ground Floor common room)</li> <li>Eagle House will be the hub and gateway that draws people into employment, volunteering and learning opportunities</li> </ul>
<b>Outputs</b>	<ul style="list-style-type: none"> <li>Redevelopment of dilapidated site – 300 sq.m</li> <li>Delivery of new high quality visitor attraction in town centre</li> <li>Support enterprise and business productivity and growth: 10 additional start-ups and/or scaleups utilising business incubation, acceleration and co-working spaces</li> <li>Establish Digital Lab with input from young members</li> <li>Deliver publicly accessible cultural events - 3,900 unique visitors?</li> <li>Create new jobs for local people – 6FTE</li> <li>Commissions for local creative people</li> <li>Digital workshops/upskilling events – 100 per annum</li> </ul>	<ul style="list-style-type: none"> <li>Redevelopment of dilapidated site – 752 sq.m</li> <li>New, upgraded or protected community hubs, spaces or assets, linked to local inclusive growth</li> <li>Increase in the amount (and diversity) of high quality, affordable commercial floor space – a type of workspace that is not found elsewhere in the town</li> <li>Deliver publicly accessible cultural events – 6,500 unique visitors?</li> <li>Create new jobs for local people – 3FTE?</li> <li>Improved arts, cultural and heritage offer that is more visible and easier for residents/visitors to access</li> <li>Support enterprise and business productivity and growth: 9 additional start-ups and/or scaleups utilising business</li> </ul>	<ul style="list-style-type: none"> <li>Redevelopment of dilapidated site – 928 sq.m</li> <li>Delivery of quality community, commercial, and residential space in town centre</li> <li>Delivery of new public amenity space (200 sq.m), creating a new part of the town centre – America Alley/Eagle Alley (name tbc)</li> <li>Deliver publicly accessible cultural events –1,500 unique visitors?</li> <li>Create new jobs for local people – 2FTE?</li> <li>New community hub linked to local inclusive growth</li> <li>Increase in capacity and accessibility for new skills facilities</li> <li>Increase in amount and diversity of high-quality affordable commercial workspace</li> </ul>

		incubation, acceleration and co-working spaces	<ul style="list-style-type: none"> <li>Support enterprise and business productivity and growth: 4 additional start-ups and/or scaleups utilising business incubation, acceleration and co-working spaces</li> </ul>
<b>Outcomes</b>	<ul style="list-style-type: none"> <li>Increased job-readiness of young people</li> <li>DIY job creation by young people</li> <li>Increased opportunities for young people's employment within the creative digital industries</li> <li>Increased number of enterprises utilising high quality, affordable, commercial spaces</li> <li>Increased number of digital businesses partnering with young people to deliver products and services</li> <li>Growth of start-ups/scale-ups</li> <li>Availability of new specialist equipment</li> <li>Increased opportunities for work for local creative 'gig economy'</li> </ul>	<ul style="list-style-type: none"> <li>Historic building at risk rescued, repurposed and held for community benefit for the next 125 years</li> <li>Neurodivergent children, adults and their families and carers will be more visible and included – reducing isolation and leading to greater awareness, understanding, acceptance and support within the wider community</li> <li>Increased inspiration and connectivity to support new ventures and collaborations</li> <li>People working in the creative industries are supported to collaborate and grow</li> </ul>	<ul style="list-style-type: none"> <li>Historic building currently acting as 'detrimental to the conservation area' is rescued, repurposed and held freehold for community benefit</li> <li>New workspace to meet growing demand</li> <li>Embedding and enhancing the public living room as a long-term civic facility</li> <li>Unlock potential for 6-12 affordable homes in future</li> </ul>

The table in Appendix 10 provides an overview of the key outputs and outcomes across all three projects and how we will approach monitoring within the higher-level framework noted above under “Management of Scope, Programme, Costs and Risks”.

Of those listed in Appendix 10 the following two benefits feed directly into the monetised economic case provided:

1. Training courses or equivalent – participant spaces per annum (“Educational Benefits” in economic case)
2. Cultural events – number of unique visits (“Cultural Benefits” in economic case)

The business case is also predicated on redevelopment of a set of buildings which are currently inactive and partially derelict. Bringing these buildings back into operation will improve the public realm in the heart of the Hastings commercial area. This will generate benefit to businesses operating close to Hastings Common (“Public Realm” in economic case). The economic case specifies a methodology for monetising this benefit using the capital costs in our cash-flow and the Valuing Urban Realm Toolkit (VURT) which we track. However, benefits 3, 4, 5, 6, 7 and 8 in Appendix 10 provide details on our day to day monitoring of the development and use of these spaces that supports this methodology and its conclusions.