Sea Space: Evaluation of Early Wins and Phase Two Projects

Final Report

August 2008

Contents **Page**

1 Executive Summary

Scope of the Study

Hastings and Bexhill Renaissance Ltd (HBRL, trading as Sea Space) is the regeneration vehicle set up and funded by SEEDA to deliver a raft of regeneration initiatives in the Hastings and Bexhill area, which covers the areas of Hastings Borough Council and part of Rother District Council.

Its activities focus on developing the infrastructure for regeneration - new commercial, industrial and educational facilities, and new housing - but it also promotes initiatives to support business development and develop transport infrastructure.

Grant Thornton have been commissioned to carry out an ex-post evaluation of the Early Wins programme which is now complete and operational; and an interim evaluation of its Phase 2 programme, the first part of which, Lacuna Place, is now on site.

The Early Wins Programme comprises the following four projects.

EARLY WINS PROGRAMME
Creative Media Centre (phases 1 and 2) (CMC 1 and CMC2) Creation of 14,450 sqft of flexible business space, including incubation units, in the centre of Hastings. This space is specifically for new and small businesses in the media, creative and digital technology sectors. There have been two phases of this Centre- the first opened in 2004 and the second opened in 2005. SEEDA's Enterprise Hub and eBiz centre are both based here.
Innovation Centre Hastings (ICH) Creation of 25,248 sqft of flexible business space on the outskirts of Hastings offering a range of office and workshop spaces. This centre was opened in 2006 and incorporates the University of Brighton's Product Development Centre.
University Centre Hastings (UCH) Acquisition of a disused BT building; conversion and refurbishment so the site can offer over 750 student places on courses in business studies, computing and management. It includes the Broadcast Media Centre.
Marina Pavilion Leasehold acquisition and conversion of sea front pavilion for use as an entertainment/ conference facility and construction of new building at street level with restaurant space

The Phase 2 programme comprises two projects.

PHASE 2 PROGRAMME
Lacuna Place (aka "The Gap site"), Priory Quarter Construction of 83,214 sqft of higher density office space and retail space in a central Hastings location. This project is now on site.
Enviro 21 Innovation Parks, Queensway South Development of 95,000sqft of industrial and office space targeted at environmental businesses. Project has received planning approval and is now starting the procurement process.

This evaluation covers total project funding of £72million of which £42m is SEEDA grant (a more detailed breakdown of this is given later in this section). This compares to the overall Sea Space programme in excess of £100m incorporating £70m of SEEDA funding, and other major funding pots such as £15.1m from English Partnerships for the Millenium Community project.

The period of funding is the period of the Sea Space Business Plan 2003-2013. The last of the Early Wins projects, Marina Pavilion, was completed in July 2008 and all are now operational. The first of the Phase 2 projects, Lacuna Place, is now on site with Phase 1a completed by August 2008; Queensway South is now in its procurement phase.

Rationale for intervention

Hastings and Bexhill have suffered from high levels of deprivation compared to the South East and UK. In particular high levels of deprivation in Hastings around the turn of the Millenium are indicated by:

- It was the 35th most deprived local authority area in the country in 2000;
- It had lower than the South East average on employment, economic activity, skills attainment, business survival rates and wage levels;
- Employment is mainly from low value added sectors, with a strong reliance on public sector employment;
- It has poor housing and poorly performing public services; and
- There is a historic lack of private sector investment in the local economy.

Whilst Rother has better economic indicators they both have suffered from low inward investment and poor transport links to London and along the coast, with poor connectivity between Hastings and Bexhill.

The business and enterprise environment has been characterised by a poor supply of office accommodation including the low quality of existing business space, limited availability of land for development due to lack of suitable brownfield sites and environmental concerns around land classified as Greenfield. Although there is evidence of demand for business space within Hastings, the historically stagnant market has led to low developer interest, poor viability of development opportunities and the need for gap funding.

Government/SEEDA response

Although the Government rejected transport proposals in 2001 designed to improve accessibility to the area, it recognised the need to develop a strategy to regenerate the Hastings and Bexhill area. In response to this, SEEDA established the Hastings and Bexhill Taskforce ("the Steering Group") in 2002 as a partnership of key local and regional agencies including SEEDA, GOSE, the three local authorities Hastings BC, Rother DC and East Sussex County Council, English Partnerships and the local MPs. The Taskforce developed the "Five Point Plan" which is the core strategic document for the regeneration of the area. Its key themes are set out overleaf.

The Hastings and Bexhill Five Point Plan

- Regeneration Measures for Urban renaissance - creating new architecture, public spaces and buildings such as business premises, education facilities and homes
- The Stimulation of Business Innovation, Enterprise, Creativity and Technology Transfer - supporting local firms and attracting new companies to the area to create well-paid jobs
- Excellence in Higher Education - helping to improve education standards and expanding higher education
- Broadband Information and Communication Technology (ICT) Infrastructure and Applications - helping companies make best use of the latest Internet technology; and
- Transportation Improvements - making improvements to the road, bus and rail networks

Funding and Delivery

Based on the findings of the Five Point Plan, the Government awarded additional funding for Hastings, channelled via SEEDA, of £38m in 2002. An additional £19m was awarded from SEEDA funds in 2005, and a further £13m was awarded from SEEDA funds for 2008-20011. Of this £42m has been allocated to the projects within this evaluation.

Sea Space was established by SEEDA in 2003 as a Company Limited by Guarantee to act as the delivery vehicle for the Five Point Plan. It currently has a staff complement of 22. The majority of these posts are funded through SEEDA, with one staff member funded by English Partnerships, one seconded from Hastings Borough Council and a further four funded through operations.

In addition to their own staff employed in the client role as project managers on individual projects, Sea Space also commissions consultant teams (for example, as architects and quantity surveyors) for each project.

The Steering Group is responsible for monitoring and evaluating the performance of the Task Force Executive Team and Sea Space. Significant variations to the Business Plan must be approved by the Steering Group.

Early Wins Projects

Funding

The Early Wins programme was funded from £15.8m SEEDA grant which levered in a further £4.7m of other public funding from ERDF, HERS and HEFCE. Together with a contribution of £0.4m towards the UCH site from British Telecom, the total funding of costs of £20.9m as set out below.

Table: Early Wins funding (£)

Capital funding	CMC1	CMC2	Innovation Centre	Marina Pavilion	UCH	Early Wins Totals
SEEDA	698,369	3,019,220	3,973,955	1,713,338	6,378,980	**15,783,862**
Other public:						
ERDF	550,029	567,000	968,000	233,188	800,000	**3,118,217**
HERS	70,000					**70,000**
HEFCE					1,548,000	**1,548,000**
Other public total:	620,029	567,000	968,000	233,188	2,348,000	**4,736,217**
PUBLIC TOTAL	**1,318,398**	**3,586,220**	**4,941,955**	**1,946,526**	**8,726,980**	**20,520,079**
Private funding:						
British Telecom					414,968	**414,968**
Private loan finance						**0**
PRIVATE TOTAL					**414,968**	**414,968**
GRAND TOTAL	**1,318,398**	**3,586,220**	**4,941,955**	**1,946,526**	**9,141,948**	**20,935,047**

Source: Sea Space (note: all costs reflect the actual or anticipated final cost - in some cases these are still subject to agreeing final accounts of the construction phase).

Construction Phase

On each project Sea Space have acted in the client/project manager role and commissioned technical support as required by the project (e.g. architects and quantity surveyors). This relationship seems to have worked well in all cases. In the case of CMC2 the partial collapse of the building led to a significant delay and overspend. However the project team maintained momentum on the project and the final building incorporates a larger office space due to its redesign. In addition the subsequent insurance claim has been resolved wholly in favour of Sea Space.

Overall Sea Space project managers report progress to the Board on a monthly basis and we were supplied with copies of approvals for variations in cost or scheme content. A recent Audit Report[1] concludes that "controls surrounding projects are generally in place and working effectively".

The quality of all of the finished buildings appears to be high and this is borne out by the positive feedback from occupiers.

We would also highlight the positive feedback from Lightning Leisure, the business operator for the Marina Pavilion, about the Sea Space team and their strong contract management.

All of these projects are now complete and operational.

Operational Phase

The Creative Media Centre (CMC 1 and 2) and the Innovation Centre have exceeded their business plan targets. Individual operational business plans for each centre were developed as part of the detailed project appraisal process and they have met a key objective which was to achieve the point whereby they become self-sustaining and no longer require public subsidy.

They offer high quality business space and are able to achieve higher than average rental rates for the area. The feedback from businesses that use them is generally very positive, and perhaps the only significant area of complaint is the slowness of the broadband connection.

Prior to Sea Space, the commercial property offer in Hastings was poor with little development activity. The high occupancy rates of the Creative Media Centre and Innovation Centre indicate that with public sector support it is possible to tap into latent demand for quality, well connected, office space.

The offer of “virtual office space” (an email address, phone service and postal address and the opportunity to use a meeting room) and desk space has also provided an important facility for small businesses to develop. Combined with the range of office space within CMC and IC this creates the opportunity for businesses to move up to appropriate accommodation at a pace that suits them.

In addition, the SEEDA sponsored Broadband Experience, eBiz and Enterprise Hub projects have been able to deliver a raft of business support activities from the Creative Media Centre which are an essential element in meeting Sea Space's objective of supporting enterprise development. The central location of the CMC is a key to their success.

This sits well with the proposals for Phase 2 which provides significant expansion space for indigenous business looking to move on to larger premises as well as being able to present a quality offer to potential inward investors.

[1] *Internal Audit Report, Bentley Jennison, July 2007*

The education led regeneration strategy signified by UCH is an innovative one and the links that the University Centre has fostered are significant including with the University of Greenwich, University of Brighton, University of Sussex and the Open University. Academic credibility and excellence has also been provided through the establishment of particular research centres like the Broadcast Media Centre.

The UCH was a particular achievement in opening within a very ambitious timescale. It is seen as a "signal project", and is now a nationally recognised exemplar and has given rise to the Government’s new initiative to establish university centres elsewhere in the country under the University Challenge Programme. It has acted as a catalyst for other parallel projects to encourage participation in HE and FE amongst groups who might otherwise be excluded. It has met its targeted gross outputs in student numbers and is a strong platform on which to develop a second phase which has now been granted outline planning consent with the ambition to expand towards a 2000 student campus.

Marina Pavilion experienced significant delays some of which were due to agreeing legal land issues with the council, and some due to the difficulty in selecting a suitable business operator. However the selected business partner has been very positive in praising Sea Space's commercial approach to this venture and the Pavilion is now open and has met its planned outputs. As it has only just opened it is too early to judge the success of the business. However, as a local landmark building it is important in illustrating the progress towards regenerating Hastings.

Overall, there is a clear rationale for the Early Wins projects to regenerate the Hastings and Bexhill area through increasing provision of business space, which the private sector may not see as a profitable opportunity, which has been supported by a holistic business advice programme; and through education led regeneration to improve the skills base of the local population and provide the basis for further development of learning opportunities.

The political imperative to deliver tangible change through the Early Wins programme presented a challenge to the newly established Sea Space. It has largely met this challenge with respect to these four projects. There was no evidence of an appetite in the private sector to develop these sites and without public sector intervention they would have remained undeveloped.

Gross and net outputs

The table below identifies total gross and net outputs for the Early Wins phase achieved to date, compared to the total forecast outputs taken from project appraisals.

Table: Early Wins Outputs: forecast and achieved to date

Output	Forecast	Actual to date	
		Gross	Net
Jobs created/safeguarded	361	394	355
Businesses created (new)	86	39	28
Businesses created (sustained for 12 months)	48	11	8
Learning opportunities created (3-30 hours)	950	3,335	2,335
Learning opportunities created (over 30 hours)	150	663	464
Adults receiving higher skills training	1100	566	396
Individuals & businesses receiving broadband access	297	175	175
Brownfield land remediated (ha)	1.83	1.83	1.83
Private sector leverage (£m)	0.4	0.4	0.4
Commerical floorspace brought back into use (sqft)	9,254	9,254	9,254
Public sector leverage (£m)	n/a	4.76	4.76
Total commercial/industrial/education floorspace (sqft)	53,638	53,638	53,638

Assuming these are assessed over the life of the Business Plan (2003-2013) then nearly all have met or are on track to meet their targets. The businesses created (sustained for 12 months) measure is the only significantly lower than anticipated output target and it may be that these businesses move on to other accommodation and therefore Sea Space does not track them within the monitoring systems. We note that two other outputs measured only by CMC1 but not CMC2 or IC are "Businesses located in/using SEEDA funded incubator units" and "businesses leaving incubator units and moving to second phase facilities", after which they are not measured as outputs, due to changes in the way in which outputs have bee defined.

Table: Additional CMC1 outputs

Output	Forecast	Actual to date	
		Gross	Net
Businesses located in/using SEEDA funded incubator space	52	58	42
Businesses leaving incubator space and moving to second phase facilities	25	11	8

The net additionality of jobs and businesses created by the Creative Media Centre and Innovation Centre is high. There has been little new office development in the area in recent years and the two centres now offer high quality accommodation which attracts and retains businesses to Hastings and has the potential to be part of the "ladder of accommodation"[2] linking to the larger business spaces at Lacuna Place and Enviro21.

The learning opportunities created by the UCH have met and exceeded their targets. Both in quantative and qualitative terms they are viewed as a success and a prelude to the extension of the campus to accommodate 2,000 students.

Marina Pavilion has just opened and so the success of its operation as a business cannot be judged. However based on feedback from Sea Space and the business operator we conclude that it has met its quantative outputs.

Private sector leverage is unsurprisingly low given the strategy of public sector funding for the Early Wins phase to prime the market and as a preface to moving towards private finance in Phase 2. SEEDA funding was successfully used to lever in other public sector funding (ERDF, HEFCE, HERS) of £4.74m with a ratio of SEEDA: other public funding of 1: 0.3.

Cost per job for the CMC and IC is £31,866 per gross job, and £34,549 per net job, which compares well with the EP benchmark of £42,000 per job[3].

Phase 2 – Lacuna Place and Queensway South

Funding

The Phase 2 programme is funded from £26.6m SEEDA grant which levers in a further £2.14m of other public funding from ERDF, and £22.2m of private finance.

In contrast to the 100% publicly funded Early Wins projects, Sea Space have secured a £11.7m loan facility with the Allied Irish Bank to finance Phase 1b of Lacuna Place. This is being provided to a new Joint Venture company, Coastal Land (Sussex) LLP which has been formed between Sea Space and the property investment firm, The Land Group.

[2] *Gap Site Redevelopment Economic Appraisal, Genecon, August 2006*
[3] *EP Best Practice Note 15*

The Queensway South project appraisal assumes that it will secure a further £10.5m of private finance structured through a separate JV company.

Table: Phase 2 funding (£)

Capital funding	Lacuna Place 1a	Lacuna Place 1b	Queensway South	Phase 2 Totals
SEEDA	17,087,353		9,339,755	**26,427,108**
Other public:				
ERDF	2,141,712		136,500	**2,278,212**
HERS				**0**
HEFCE				**0**
Other public total:	2,141,712	0	136,500	**2,278,212**
PUBLIC TOTAL	**19,229,065**	**0**	**9,476,255**	**28,705,320**
Private funding:				
British Telecom				**0**
Private loan finance		11,700,000	10,539,452	**22,239,452**
PRIVATE TOTAL		**11,700,000**	**10,539,452**	**22,239,452**
GRAND TOTAL	**19,229,065**	**11,700,000**	**20,015,707**	**50,944,772**

Source: Sea Space (note - all costs reflect the anticipated final cost of the project)

Delivery

Sea Space originally contracted directly with Carillion to deliver Phase 1a of Lacuna Place. In establishing Coastal Land as a JV they have novated Carillion's appointment along with all other professional appointments to Coastal Land to complete Phase 1a and deliver Phase 1b. This process has also entailed Sea Space transferring the development site for Phases 1a and 1b to Coastal Land and awarding as a grant the remaining balance of the Phase 1a funding - approximately £5m - to Coastal Land to complete Phase 1a. This deal was completed on 27 November 2007 enabling Phases 1a and 1b to be delivered through Coastal Land.

The Genecon report undertaken as part of the project appraisal[4] notes that the Gap Site development, following on from the development of smaller office units under the Early Wins phase, fits well with a strategy to generate a "ladder of accommodation to attract and retain businesses of all sizes throughout their life cycle".

Genecon also note that Savills[5] highlight the lack of developer interest in the site "pointing to the unacceptable risk associated with the project in relation to the anticipated returns for the private sector". The phased approach has enabled Sea Space to use public funding to lever in private finance and to transfer the whole project into a JV vehicle. This represents a significant step forward in the strategy of moving from 100% reliance on public funding in the Early Wins phase towards engaging the private sector in delivering the remainder of Priory Quarter masterplan, of which this is the first element.

Once complete the business floor space will be managed through Sea Space's property division at commercial rents on behalf of Coastal Land. They have appointed DTZ, Cluttons and Dyer Commercial as their lettings agents and have developed a marketing schedule of events and activities. They report that there have been no pre-lets as yet but "significant interest" from businesses.

Queensway South incorporates high environmental sustainability credentials as part of the Enviro21 Innovation Parks Corridor initiative and will target (though not exclusively)

[4] *ibid*
[5] *Property Market Supply and Demand Review, Savills, March 2006*

environmental sector related businesses. It received planning approval in May 2008 and Sea Space is well progressed through the OJEU procurement process. A market review by DTZ as part of the project appraisal noted that the scheme "has the potential to attract a diverse range of existing and emerging occupier demand: this includes investors from outside the area as well as local businesses seeking move-on accommodation"[6].

Lacuna Place forms part of the Priory Quarter master plan which, along with proposals for Station Plaza has presented a cohesive view of the potential for change to Hastings town centre. Both of the Phase 2 projects have benefited from the consultative approach taken by Sea Space which has led to more local "buy-in" and consequently an easier journey through the formal planning application process. In this respect Sea Space has been effective in adapting its approach to stakeholder engagement and learning from other projects.

Both Lacuna Place and Queensway South are speculative developments and with no pre-lets secured this presents a risk to Sea Space and their JV vehicle, Coastal Land. Having said this all previous studies support the rationale that there is demand for quality commercial space within Hastings, and this is further underlined by the high occupancy rates achieved by the Creative Media Centre and Innovation Centre.

Contribution to meeting Business Plan Outputs and RES Outcomes

The logic chain illustrated below traces the links between the RDA's input (funding), local activities and project outputs, and Intermediate and Higher levels outcomes which are contained within SEEDA's Regional Economic Strategy and mirrored in the Five Point Plan strategy.

[6] *Queensway South Project Appraisal*

Table: Logic chain linking local outputs to regional and national indicators

Project Inputs	Activities and processes	Project Outputs	Intermediate outcomes (taken from the RES[7])	Higher level outcomes (taken from the RES)	National indicators
RDA spend (£millions)	Strategic site acquisition	Jobs created	Regenerate coastal towns	Enterprise: increase the business stock by 35% from 35 businesses per 1,000 inhabitant in 2003 to 44 per 1,000 inhabitants by 2016, including 10,000 new businesses run by women Employment: improve the productivity of the workforce and increase economic activity from 82% to 85% by bringing 110,000 net additional South East residents of working age into the labour market by 2016, as a step towards bringing up to 250,000 residents into the labour market by 2026 Broadband: 100% next generation broadband Skills: maximise the number of people ready for employment at all skills, levels and ensure they are continually equipped to progress in the labour market	Regional GVA per head (measure of overall economic performance) Regional employment rate Regional GVA per hour (measure of productivity) Regional GVA as a percentage of the EU average
	Investment in physical infrastructure	Brownfield Land remediated (ha)	Reduce inactivity in coastal areas		
	Sites and premises	Commercial floorspace brought back into use	Promote a skills escalator and skills-led regeneration		
	Land reclamation	New businesses created			
		Businesses sustained for 12 months			
		Individuals and businesses receiving broadband access			
		Learning opportunities created			
		Adults receiving higher education skills			
		Public and private sector investment levered			

Source: Regional Economic Strategy, PSA 7 Delivery Agreement

[7] *Regional Economic Strategy - A Framework for Sustainable Prosperity - SEEDA, 2006*

The projects in this evaluation relate in particular to the first four points of the Five Point Plan, and also sit within a wider programme which delivers holistic business support. We have also noted Sea Space's role as a facilitator and enabler to transport infrastructure improvements, and other important projects in its programme such as new housing delivered through the Millenium Communities project.

Sea Space's Business Plan 2003-2013 defines its output targets. We have identified the gross and net outputs achieved to date by the Early Wins and anticipated for the Phase 2 projects, compared to Business Plan targets.

Table: Contribution of Early Wins and Phase 2 projects to Business plan outputs

			Early Wins		Phase 2 (estimated)		TOTALS	
Code	Description	Estimated total output in BP 2003-2013	Gross output	Net output	Gross output	Net output	Gross output	Net output
C1A	No. of net new jobs created/safeguarded	5,842	394	355	880	660	1,274	1,015
C4A	Businesses created (new)	14	39	28			39	28
C4B	Businesses created (sustained for 12 months)	11	11	8			11	8
C3A	Learning opportunities created (3-30 hours)	2,654	3,335	2,335			3,335	2,335
C3B	Learning opportunities created (over 30 hours)	87	663	464			663	464
S6	Adults receiving higher skills training	600	566	396			566	396
S7	Individuals and businesses receiving broadband acc	300	175	175			175	175
C2	Brownfield land remediated (Ha)	30.88	1.83	1.83	3.975	3.975	5.805	5.805
C5	Private sector leverage (£m)	£89m	0.40	0.40	22.24	22.24	22.64	22.64
-	Commercial floorspace brought back into use (m2)	n/a	860	860			860	860
-	Public sector leverage £m	n/a	4.76	4.76	2.14	2.14	6.90	6.90
-	Commercial/industrial/educational floorspace (sqft)	1,076,000	53,638	53,638	178,214	178,214	231,852	231,852

Note: the Phase 2 Gross-Net output is estimated using the SQW/PA Ready Reckoner co-efficient of 0.75

Commercial/industrial/educational floorspace is identified in the Business Plan as the "critical mass for regeneration" of 100,000m2 (1,076,000sqft) and includes Hastings Town Centre, Bexhill Town Centre, Ore Valley, Rye Harbour Road, and Queensway. Floorspace would also be delivered through the release of land by the building of a link road in North Bexhill.

The Early Wins projects on their own have met the targeted Sea Space outputs for new business creation, and are on track to meet those for learning opportunities and skills training, and adults and individuals receiving broadband access by 2013.

They have also made significant contributions towards targets for new jobs created/safeguarded, brownfield land remediated, private sector leverage and meeting the "critical mass for regeneration" identified within the Business Plan.

The Phase 2 projects will add to this capacity and meet the strategic objective of engaging the private sector and moving away from publicly funded projects.

The projects are strongly aligned to the Five Point Plan as the over-arching strategy for this programme.

Other Sea Space activity such as the raft of business support services which have operated from the CMC have been a key part to delivering a strategy of holistic support to developing businesses in the area.

It is not possible to isolate the effect of the particular projects under evaluation from other Sea Space projects and activity around business support which are outside of this evaluation, and the other complementary programmes financed through AIF and LEGI. However the outputs from the Early Wins projects clearly support the improving economic trends, and the Phase 2 outcomes and outputs will underscore this. It is apparent that economic indicators have improved in Hastings since 2002 in the following areas.

- Economic activity has improved in Hastings since a low point in 2004 and in Rother since 2002
- Although figures do fluctuate, there has been a recent upturn in net VAT registrations for business in Hastings; however, in Rother they have dropped in the last year for which figures are available (2006)
- Average wage levels have increased in the study area at a faster rate than the South East average, although they are still at a lower level
- The employment rate has recovered from a low point in 2002 and in particular has risen in 2006 and 2007. Rother has levelled off. Both of these buck the South East trend which has been downwards.
- We do not have available figures for skills attainment after 2005; however UCH is on target to exceed its outputs on this over the Business Plan period.
- Office rental trends have also been highlighted by Sea Space as an important indicator of the health of this market and potential to generate private sector interest. Whilst we have not been able to identify data on specific trends for this area we note that the rental levels of CMC and IC (£12.50 psqft) are well above other local comparators (£6.50 - £8psqft) but they have still achieved high occupancy rates. This appears to justify the Sea Space approach in taking the risk of developing new high quality office stock.

The main GVA benefit arises from the net employment created or safeguarded by the various Sea Space interventions.We estimate the GVA benefit achieved to date under the Early Wins projects to be £8.5million per annum, with a further £16.2m anticipated once phase 2 is complete. The total GVA impact of these interventions on the Hastings economy is therefore estimated to be £24.7.million each year[8]. We estimate that the additional qualifications gained at the University Centre to date, could add a further £30 million the UK economy, or an average of £1 million per annum over the next 30 years[9]. Crucially, these economics benefits are calculated only on the outputs to date from 'Adults receiving higher skills training'. If these outputs continue to rise each year as more and more adults are trained then the GVA impact will also increase likewise. These benefits will not just occur in Hastings but be spread across the UK economy.

The total of the achieved and anticipated GVA impact of the Seaspace interventions on the Hastings economy is therefore estimated to be approximately £26 million each year. This represents a ratio of GVA benefits per annum to total costs of 0.36 and to SEEDA funding of 0.6.

Given that GVA calculations are only rough approximations and that the benefits are difficult to quantify in any degree of accuracy we estimate the GVA impact to range from £20 million to £40 million each year, based on a range of estimates for GDP per head and

[8] *This compares to the size of the Hastings economy which was estimated at £767 million in 2005 (The East Sussex Economic Study, 2007 - 2008)*

[9] *These economics benefits are calculated on the outputs to date from Adults receiving higher skills training from the Early Wins projects. If these outputs continue to rise each year as more and more adults are trained then the GVA impact will also increase likewise.*

differing assumptions on the educational benefits which arise from the attainment of higher qualifications

Table: Summary of GVA impacts per annum from Seaspace interventions

	GVA £ million
Central case	26
Low case	20
High case	40

SEEDA's share of the outputs

We have calculated SEEDA's share of the outputs, based on the proportion of grant funding compared to the overall cost, for the Early Wins and Phase 2. These are set out below.

Table: SEEDA's share of Early Wins outputs (actual to date)

	Early Wins		SEEDA share	
Description	**Gross output**	**Net output**	**Gross output**	**Net output**
No. of net new jobs created/safeguarded	394	355	297	268
Businesses created (new)	39	28	29	21
Businesses created (sustained for 12 months)	11	8	8	6
Learning opportunities created (3-30 hours)	3,335	2,335	2,514	1,760
Learning opportunities created (over 30 hours)	663	464	500	350
Adults receiving higher skills training	566	396	427	299
Individuals and businesses receiving broadband access	175	175	132	132
Brownfield land remediated (Ha)	1.83	1.83	1.38	1.38
Private sector leverage (£m)	0.40	0.40	0.30	0.30
Commercial floorspace brought back into use (m2)	860	860	648	648
Public sector leverage £m	4.76	4.76	3.59	3.59
Commercial/industrial/educational floorspace (sqft)	53,638	53,638	40,440	40,440

Table: SEEDA's share of Phase 2 outputs (estimated)

	Phase 2 (estimated)		SEEDA share	
Description	**Gross output**	**Net output**	**Gross output**	**Net output**
No. of net new jobs created/safeguarded	880	660	456	342
Brownfield land remediated (Ha)	3.975	3.975	2.062	2.062
Private sector leverage (£m)	22.24	22.24	11.54	11.54
Public sector leverage £m	2.14	2.14	1.11	1.11
Commercial/industrial/educational floorspace (sqft)	178,214	178,214	92,447	92,447

Strategic Added Value

Strategic Leadership and Catalyst; Strategic Influence

The Taskforce and Sea Space have played a core role in bringing together and influencing key regional and local partners to promote and deliver regeneration initiatives in Hastings and Bexhill and secure inward investment.

The Task Force was clearly a prime influencer in establishing the case for intervention in Hastings and Bexhill and securing the public funding which has also acted as a platform to lever in the £11.7m private loan finance for Lacuna Place.

Sea Space as a commercial entity has been characterised as a proactive and pragmatic organisation which is sympathetic to the business requirements of its commercial partners, although it was sometimes slowed by the requirements of government funding and regulation. It has also provided the structure enabling the development of a Joint Venture approach to the Phase 2 projects. The strong leadership style of the Project Director was also commended.

Major physical regeneration projects such as Sea Space will inevitably create differences of opinion and as one stakeholder noted, "some partners may feel a little 'bruised'!" However there was consensus that significant progress has been achieved in Hastings in particular which required the driving force of a single agency to focus strategic partnership working and drive delivery.

Whilst this evaluation has concentrated on six projects within Hastings, our stakeholder consultation indicates that Sea Space has been less successful to date in getting agreement to take forward projects in Bexhill, but has agreed to prioritise investment in North Bexhill if further funding becomes available.

Engagement

The effective involvement of partners and the wider community is an important measure of SAV and a key factor in the successful delivery of major physical regeneration programmes. Our discussions with stakeholders have indicated that Sea Space has been able to learn from its experiences and develop its approach - a key success criteria for any organisation.

In particular, the masterplan for Priory Quarter including Lacuna Place received strong local buy-in, signified by the lack of objections to the planning application. This was in part facilitated by establishing links with a local neighbourhood renewal group and Sea Space has received awards for its approach to consultation, most notably the Gold award for Public Sector Projects from the Chartered Institute of Public Relations in 2005/6 and the Silver Award for Community Campaigns in the same year.

Synergy

We would highlight two examples of where Sea Space has used its knowledge and capacity to improve information exchange and co-ordinate the development and delivery of interventions.

Firstly, Sea Space co-ordinates business advice and support through the Broadband Experience, Ebiz and the Enterprise Hub in addition to the CMC and IC development which offers “virtual offices” and desk space through to high quality office accommodation. This “ladder of accommodation” will be further developed in Phase 2 so that businesses will have access to appropriate move-on accommodation as they grow.

Secondly, its role in developing the University Centre has fostered important links with the University of Greenwich, University of Brighton, University of Sussex and the Open University, as well as links with business through SEEDA funded initiatives such as the Broadcast Media degree and the Product Development Centre, and the development of relationships with schools and other complimentary projects.

Stakeholders have also highlighted that Sea Space does not always link into local regeneration initiatives. One example given was the construction training being funded under local Neighbourhood Renewal Fund (now Working Neighbourhood Fund) projects. This may indicate that Sea Space does not easily link into local regeneration structures such as Local Strategic Partnerships (LSPs) and one stakeholder suggested that this could be due to organisational/cultural differences between a commercially minded organisation such as Sea Space and a voluntary sector focussed LSP.

Leverage

In relation to the projects within this evaluation Sea Space has been successful in bringing in public match funding from HEFCE and ERDF, and private finance to deliver Lacuna Place, creating a Joint Venture vehicle with Land Properties which brings the private sector back into the commercial property market in Hastings.

It has also levered in other funding such as £15.1m for the Millennium Community from EP and Department of Transport and East Sussex CC investment into the A21 and link road which are key to the regeneration of the area.

Conclusion

Sea Space has achieved a lot in the last five years as a new organisation. It serves as a strong model for the delivery of regeneration infrastructure through a company structure both through the levering of public sector funds to create self-sustaining business centres and a developing centre of educational excellence in phase 1, and developing into a JV model which secures market involvement from the private sector in phase 2. The flexibility of the model and its ability to focus on delivery of key projects should be considered by SEEDA as a model for future delivery of regeneration infrastructure

The Early Wins projects on their own have met the targeted Sea Space outputs for new business creation, and are on track to meet those for learning opportunities and skills training, and adults and individuals receiving broadband access by 2013.

They have also made significant contributions towards targets for new jobs created/safeguarded, brownfield land remediated, private sector leverage and meeting the "critical mass for regeneration" identified within the Business Plan of over 1million square feet (100,00m2) of commercial, industrial and educational floorspace.

The phase 2 projects will add to this capacity and meet the strategic objective of engaging the private sector and moving away from publicly funded projects.

The projects are strongly aligned to the Five Point Plan as the over-arching strategy for this programme.

We estimate the GVA impact for these interventions range between £20million to £40 million per year based on a range of estimates for GDP per head and differing assumptions on the educational benefits which arise from the attainment of higher qualifications. Whilst it is not possible to isolate the effect of these particular projects on other economic indicators given the role of other Sea Space projects and the AIF and LEGI programmes, it is apparent that economic indicators have improved in Hastings since 2002 towards meeting the intermediate and higher outcomes of reducing economic inactivity; increasing the business stock; increasing average wage levels; and increasing employment.

Other Sea Space activity such as the raft of business support services which have operated from the CMC have been a key part to delivering a strategy of holistic support to developing businesses in the area.

We have found that Sea Space has played a core role in bringing together and influencing key regional and local partners to promote and deliver regeneration initiatives in Hastings and Bexhill and secure inward investment.

Overall Sea Space's company structure has enabled it to take the roles of publicly funded regeneration vehicle and commercial developer. This programme could be enhanced by more effective engagement with other public programmes such as the Working Neighbourhoods Fund. However it has effectively focused not only on delivery of the Early Wins projects but also set up the Joint Venture approach to phase 2 which will be central to meeting its objectives of stimulating development markets in Hastings and Bexhill, and moving away from reliance on public funding.

The direct intervention role played by Sea Space has delivered a first phase of quality property development which would otherwise have not been delivered by the private sector alone. It has successfully engaged the private sector as a partner in phase 2 and subject to the success of Lacuna Place this will act as model for future sites

Sea Spaces's role in terms of assembling land, securing planning permissions and undertaking direct development is central to its ethos. The joint venture with Land Group and the raising of debt through the SPV is an innovative approach and subject to the success of Lacuna Place this will act as model for future sites.

The approach to the development of the market adopted by Sea Space is important. In our experience, market making and shaping is a key area of activity for agencies such as Sea Space. This is normally undertaken through facilitation and enabling of activity as opposed to effectively direct development by the public sector. In managing the development process, a greater level of skill and capability is required within the organisation. It requires direct property expertise and an ability to manage commercial risk. Sea Space appears to have been adept in structuring these arrangements.

2 Brief and Methodology

Introduction

Hastings and Bexhill Renaissance Ltd (HBRL, trading as Sea Space) is the regeneration vehicle set up and funded by SEEDA to deliver a raft of regeneration initiatives in the Hastings and Bexhill area, which covers the areas of Hastings Borough Council and Rother District Council.

Its activities focus on developing the infrastructure for regeneration - new commercial, industrial and educational facilities, and new housing - but it also promotes initiatives to support business development and develop transport infrastructure.

Grant Thornton have been commissioned to carry out an ex-post evaluation of the Early Wins programme which is now complete and operational; and an interim evaluation of its Phase 2 programme, the first part of which, Lacuna Place, is now on site.

The Brief

The brief for this evaluation identifies the following projects to be evaluated:

Table: Status of Sea Space projects

PROJECT	STATUS
Early Wins Phase	
Creative Media Centre	Building complete and operational
Innovation Centre	Building complete and operational
University Centre	Building complete and operational
Marina Pavilion	Building complete and operational
Phase 2	
Priory Quarter Phase 1: Lacuna Place	On site
Enviro21 Business Park Phase 1: Queensway South Business Park Queensway Business Centre (Innovation Centre) Queensway Wind Turbine	Tender stage Design/planning stage

Source: Sea Space

For ease of reference we have referred to the above projects as the "programme" in this evaluation, which should not be confused with the wider Sea Space programme which includes projects which are not part of this evaluation.

The evaluation requires consideration of two distinct aspects of this programme: construction and operation. The Early Wins projects are now substantially complete and operational and the brief requires an ex-post evaluation of the completed projects. The Phase 2 projects are at different stages, with Lacuna Place on site but the Enviro21 Business Park phase 1 projects still in development. The key lines of enquiry to be addressed in the evaluation process are:

Strategic fit

- Examining how the programme fits with SEEDA's strategic objectives;
- Validating the original rationale and evidence base for the projects, and assessing how this is reflected in their design;
- Assessing the Strategic Added Value (SAV) of SEEDA's intervention;

Delivery

- How effective are the governance and project management arrangements in ensuring the accountability and effective delivery of the programme?
- What are the expectations of partners and stakeholders; and are they being addressed by the programme's implementation?
- How effective is the programme in putting into practice the original rationale and objectives which led to the setting up of Sea Space?
- Is the project meeting the quantative and qualitative targets originally set? Were these realistic given the experience of the early phase project? Were they under- or over-ambitious?
- What challenges have been met in the project's development and delivery, and how has it responded?

Operation

- How efficient and effective are the operational arrangements for the early wins programme?
- What other services have been accessed and how have they supported the development of the hosted firms?
- Does the operating regime and service charges provide good value for money for tenants?
- What challenges remain to be overcome in operating the existing developments?

Outputs and outcomes

- Identifying the logic chain between projects outputs and strategic intermediate and higher level outcomes
- Assessing the gross and net level of outputs for the physical development taking account of deadweight, displacement, leakage and economic multiplier effects.
- Assessing the overall levels of SAV for the project (for example the degree to which partnership working has been facilitated and/or the extent to which market perceptions have been changed)

Current construction phase

- In addition to the above, the extent to which the market need and rationale for intervention for follow on development has been proven;
- The management of the construction programme and the extent to which other routes may have provided the similar outcomes;
- The benefits of the proposed joint venture with the private sector

Lessons Learnt

- How can the evaluation's findings inform the development of the next phase of work?
- Are any changes required in the operation of the existing development and/or implementation of the next phase?
- What are the wider lessons for SEEDA which can be applied to other similar projects?

Methodology

Our approach to this evaluation has comprised the following elements:

Baseline Review

We have reviewed key reports and studies to understand the linkages between national, regional and local strategies and delivery plans, and the progression from Sea Space's early business plan development to developing the particular projects that are being evaluated. A full list of source documents is in Appendix A.

Project data review and analysis

A review of project approvals and project monitoring reports to gain an understanding of the original project design, funding and proposed outputs, and in the case of the Early Wins projects, the actual costs and gross outputs which the project has achieved, and in the case of the Phase 2 projects, to understand progress to date. The Creative Media Centre and Innovation Centre have also provided more detailed data on lettable office space, rental costs, business plans targets and utilisation; and the University Centre has provided data on student numbers across different learning streams.

Stakeholder Interviews

We interviewed twenty stakeholders: representatives of Sea Space including senior managers, construction project managers and operational managers; and representatives of the various key partners and project funders. The organisations interviewed are listed below and a full list of interviewees is at Appendix B.

- Sea Space
- South East England Development Agency (SEEDA)
- East Sussex County Council
- Hastings Borough Council
- Rother District Council
- 1066 Enterprise
- Government Office for the South East (GOSE)
- English Partnerships
- Marina Pavilion business operator
- Linda Stevens Associates (who acted on behalf of Sea Space in the consultation on Phase 2).

These were semi-structured interviews based around a discussion guide to understand individual and organisational roles; their views on the original aims and objectives of the programme and how far it has achieved these; to identify examples of good practice and where lessons could be learned; and to help to assess additionality, leakage and displacement.

Beneficiary Surveys

Our assessment of the impact on beneficiaries of this programme identifies the following beneficiary groups:

- Businesses locating in the Creative Media Centre or Innovation Centre;
- The business occupying the Marina Pavilion;
- Individuals benefiting from jobs created or sustained through these projects;
- Individuals benefiting from skills development at the University Centre;
- The wider business community;

- The people of, and visitors to, Hastings and Bexhill benefiting from the improved quality of their surroundings (e.g. through an enhanced business and retail environment, and improvements to the public realm).

To assess impact on these beneficiaries we have used the following methods:

- Analysis of project output data;
- One-to-one interview with the business operator at the Marina Pavilion; and
- One-to-one interviews with managers from the University of Brighton who are responsible for managing courses and student intake at the University Centre; and the operational managers of the Creative Media Centre and Innovation Centre;
- A telephone survey of the businesses located at the Creative Media Centre and Innovation Centre, and a sample of the wider business community in the Hastings and Bexhill area. This is described in more detail in Chapter 7.

We have also used the wider stakeholder interviews to aid our assessment of the additionality of benefits to these groups by seeking evidence where available of the differential impact of these projects on these beneficiary groups.

We also considered how appropriate it is at this stage to try to measure the impact of these projects on the people of, and visitors to, Hastings and Bexhill. We concluded that given the relatively small scale of the Early Wins projects, and the early stage of the Phase 2 projects, it is too early to assess this in a meaningful way. The Priory Quarter masterplan, for example, proposes significant further change to the centre of Hastings and the response to the public consultation to this are discussed later in this report. However Phase 1 of this - Lacuna Place - is still under construction. Therefore we consider a survey targeting local people and visitors views is better placed as part of the evaluation plan for the ex-post evaluation of Phase 2.

Secondary data research

We have analysed secondary data sources to assess trends in the local and regional economy around business creation and sustainability, employment, skills development, markets for office and workshop space, and wider deprivation indices. Whilst it is too early to use these sources to assess accurately the impact of the Early Wins projects on the local economy, they do provide a context within which to set this evaluation, and to benchmark data derived from primary sources. It will also be relevant to identifying the approach to carrying out subsequent evaluations.

Logic Chain Analysis

In line with the BERR's Impact Evaluation Framework (IEF)[10] we have adopted the logic chain approach to establish and analyse the linkages between outputs, intermediate outcomes and higher-level outcomes.

To establish this logic chain we have identified the key output areas for the projects in this programme and linked these to the intermediate, higher level and national outcomes as illustrated in the table on the following page.

[10] *DTI Occasional Paper No. 2- Evaluating the impact of England's Regional Development Agencies: Developing a Methodology and Evaluation Framework, Feb 2006*

Table: Logic chain linking local outputs to regional and national indicators

Project Inputs	Activities and processes	Project Outputs	Intermediate outcomes (taken from the RES[11])	Higher level outcomes (taken from the RES)	National indicators
RDA spend (£millions)	Strategic site acquisition	Jobs created	Regenerate coastal towns	<u>Enterprise:</u> increase the business stock by 35% from 35 businesses per 1,000 inhabitant in 2003 to 44 per 1,000 inhabitants by 2016, including 10,000 new businesses run by women <u>Employment:</u> improve the productivity of the workforce and increase economic activity from 82% to 85% by bringing 110,000 net additional South East residents of working age into the labour market by 2016, as a step towards bringing up to 250,000 residents into the labour market by 2026 <u>Broadband:</u> 100% next generation broadband <u>Skills:</u> maximise the number of people ready for employment at all skills, levels and ensure they are continually equipped to progress in the labour market	Regional GVA per head (measure of overall economic performance) Regional employment rate Regional GVA per hour (measure of productivity) Regional GVA as a percentage of the EU average
	Investment in physical infrastructure	Brownfield Land remediated (ha)	Reduce inactivity in coastal areas		
	Sites and premises	Commercial floorspace brought back into use	Promote a skills escalator and skills-led regeneration		
	Land reclamation	New businesses created			
		Businesses sustained for 12 months			
		Individuals and businesses receiving broadband access			
		Learning opportunities created			
		Adults receiving higher education skills			
		Public and private sector investment levered			

Source: Regional Economic Strategy, PSA 7 Delivery Agreement

[11] *Regional Economic Strategy - A Framework for Sustainable Prosperity - SEEDA, 2006*

We will therefore use the following lines of enquires and indicators:

- Assess gross and net programme outputs
- Assess their contribution to meeting the Business Plan targets and Five Point Plan strategy
- Assess trends in:
  - Economic activity (% inactivity)
  - Promoting skills led regeneration (skills and level of qualifications)
  - Increasing the business stock (net change in VAT stock)
  - Average wage levels
  - Employment (% employed)
  - Current and historic market rents.

Assessing the programme's net impact

In assessing the net outputs associated with this programme we have taken account of leakage, displacement and economic multiplier effects to compare the intervention against a reference case (deadweight). At this stage this focuses on the Early Wins projects and the sources for our analysis are summarised in the table below:

Table: Measuring net impact of the programme

Factor	Source
Gross outputs	Project monitoring returns; operational data from centre managers
Reference case	Baseline review; stakeholder interviews; secondary data analysis; beneficiary survey
Leakage	Project data analysis; stakeholder interviews; beneficiary survey
Displacement	Stakeholder interview, beneficiary survey
Economic multiplier effects	SQW/PA Ready Reckoners (see below)

In undertaking this analysis we have also made reference to recent guidance by SQW and PA Consulting on ready-reckoners for adjusting gross to net outputs[12] and the guidance contained in English Partnerships' Additionality Guide[13]. We have excluded the use of secondary data analysis except in the reference case on the basis that the Early Wins projects are relatively small and recently completed and so secondary data is unlikely to identify any measurable and directly attributable impact. However these do act as a baseline against which long-term economic impact on the study area can be measured.

Strategic Added Value

Finally we have assessed the Strategic Added Value of Sea Space's intervention through assessing the added value of the local and regional partnerships which it has developed; the market impact of its development activities; and the potentially wider impact in the economy which this intervention will bring. We would envisage a more in-depth consideration of these factors in the ex-post evaluation of Phase 2, reflecting the impact of larger scale interventions.

[12] *Implementing the RDA Impact Evaluation Framework - Ready-reckoners for adjusting gross to net outputs, SQW and PA, June 2006*
[13] *Additionality Guide - A Standard Approach to Assessing the Additional Impact of Projects, English Partnerships, Sept 2004*

3 The Development of Sea Space

Introduction

In 2001 the Government considered and rejected the case for three transport proposals designed to ease congestion in Hastings. These were the Hastings Eastern bypass, the Bexhill & Hastings Western bypass and the Pevensey to Bexhill improvement. The bypasses were intended to improve accessibility to the area and open up a new Greenfield site to the north of Bexhill for a business park and housing development.

However at the same time the Government recognised the need to promote the regeneration of Hastings and Bexhill, and SEEDA established the Hastings and Bexhill Taskforce ("the Steering Group) as a partnership of key local and regional agencies. The Taskforce partnership currently comprises:

- SEEDA (which chairs the Taskforce);
- Hastings Borough Council;
- Rother District Council;
- East Sussex County Council;
- English Partnerships;
- Government Office for the South East;
- Michael Foster, MP for Hastings and Rye; and
- Gregory Barker MP for Bexhill and Battle.

The approach the Taskforce has taken to addressing the challenges has been to identify the most acute market failures and to recommend correction of these through "pump-priming" the market, promoting 100% public subsidies where necessary. This approach is based on the premise that as market confidence is restored and levels of private sector investment increase, the requirement for public subsidy should be reduced.

In 2002 the Taskforce developed the "Hastings and Bexhill Five Point Plan" as a "comprehensive regeneration strategy for Hastings and Bexhill". It was a response to the high levels of deprivation identified within the area, with the Hastings Borough Council seen as the 27th most deprived local authority area in England and the most deprived in the Southeast region[14]. The nature of market failures that imply regeneration funding is required are outlined in an earlier section. Within the Five Point Plan, there is evidence that such market failures are at play as demonstrated through an analysis of employment rates, median income, healthy communities, deprivation indices and crime rates.

This heralded the commitment by the Government of £38million to support a regeneration programme in Hastings and Bexhill. In 2003 SEEDA applied to the Department of Trade and Industry (DTI), now the Department of Business, Enterprise and Regulatory Reform (BERR), for approval to establish a company to act on its behalf to deliver this ambitious programme, and in summer 2003 Hastings and Bexhill Renaissance Ltd (HBRL, trading as Sea Space) was incorporated as a company limited by guarantee.

[14] Indices of Multiple Deprivation 2000 - Department for Transport, Environment and the Regions

The Five Point Plan

The Five Point Plan adopts the regional outcomes set out in strategies such as the RES as its outcomes and was intended to address the underlying causes of economic and social deprivation in the Hastings and Bexhill area.

The Five Point Plan was endorsed by the Taskforce in March 2002 as a 10-year delivery strategy with the year 2003/04 identified as the first year. In March 2002, Lord Rooker, then Minister for Housing, Regeneration and Planning, confirmed the Government's commitment to the comprehensive regeneration of Hastings and Bexhill through a £38 million allocation over the three years which was an addition to SEEDA's budget. This was in addition to existing European, lottery and other funding streams. A further £19m of SEEDA funding was allocated in 2005, and a further £13m of SEEDA funding has been agreed for 2008-2011.

The five points, or headline principles, in the plan are detailed below. Overall, 37 fully costed projects were earmarked for delivery over the first three years of the plan. These were included in the plan on the basis of deliverability and on their contribution toward meeting SEEDA outputs. It was accepted that funding would need to be targeted on a smaller number of projects from these 37.

The Hastings and Bexhill Five Point Plan

- Regeneration Measures for Urban renaissance - creating new architecture, public spaces and buildings such as business premises, education facilities and homes (22 projects);
- The Stimulation of Business Innovation, Enterprise, Creativity and Technology Transfer - supporting local firms and attracting new companies to the area to create well-paid jobs (3 projects);
- Excellence in Higher Education - helping to improve education standards and expanding higher education (2 projects);
- Broadband Information and Communication Technology (ICT) Infrastructure and Applications - helping companies make best use of the latest Internet technology (7 projects); and
- Transportation Improvements - making improvements to the road, bus and rail networks (3 projects).

The Plan estimated that successful delivery of these projects would lead to an absolute increase in GDP of 1.3% by year 3 of the Plan in Hastings and Bexhill and a 3.2% increase by year 10.[15]

Projects proposed under each of the five points are shown to contribute to these outcomes through a totalling of their individual outputs. Outputs for projects, called Tier 3 outputs, are described as:

- Gross jobs;
- Brownfield land remediated;
- Housing units;
- New businesses created; and
- Full time students.

[15] *Hastings and Bexhill Five Point Plan, DTZ Pieda Consulting [para 4.35]*

The summing of the listed Tier 3 outputs for the proposed projects contribute to the outputs detailed in the RES for overall economic growth, enterprise, skills, employment and physical development to a greater extent and to a lesser extent on transport and competition.

Masterplan Development

In Autumn 2002 SEEDA consulted widely on a masterplan for Hastings and Bexhill.[16] The masterplan identified eight key ideas including developing new sustainable neighourhoods on brownfield land, improving transport infrastructure, making more of the seafront, boosting St Leonards as an arts quarter and developing a new University Centre in Hastings. This was presented as a "30 year vision" and has formed the base for subsequent project development.

Hastings and Bexhill Renaissance Limited ("Sea Space")

To enable delivery of the plan, the Taskforce set up Hastings and Bexhill Renaissance Ltd (HBRL, trading as Sea Space) in 2003 as its delivery vehicle. The member organisations of the Taskforce form the basis of a Board of Directors that oversees the activities of Sea Space. This is chaired by Professor Julian Crampton of the University of Brighton and includes representation from:

- Hastings Borough Council;
- Rother District Council;
- East Sussex County Council;
- SEEDA (who can appoint up to five Directors);
- Up to six other Directors currently:
    - University of Brighton;
    - 1066 Enterprise; and
- Government Office in the South East and English Partnerships as observers.

While SEEDA's core funding was used to establish Sea Space and deliver the Early Wins projects, the company was also set up to lever in private investment though joint venture schemes with the private sector, based on its premise of acting to pump-prime the markets in Hastings and Bexhill.

Governance Structure

The main role of the Hastings and Bexhill Task Force ("the Steering Group") is "to oversee the implementation of the Five Point Plan and to put in place delivery mechanisms to secure its objectives and to promote the sustainable regeneration of Hastings, Bexhill and immediately adjacent areas"[17].

Sea Space's role is to act as the delivery mechanism for the Business Plan i.e. "to implement the approved Business Plan in accordance with the financial procedures of SEEDA, the DTI and English Partnerships, the requirement of bank and other funding bodies, and the provisions of the Companies Acts"[18].

Both the Steering Group and the HBRL Board meet every two to three months. At both meetings, project progress, future projects and financial information are discussed as a minimum.

[16] *Towards a Masterplan for Hastings and Bexhill, MBM Arquitectes and AZ Urban Studio and Consultation Results, Clive Jacotine & Associates and Nick Wates Assoc*
[17] *Hastings and Bexhill Task Force Terms of Governance, Nov 2004*
[18] *ibid*

The Steering Group is responsible for monitoring and evaluating the performance of the Task Force Executive Team and Sea Space. Significant variations to the Business Plan must be approved by the Steering Group.

SEEDA established a Service Level Agreement with Sea Space in July 2006 which states that SEEDA will provide the staffing requirements and charge the full cost of staffing to Sea Space and provide IT network services, HR services and training.

Sea Space has a core staff complement of 8. This is supplemented by 10 project funded posts and a further 4 posts self funded by income from operations. SEEDA also funds five posts at the Enterprise Hub.

In addition to their own staff employed in the client role as project managers on individual projects, Sea Space also commissions consultant teams (for example, as architects and quantity surveyors) for each project.

SEEDA provides grant funding to Sea Space for the implementation of the approved Business Plan and individual projects are appraised in accordance with SEEDA/DTI project appraisal procedures and corporate policy. The terms of this are set out in a Funding Agreement (February 2006)[19]. Sea Space is also able to enter into joint ventures or other arrangements with private or public sector partners for the delivery of projects approved in the Business Plan and seek finance for this purpose through the private market or by securing further public funding. This is the approach it has taken on Lacuna Place.

Sea Space also receives funding from English Partnerships and public sources, including the European Union and derives income from the rents and service charges collected from the tenants of the Creative Media Centre and Innovation Centre. Sea Space's Annual Report from 2006/07 notes that from 2003-2007 SEEDA provided £47m committed funding, and a further £10m for 2007/08; in addition English Partnership's funding has been agreed at approximately £6m from the £15.1m committed over the lifetime of the Millennium Community project [20].

It also notes that Sea Space's profits on ordinary activities after tax increased from £190,727 in 2006 to £544,683 in 2007. Surpluses are re-invested in Sea Space as member organisations are not entitled to any distribution of surpluses.

Sea Space Business Plan

Sea Space published its business plan in November 2003. The vision for the business plan is summarised as:

"The securing of economic prosperity through the creation of a new urban fabric accommodating and encouraging a vibrant resident, business and education community embracing a strong entrepreneurial culture where the economic benefits can be directed to the most deprived wards in the communities of Hastings and Bexhill"[21].

The Five Point Plan and the RES comprise a central part of this business plan. A fairly large part of the business plan outlines the establishment of Sea Space as an executive delivery vehicle and its legal structure. The Business Plan also sets out the approach of establishing a Special Purpose Vehicle to facilitate securing external funding from the private sector, and a

[19] *SEEDA and HBRL Funding Agreement, Feb 2006*
[20] *Directors Report for the year ended 31 March 2007, HBRL, July 2007*
[21] *Business Plan, HBRL, November 2003*

programme to support the occupation of its priority projects through enterprise development, education, housing market analysis and visitor management.

The total funding to be available to Sea Space is identified as:

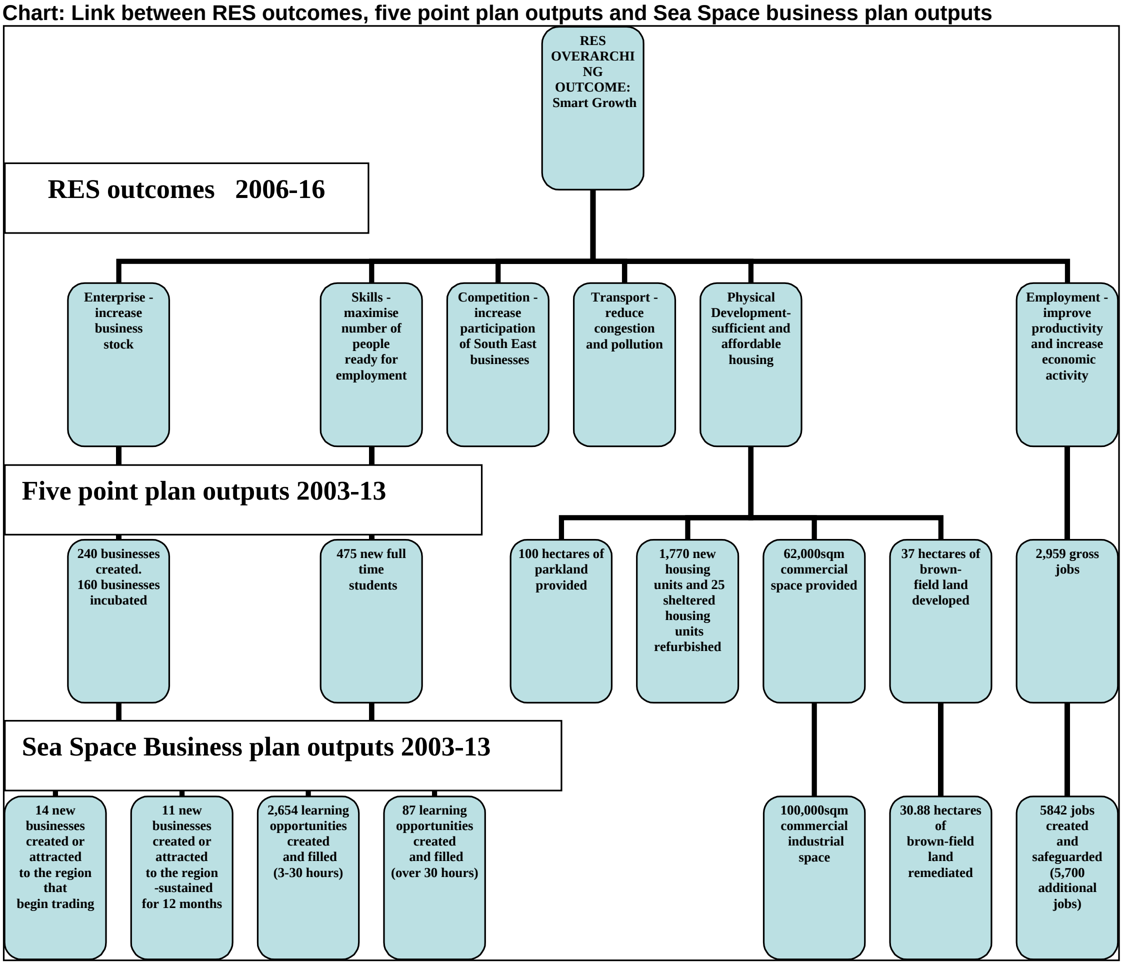
SEEDA Ring Fenced Funds	£38m
English Partnerships (Millennium Communities)	£15m
Other Public Funds (SRB, Single Pot, Objective 2)	£10m
Income/Bank Facility	£25m
Total	**£88m**

The SEEDA funding covered the period 2002- 2005, and a further £19m of SEEDA funding was allocated for 2005-2008. Other funding has been drawn as projects progress (e.g. approximately £6m of the £15m EP funding has been drawn down to date) and a bank facility of £11.7m has been secured for the development of Lacuna Place. A range of projects are identified to be developed through this funding through a set of prioritisation criteria drawn from the Five Point Plan and the Masterplan consultation, which also identified a "general wish to see development activity get underway". Therefore, early wins projects are identified as:

- Creative Media Centre;
- University Centre;
- Marina Pavilion;
- Churchfields (the Innovation Centre);
- Queensway South site (Enviro 21); and
- Bexhill Sure Start.

The allocation of funding across the projects subject to this evaluation is detailed below under "the focus of our study". The strategic links between the RES outcomes, the Five Point Plan and the Business Plan are illustrated overleaf.

Chart: Link between RES outcomes, five point plan outputs and Sea Space business plan outputs



Source: Regional Economic Strategy, five point plan, Sea Space business plan

The focus of our study

This study focuses on the Sea Space projects described below. Sea Space is also involved in other significant projects such as the development of a new mixed tenure community at Ore Valley (the Millennium Community project funded by EP) which are outside of the scope of this study.

The Early Wins have been developed by Sea Space to deliver tangible change early in their programme. Phase 2 has followed on from a subsequent masterplanning and consultation processes which is described later in this study.

Table: Cost of Sea Space phase 1 projects

PHASE 1 (EARLY WINS) PROJECTS	
Creative Media Centre Creation of 14,450 sqft of flexible business space, including incubation units, in the centre of Hastings. This space is specifically for new and small businesses in the media, creative and digital technology sectors. There have been two phases of this Centre- the first opened in 2004 and the second opened in 2005. SEEDA's Enterprise Hub and eBiz centre are both based here.	Total cost: £4,904,618 SEEDA funding: £3,717,589
Innovation Centre Hastings Creation of 25,248 sqft of flexible business space on the outskirts of Hastings for small businesses outgrowing the Creative Media Centre. This centre was opened in 2006 and incorporates the University of Brighton's Product Development Centre.	Total cost: £4,941,955 SEEDA funding: £3,973,955
University Centre Hastings Acquisition of a disused BT building; conversion and refurbishment so the site can offer over 750 student places on courses in business studies, computing and management. It includes the Broadcast Media Centre.	Total cost: £9,141,948 SEEDA funding: £6,378,980
Marina Pavilion Leasehold acquisition and conversion of sea front pavilion for use as an entertainment/ conference facility and construction of new building at street level with restaurant space	Total cost: £1,946,526 SEEDA funding: £1,713,338
TOTAL COSTS	**£20,935,047**
SEEDA FUNDING	**£15,783,862**

Table: Cost of Sea Space phase 2 projects

PHASE 2 PROJECTS	
Lacuna Place (aka "The Gap site"), Priory Quarter Construction of 83,214 sqft of higher density office space and retail space in a central Hastings location.	Phase 1a: Total cost: £19,229,065 SEEDA funding: £17,087,353 Phase 1b: Total cost: £11,700,000 100% private finance
Enviro 21 Innovation Parks, Queensway South Development of 36,500sqft of industrial and office space targeted at environmental businesses.	Total cost: £20,015,707 SEEDA funding: £9,339,775
TOTAL COSTS	**£50,944,772**
SEEDA FUNDING	**£26,427,108**

Table: Combined costs of Sea Space phase 1 & 2 projects

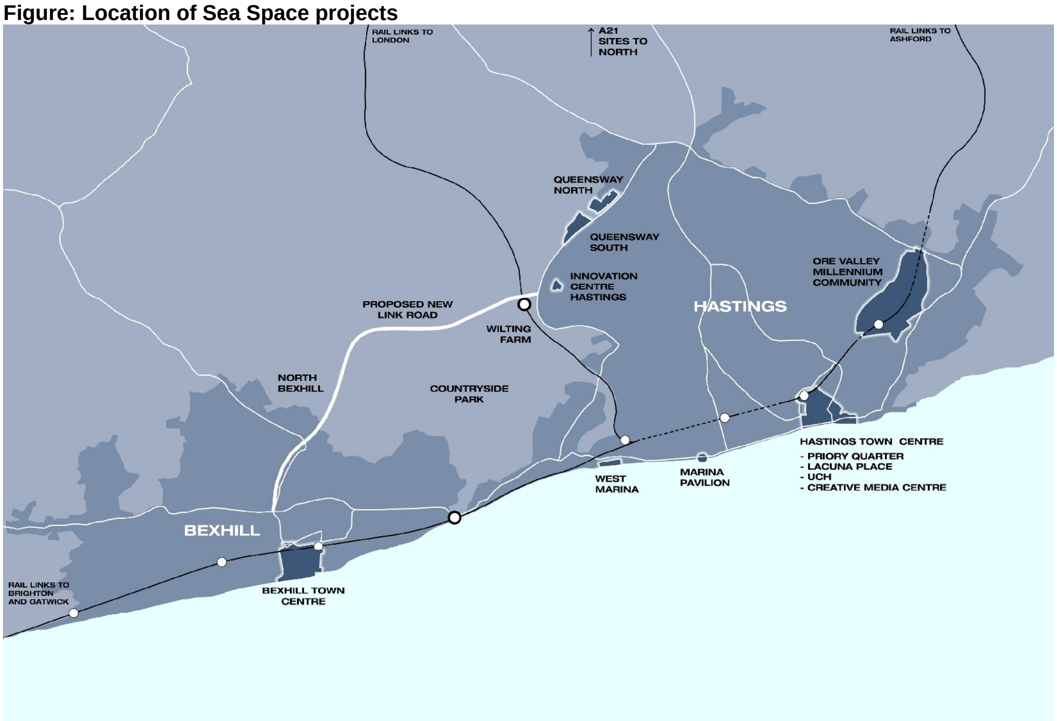
PHASES 1 AND 2 PROJECTS	
TOTAL COSTS	**£71,879,819**
SEEDA FUNDING	**£42,210,970**

Source: Sea Space

The Early Wins projects are now substantially complete and so the majority of this expenditure has been incurred. Lacuna Place is on site and approximately 75% of Phase 1a expenditure has been incurred to date, whilst Queensway South is still in development

Creative Media Centre, University Centre (UCH) and Lacuna Place are located in Hastings Town Centre; Marina Pavilion is to the West of Hastings; and the Innovation Centre and Enviro21 on sites to the North-West of Hastings. This is illustrated below.

Figure: Location of Sea Space projects



Source: reproduced from Sea Space Business Plan

Strategic Fit

The contribution of these projects to delivering the strategic objectives identified in the RES and Five Point Plan is described below.

Early Wins

Creative Media Centre

As this project supports new businesses in digital and creative industries, there is a high degree of strategic fit with the RES, where there is a challenging business stock target. One of the nine actions outlined to meet this target is to 'support new and growing business in the creative, cultural, leisure, sporting and visitor economy sectors'. The RES also has an action to have 100% broadband coverage by 2016 and the CMCs are fully broadband enabled.

SEEDA's corporate plan also puts emphasis on supporting businesses in disadvantaged areas, thereby tackling enterprise gaps that exist between areas in the region.

This project is detailed in the Five Point Plan and would contribute to achieving point 2 - the stimulation of business innovation, enterprise, creativity and technology transfer.

Innovation Centre Hastings

This project differs from the Creative Media Centre as there are larger spaces for businesses and intended for businesses that need more space than incubator units might provide. This project aims to support businesses in the network sectors and related supply chain businesses. This is, again, a project that addresses the enterprise objectives in the RES and the Corporate Plan by supporting businesses in disadvantaged areas. The business space includes broadband connectivity, so addressing the RES aim for 100% broadband connectivity.

The project is detailed in the Five Point Plan and would contribute to achieving point 2 - the stimulation of business innovation, enterprise, creativity and technology transfer.

University Centre, Hastings

This project provides higher and further education opportunities in subjects related to business, ICT and management. If these learning opportunities are taken up, it therefore contributes toward the skills ambitions of the RES. Though there are no specific actions in the RES in relation to these subjects, there are broader targets to increase the proportion of the working age population with level 2 and level 4 skills. The RES does also contain a transformational priority on education -led regeneration of which UCH is seen as an exemplar/pilot. Within the Five Point Plan, point 3 relates to Excellence in Higher Education.

It is worth noting that UCH is now a nationally recognised exemplar and has given rise to the Government's new initiative to establish university centres in the remainder of the country under the University Challenge programme.

Marina Pavilion

The conversion of the disused building on the seafront into conference and restaurant space contributes to regeneration objectives in the RES. There is clear consideration given to coastal areas around the South East and associated priorities (not actions) are identified, including to create cities and towns where people choose to live by investing in urban renaissance, redeveloping and regenerating key town centres to stimulate development of local economies.

Additionally, in the SEEDA corporate plan, the RDA specifies its commitment to major and continuing area based regeneration projects like those in Hastings to ensure sustainability of economic growth.

Phase 2

Lacuna Place (phase 1 of Priory Quarter)

Lacuna Place is to offer 83,214 sqft of commercial space. The successful letting of business space in Lacuna Place is said to be a key driver of successful regeneration of Hastings Town Centre and critical to ensure financing of future phases of Priory Quarter, not least because it is particularly targeted at securing market sustainability for private sector investment.

The RES outlines the availability of good business space is a priority for the region to promote the regeneration of the central parts of coastal towns.

The regeneration of central Hastings is also described as a priority in both the Sea Space Business Plan and the Five Point Plan (point 1) and Lacuna Place forms part of the wider Priory Quarter Masterplan.

Enviro21 Innovation Parks, Queensway South

The Enviro21 Innovation Parks Corridor initiative aims to create a corridor of technology and business parks on the outskirts of Hastings and Bexhill and Queensway South will deliver the first phase of this. Future phases will bring an innovation exchange and a 2MW wind turbine.

The RES has, as one of its three top priorities, an ambition to achieve 'sustainable prosperity' which will involve encouraging sustainable production and consumption and adapting to climate change. Enviro 21 is designed to set high standards in sustainable construction and the use of renewable energies and will support businesses seeking out new opportunities in sustainable production and consumption. As with the early wins programme, the provision of good quality business space is priority in the region and Enviro21 is part of the Smart Growth objective.

Enviro 21 will support point 2 of the Five Point Plan, to support business innovation, creativity and technology transfer. The Five Point Plan includes this specific project, titled as it was then as 'Queensway business park development'.

Transport Infrastructure Improvements

The poor transport links to London and along the coast and poor road connectivity between Hastings and Bexhill have also been identified as one of the key obstacles to developing markets in the area. In this respect it is important to note that whilst Sea Space is not a transport provider it has taken on the role of lobbyist and facilitator to secure strategic and local transport improvements within the Five Point Plan.

Whilst these are not the subject of this study, it is worth noting them here as they illustrate an important strategic and enabling role which contributes to the Strategic Added Value of Sea Space which is discussed later in this report.

Task Force Transport Group

Sea Space established this group early on, bringing together GOSE, SEERA, the Highways Agency, rail bodies and the local councils to co-ordinate and review transport improvements identified in the Five Point Plan.

A21 Improvements

As the main London-Hastings route this is of obvious significance, and within a year of the Task Force being established the then Transport Minister announced a series of improvement to the A21 valued at over £350m. Although progress is slower than originally envisaged, the Lamberhurst Bypass was opened in 2005 and three further improvements schemes are prioritised within the Regional Programme (Tonbridge to Pembury, Kippings Cross to Lamberhurst, and the Baldslow Link Scheme) and another is in the pipeline (Flimwell to Robertsbridge). Sea Space has continued its lobbying role and has also provided some funding for studies to assist decision making (e.g. £50,000 in 2007 to the Highways Agency).

Bexhill-Hastings Link Road

This will address poor connectivity between Hastings and Bexhill and is key to releasing employment and housing land. It will be delivered by East Sussex County Council and is due for construction in 2010/11. Sea Space again has played a lobbying role and provided funding to early design work.

Hastings Station

The new £9m Hastings Station was opened in 2004, and had been delayed through lack of funding. Sea Space contributed to progressing this through a capital receipt realised when Sea Space purchased the Station Yard site and through continued lobbying.

Other rail service improvements

Sea Space has also worked with rail bodies to seek service improvements or to retain existing services. This has included funding to trial timetabling improvements to London peak services in 2002/03, and campaigning successfully to retain the Hastings to Victoria line which was to be withdrawn. It has also worked with Southern Rail and Network Rail to secure upgrades to Ore Station as part of the Millennium Community plan for the Ore Valley.

Findings

1. Sea Space was set up as the delivery mechanism for the Five Point Plan, reporting to the Hastings and Bexhill Taskforce ("the Steering Group") who monitor and evaluate their performance, but also act as a strategic body which must approve any variations to the Sea Space Business Plan.
2. The outputs forecast for Sea Space within the Business Plan support the delivery of RES and Five Point Plan outputs around skills, employment, new businesses and broadband connectivity.
3. There has been a clear strategy in place for Sea Space to regenerate the Hastings and Bexhill area through increasing provision of business space, which the private sector may not see as a profitable opportunity, and through education led regeneration.
4. We have identified a strategic fit between the outcomes and outputs identified for the individual projects within this evaluation; the core strategic plan for the Taskforce (the Five Point Plan); and regional strategic outcomes defined within the Regional Economic Strategy and Corporate Plan.
5. Individual operational business plans for each project have been developed as part of the detailed project appraisal process and a key objective is to achieve the "tilt point" whereby they become self-sustaining and no longer require public subsidy.
6. Sea Space's strategic and enabling role is an important support to the regeneration strategy for the area. For example, whilst Sea Space does not act a transport provider it has played an important role in lobbying for and promoting key transport improvements which support the achievement of the wider strategic objectives identified in the Five Point Plan.

4 Baseline Analysis

Introduction

Hastings and Bexhill are coastal towns on the south coast of England. Hastings is the larger of the two with a population of 85,000 compared to 40,000 in Bexhill.[22] The population of Brighton and Hove, by way of comparison is 250,000. Hastings is governed by Hastings Borough Council and Bexhill falls within the boundary of Rother District Council. The map below shows the location of Hastings and Bexhill in relation to the rest of the South East and London.

Figure: Transport connections in the South East

Source: 1066 Online

The main transport routes serving Hastings are the A21 trunk road from London and the A259 coastal route stretching from Hampshire via Brighton and Hastings through to Folkestone. Both of these suffer from congestion for similar reasons - the A21 is a single carriageway in places and the A259 is almost entirely a single carriageway, which is unusual for a trunk road. The A259 runs almost parallel to the A27 which is a more heavily used route between Salisbury, Wiltshire to Pevensey, just west of Eastbourne.

Hastings is served by four railway routes - two into London (Charing Cross and Victoria), one to Ashford and one to Brighton. The journey time from London to Hastings by rail is between 1hr 45mins and 2 hrs. The journey time from London to Bexhill is also around 1hr 45 minutes.

Economic Profile

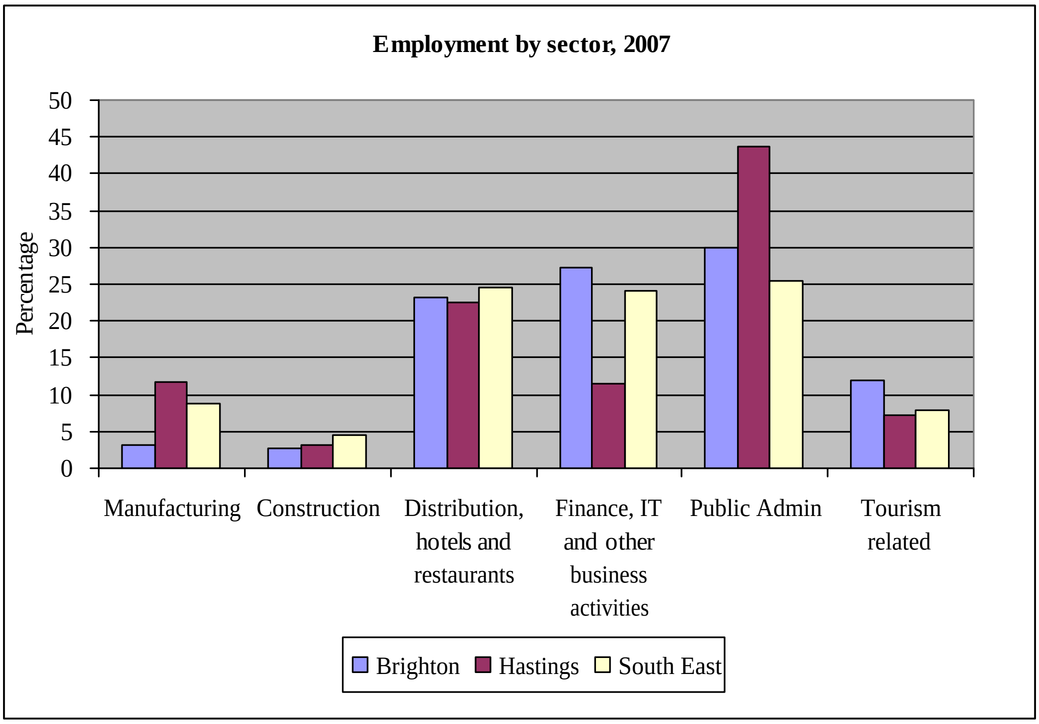
The Hastings area has suffered under-investment and structural decline over a number of years, and has low economic and social outcomes. It is frequently identified as the most deprived district in the South East and one of the most deprived in the country. Particular wards in Hastings show poorer performance on particular indicators such as education,

[22] *Census 2001*

income and employment. Comparative trends between Hastings, Rother and the South East are discussed in more detail below.

In Hastings employment has tended to come from low value added sectors such as manufacturing and tourism as well as the public sector. Low value added sectors are characterised by low productivity and workers in these industries tend to be unskilled. For instance, in 2007, the largest sector with nearly 44% of employees within the Hastings local authority area was the public sector (see graph below). In the wider South East, only 25% of employees were employed by the public sector. In Brighton, another South East coastal town, this figure was 30%. At the same time, 12% of employees were working in the manufacturing sector (only 9% of employees in the South East and 3% in Brighton worked in manufacturing). In 2003, the time around which Sea Space began operating, only 9% of employees were employed in banking and financial services, compared to 22% in the wider South East.

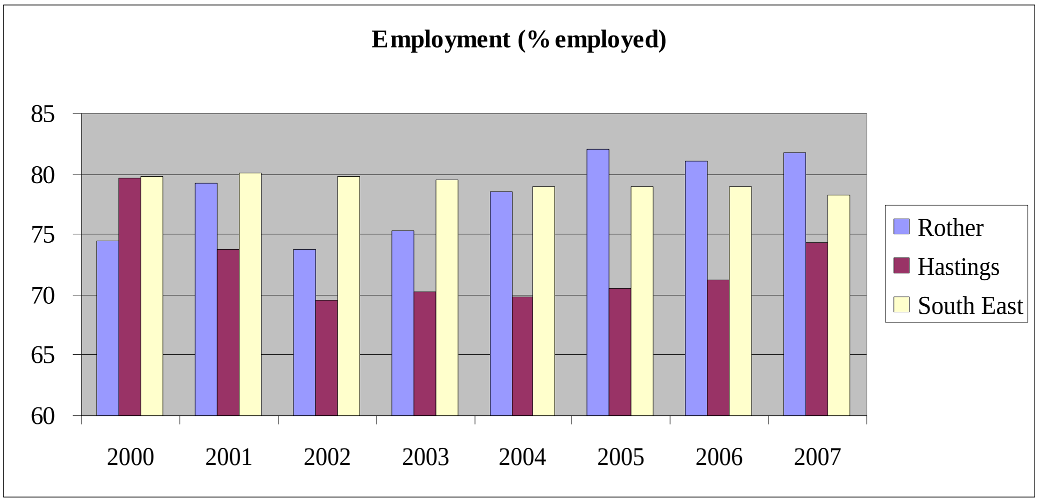
Chart: Employment by sector in the South East



Source: Labour Force Survey

However there is a different picture in Rother. While the Hastings employment rate is below the South East average and falling over time, the Rother employment rate has increased over time and exceeded the South East rate by 2007.

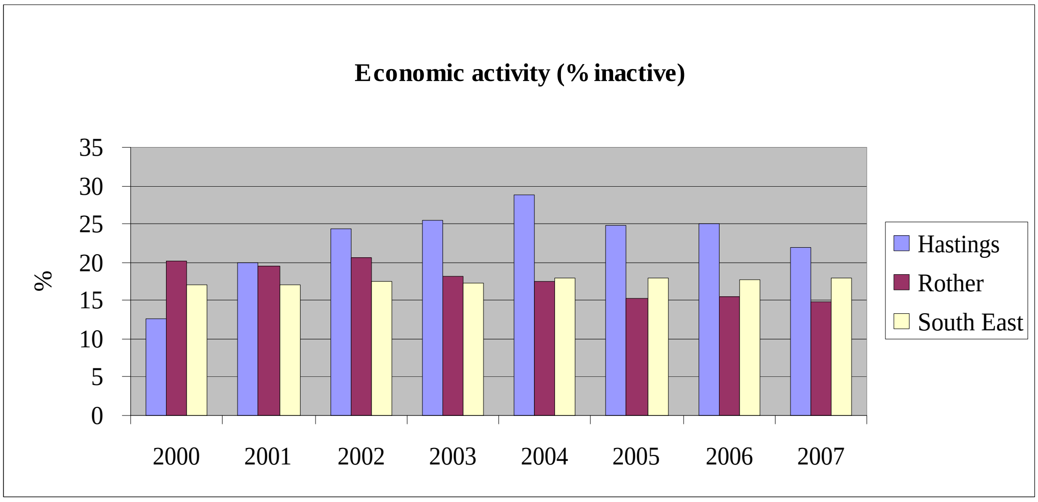
Chart: Employment rate in the South East



Source: ONS Nomis

This trend is mirrored when looking at economic activity. Although this picture has been improving in Hastings since 2004, it is still worse than the South East average, whilst Rother now surpasses the South East average. This is illustrated in the chart below where the "economically inactive" are defined as those that are not working and are not looking for work. In 2007, the employment rate in Brighton was 73.8% and the inactivity rate was 21.3%.

Chart: Economic activity in the South East



Source: ONS Annual Population Survey

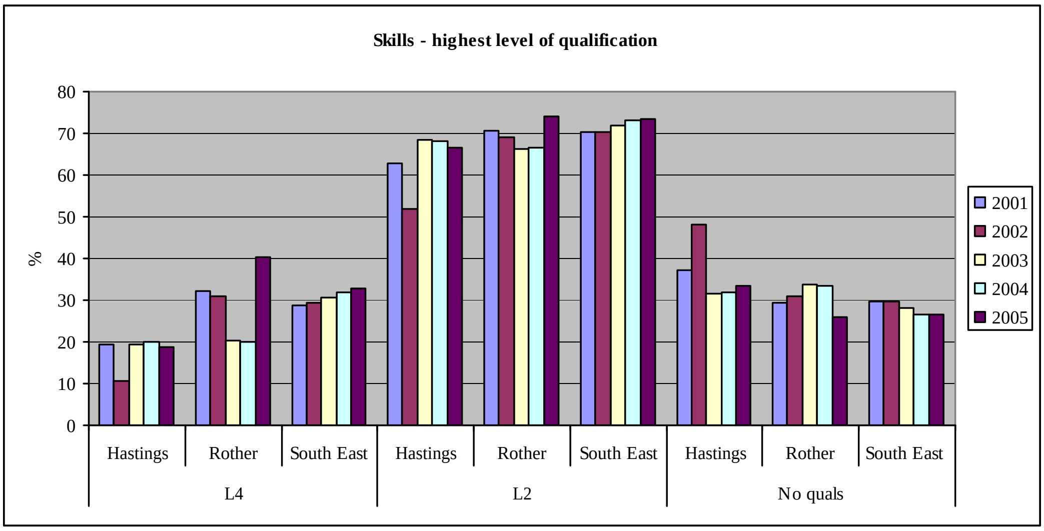
The percentage of full time employment in the South East has remained at around 67% between 2003 and 2005. In the Hastings local authority area, this has also remained constant at 60%. However, within certain wards in Hastings, the full time employment rate is only 53%.

The median weekly wage rose in Hastings by 17 per cent between 2002 and 2008, from £304 to £356. In Rother, median wages grew 25% from £364 to £457. Over the same period, the median weekly wage in the wider South East grew 15 per cent from £ 435 to £500 - it still lags behind the regional average. Trends in the median weekly wages are shown in the chart below.

Chart: Gross median weekly wages

Skills levels also differ between Hastings, Rother and the wider region. The chart below shows that the proportion of economically active people with level 2 and level 4 qualifications in Rother was higher than in Hastings, whilst the proportion of economically active with no skills is lower in Rother than in Hastings.

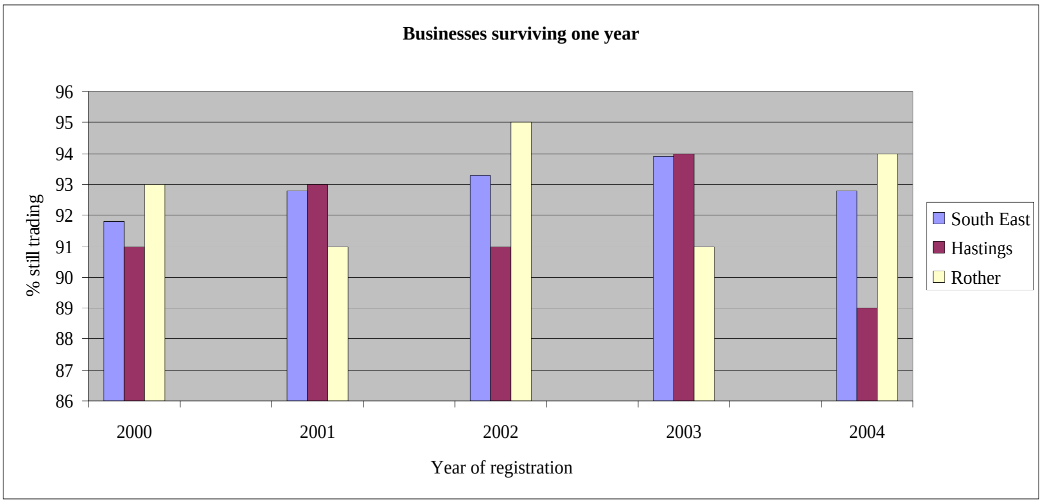
Chart: Skills in the South East - highest level of qualification (latest available figures)



Source: Labour Force Survey

The number of businesses surviving for more than a year fluctuated for both Rother and Hastings with no discernible trend.

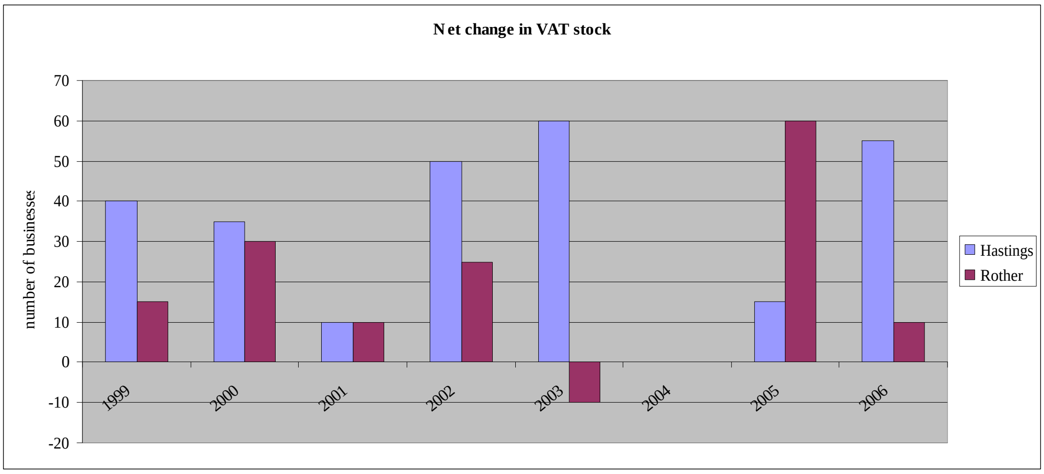
Chart: Business survival rates in the South East (latest available figures)



Source: BERR

The net change in business stock which is VAT registered also fluctuates and gives a similar impression of an unpredictable business environment. However it does illustrate a recent upturn in business registrations in Hastings, although this does of course exclude business below the VAT registration threshold.

Chart: Net change in VAT stock in Hastings and Rother (latest available figures)



Source: BERR

Overall, the 2007 Index of Multiple Deprivation showed that the Hastings Borough Council area was the 31st most deprived in the country.[23] In the 2004, it was the 38th most deprived and in 2000, the 27th most deprived[24]. Rother was 166th most deprived in 2007, 191st most deprived in 2004 and 203rd most deprived in 2000.

Hastings was also an Objective 2 area receiving funding from the European Union in recognition of the fact that it has an unemployment rate above the EU average; a higher than average percentage of jobs in the industrial sector; and has seen a decline in industrial employment. In the south east of England, only three areas qualify for Objective 2 funding: Dover, Thanet and Hastings. Over £26 million was available for these areas between 2000

[23] *Communities and Local Government, Indices of Multiple Deprivation 2007*
[24] *Office of the Deputy Prime Minister, Indices of Multiple Deprivation 2004 and Department for Transport, Environment and the Regions, Indices of Multiple Deprivation 2000*

and 2006 which was targeted at wards which would benefit most from the investment - 7 of 32 wards in Hastings qualified.

Market demand for business space and employment land availability

A number of studies have indicated that there is a poor supply of business floor space in Hastings, and these are discussed in the Employment Topic Report for the Public Inquiry on the Hastings Local Plan in January 2002[25].

The report highlights:

- A survey by Hastings BC in January 2002 which found just over 257,550 sqm (2,883,050sqft) of occupied floor space on 72ha of land, with 3,560sqm (39,160sqft) of vacant industrial floor space, a relatively low level;
- A study by Gerald Eve, Chartered Surveyors, which found that that the stock of vacant industrial property in Hastings was generally of poor quality[26], a view restated in a more recent market review in 1998 by Drivas Jonas[27];
- The Sussex Business Survey[28] which stated that 19% of Hastings businesses cited inadequate premises and the availability of new sites and premises as a constraint on competitiveness;
- Government statistics which show that Hastings (in 2002) was 121st lowest out of 196 authorities in terms of rateable value for industrial premises and 193rd for offices;
- The Hastings Employment Study by G.L. Hearn Planning which identified demand for approximately 30,000sqm (330,000 sqft) of employment floor space over a 3 year period, which would require in excess of 10ha of land[29].

The Local Plan report concludes also that there is limited scope for development on existing industrial estates and that existing vacant buildings do not meet modern requirements. In its consideration of potential Greenfield sites it notes that "the identification of Greenfield sites for employment use has proved difficult, not only because of the environmental constraints but also because of competing demands on land, particularly the need to provide enough land to meet Structure Plan housing targets". It highlights the sites at Queensway as offering potentially better value for money than others, though still requiring "gap funding" to establish a viable development.

These findings form part of the analysis supporting the project appraisals for the Early Wins projects.

A further study of property market supply and demand was commissioned by Sea Space in March 2006 and these are reflected in the Gap Site Redevelopment Economic Appraisal undertaken by Genecon for Sea Space in August 2006[30]. There are some important findings from this which underpin the rationale for intervention which we quote below.

- Only 6,000sqm (65,000 sqft) of new office accommodation was developed in Hastings between 1991-2003; this compares to 112,000sqm in Brighton and 20,000sqm in Lewes;
- 87 office units were available in Hastings as at March 2006. However, 73 of these (84%) were small units under 500sqft, are geared towards small and start-up businesses, and are largely contained in two buildings - the Innovation Centre and the Creative Media

[25] *Public Inquiry - Employment Topic Report, Hastings Borough Council, January 2002.*
[26] *A study of Vacant Industrial and Commercial Premises in East Sussex, Gerald Eve, 1994*
[27] *Property Market Paper, Drivas Jonas, 1998*
[28] *Sussex Business Survey, East Sussex CC, 1999*
[29] *Hastings Employment Study, GL Hearn for Hastings BC, Nov 2001*
[30] *Gap Site Redevelopment Economic Appraisal, Genecon, August 2006*

Centre. It is also worth noting that by August 2008 these two centres are now substantially let (the Innovation Centre is at 72% occupancy, the Creative Media Centre at 97% and 88% for phases 1 and 2 respectively)

- This imbalance of supply is highlighted by small units (sub 500sqft) only accounting for less than 15% of space available in Brighton, under 30% in Eastbourne and 6% in Maidstone;
- With the exception of the newly developed Creative Media Centre "there is no space available in Hastings town centre which could be referred to as high quality….the majority is...more than 25 years old, with very little new development having taken place over the last 15 years and a falling trend to 2003[31].

In terms of demand for business space Savills concluded that the demand for office space is likely to grow in East Sussex at a slower rate over the period 2006-2020 than between 1982 and 2005, but at a faster rate than the South-East as a whole. Savills conclude that "all in all the demand-side research points to a growing need for new office space" in the study area and that the Gap Site development, following on from the development of smaller office units under the Early Wins phase, should help to generate a "ladder of accommodation to attract and retain businesses of all sizes throughout their life cycle".

Genecon also note that Savills highlight the lack of developer interest in the site "pointing to the unacceptable risk associated with the project in relation to the anticipated returns for the private sector". This lead to the two phase approach adopted by Sea Space for the Gap site in which phase 1 was publicly funded as platform for attracting private funding and a joint venture approach to phase 2.

Findings

From the baseline study, we have found that:

1. Hastings suffers from high level of deprivation as demonstrated by below average performance on many economic indicators. Rother has better economic indicators across all measures than Hastings, and although it has slipped to 166th most deprived local authority area in 2007 from 203rd in 2000, it still compares well with Hastings ranking and on many indicators it exceeds the South-East regional average.
2. Hastings and Bexhill suffer from poor transport links to London and along the Coast. There is also poor road connectivity between Hastings and Bexhill.
3. Studies have consistently highlighted a poor supply of office accommodation including the poor quality of existing business space, limited availability of land for development due to lack of suitable brownfield sites and environmental concerns around land classified as Greenfield.
4. Although there is evidence of demand for business space within Hastings, the historically stagnant market has led to low developer interest, poor viability of development opportunities and the need for gap funding.
5. To develop and retain businesses within Hastings there is a need to create a "ladder of accommodation" to enable business to grow and move on within the area. In 2006 there was an imbalance of supply with a predominance of small units (sub 500sqft) in Hastings compared to other similar locations.

[31] *Property Market Supply and Demand Review, Savills, March 2006*

5 National, Regional and Local Policy Drivers

Introduction

The national Public Service Agreements (PSAs) and regional strategies provide the context for local interventions aimed at addressing inequity and market failure. Interventions undertaken by Government and Government Agencies are required to be taken to address market failures. These interventions should help the Government to meet it's regional economic performance PSA to '*make sustainable improvements in the economic performance of all regions and to reduce the persistent gap in growth rates between the best and worst performing regions'*. This PSA provides the overarching framework for localised economic interventions.[32] Delivery of this PSA is monitored through four headline indicators: Gross Value Added (GVA) per head, regional employment rates, regional GVA per hour and regional GVA as a percentage of the European average (EU15 average).

Regional strategies in the South East and in other regions, such as the Regional Economic Strategy (RES) and Regional Spatial Strategy (RSS), set what actions will be taken by RDAs to meet regional economic targets and to support growth in that particular region. Overall regional economic performance is measured by Gross Value Added (GVA) per head.

Market failure

The evidence cited around deprivation, employment, skills attainment and business growth point to lack of investment in the Hastings and Rother areas. Underinvestment has led to a lack of opportunities and a subsequent lack of income to the area. In the view of Communities and Local Government, '*regeneration aims to bring opportunity to areas that are in decline, and to empower people to take advantage of those opportunities. The decline of an area is often caused in the first instance by structural economic change and a reduction in employment.'*[33]

Additionally, the Department makes clear that *'regeneration strategies will need to tackle market failures that act as barriers to economic growth and employment as a means to reversing decline. Evidence shows that those in employment are happier, healthier and less likely to be involved in crime conversely poor health can prevent people getting into work'.*

Around the time that Sea Space was established, the evidence in Hastings and Rother showed the area was in fact locked into this decline. The Review of Sub-national Economic Development and Regeneration details the factors that can lock particular areas into deprivation fall into three categories[34]:

- A weak economic base - barriers to work for individuals, poor skills or connectivity or factors discouraging business investment;
- Poor housing and local environments and unstable communities, characterised by concentrations of poor vulnerable residents, high levels of disorder and antisocial behaviour; and
- Poor performing public services and delivery of support to deprived areas.

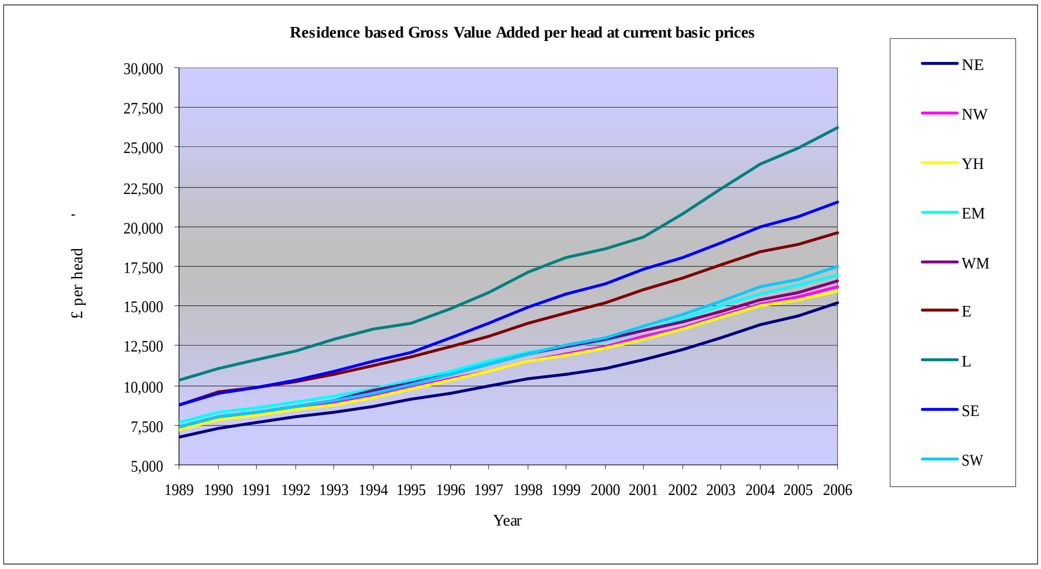
[32] *HM Government, PSA Delivery Agreement 7, October 2007*
[33] *Communities and Local Government, Unlocking the talent of our communities, March 2008*
[34] *HM Treasury, The Review of Sub-National Economic Development and Regeneration, June 2007*

Hastings displayed all three indicators of deprivation as well as market failure demonstrated by the historic lack of private sector investment in the local economy, as described in the previous chapter.

National policies and targets

Growth in regional GVA in the South East is shown in the diagram below.

Chart: English regional Gross Value Added per head



Source: BERR

GVA per head in all regions has been growing[35], and growth in the South East was broadly in line with the rest of the UK between 1989 and 2006, although the absolute level was much higher. In East Sussex, GVA was £11,890 in 2004 and £12,314 in 2005 (the most recent year for which data is available).

Coastal towns have been a recent focus of Government concern and the House of Commons Communities and Local Government Committee undertook an inquiry into the economic decline of coastal towns and reported to Parliament in February 2007[36]. The Government responded to this in May 2007 and a Second Response was published in November 2007.

The Second Response places an emphasis on improving economic performance of coastal towns in the context of the Sub-National Review[37] and includes actions to set up a cross-departmental working group on coastal towns, thereby promoting cross-government approaches and action on the particular issues affecting coastal towns. The Government also supported the South East England Development Agency (SEEDA) in setting up an RDA-led Coastal Areas Network to explore solutions on sustainable development and regeneration. More recently, in December 2007, the Government announced a support package of £45 million for arts led regeneration of coastal towns. Additionally, specific planning guidance is in place to support planning decisions in coastal towns. This sets out the Government's spatial approach to coastal towns including safeguarding heritage and preserving the coastline.

[35] *HM Treasury, Department for Communities and Local Government, Department of Trade and Industry, Regional Economic Performance: Progress to date, December 2006*
36House of Commons Communities and Local Government Committee, Coastal Towns, February 2007 http://www.publications.parliament.uk/pa/cm200607/cmselect/cmcomloc/351/351.pdf
[37] *HM Treasury, The Review of Sub-National Economic Development and Regeneration, June 2007*

Regional Strategies

As a coastal town, Hastings features prominently in both the Regional Economic Strategy (RES) and Regional Spatial Strategy (RSS) for the South East.

Most RDAs including SEEDA have recently updated their RES - SEEDA's current RES - "A Framework for Sustainable Prosperity"[38] covering the period 2006-2016 - was published in 2006. We have used it in this study as the most up to date reference point to gauge Sea Space's approach in Hastings and Bexhill.

In the RES, coastal towns such as Hastings are identified as being areas of substantial untapped economic potential, but where infrastructure and connectivity are relatively poor, dependence on public sector employment is high and employment in knowledge based sectors is low. A number of priorities are listed specific to maximise the potential of coastal towns.

The RES sets out three outcomes for the region which are supported with a larger number of outputs and eight transformational actions. The corresponding actions that SEEDA and others will undertake to deliver on commitments are outlined in the RES Implementation Plan.

The particular outcome of relevance to this study is to promote smart growth - to achieve an average annual increase in Gross Value Added per capita of at least 3% by 2016. To do this, SEEDA estimate the following outputs will be necessary to achieve:

- Enterprise - Increase the business stock by 35% from 35 businesses per 1,000 inhabitants in 2003 to 44 per 1,000 inhabitants by 2016, including 10,000 new businesses run by women;
- Skills - Maximise the number of people ready for employment at all skill levels, and ensure they are continually equipped to progress in the labour market
- Competition - Increase the level of participation of South East businesses (especially small businesses and social enterprises) in tendering for public sector contracts;
- Transport - Reduce road congestion and pollution levels by improving travel choice, promoting public transport, managing demand and modal shifts;
- Physical Development - Ensure sufficient and affordable housing and employment space of the right type and size to meet the needs of the region and support its competitiveness, and create the climate for long-term investment through the efficient use of land resources, including mixed use developments; and
- Employment - Improve the productivity of the workforce and increase economic activity from 82%to 85% by bringing 110,000 net additional South East residents of working age into the labour market by 2016, as a step towards bringing up to 250,000 residents into the labour market by 2026.

Sea Space contributes to two of the three key aims in the RES. Through planned improvements in the business start up rate, in employment, through increases in investment outlined in the Sea Space strategic plan (the "Five Point Plan" which is described in more detail below) Sea Space contributes to the key aim "to increase smart growth". It also contributes to the key aim of Sustainable Prosperity, particularly in relation to the high sustainability credential of the Enviro21 business park. In terms of "transformational actions" it is to contribute to expanding broadband coverage, education-led regeneration, skills escalator and raising economic activity rates.

[38] *ibid*

At the time Sea Space was formed, SEEDA's previous RES would have been the most up to date statement of regional economic direction. The previous RES, which covers the years 2002-2012, had five key objectives, each with several priority areas. Of these Sea Space is to contribute to:

- Business (the priority areas of enterprise and innovation);
- People (the priority areas of skills and learning for all)
- Communities (the priority area of urban renaissance)
- Infrastructure (all four priority areas of housing, transport, broadband and brownfield land)
- Sustainable use of natural resources (the priority areas of land management and water, waste and energy).

In addition to the RES, which is a strategy jointly owned by partners in the region, the RES Implementation Plan and the SEEDA Corporate Plan outlines the specific actions the RDA will take in relation to delivery of the RES. SEEDA has recently published its 2008-11 Corporate Plan[39]. Actions identified for SEEDA fall out of the same three key aims as in the RES. Additionally, the Plan takes into account the recommendations of the Sub-national Review and identifies targets in line with this.

Furthermore, the RDA's performance is measured using a tasking framework and performance is monitored by the Department for Business, Enterprise and Regulatory Reform (BERR). The RDA performance management regime, known as the RDA Tasking Framework, that would have been used at the time Sea Space was formed consisted of the following indicators:[40]

- Jobs created or safeguarded
- Number of people assisted to get a job
- Businesses created or attracted to the region
- Businesses assisted to improve their performance
- Businesses collaborating with the knowledge base
- Investment levered (£m)
- % investment levered from the private sector
- Brownfield land remediated (hectares)
- People assisted in skills development
- Adults gaining basic skills
- Adults gaining at least NVQ level 2.

Of these Sea Space would contribute to all across its various projects except "number of people assisted to get a job". A new sponsorship framework has been introduced in the 2008/11 Corporate Plan, in line with recommendations of the Sub- National Review.

The RSS is currently undergoing Examination in Public and remains in draft. When agreed by the Secretary of State, the document will provide a framework for development in the region until 2026. In the draft RSS, 21 major urban areas are identified as the places where development will be focused (see map below). Hastings is identified as one of these 'regional hubs'. These will be the focus for investment in transport and they provide opportunities to create well designed higher density residential developments. Sea Space

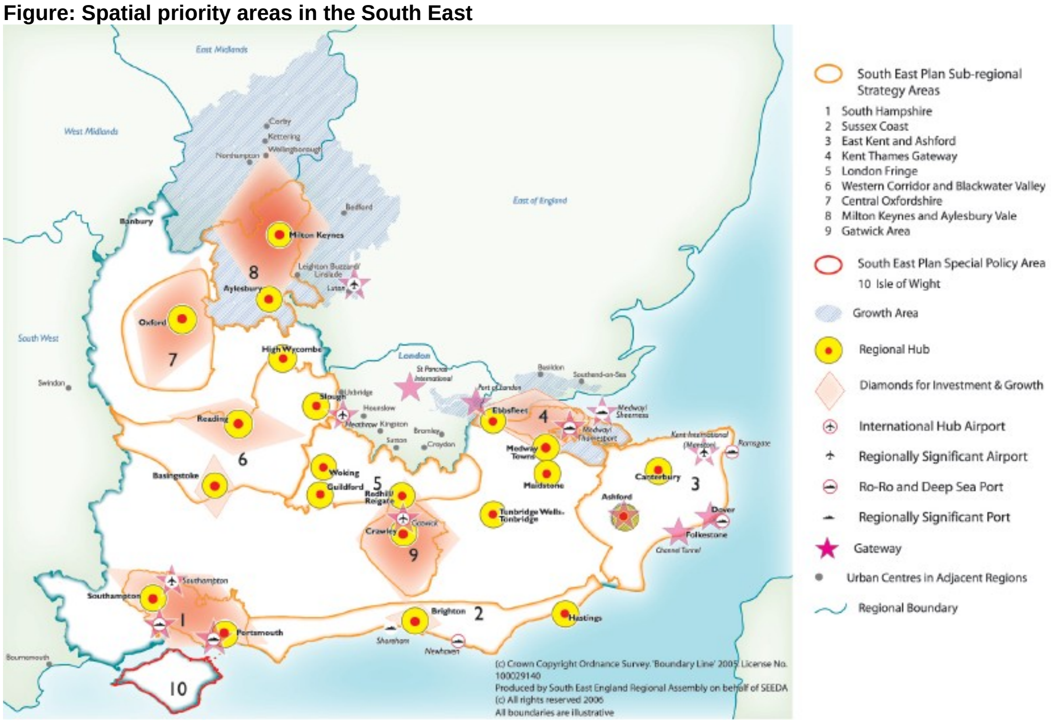
[39] *SEEDA Corporate Plan 2008-11, http://www.seeda.co.uk/Publications/docs/CorporatePlan2008.pdf*
[40] *England's Regional Development Agencies, RDA Corporate Plans for 2005-8 tasking framework, available at http://www.berr.gov.uk/files/file26126.pdf*

contribution in Housing has been through the Millennium Communities Project and in Transport through a mainly lobbying and enabling role.

Local Regeneration Plans

In addition to Sea Space's funding other economic regeneration support has been directed by SEEDA through the Area Investment Frameworks (AIFs), following the cessation of the Single Regeneration Budget (SRB).

Figure: Spatial priority areas in the South East



Source: reproduced from The Regional Economic Strategy 2006-2016, A Framework for Sustainable Prosperity.

Within the Hastings and Bexhill areas, there are two AIFs – one covering Hastings & Bexhill, convergent with the area covered by the Task Force; the other covering the remainder of East Sussex. The AIFs are administered by partnerships drawn from principal stakeholders in their respective areas. In Hastings and Bexhill, the board governing the AIF is known as the Hastings & Bexhill Economic Alliance. It plays a crucial role in setting the strategic direction for regeneration funding in the future, including Local Enterprise Growth Initiative (LEGI) funding (see below). Members on the Alliance are:

- Hastings Borough Council;
- East Sussex County Council;
- Rother District Council;
- East Sussex Economic Partnership;
- Sea Space;
- SEEDA;
- Sussex Enterprise;
- 1066 Enterprise;
- Sussex Learning and Skills Council; and
- Hastings and Bexhill each provide three representatives from the voluntary sector

AIF funding and other local resources are allocated in support of securing the wider Five Point Plan, identifying the gaps or shortfalls in existing delivery and supporting targeted short-term interventions that will act as a catalyst for change. Annual funding has been in the region of £1m. It is expected also that the AIFs will, through the participation of its partner organisations, provide strategic direction for the targeting of mainstream funds through 5-10 year visioning and action planning.

In addition to the AIF, Hastings will receive over £3.9m in Local Enterprise Growth Initiative (LEGI) funding over three years from 2006/07. Hastings Borough Council will act as accountable body for this funding, which will be matched by funding from private, public and voluntary sector. The overarching aim of this is to release the productivity and economic potential of deprived local areas and their inhabitants through enterprise and investment - thereby boosting local incomes and employment opportunities.

The LEGI ambition for Hastings and Bexhill is set out in "Climbing the Ladder", the LEGI bid for Hastings and Bexhill[41]. This offers a transformational programme that builds upon existing activity and enables local business and enterprise to deliver opportunities to the towns' most disadvantaged communities. Eighty interventions have been identified to address the key barriers to enterprise and productivity and ensure that the benefits are for those living in the most disadvantaged communities.

Other local regeneration plans includes the Making Waves strategy for Hastings and St. Leonards (before it's activity was subsumed into the Economic Alliance) and Rother DC's Economic Regeneration Strategy which was adopted in 2005.

The activity of Sea Space sits alongside and complements the AIF, LEGI and these other local regeneration plans.

Findings

The analysis of local, regional and national policy drivers has implications for Sea Space activities, including:

1. The strategy to regenerate Hastings and Bexhill is in line with national policy drivers to make sustainable improvements in the economic performance of all regions and reduce gaps between the best and worst performing regions.
2. Coastal towns have been a recent focus of Government concern; in addition the RES identifies coastal towns such as Hastings as areas of substantial untapped economic potential. Therefore the drive to regenerate coastal towns has both national and regional significance.
3. Sea Space contributes to the key aims of the RES "to increase smart growth" and to "bring about sustainable prosperity", and to all of the indicators in the RDA Tasking Framework used to measure SEEDA's performance (except "number of people assisted to get a job").
4. Hastings is identified as a "regional hub" within the draft Regional Spacial Strategy, and therefore a focus for investment in transport and higher density residential developments.
5. The AIF and LEGI provide additional funding and resources to projects which support and complement Sea Space's objectives.

[41] *www.neighbourhood.gov.uk/displaypagedoc.asp?id=1748*

6 The Early Wins - Construction

Introduction

This chapter discusses the construction phase of the Early Wins programme. All costs referred to are capital costs incurred for site acquisition, construction works and associated fees.

Creative Media Centre Phase 1

The first phase of the Creative Media Centre (CMC1) is located at 17-19 Robertson St in the centre of Hastings. Sea Space acquired a leasehold interest in this shop unit, which was previously a Boots outlet, in 2003 to provide 4,600sqft in total with:

- Two retail units, one of which was used as a business support centre with the intention of embedding these support services (Broadband and Hub) for CMC and local businesses in a quality and accessible town centre location.
- Business space for businesses in the creative industries sector, providing serviced incubator office space;
- Space for the BBC district office which was originally located in phase 1 and then moved to phase 2. Meridian TV also took office space.

SEEDA acquired a leasehold interest in the building for 15 years, with 5 yearly upward only rent reviews. The refurbishment of the building was to be carried out in return for a rent-free period of 5.5 years.

Total approved funding is identified in the table below.

Table: Creative Media Centre (phase 1) funding

Source	£
SEEDA	698,369
HERS	70,000
ERDF	550,029
Total	1,318,398

Source: Sea Space

The project was completed in 2004 at a total capital cost of £1,247,411, within the approved budget. Revenue funding was also available for overheads (heat, light, power), business rates and insurance. The performance of the centre against its business plan is discussed in the next chapter.

Creative Media Centre Phase 2

The second phase of the Creative Media Centre (CMC2) comprises 9,850 sq ft of net lettable office space on seven levels, split into 8,400 sq ft of commercial space and 1,450 sq ft of retail space. It is located opposite CMC1 at 44-45 Robertson Street, known originally as the "County Building", and which was purchased by SEEDA from East Sussex County Council.

The site comprised three separate buildings, two of which were to retain their original facades as an envelope, and their interior walls and floors removed and replaced with a new internal structure; the third building was to be demolished and rebuilt. This original project design was to create 7,500 sq ft of lettable space over six floors and began in February 2004. However in May 2004 during demolition works a collapse of a retained façade occurred and, for health and safety reasons and to minimise further risk to the project, a complete redesign was commissioned as an entirely new build scheme, which would require a revised planning permission.

This resulted in delay to the project and increased costs. However it also enabled the redesign to incorporate an additional seventh floor and so increase the lettable floor space to 9,850 sq ft.

The Sea Space team instructed the contractor to proceed on site on an interim cost plan compiled by the project Quantity Surveyor whilst the contractor priced the revised scheme. The interim cost plan provided the basis for an application for additional SEEDA funding of £225,000 in March 2005, which took the overall project cost to £3.063m.

However the eventual re-pricing of the revisions were significantly above this estimate, and required further review. The eventual total project of £3.586m was a further £0.523m above the revised project cost. This additional expenditure was approved by SEEDA and included an additional £25,000 from ERDF vired from the CMC1 underspend.

The final costs are illustrated below.

Table: Creative Media Centre (phase 2) funding

Source	£
SEEDA	3,019,220
ERDF (Objective 2)	567,000
Total	3,586,220

Source: Sea Space

The overall cost represents a 26% increase over the original project approval and a 31% increase in the required SEEDA funding. This was detailed in a report to the SEEDA MPC meeting on 5 September 2005 which noted:

" …with hindsight the preference by the Planning Authority, however well intentioned, for a hybrid "part refurbishment/part new build solution in a conservation area had unforeseen cost implications that otherwise could have been avoided"[42].

Sea Space are still discussing a possible insurance claim with the loss adjuster so this may overstate the total cost to public funding of this project.

Innovation Centre

The Innovation Centre is designed to provide flexible commercial accommodation and comprises 71 units with a mixture of workshop, studio workshop, and office spaces ranging from 150 to 1000 sq ft. The building has a total of 25,248 sq ft of net lettable floor area on three levels and was built on a vacant site on an industrial estate to the North-West of Hastings.

[42] *MPC Report, SEEDA, 5 September 2005*

The project cost a total of £4.94m and was opened in July 2006. It was 100% public funded through a combination of SEEDA and ERDF objective 2 funding, as illustrated below:

Table: Innovation Centre funding

Source	£
SEEDA	3,973,955
ERDF (Objective 2)	968,000
Total	4,941,955

Source: Sea Space

The stage 2 appraisal identifies total project costs of £4,799,000. The SEEDA contribution has remained at the same level and the additional costs have been met through drawing down ERDF funds.

Marina Pavilion

The Marina Pavilion, built in the 1930s and owned by Hastings Borough Council, was closed to the public in 2003 requiring significant refurbishment. Its position as an important seafront landmark which was vacant and derelict, presenting an opportunity to bring business space back into use, led it to be included as one of the early wins projects. Sea Space therefore took a 35 year lease on the building with a tenant option to extend for a further 35 years and have undertaken the refurbishment of the building to provide 13,940 sq ft of business floor space.

As well as restoring the existing building, this has included building a restaurant in a "new contemporary glazed extension" at road level so that the venue will become more visible, a new lift and stairs access, and external works include relocating the cycleway and waterproofing the promenade deck.

Sea Space have now selected a business operator - Lightning Leisure - who are funding the fit-out costs of the Pavilion (approximately £300,000). It will provide conference and banqueting facilities for 500 people, a bistro, a 100-seat restaurant and a health club. Lightning Leisure have agreed a three-year rent -free period followed by a payment of a base rent plus increases linked to performance against their business plan.

The project was completed in July 2008 and is now tenanted and in operation. It was delayed due to procurement difficulties, the state of the concrete structure as revealed by the works and the bankruptcy of a key trade contractor just before they were due to commence works. This in turn led to delays in securing a suitable tenant with whom to negotiate fit-out costs. However feedback from Lightning Leisure on Sea Space's management of this contract has been very positive: procedures on site were good and contract management clear, with the Sea Space team able to tackle and turn around key decisions very quickly.

Excluding the fit-out costs, the total costs are set out below:

Table: Marina Pavilion funding

Source	£
SEEDA	1,713,338
ERDF (Objective 2)	233,188
Total	1,946,526

Source: Sea Space

University Centre Hastings (UCH)

The University Centre was announced as an early win project in 2003 which would be available within 18 months to provide HE/FE courses focussing on business, IT and the media. The project was to be developed in partnership with the University of Brighton, HEFCE and other HE/FE institutions.

The BT building in the centre of Hastings was identified as the preferred site following an option appraisal of potential locations. Alternatives considered included the Observer Building which is also located in the town centre and was identified as a location for an HE college within the original Five Point Plan. However the development costs were found to be too high and timescale too long, and this along with the Station Goods Yard, the Queens Hotel and existing HCAT buildings were rejected in favour of the BT building.

The project involved taking a lease on the front part of the building on a phased basis. Refurbishment works were also progressed in a phased manner the first of which achieved separation from the remaining BT part and the creation of lecture and administrative facilities. This contract was completed in September 2003

The total cost of this element was £5,695,000, the bulk of which was funded by SEEDA with the balance of £800,000 contributed by ERDF Objective 2. The University of Brighton and HEFCE have provided the revenue funding to cover the operating costs of the UCH over the first five years.

Phase 2 of the UCH was developed to fit-out the remaining two floors to create a Learning Resource Centre (LRC) and additional teaching and lecture facilities, as well as external works to create a separated car park, and a feasibility study into creating a crèche and other upgrades within the occupied part of the building. These works were completed to allow access to students in September 2004. The phase 2 project costs include £1,548,000 of capital funding contributed by HEFCE to procure specialist fit-out items for the LRC and lecture facilities including future replacement costs of equipment. The funding profile below excludes capitalised revenue expenses of £175,000 for the building up to 2007/08.

Table: University Centre Funding

Source	£
SEEDA	6,378,980
ERDF (Objective 2)	800,000
HEFCE	1,548,000
British Telecom	414,968
Total	9,141,948

Source: Sea Space

Findings

1. Sea Space have acted in the client/project manager role and commissioned technical support as required by the project (e.g. architects and quantity surveyors). This relationship seems to have worked well in all cases except in CMC2 where there were disputes around responsibility for the partial collapse of the building.
2. As a result of the partial building collapse CMC2 came in significantly over budget. However Sea Space have pursued an insurance claim in respect of this which has now been resolved wholly in favour of Sea Space, with the loss adjuster recommending a substantial settlement through the contractor's insurance.
3. Sea Space project managers report progress to the Board on a monthly basis and we were supplied with copies of approvals for variations in cost or scheme content. A recent Audit Report[43] concludes that "controls surrounding projects are generally in place and working effectively".
4. The quality of the finished buildings appears to be high and this is borne out by the positive feedback from occupiers described in the next chapter.
5. We would also highlight the positive feedback from Lightning Leisure, the business operator for the Marina Pavilion, about the Sea Space team and their strong contract management.

[43] *Internal Audit Report, Bentley Jennison, July 2007*

7 The Early Wins - Operation

Introduction

This chapter describes the operational phases of the four projects in the Early Wins programme. Their current status is described below:

Table: Status of Sea Space projects

PROJECT	STATUS
Early Wins Phase	
Creative Media Centre	Two buildings, CMC1 and 2, complete and operational
Innovation Centre	Building complete and operational
University Centre	Two phases where the first consisted of the main building and the second to fit out a learning resource centre. The building is complete and operational
Marina Pavilion	Building complete and operational

Source: Sea Space

This section outlines:

- Revenue costs; and
- Gross outputs achieved for each project.

Actual data on gross outputs, and in some cases, spend, has come from the most recent project monitoring reports which are completed on a quarterly basis; project completion reports have not been available. Following the numerical analysis, some observations on these data are also made.

The beneficiary survey conducted to test the strength of the Sea Space office space offer is also discussed in this chapter.

Creative Media Centre (CMC)

Table: Outputs achieved of Creative Media Centre

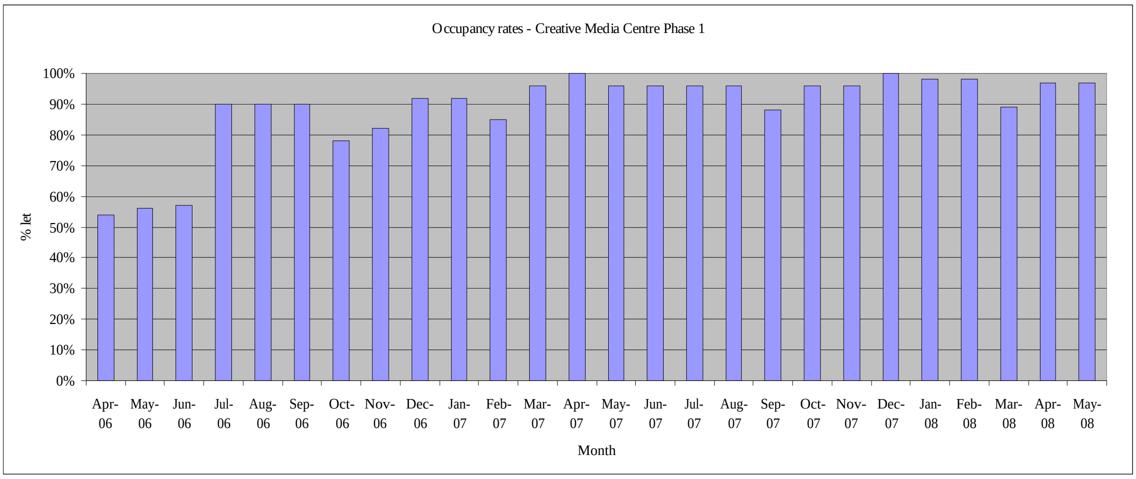
Outputs	Forecast (Apr 2002)	Actual to date
Jobs created/safeguarded	200	179
Hectares of brownfield land remediated	0.03	0.03
New businesses created/attracted that begin trading	14	34
New businesses created/attracted that are sustained for 12 months	11	11
Business located in/using SEEDA funded incubator units	52	58
Businesses leaving incubator units and moving to second phase facilities	25	11
Individuals and businesses receiving broadband access	200	18

Source: Stage 2 Appraisal and Approval form and Project Output report by Clive Taylor on 14/5/08

Further observations of the CMC cost and output data are set out below:

1. The CMC has more than achieved the target related to new businesses created/attracted, and to date 11 companies have moved on to second phase office space.
2. Performance against business related targets exceeded forecasts. The original business plan for both phases forecast 70% occupancy by year three of operation. The actual figures for year three of operation show 97% and 88% occupancy for phase 1 and phase 2 respectively. Occupancy reached 100% in April 2007 for the first CMC building. It is steadily climbing in relation to the second phase (see below).

Chart: Occupancy rate of Creative Media Centre (Phase 1)



Source: Sea Space

3. The first phase of CMC consists of one retail unit and 13 offices, totalling 4,600 square feet. The second phase consists of one retail unit, 35 offices and open workspace, totalling 9,400 square feet. Hectares of land remediated were achieved as forecast.
4. The fully inclusive licence fee for office space in the first phase building is currently £25 per square foot and £27 per square foot in the second phase buildings. The rental element of this equates to c. £12.50 per square foot which is significantly higher than the market rate, taking into account comparable rents at the newly refurbished office space at Cambridge Road of £8psqft; Queensbury House at £8psqft; and Cavendish House at £6.50psqft.
5. Operational costs for the two buildings which are opposite one another are relatively high. The buildings are both small which means there is limited opportunity for achieving economies of scale.
6. In addition the centres offer virtual office space and a desk space service as an opportunity for businesses to develop. Virtual office space provides an email, phone service and postal address and the opportunity to use a meeting room when needed. As a next step up, desk space is offered without the need to actually rent an office. Sea Space report that in the first year of CMC1 a large part of first floor was occupied by these sorts of tenants who then migrated into offices in the second CMC building when it opened. Although historic records are not available, Sea Space reports the following more recent outputs from these activities:

Virtual Office Space

13 companies have used this service since October 2006. Of these:

- 4 have gone onto take space in the Innovation Centre
- 6 are still using the service
- 2 went onto their own office space
- 1 sold out to a competitor and no longer needed the space

Desk Space Service

6 companies have used the service since June 2007. Of these:

- 1 has gone onto take space in the Innovation Centre
- 3 have home offices but have used the service temporarily
- 2 have decided they no longer need the space

7. The original appraisal also set targets in relation to learning opportunities, businesses receiving broadband, individuals undertaking ICT training and businesses participating in business networks. These outputs were subsequently transferred and developed as the SEEDA sponsored Broadband Experience, eBiz and Enterprise Hub projects. Although these projects are outside of the scope of this evaluation we have described them in more detail below, as they are core to the Sea Space objective of supporting new enterprise development and enabling start up businesses to grow. The existence of CMC1 and 2 have been key to their success in providing town centre locations, whilst the Innovation Centre has provided the move on accommodation for businesses as they grow.

Business Support Services

The business support centre in one of the retail units in CMC1 has been in operation since 2004. This was originally based on the SEPIA and SEEDA funded Broadband Experience Centre project (2004-5) and then in 2006 became the eBiz Centre and a 'one stop shop' approach developed for business support.

The centre housed and co-located the Sea Space/ERDF /AIF funded eBiz centre team, SEEDA Hastings & Bexhill Enterprise Hub (merged with Eastbourne Hub in 2007 to form the East Sussex Enterprise Hub), Hastings College (including the Retail CoVE front office), Train 2 Gain (hot desk) and a dedicated Business Link Advisor from 2006 until March 2008. The eBiz Centre project has been successfully completed, the Hub has relocated into CMC2 and the retail space is now let as a commercial client operation.

Sea Space managed co-ordination meetings including these partners and others to form a business support operation which is part of a continuing Sea Space initiative. The development of CMC1 was a key element of this approach in providing an easily accessible town location. Although these projects are outside of the scope of this evaluation we have illustrated below the outputs reported by Sea Space which suggest that these projects have performed well in this location.

Broadband Experience

The Broadband Experience project ran in town centre locations in both Hastings (from March 2004 - January 2006) and Bexhill (from February 2005 - January 2006) delivering:

- Business advice & recommendations – a business working document to take forward to develop their e-business strategy, with a list of quality suppliers to help them implement their future
- E-commerce and website advice & recommendations
- Broadband, networking and IT hardware advice & recommendations.
- Each business advice cycle required from 3 to 30 hours of research to provide the best practice solutions.
- Every client was offered ongoing support, after the initial review and report.
- Clients were encouraged to follow signposting recommendations to other public and private sector suppliers.

There were also around 47 workshops and 21 seminars held to disseminate learning, information and provide networking opportunities. Up-skilling the leaders of the local business community was a key element of the programme – more so than probably originally envisaged.

Sea Space reported the following outputs for this project:

Table: Broadband Experience outputs

Output	Target	Actual
Hastings - Businesses assisted	350	431
Bexhill - Businesses assisted	100	129
TOTAL	**450**	**560**
Workshops	18	47
Seminars	17	21

Source: Sea Space

Ebiz Centre

The Ebiz Centre supports businesses to start-up and grow through eCommerce. Sea Space was contracted by SEEDA between January 2006 and March 2008 to deliver a number of outputs through the eBiz centre. Achievement against these is set out below.

Table: eBiz centre outputs

eBiz Centre Output	Target	Actual
Number of self employed or companies attending workshops, seminars and eBiz events inside Objective 2 area (SPD)	200	208
Number of self employed or companies attending workshops, seminars and eBiz events outside Objective 2 area (non-SPD)	240	542
Seminars, workshops and eBiz events	33	120
Business support - Numbers of businesses assisted to improve their performance with over 2 hours support	300	374
Business support - Numbers of businesses assisted to make better use of ICT including online trading	300	374
Number of companies investing in e-commerce	50	60

Number of delegates attending workshops, seminars and events	440	750
Number of seminars, workshops and eBiz Club events	33	120
Number of people assisted in their skills development as a result of RDA programmes	440	553
No of Businesses Assistances from Objective 2 areas	0	133
Number of people assisted in their skills development as a result of RDA programmes in Objective 2 areas	0	178

Source: Sea Space

Innovation Centre

Table: outputs achieved of Innovation Centre

Outputs	Forecast (Mar 2003)	Actual to date
Jobs created/safeguarded	116	130
Hectares of brownfield land remediated	1.5	1.5
New businesses created/attracted that begin trading	72	5
New businesses created/attracted that are sustained for 12 months	37	0
Businesses active in cluster, technology or learning network	72	30
Individuals and businesses receiving broadband access	72	157

Source: Stage 2 appraisal and approval form and Project Output report by Clive Taylor on 14/5/08

The Innovation Centre opened in July 2006. It has a total of 25,000 square feet of space which is about two-thirds office space and one-third workshop space. Office space can be rented at around £23 per square foot and workshop space at £18 per square foot.

The Innovation Centre business plan projected occupancy reaching 65% by 2008/09. It is currently 72% and now operating without any grant funding. The Innovation Centre occupancy target was 50% at 2 years but it reached 75% after 18 months. Grant funding supported the centre in its first three years.

Operational costs in relation to both the Creative Media Centre and the Innovation Centre are reported below. This shows that the Creative Media Centre generated profits in its first, second and third years of operation. There was a shortfall in the last year of £10,000. The Innovation Centre, by contrast, was generating a shortfall in its first two years of operation and had moved into surplus in its third year.

Table: Revenue support for Creative Media Centre and Innovation Centre

£000	Creative Media Centre (1 and 2)			Innovation Centre		
	Income	Expenditure	Surplus/ Shortfall	Income	Expenditure	Surplus/ Shortfall
2004/5	18.5	17.5	1.0			
2005/6	215.0	211.8	3.3	0	13.3	-13.3
2006/7	282.2	204.2	78.0	123.4	243.6	-120.1
2007/8	312.7	322.3	-10.0	474.6	305.5	169.1

Source: CMC and Innovation Centre

Further observations of the Innovation Centre output data are set out below:

1. The Centre has exceeded its target for jobs created/safeguarded and for individuals/businesses receiving broadband.
2. It has not as yet met its target for businesses created/attracted and businesses sustained, or businesses active in a network. This businesses created/attracted target assumes a higher proportion of new business start-ups than actually occurred and the output reflects the beneficiary survey that the majority of businesses locating here are existing businesses.
3. Neither the Creative Media Centre nor the Innovation Centre conduct structured customer satisfaction surveys. We have undertaken a telephone survey of current tenants, and other businesses in Hastings and the feedback is detailed below.

4. It appears that actual outputs are being monitored on a different basis to those forecast in 2003 and so we have only reflected those recorded as relevant to the Innovation Centre itself. As with the Creative Media Centre, the eBiz centre was charged with delivering on a number of the outputs. It may also be the case that the "businesses active in a network" output is being under-recorded as, for example, initiatives such as Profitnet has also brought firms based at the Innovation Centre into networks.

Beneficiary Survey

A survey of 100 office space users was carried out by a specialist research agency over the course of June 2008 - 40 of these were based at the CMC and the Innovation Centre and 60 of these were based in the surrounding Bexhill and Hastings areas.

Of the 40 firms based at either the CMC or Innovation Centre, we see that:

- The main business types were the creative industries, and business, financial and IT advisory;
- Half of those surveyed have been trading for under 2 years, and a further 15 had been trading for under 5 years.
- Most businesses, 30 of them, employed only 3 people or less and most of the employees are based in the local area.
- The most important factors in choosing a location for these 40 businesses were flexibility of office space, cost of office space, whether staff live nearby and opportunities for networking.
- Having said this, the factors that have impacted most significantly on business growth are quality of business premises, flexibility of terms, networking opportunities, access to broadband and opportunities to move to larger premises;
- A large proportion of businesses said that their turnover had increased significantly since locating in the CMC/ Innovation Centre and they expect it increase significantly in the next three years. However, most businesses had not taken on additional staff, they had remained with the same personnel;
- Of the 40 surveyed, 30 said they would have located elsewhere in Hastings or Bexhill had this space not been available. 26 said their business would have had the same turnover and 33 said they would have had the same staff numbers if located elsewhere.
- Businesses rated the CMC and Innovation Centre as having a good choice of good quality accommodation but less good on cost.
- 32 businesses suggested the CMC and Innovation Centre could improve by increasing the speed of the broadband service.

Of the 60 businesses surveyed in the wider Hastings and Bexhill area:

- The largest groups of respondents were as follows: 28% were in the retail sector, 25% in the creative sector, 12% in health and education and 10% in leisure and tourism.
- Most businesses were established for over 5 years; and only 13 had been located in the region for under 5 years.
- Most respondents said that their turnover had increased, albeit modestly, but staff numbers had stayed the same;
- The most important factors in choosing premises was largely linked to the fact that these businesses are mainly in the retail sector: Cost was the most important factor; followed by closeness to the homes of staff and then access to suppliers and customers. Location decisions seemed to be informed by where the owner lives.
- When asked about the CMC and Innovation Centre, over 50 had said they were not aware of these facilities; and 55 said they would not move there if they were to move. There were a variety of reasons for this and in some cases, e.g. those in the retail sector, it is likely that the CMC and IC may not be appropriate to their particular business needs. Other reasons given were that businesses were happy where they already were; cost was another reason and people had ties to a particular location through owning the premises, knowing their customers and needing to be near another site.

Marina Pavilion

Table: Outputs achieved of Marina Pavilion

Outputs	Forecast (Nov 2004)	Actual
Jobs created/safeguarded	25	30
Hectares of brownfield land remediated	0.11	0.11
Private sector investment benefiting deprived areas	£103,000 pa	£400,000 over 3 years
Individuals and businesses receiving broadband access	25	n/a*
Commercial floorspace brought into use, sqm	860	860

Source: Form 2a Project Operational deliver and evidence taken from stakeholder interviews
** It is difficult to assess this output. However the Pavilion will have a BT Open Zone (wifi) for staff and customer use.*

The Marina Pavilion refurbishment and conversion was completed on 23 June 2008 and opened in July 2008.

Further observations of the Marina Pavilion cost and output data are set out below:

1. Lightning Leisure is the company that is going to be running the facilities at the Pavilion. The project aims to deliver conference and banqueting facilities for 500 people, a bistro, a 100-seat restaurant and a health club. Lightning Leisure will be running facilities at the Pavilion on a rent-free basis for the first three years of operation until the revenues have covered the earlier investment into refurbishing the Pavilion.
2. Whilst there are no outputs declared by Sea Space currently, we have recorded the outputs above following discussion with Sea Space and one of the Directors of Lightning Leisure indicated that:
   - Lightning Leisure are contributing in excess of £400,000 of which £300,000 is towards the fit-out costs in return for a 3 year rent free period;
   - Over 30 people have been recruited to work at Marina Pavilion; and

- The completion of the renovation is seen by stakeholders as a significant output in itself given its role as a landmark within Hastings.

University Centre Hastings

Table: Outputs achieved of University Centre Hastings

Outputs	Forecast (Dec 2003)	Actual to date
Jobs created/safeguarded	20	55
Hectares of brownfield land remediated	0.19	0.19
Learning opportunities created (3-30 hours)	350	3,335
Learning opportunities created (over 30 hours)	150	663
Adults receiving higher skills training	500	566

Source: Sea Space

Further observations of the University Centre Hastings cost and output data are set out below:

1. UCH is now operating at capacity and seeking to lease additional space. It has applied to HEFCE to fund a second phase that will bring student numbers up to 1,400 with subsequent plans to increase numbers to over 2,000. Potential sites have been allocated to UCH within the Local Development Framework.
2. Overall levels of satisfaction of the students came through as high in a consultation undertaken for the University Centre by Curve Thinking.[44] In a questionnaire of 114 students, when asked about what they would change to improve the offer of the University Centre, 20 per cent said 'nothing'. For instance, some students said:
   - "The support we get from our tutor is amazing. I don't think I'd still be here if I didn't have that"
   - "It's all about the personal touch here. Everyone knows your name – even your birthday!"

The University Centre also seems to perform well with the Hastings community:

- "If UCH wasn't here I wouldn't be able to go to university"

Of the remaining 80 per cent who would recommend changes, most of these were linked to the café prices and facilities, car parking and the student union. Relatively few people commented on the quality of the courses (6 per cent) or the links with Universities in Brighton or Sussex (7 per cent).

3. A control group were also asked about their awareness of the University Centre and though most of them were aware of it, they were unclear of the courses on offer and whether or not it was targeted at older students. Others were less keen on Hastings as an area.
4. Of all the projects, the University Centre demonstrated the most linkages with other Sea Space projects. There were linkages to the Innovation Centre and the Creative Media Centre through initiatives such as Profitnet which promote better collaboration between the higher education sector and businesses. By 2006/7, 125 businesses were benefiting from the Profitnet collaboration.

[44] *Curve Thinking, UCH Research, March 2007*

Findings

The construction stage of the early wins projects offered brought a credible education and business offer to Hastings. Our observations are:

1. Prior to Sea Space, the commercial property offer in Hastings was poor with little development activity. The high occupancy rates of the Creative Media Centre and Innovation Centre indicate that with public sector support there is latent demand for quality, well-connected, office space.
2. The offer of “virtual office space” (an email address, phone service and postal address and the opportunity to use a meeting room) and desk space has provided an important facility for small businesses to develop. Combined with the range of office space within CMC and IC this creates the opportunity for businesses to move up to appropriate accommodation at a pace that suits them.
3. In addition, the SEEDA sponsored Broadband Experience, eBiz and Enterprise Hub projects have been able to deliver a raft of business support activities from the Creative Media Centre which are an essential element in meeting Sea Space's objective of supporting enterprise development. The central location of the CMC is key to their success.
4. This sits well with the proposals for Phase 2 which provides significant expansion space for indigenous business looking to move on to larger premises as well as being able to present a quality offer to potential inward investors.
5. The education led regeneration strategy is an innovative one and the links that the University Centre has fostered are significant including with the University of Greenwich, University of Brighton, University of Sussex and the Open University. Academic credibility and excellence has also been provided through the establishment of particular research centres like the Broadcast Media Centre.
6. Through the beneficiary survey, we see that a majority of businesses suggest they would have located in the Hastings and Bexhill area without the Sea Space business offer. However, the lack of quality office space in Hastings suggests that the reality is that they would have been unlikely to find suitable premises. Sea Space has made an attractive high quality offering and business space is being filled despite being above the average rental levels.
7. Consideration should be given to conducting more regular customer satisfaction surveys in the Creative Media Centre and Innovation Centre.
8. There may be some additional benefits not measured in terms of innovation - e.g. by establishing innovation deliverables, and assessing development costs and contribution to business performance including growth and profitability - particularly at the innovation centre where there is use of the University of Brighton's Product Development Centre.
9. There may some further work to do around marketing of the UCH - a number of those questioned in the research were not clear about what the UCH offered. Having said this, the outputs achieved for the UCH are very high and this is noted as a key success.
10. Once students graduate from the UCH, their destination and whether they stay in Hastings will be key to judging the overall net benefit of the university. We would encourage the UCH to monitor trends in this area.

8 Early Wins - Net Outputs and Value for Money

Introduction

In this chapter we assess the net additional effect of the Early Wins programme once the following factors have been taken into account:

- **Deadweight**, the outputs that would have been secured had no action have been taken by Sea Space;
- **Leakage**, where the benefits of the Sea Space projects may accrue to other regions or sub-regions outside of Hastings and Bexhill;
- **Displacement**, where an assessment is made around whether the outputs supported displaced other comparable outputs elsewhere in the region; and
- **Multiplier effects,** where Sea Space support is transmitted through the economy a number of times through supply chain effects and income effects (spending of profits and wages).

We have assumed **substitution** to be zero. This is where a firm substitutes one activity for another to take advantage of public sector activity, for example in the case of employment assistance schemes where firms use public sector assistance to employ an unemployed person to replace an existing worker, and is often referred to as "within firm" displacement[45]. However there is no evidence of substitution in relation to the outputs considered here and recent SQW/PA research guidance recommends that it is only applied to outputs relating to "assistance into employment"[46].

We also assess value for money aspects and make an overall qualitative assessment of these projects.

Quantitative assessment

The output data collected by Sea Space corresponds to SEEDA performance management requirements. SEEDA have issued guidance on the collection and measurement of output information[47] which outlines the extent to which some outputs will need to be adjusted.

We have also used recent research by SQW/PA on adjusting gross-net outputs, as a source for estimating gross-net adjustments where we cannot reach conclusions from our own primary research, or as a benchmark against which to compare our own assessments[48].

The table below identifies all of the defined output categories which are relevant to the Early Wins projects and identifies the gross and net outputs. The rationale for the adjustment from gross to net of each output is then explained.

[45] *EP Additionality Guide, 2004*
[46] *Implementing the RDA Impact Evaluation Framework - Ready-reckoners for adjusting gross to net outputs, SQW and PA, June 2006*
[47] *SEEDA Performance Management, Guidance Note 1; Tier 3 Output Definitions, July 2004*
[48] ibid

Table: Gross and net outputs - Early Wins

Output	Gross Output	Net output
Jobs created/safeguarded	394	355
Businesses created (new)	39	28
Businesses created (sustained for 12 months)	11	8
Learning opportunities created (3-30 hours)	3,335	2,335
Learning opportunities created (over 30 hours)	663	464
Adults receiving higher skills training	566	396
Individuals & businesses receiving broadband access	175	175
Brownfield land remediated	1.83Ha	1.83Ha
Private sector leverage	£400,000	£400,000
Commercial floorspace brought back into use (sqft)	9,254	9,254
Public sector leverage £m	£4.76m	£4.76m
Total commercial/industrial/education floorspace (sqft)	53,638	53,638

The calculation of the adjustments are detailed below.

Jobs created/safeguarded

Adjustments were made for the Creative Media Centre and Innovation Centres as follows:

Deadweight

Question 2 of our survey to 40 tenants of the Creative Media Centre and Innovation Centre asks "Which of the following best describes the company's position when it was first established at this site/in these premises?"

37.5% replied that they had relocated from within the local area.

The remainder (62.5%) replied that they were either:

- A newly started business;
- A newly started branch/subsidiary;
- A relocation from elsewhere in the region; or
- A relocation from outside the region.

We would regard all of these as bringing new jobs to the study area. On this basis deadweight would be 37.5%.

However the latest information available for vacancy rates in established industrial/office estates (2006/07) indicates a continuing low level of vacancies[49]. This is supported by Sea Space's view that vacant office accommodation (and particularly office accommodation of any quality) is difficult to find in the study area. This in turn suggests that of the space vacated by the 37.5% relocating to the centres, a significant proportion is then occupied by new businesses. If this vacancy rate was consistently low it could be argued that deadweight was closer to 0, as the businesses moving to the two centres are being replaced by businesses newly created in the area. However without current vacancy trends we have taken account of this effect by taking a mid-point between 0 and the deadweight of 37.5% suggested by out beneficiary survey and so estimating a deadweight of 20%.

Therefore we conclude that the deadweight in this case is 20% (i.e. a co-efficient of 0.8).

[49] *Employment Land Survey Hastings BC, 2006/07*

Leakage
Question 7 of our survey asked, "roughly speaking, what percentage of your employees live in the Hastings & Bexhill area?". Nearly 70% said all of their staff are from Hastings and Bexhill, whilst 10% said none of their staff lived in the area. From this we can assume that most of the benefit in terms of wages stays in the area and we have estimated leakage outside the region to be between these two responses at 20%. This is slightly higher than the 10% recommended by SQW/PA in their "Ready-Reckoner" but this does note that this figure is based on "limited evidence".

Therefore we conclude that the leakage in this case is 20%. (i.e. a co-efficient of 0.8)

Displacement
From the beneficiary survey, we cannot make an estimate of the amount of business displaced through the operation of either business centre. However, we are not aware of incentives offered by Sea Space that would involve displacement. As these interventions are site specific and there was nothing on offer prior to these interventions, this supports our assumption that there are no displacement effects.

Multiplier effects
The stakeholder analysis suggested there was additional activity generated through the supply chain and through additional income to the area. The most recent benchmark data is from research carried out by SQW and PA noted above[50]. For small office space (B1) developments, the particular additional effects on a local area are estimated at 44% (i.e. a co-efficient of 1.44).

Creative Media Centre and Innovation Centres

Category	No. of jobs	Factor
Gross output	309	
Deadweight at 20% leaves	247	0.8
Leakage at 20% leaves	198	0.80
Displacement at zero leaves	198	1
Multiplier at plus 44% leaves	285	1.44
Net outputs	285	0.92

We have no similar data available for the UCH or Marina Pavilion for jobs created. Therefore we have used the aggregate figures from the SQW "Ready Reckoner" guidance for deadweight, leakage and the multiplier effect (Annex A: Aggregate jobs for Regeneration (infrastructure)).

However we have made no allowance for displacement as there is no evidence that these activities have displaced similar outputs elsewhere in the region. These results are summarised below:

UCH and Marina Pavilion

Category	No. of jobs	Factor
Gross output	85	
Deadweight (as per SQW guidance)	55	0.65
Leakage (as per SQW guidance)	50	0.90
Displacement at zero leaves	50	1
Multiplier (as per SQW guidance)	70	1.42
Net outputs	70	0.83

Combined with the CMC and IC net output this gives a total net output of 285+70 i.e. 355 net jobs.

Learning Opportunities Created (3-30 hours, over 30 hours); adults receiving higher skills training

SEEDA guidance states that each learning opportunity, created or filled, should be recorded at the point of delivery as a gross project output. The guidance also states that no further adjustments are required.

However, through stakeholder interviews, we identified that around 70% of the students at the University Centre were from the Hastings and Rother area. This has been used to estimate leakage and we have adjusted each of these outputs by a co-efficient of 0.7.

For subsequent evaluations it is worth noting that it is also possible to make an estimate of leakage based on the numbers of graduates leaving the Hastings and Rother area upon graduation.

Businesses Created (new businesses, businesses sustained for 12 months)

Adjustments were made for:

Deadweight

Using the same argument as under "jobs created" above, we assess the deadweight for the businesses in the study area as 20% (i.e. a co-efficient of 0.8). This is a lower deadweight compared to the SQW Ready Reckoner for Business Creation which suggests a co-efficient of 0.65. However given the particular circumstances described above we believe our figure is justified.

Leakage

We are unable to deduce a leakage co-efficient from our survey. However, the SQW Ready Reckoner proposes that a leakage figure of 10% (i.e. a co-efficient of 0.9) is used for all RDA outputs and we have applied this here.

Displacement

As with the jobs created output, the beneficiary survey conducted does not measure displaced activity and there is no indication that this has occurred.

Multiplier

The SQW/PA Ready-Reckoner guidance does not recommend use of a multiplier in the case of business creation/attraction.

Therefore the gross-net calculation for **businesses created (new)** is as follows:

Category	Business created	Factor
Gross output	39	
Deadweight (at 20%))	31	0.8
Leakage (as per SQW guidance)	28	0.9
Displacement at zero leaves	28	1
Multiplier (as per SQW guidance)	28	1
Net outputs	28	0.72

The gross-net calculation for **businesses sustained** is:

Category	Business sustained	Factor
Gross output	11	
Deadweight (at 20%))	9	0.8
Leakage (as per SQW guidance)	8	0.9
Displacement at zero leaves	8	1
Multiplier (as per SQW guidance)	8	1
Net outputs	8	0.72

Hectares of brownfield land remediated/commercial floorspace

SEEDA guidance requires the number of hectares of brownfield land remediated to be monitored at the point of delivery. No adjustments of this gross figure are recommended. Our view is also that deadweight and displacement should be zero in this case – the alternative "do nothing" scenario is that no development activity would have occurred without public sector intervention as evidenced by the historically low levels of private sector development in the area.

Therefore, 1.83 hectares (Ha) of brownfield land were remediated as part of the business centre developments. This is the gross and net output. We have applied the logic to commercial floorspace brought back into use.

Value for money

We have considered three value for money indicators: private sector leverage, other public sector leverage over the whole Early Wins programme and cost per job for the Creative Media Centre and Innovation Centre.

Private sector investment leveraged into deprived areas

SEEDA guidance requires investment benefiting one of the 119 deprived wards in the South East to be recorded as a gross output. No adjustments are recommended.

Of all the early wins projects, the Marina Pavilion has provided investment into deprived areas. Given completion of the project, we estimate that, as forecast, £400,000 has benefited the local area, mainly as their contribution to the fit out costs in return for a rent free period.

BT also contributed £414,000 to the UCH.

This total of £814,000, compared to total public sector investment in the Early Wins phase this represents a leverage ratio of public:private investment of 1:0.04

Compared to the total SEEDA investment in this phase this represents a leverage ratio of SEEDA: private investment of 1:0.052

This reflects Sea Space's strategy of using public investment to deliver this first phase to generate momentum and market confidence in phase 2, in which the public:private leverage ratio is significantly increased.

Other public sector investment leveraged into deprived areas

The SEEDA funding has also been used to lever in other public funding to the area: ERDF, HEFCE and HERS.

The total of other public funding in this phase is £4.74m, which represents a leverage ratio of SEEDA: other public funding of 1: 0.3

This reflects that the Sea Space has been successful in levering in other public funds to enable the delivery of this phase.

Cost per job

The calculation of cost per job for the Creative Media Centre and Innovation Centre is set out below.

Centre	Total cost (all public sector) £
CMC1	1,318,398
CMC2	3,586,220
IC	4,941,955
TOTAL COST	9,846,573

Category	Gross	Net
CMC and IC jobs created/safeguarded	309	285
Cost per job	£31,866	£34,549

This compares well with the EP Benchmark of £42,000 per net job created as well as other benchmarks including:

- Docklands regeneration - £55,600 per job
- City Challenge - £45,200 per job
- English Partnerships Coalfields Regeneration - £23,250 per job[51]

If we include the UCH and Marina Pavilion in this calculation, the total public sector costs increase to £20,520,079, whilst total jobs created increase to a gross figure of 394 jobs and net figure of 355 jobs. This results in the following costs per job.

Category	Gross	Net
Total Early Wins jobs created/safeguarded	394	355
Cost per job	£52,081	£57,803

This exceeds the EP benchmark but it should be noted that the UCH has only delivered 55 jobs (gross) for a public sector cost of £8.73m, i.e. a cost per job of £159,000. It could be argued that this unreasonably distorts the overall picture as UCH's primary purpose is to deliver learning opportunities outputs and not jobs created/safeguarded.

Qualitative outcomes and impacts

Creative Media Centre

As part of the stakeholder consultations, we were informed that the central location of the Creative Media Centre has been a driver of economic activity in the town centre. As the business space was filled more quickly than expected, this has also generated a community of businesses that not only form a support network to each other but also offer commercial opportunities to each other.

As most of the tenants are from the Sea Space area, this generates community links as voluntary organisations have used the exhibition space provided and the networking events to boost profile.

[51] *English Partnerships Annual Report 2007*

This space was originally aimed at the creative sector but the beneficiary survey showed that only 30% of the businesses questioned said they were part of the creative or media sector. Though the space was filled quickly, it seems that the cost, location and connectivity were the most important factors for firms to locate there.

Innovation Centre
The quality of the provision at the Innovation Centre is noted by stakeholders to be a strong offer in the Hastings area with the on site availability of meeting rooms, post services, photocopying facilities.

The linkage with the University of Brighton is also a unique feature of the Innovation Centre offer - the Product Development Centre offers access to state of the art technology and students.

University Centre Hastings
From the evidence gathered from stakeholders, we have learned that it took the community of Hastings some time to accept the idea of a new University. Having been established, there is a feeling that it is helping to change and raise aspirations of the local community. A large proportion of the students enrolled at the University are from Hastings and Bexhill. This is a significant outcome.

The links that the University Centre has provided with other Higher Education Institutions are also significant - the University of Greenwich, University of Brighton, University of Sussex and the Open University all have links with the University Centre Hastings. This network is likely to have longer-term impacts and these are likely to grow.

Education led regeneration implies new students will be attracted to the area and encouraged to stay in the area, thereby raising productivity and diversifying the economic base. Though retention of graduates will be key to the success of the strategy, it is too early to say what the trends are.

Marina Pavilion
The renovation of this derelict property is itself a positive outcome and a signal of regeneration in Hastings. The ambition of the Pavilion remains to be realised but we recognise the value in adequate conference facilities, health centre and other recreational facilities on the seafront.

Findings
1. In a stagnant office market with no recent office development and poor availability of quality office accommodation the Creative Media Centre and Innovation Centre have strong levels of additionality. As earlier studies suggest there has been little new office development in the area for the last 15 years and the two centres now offer high quality accommodation which attracts and retains businesses to Hastings and has the potential to be part of the "ladder of accommodation" (as suggested by the Genecon report) linking to the larger business spaces at Lacuna Place and Enviro21.
2. The learning opportunities created by the UCH have met and exceeded their targets. Both in quantative and qualitative terms they are viewed as a success and a prelude to the extension of the campus to accommodate 2,000 students.
3. Marina Pavilion has just opened and so the success of its operation as a business cannot be judged. However it has met its quantative outputs and is a local landmark building which illustrates the progress towards regenerating Hastings.
4. The projects demonstrate good value for money in terms of cost per job and leverage of other public sector funding. The private sector leverage of this phase is low but nature of the phase is that it is almost 100% publicly funded as way of pump-priming the

market before moving into a mixed public-private finance approach in phase 2. Private sector leverage is therefore very significantly increased in phase 2.

9 Phase 2 Projects

Introduction
In this chapter we consider the development and progress to date of the "Phase 2 projects" - Lacuna Place and Queensway South Business Park.

Lacuna Place
The Sea Space Business Plan (November 2003) identifies Station Plaza and Campus Core as two major projects within the Hastings Town Centre. The Station Plaza is defined as "a mixed use scheme incorporating residential, business, educational and commercial space" and the Campus Core project as "a mixed use development providing a new academic quarter comprising mixed learning, business and residential space", linking the Station Plaza, the Media Centre and the University Centre. The Campus Core site incorporates the Early Wins projects of the Creative Media Centre and University Centre and the "Gap Site" on Priory Street which has been developed as Lacuna Place (Lacuna is Latin for "gap").

Whilst the Early Wins projects were progressed separately, the Campus Core site as a whole became part of the Priory Quarter Masterplan which sets out an Urban Design Framework (UDF) for the area. Lacuna Place was seen as the first stage in the comprehensive redevelopment of Priory Quarter, designed to stimulate market demand to enable the private sector to carry forward subsequent phases.

Sea Space ran a consultation programme with their urban design consultants, Rummey Design Associates (RDA) with series of workshops with local people and interest groups in February 2005 to identify key issues and aspirations for the area, and feedback sessions in April and May 2005 which illustrated how these comments had been incorporated into the design proposals for the area.

A detailed planning application was approved for the Lacuna Place site in September 2005, whilst the UDF was given outline planning approval in February 2007, following further public consultation in September 2006.

Feedback from the stakeholders we consulted suggests that people wanted to see change and recognised the need to regenerate the town (i.e. did not question the strategic decision), but were nervous of how that change might look e.g. maintaining connections to the old town. This process highlighted the importance of consultation in formulating proposals, as unlike earlier projects which had experienced some difficulties at planning application stages, there were no significant objections to the planning applications.

Lacuna Place is located between Havelock Road and Priory Street and is being developed in two phases. Work began on site in Autumn 2006 with the demolition of existing buildings. and Phase 1 was achieved in August 2008 with Phase 2 due to complete Spring 2009

The original proposal for this site in 2004 was to provide a mix of office space and a Sixth Form College. However the Learning and Skills Council (LSC) subsequently withdrew from the project requiring Sea Space to restructure the project into its current format. The adjacent Station Plaza site is being developed as a new site for a sixth form and a Further

Education College in a project led by the Hastings College and facilitated by Sea Space through site acquisition and initial design work.

This restructured approach to the town centre development and the perception of a need to progress development proposals whilst managing the risk of bringing a significant amount of office and retail space on to the market in an uncertain market, led Sea Space to split the Lacuna Place project into two phases. It also allowed for a bank facility to be secured on the second phase.

Phase 1a comprises the building on Havelock Road, together with foundations and building up to podium level on Priory Street, including car parking. It is 100% publicly funded and will provide 30,572 sq ft net office space and 6,017 sq ft net retail space on Havelock Rd

Phase 1b comprises the remainder of the superstructure to the Priory street building and is funded through a loan facility. It will provide 40,913 sqft of office space and 5,712 of retail space.

The total provision and the associated funding is summarised in the table below.

Table: Forecast outputs of Lacuna Place phases A and B

	Phase A	Phase B	Total
Provision			
Office space (sqft)	30,572	40,913	71,485
Retail space (sqft)	6,017	5,712	11,729
Total sq ft (net)	36,589	46,625	83,214
Public funding (£)			
SEEDA	17,087,353		
ERDF	2,141,712		
Sub-total	19,229,065		19,229,065
Private finance		11,700,000	11,700,000
Total funding	19,229,065	11,700,000	30,929,065

Source: Sea Space

Other outputs for Phase 1a are identified within the project appraisal as:

Table: Lacuna Place Phase A and B forecast outputs

Output	Forecast
1) Job creation -no. of jobs created or safeguarded	486
SEEDA	457
Other public	29
5a) Brownfield land reclaimed and/or developed	0.20ha

Source: Sea Space

In contrast to the 100% publicly funded Early Wins projects, Sea Space have secured a £11.7m loan facility with the Allied Irish Bank to finance Phase 1b. This is being provided to a new Joint Venture company, Coastal Land (Sussex) LLP which has been formed between Sea Space and the property investment firm, The Land Group.

Sea Space originally contracted directly with Carillion to deliver Phase 1 and in establishing Coastal Land as a JV they have novated Carillion's appointment along with all other professional appointments to Coastal Land to complete Phase 1 and deliver Phase 1b. This process has also entailed Sea Space transferring the development site for Phases 1a and 1b to Coastal Land and awarding as a grant the remaining balance of the Phase 1a funding - approximately £5m - to Coastal Land to complete Phase 1a. This deal was completed on 27 November 2007 enabling Phases 1a and 1b to be delivered through Coastal Land.

Once complete the business floor space will be managed through Sea Space's property division at commercial rents on behalf of Coastal Land. They have appointed DTZ, Cluttons and Dyer Commercial as their lettings agents and have developed a marketing schedule of events and activities. They report that there have been no pre-lets as yet but "significant interest" from businesses.

Queensway South Business Park

Queensway South Business Park comprises the development by Sea Space in phases of high quality hybrid industrial (65%) and office (35%) business accommodation to be delivered on site which is already owned by Sea Space and designated as a strategic employment location on the outskirts of Hastings.

Phase 1 will deliver 36,500 sq ft. The second phase will provide a further 59,400 sq ft of accommodation funded through private sector. It is proposed that this latter phase is delivered through a joint venture vehicle in a similar way to phase 1b of Lacuna Place, and the project appraisal for phase 1 anticipates no additional SEEDA funding being required for phase 2. The take-up of units in phase 1 and the ability of Sea Space to secure private funding for phase 2 represent a significant risk to the success of the project and Sea Space commissioned a market review of the scheme from DTZ in December 2007.

This project is an important part of the Enviro21 Innovation Parks Corridor initiative which aims to create a corridor of technology and business parks on the outskirts of Hastings and Bexhill, stretching up Queensway towards the A21 route to London and along the forthcoming link road between Hastings and Bexhill.

It incorporates high environmental sustainability credentials and aims to achieve an excellent BREEAM (British Research Establishment Environmental Assessment Methodology) rating. The site will also feature a 2MW wind turbine to be developed as a separate project, underpinning the environmental credentials of the site and supplying discounted energy to business occupiers. It is proposed that this is developed as a private sector initiative and a separate business plan is being developed for it.

The project will target environmental sector related businesses, although it will not be marketed exclusively at this sector and aims to target the five key employment areas for the South-East region i.e.

- Creative Media
- Financial Services
- Life Sciences
- Environmental Technology
- Energy

The findings of DTZ's market review of the scheme are detailed in the Form 3a project appraisal. Its key conclusions were that:

- There is a shortage of high quality light industrial premises within Hastings and the vast majority of the stock can be considered secondary and outdated;
- Market failure has constrained demand and depressed rental levels, which in turn has lowered developer interest; and
- The scheme has the potential to attract a diverse range of existing and emerging occupier demand; this includes inward investors from outside the area as well as local businesses seeking move-on accommodation.

DTZ also note that the environmental credentials of the development are in line with trends within the commercial property sector to adopt a green agenda. This is in addition to it meeting one of the RES's transformational actions to "promote global leadership in environmental strategies".

This is tempered by the fact that an earlier proposal to secure a development with a single large business occupier which had already received planning approval for 160,000 sqft of business space faltered when the target occupier withdrew. Therefore this remains a speculative development which will have to achieve occupancy in an unproven market. The same lettings agents as with Lacuna Place have been appointed.

A series of public consultation events on the proposals for Queensway was held by Sea Space over three days in October 2007, including a public exhibition, a youth workshop, and presentations to councillors, council officers, special interest groups and businesses and covering topics including architecture, environmental and visual impact, sustainability, car parking and transport, renewable energy, building materials, market demand and education and employment[52]

The planning application for Queensway South was approved in May 2008 at which time SEEDA also confirmed funding for Queensway South. Sea Space propose to follow this with a planning application for the Innovation Exchange on the site which will provide meeting rooms, conference and seminar facilities and a restaurant. The adjoining Queensway North site is earmarked as the next phase of the Enviro21 initiative. As noted above, a proposal for a wind turbine is being developed as a separate project to supply renewal energy to both sites.

Sea Space is now well progressed with the OJEU procurement process for Queensway South and addressing technical issues around dealing with Sites of Special Scientific Interest (SSSIs) and ground condition and drainage.

Project costs are identified as follows:

Table: Queensway South capital cost

Funding source	£
SEEDA (phase 1)	9,339,755
ERDF	136,500
Private Sector costs (phase 2)	10,539,452
Total	20,015,707

Source: Sea Space

[52] *Enviro21 Innovation Parks, Queensway, Hastings: Public Consultation October 2007, Report of Feedback, Sea Space*

The Project Appraisal for Queensway South (Form 3a) identifies the following targeted outputs for both phases:

Table: Forecast outputs for Queensway South

Outputs	
Gross commercial floor space	8,898m2 (95,000 sqft)
Job creation -no. of jobs created or safeguarded	394
Private sector leverage (based on gross development value of the scheme)	£11.07m
Brownfield land reclaimed and/or redeveloped	3.775ha

Source: Sea Space

Findings

1. Phase Two signals a critical next stage for Sea Space in providing a broader based business offering in Hastings by offering larger units as potential move on accommodation for existing businesses and to attract new businesses to the area.
2. It also brings in the private sector as a partner in developing Lacuna Place through the establishment of Coastal Land, its Joint Venture company so moving towards the one of the key principles of intervention in Hastings that public sector funding will act as a catalyst to pump-prime the private sector market.
3. The success of the next phase of the Sea Space programme is critical to ensuring sustainability around some of the early wins achievements. The take up of business space by larger and more established businesses will lead to the dynamic economic multiplier effects needed to create the step change in economic prosperity. Market assessments indicate demand and Sea Space have three agents actively pursuing a marketing strategy. However although there is marketing activity underway, under-occupation remains a significant risk to the project.
4. Sea Space's consultation programme appears to have been successful in identifying issues amongst stakeholders and addressing them at an early stage, leading to few objections at Planning stage.
5. Some thought may need to be given to the needs of larger businesses: the local business support offer may need to adapt to ensure the businesses that might be based in Lacuna Place or Queensway South receive the appropriate type of support.

10 Contribution to meeting Business Plan targets and RES outcomes

Business Plan targets

The Sea Space Business Plan identified set of core outputs which are to be realised through projects on 14 sites in Hastings and Bexhill. This evaluation has only focussed on six of these projects but we illustrate below their contribution to the overall outputs of Sea Space.

Table: Contribution of Early Wins and Phase 2 projects to Business plan outputs

			Early Wins		Phase 2 (estimated)		TOTALS	
Code	Description	Estimated total output in BP 2003-2013	Gross output	Net output	Gross output	Net output	Gross output	Net output
C1A	No. of net new jobs created/safeguarded	5,842	394	355	880	660	1,274	1,015
C4A	Businesses created (new)	14	39	28			39	28
C4B	Businesses created (sustained for 12 months)	11	11	8			11	8
C3A	Learning opportunities created (3-30 hours)	2,654	3,335	2,335			3,335	2,335
C3B	Learning opportunities created (over 30 hours)	87	663	464			663	464
S6	Adults receiving higher skills training	600	566	396			566	396
S7	Individuals and businesses receiving broadband acc	300	175	175			175	175
C2	Brownfield land remediated (Ha)	30.88	1.83	1.83	3.975	3.975	5.805	5.805
C5	Private sector leverage (£m)	£89m	0.40	0.40	22.24	22.24	22.64	22.64
-	Commercial floorspace brought back into use (m2)	n/a	860	860			860	860
-	Public sector leverage £m	n/a	4.76	4.76	2.14	2.14	6.90	6.90
-	Commercial/industrial/educational floorspace (sqft)	1,076,000	53,638	53,638	178,214	178,214	231,852	231,852

Note: the Phase 2 Gross-Net output is estimated using the SQW/PA Ready Reckoner co-efficient of 0.75 in the absence of primary data against which to estimate gross-net co-efficients

"Commercial floor space brought back into use" and "public sector leverage" are not explicitly identified in the Business Plan but we include them for completeness. Commercial/industrial/educational floorspace is identified as a "critical mass of regeneration" of 100,000m2 (1,076,000sqft) including Hastings Town Centre, Bexhill Town Centre, Ore Valley, Rye Harbour Road, and Queensway. Floorspace would also be delivered through the release of land by the building of a link road in North Bexhill

The gross and net outputs do not, of course, include any of the outputs of Sea Space projects such as the eBiz Centre and Enterprise Hub, Millennium Community and others but does indicate the important contribution of the six projects in this study to meeting the overall targets of Sea Space.

We note that the Business Plan targets cover the period 2003-2013, so we have now reached the half way mark in this programme. The Early Wins projects have already met the Business Plan target on businesses created and would be expected over the next five years to meet and exceed targets on:

- Businesses created (sustained for 12 months)
- Learning opportunities created (3-30 hours)
- Learning opportunities created (over 30 hours)
- Adults receiving higher skills training
- Individuals and businesses receiving broadband access.

The proposals to expand the UCH campus to 2,000 students will provide a further boost to exceeding these targets.

The combined contribution of the Early Wins and Phase 2 projects to the "no. of new jobs created/safeguarded" target is significant, assuming that the Phase 2 projects proceed as planned, as are private sector leverage, brownfield land remediated and the movement towards the overall target for the "critical mass of regeneration." of just over 1,000,000 sqft of commercial, office and educational space.

The movement from virtually nil private sector leverage in the Early Wins phase to leverage of up to £22.24m - a ratio of public: private of 1:0.8 - in Phase 2 illustrates the Sea Space strategy of moving away from reliance on public sector subsidy.

SEEDA's share of the outputs

We have calculated SEEDA's share of the outputs (up to 2007) based on the applying the proportion of grant funding compared to the overall cost as follows:

Early Wins

Funding (£)	
SEEDA	15,783,862
TOTAL	20,935,047
SEEDA share	0.754

	Early Wins		SEEDA share	
Description	Gross output	Net output	Gross output	Net output
No. of net new jobs created/safeguarded	394	355	297	268
Businesses created (new)	39	28	29	21
Businesses created (sustained for 12 months)	11	8	8	6
Learning opportunities created (3-30 hours)	3,335	2,335	2,514	1,760
Learning opportunities created (over 30 hours)	663	464	500	350
Adults receiving higher skills training	566	396	427	299
Individuals and businesses receiving broadband access	175	175	132	132
Brownfield land remediated (Ha)	1.83	1.83	1.38	1.38
Private sector leverage (£m)	0.40	0.40	0.30	0.30
Commercial floorspace brought back into use (m2)	860	860	648	648
Public sector leverage £m	4.76	4.76	3.59	3.59
Commercial/industrial/educational floorspace (sqft)	53,638	53,638	40,440	40,440

Phase 2

Funding (£)	
SEEDA	26,427,108
TOTAL	50,944,772
SEEDA share	0.52

	Phase 2 (estimated)		SEEDA share	
Description	Gross output	Net output	Gross output	Net output
No. of net new jobs created/safeguarded	880	660	456	342
Brownfield land remediated (Ha)	3.975	3.975	2.062	2.062
Private sector leverage (£m)	22.24	22.24	11.54	11.54
Public sector leverage £m	2.14	2.14	1.11	1.11
Commercial/industrial/educational floorspace (sqft)	178,214	178,214	92,447	92,447

Meeting the Five Point Plan

Referring back to the Five Point Plan as the over-arching strategy for Sea Space's interventions, we can see that these projects also support the delivery of its themes through:

Regeneration measures for Urban Renaissance: CMC, IC and Marina Pavilion have created new business premises and UCH new educational facilities, Lacuna Place is a key first step in realising the Priory Quarter Masterplan.

The stimulation of business innovation, enterprise, creativity and technology transfer: CMC and IC have brought in new businesses and jobs to the study area, and provided the base for providing business support and networking opportunities, as well as locating key initiatives such as the Product Development Centre developed with the University of Brighton.

Excellence in Higher Education: the skills outputs for UCH speak for themselves and its proposal to expand the campus to 2,000 students will only add to this capacity. UCH has been recognised as a national exemplar and model for other university centres.

Broadband Information and Communications Technology: both of the business centres are fully broadband enabled and Sea Space are on target for meeting their Business plan target for individuals and businesses receiving broadband access by 2013. This has been complemented by the business support services e.g. through the Ebiz support to companies investing in e-commerce.

Transport improvements: this is outside of the scope of this evaluation, but we note that Sea Space has taken an important facilitating and enabling role in bringing together statutory agencies, lobbying for improved transport links and funding studies to support this.

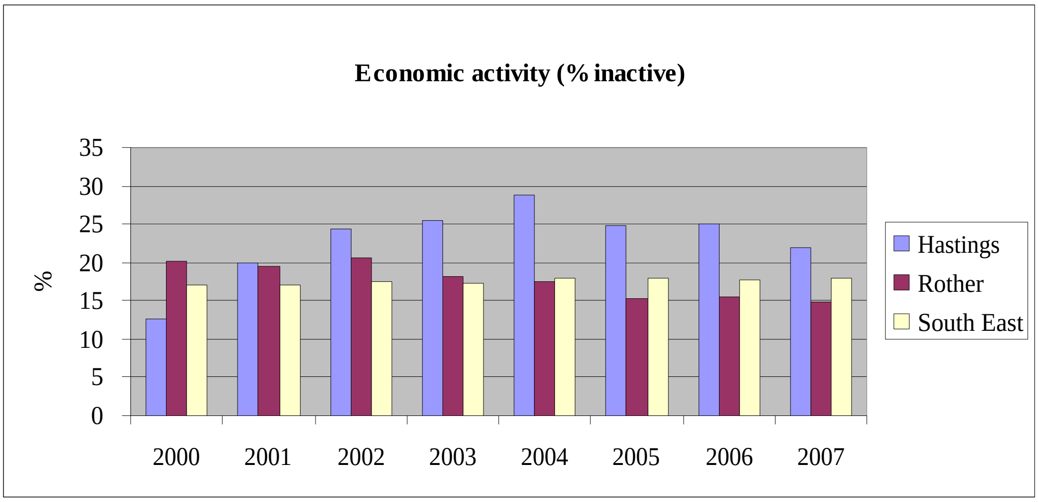
Intermediate and higher level outcomes

Referring back to our Logic Chain we have noted the following targeted outcomes:

Reducing inactivity in coastal areas

There is progress towards meeting this - economic inactivity has dropped in Hastings since a peak in 2004 and dropped in Rother since 2002.

Chart: Economic activity in the South East



Source: ONS Annual Population Survey

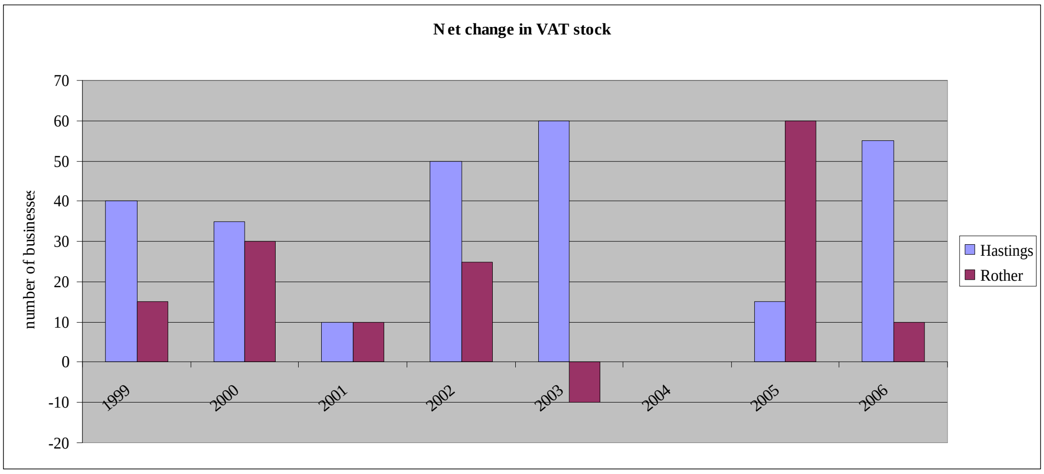
Promoting a skills escalator and skills led regeneration

We do not have available figures for the years after 2005 (the latest available figures for skills in the South East are illustrated in Chapter 4). However as noted above Sea Space has met its Business Plan target for "Learning Opportunities created (over 30 hours), and is on target to meet its outputs on "Learning opportunities (3-30hours)" and "Adults receiving skills training" before 2013. The extension of the UCH campus will increase this capacity even further.

Increasing the Business Stock

The latest available figures are up to 2006. As we note in Chapter 2, the net change in business stock which is VAT registered fluctuates and gives an impression of an unpredictable business environment. However it does illustrate a recent upturn in business registrations in Hastings. This is supported by the net outputs of business created at the CMC and IC which will increase over the next five years. The successful letting of Phase 2 will significantly increase this.

Chart: Net change in VAT stock in Hastings and Rother (latest available figures)



Source: BERR

Average Wage Levels

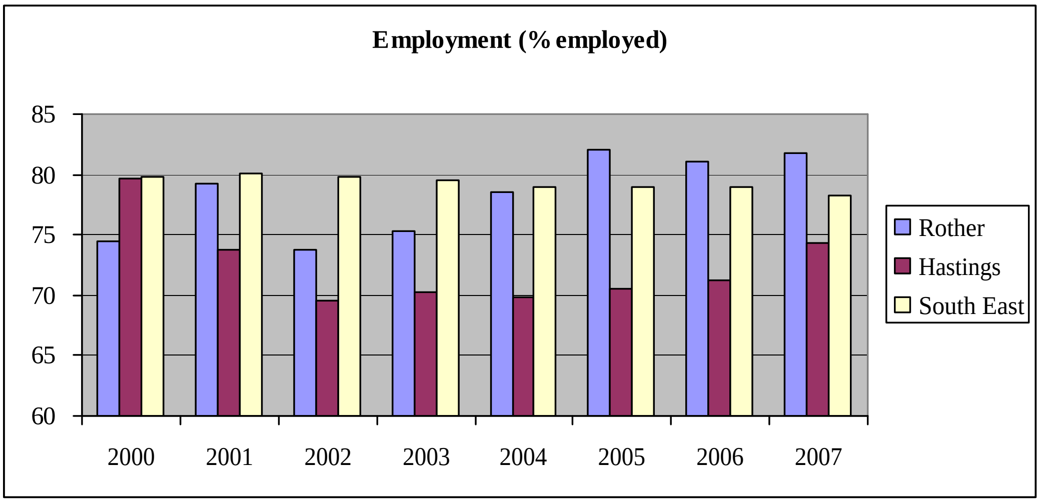
The trend in Hastings is upwards since 2002 and catching up with the South East average. As noted in Chapter 2, the median weekly wage rose in Hastings by 17 per cent between 2002 and 2008 from £304 to £356. In Rother, median wages grew 25% from £364 to £457. Over the same period, the median weekly wage in the wider South East grew 15 per cent from £ 435 to £500.

Chart: Gross median weekly wages

Employment

The employment rate in Hastings has recovered from a low point in 2002 and in particular has risen in the last two years (2006 and 2007). Rother has levelled off. However these figures buck the South East trend which has been downwards. This is supported by the Sea Space outputs for these projects on jobs created/safeguarded noted above.

Chart: Employment rate in the South East



Source: ONS Nomis

Current and Historic Market Rents

Whilst we have been unable to identify data on specific office rent trends for this area, it is still clear that the new office space in the CMC and IC is challenging the status quo of the office market by demonstrating that there is a market for quality office space at higher rents within the area.

The Genecon report in August 2006[53] quoted Savill's analysis and we repeat it here as it characterises well the previously chronic undersupply of office accommodation in the area and the rationale for public sector intervention in the market:

"Where the general supply has been consistently poor quality stock, **rental levels tend to stagnate until such time as someone is prepared to take the risk of developing new stock**. Without such new stock (and where the existing stock is particularly poor) a location cannot be perceived as a serious business destination. A cycle of inactivity and no-growth usually signifies a situation of market failure, where prevailing rent levels do not support new development and latent demand cannot be identified with sufficient certainty. Hastings appears to demonstrate such characteristics"

The historic dearth of new office development in the area demonstrates that this "market pessimism" was present. However the success of the CMC and IC indicate that Sea Space has been justified in taking the risk of developing new stock. Office space at the CMC1 is now 97% occupied, CMC2 is 88% occupied, and the IC is 72% occupied and all now generate a surplus on their business plans. Their rental levels equate to approximately £12.50 psft, which is significantly higher than other local office space such as Cambridge Road (£8psqft), Queensbury House (£8psqft) and Cavendish House (6.50psqft).

This approach has provided the springboard for the Phase 2 development and Lacuna Place has secured private sector involvement and is 50% funded by private finance.

GVA impacts

Achieved impacts

The main GVA benefit arises from the net employment created or safeguarded by the various Sea Space interventions.

The economic benefits achieved to date originate solely from the Early Wins projects and are estimated to contribute £8.5 million per annum to the economy. The net employment of 355 jobs arising from these outputs is translated into GVA impacts based on estimates of average GDP per job for each of the net jobs created or supported. Average GDP per employee in Hastings is estimated to be £24,000 per job in 2008[54].

Table : Achieved GVA and employment impacts

Indicator	Impact
Jobs	355 jobs
GVA £ million	£ 8.5 million GVA

In terms of the ratio of achieved GVA benefits to total costs, the ratio is around 0.4. Every £1 million spent has so far produced £0.4 million in GVA impact. In terms of the ratio of achieved GVA benefits to SEEDA spend, the ratio is around 0.5. Every £1 million spent has so far produced £0.5 million in GVA impact.

Anticipated GVA impacts

It is also expected that further employment and GVA will be created and supported from the Phase 2 projects, as well as additional future impacts from the Early Wins projects as they increase in scale. These impacts are expected to nearly add a further £16.2 million in GVA terms each year when the projects are fully operational, as described below.

[53] *ibid*
[54] Source: Table 45, The East Sussex Economic Study (2007 - 2008), gives 2005 figure of £22,078 which is uprated to 2008.

Table : Anticipated GVA and employment impacts

Indicator	Jobs	GVA £ million
Early Wins	20	0.4
Phase 2	880	15.8
Total	900	16.2

GVA benefits are also likely to occur from the learning and education opportunities offered by the Early Wins projects, most notably from 'Adults receiving higher skills training' at the University Centre. These opportunities are likely to lead to the attainment of higher levels of qualifications and, in turn, to higher lifetime earnings, partly from higher annual wages while in work (the so-called earnings premium) and partly from increased likelihood of being in employment.

The link between education attained and wages is well established by a wide body of research. For example, Labour Market Trends (2003) concluded that the earnings premium was as much as 10% per additional year of education. The premium for attainment of higher level qualifications (i.e. undergraduate or postgraduate level) was even higher. Based on these conclusions and a review of a wide number of academic studies, we assume that the wage premium for each 'Adult receiving higher skills training' at the University Centre is 40% over the average wage.

Based on these assumptions, we estimate that the additional qualifications gained at the University Centre to date, could eventually add a further £30 million the UK economy over the next 30 years, or an average of £1 million per annum[55]. These economics benefits are calculated only on the outputs to date from 'Adults receiving higher skills training'. If these outputs continue to rise each year as more and more adults are trained then the GVA impact will also increase likewise. These benefits will not just occur in Hastings but be spread across the UK economy.

In terms of the ratio of anticipated GVA benefits to total costs, the ratio is around 0.3. Every £1 million spent will produce £0.3 million in GVA impact. In terms of the ratio of anticipated GVA benefits to SEEDA funding, the ratio is around 0.55. Every £1 million spent will produce £0.55 million in GVA impact.

GVA Impacts - Summary

The total of the achieved and anticipated GVA impact of the Seaspace interventions on the Hastings economy is estimated to be approximately £26 million each year[56]. This is comprised of:

- £8.5 million in GVA achieved each year from the Early Wins projects
- £16.2 million in GVA anticipated each year from the employment supported and created by the Early Wins and Phase 2 projects when fully operational
- £1 million in GVA anticipated from the benefits of the higher skills training undertaken to date.

If the achieved and anticipated annual benefits from the employment and training projects are assumed to continue over the next 30 years then the total GVA benefit in net present

[55] These economics benefits are calculated on the outputs to date from Adults receiving higher skills training from the Early Wins projects. If these outputs continue to rise each year as more and more adults are trained then the GVA impact will also increase likewise.
[56] This compares to the size of the Hastings economy which was estimated at £767 million in 2005 (The East Sussex Economic Study, 2007 - 2008)

value terms is around £330 million (i.e. the benefits of £26 million each year are totalled up for the next 30 years and discounted using the HM Treasury discount rate of 3.5%). This produces a ratio of net present GVA benefits to total initial cost[57] of around 4.6 and to SEEDA funding of around 7.8.

These above GVA calculations are only rough approximations and that the benefits are difficult to quantify in any degree of accuracy, particularly for education benefits which take many years to realise. We have therefore developed high and low estimates to reflect the inherent uncertainties in these calculations.

Our estimates of the GVA impact therefore range from £20 million to £40 million each year, based on a range of estimates for GDP per head and differing assumptions on the educational benefits which arise from the attainment of higher qualifications. These ranges of GVA impact are summarised in the table below.

Table : Summary of GVA impacts per annum from Seaspace interventions

	GVA £ million
Central case	26
Low case	20
High case	40

Findings

1. The Early Wins projects on their own have met the targeted Sea Space outputs for new business creation, and are on track to meet those for learning opportunities and skills training, and adults and individuals receiving broadband access by 2013.
2. They have also made significant contributions towards targets for new jobs created/safeguarded, brownfield land remediated, private sector leverage and meeting the "critical mass for regeneration" identified within the Business Plan of 1million square feet (100,00m2) of commercial, industrial and educational floorspace.
3. The phase 2 projects will add to this capacity and meet the strategic objective of engaging the private sector and moving away from publicly funded projects.
4. The projects are strongly aligned to the Five Point Plan as the over-arching strategy for this programme.
5. Other Sea Space activity such as the raft of business support services which have operated from the CMC have been a key part to delivering a strategy of holistic support to developing businesses in the area.
6. It is apparent that economic indicators have improved in Hastings since 2002 towards meeting the intermediate and higher outcomes of reducing economic inactivity; promoting a skills escalator and skills led regeneration; increasing the business stock; increasing average wage levels; and increasing employment. It is not possible to isolate the effect of these particular projects given the other Sea Space projects and activity around business support which are outside of this evaluation, and the other complementary programmes financed through AIF and LEGI. However the outputs from the Early Wins projects clearly support the improving economic trends, and the phase 2 outcomes and outputs will underscore this.
7. We estimate that the GVA impact for these interventions range between £20milion to £40 million per year based on a range of estimates for GDP per head and differing

[57] It is debatable whether this is a comparison is on a like-for-like basis. The cumulative benefits over time are only compared with the original costs of the investment. There will be significant cost associated with the running, ongoing operation and maintenance of the site which have not been included in this calculation as they are unknown. As a result this benefit: cost ratio could be argued to be a significant overestimate.

assumptions on the educational benefits which arise from the attainment of higher qualifications

8. CMC and IC have shown that higher rents are sustainable for quality office provision and have set the scene for levering in private finance and private sector developers in phase 2.

11 Strategic Added Value

Introduction

This chapter considers the Strategic Added Value (SAV) that Sea Space has provided across the themes of strategic leadership and influence, engagement, synergy and leverage.

Strategic Leadership and Catalyst; Strategic Influence

The Hastings and Bexhill Task Force has taken a lead in bringing regional and local partners together to define the direction of major infrastructure improvements in the area. It has defined the need for intervention through the development of the Five Point Plan which led to an additional £38m allocation of funding from the Government via SEEDA. It has brought together three local authorities, GOSE, SEEDA, and English Partnerships with a senior level of representation as well as the two local MPS. Other partners such as the University of Brighton and 1066 Enterprise who have been part of the Sea Space board have provided engagement with the education and skills and business community.

The Task Force was clearly a prime influencer in establishing the case for intervention in Hastings and Bexhill and securing the SEEDA funding described in this report and other partnership funding from HEFCE and ERDF, as well as the £11.7m private loan finance for Lacuna Place. English Partnerships primary role has been in providing funding and expertise in the development of the Ore Valley Millennium Community Project which is not part of this evaluation.

The formation of Sea Space and transferring of land assets and personnel into a separate delivery vehicle has been described by one stakeholder as a "bold decision" which has enabled a pragmatic approach to be taken, for example in identifying and pursuing the Early wins projects. It has also provided the structure for the development of a Joint Venture approach to the phase 2 projects through Coastal Land (Sussex) which will deliver Lacuna Place; a separate subsidiary which will implement Enviro21. This is a key element of the original Sea Space rationale of using public sector funding to pump-prime and engage with the private sector.

Stakeholders also commented on the benefit of Sea Space as a commercial entity characterising it as a proactive organisation which is sympathetic to the business requirements of its commercial partners, although it was sometimes slowed by the requirements of government funding and regulation. The strong leadership style of the Project Director was also commended.

The following strengths in particular were highlighted by stakeholders:

- An ability to get key players around the table;
- Strong on delivery of key projects including pushing British Telecom early on to get broadband coverage for the area;
- Demonstrating commitment to the business community;
- Overcoming an initial suspicion from business support agencies that Sea Space might take over their territory, and developing a co-ordinating and facilitating role in business support e.g. through 6 weekly meeting of different support agencies creating a "hub"

approach to delivery of range of support services which each should be able to sign post businesses to; and

- Developing the UCH as a key model for education led regeneration in Hastings, creating a 'signal project' in an area with low participation in higher education, low aspirations and low levels of attainment. This meant that the project was perceived to generate an impact beyond increasing numbers of students at the UCH by raising aspirations and awareness of opportunity.

However weaknesses were also identified. One stakeholder noted that Sea Space has had more success in Hastings where the projects under this evaluation are located than in Bexhill, where the Council and local community has been less receptive to the proposals. There has been local opposition to proposals for a hotel on Bexhill seafront - Sea Space proposed a site for this and started design work despite not securing planning permission, and ultimately the project was abandoned due to local opposition. Conversely, a project in Bexhill called the De La Ware Pavilion was not supported by Sea Space but did eventually go ahead as funding was agreed from the SEEDA area team, the Council, Lottery fund and Arts Council.

Whilst this evaluation has concentrated on six projects within Hastings, our stakeholder consultation indicates that Sea Space has had less success to date in getting agreement to take forward projects in Bexhill and in engaging with Rother District Council e.g. it was suggested by one stakeholder that Sea Space "have missed key opportunities in Bexhill". However Sea Space has agreed to prioritise investment in North Bexhill if further funding becomes available. .

Major physical regeneration projects such as Sea Space will inevitably create differences of opinion and as one stakeholder noted," some partners may feel a little 'bruised'!" However there was consensus that significant progress has been achieved in Hastings in particular which required the driving force of a single agency to focus strategic partnership working and drive delivery.

Engagement

The effective involvement of partners and the wider community is an important measure of SAV and a key factor in the successful delivery of major physical regeneration programmes. Our discussions with stakeholders have indicated that Sea Space has been able to learn from its experiences and develop its approach - a key success criteria for any organisation.

Stakeholders cited Sea Space's engagement with Planning authorities and the wider community and interest groups early on as being "a bit too blunt" e.g. in the development of proposals for the Grade 2* listed Pelham Crescent. The difficulties of managing public consultation was underlined by another comment that "Sea Space could have done more to manage the expectations of the press in relation to the timings of some of its project".

However several stakeholders have also commented that lessons were learned and that the masterplan for Priory Quarter has since received strong local buy-in, signified by the lack of objections to the planning application. This was in part facilitated by establishing links with a local neighbourhood renewal group and Sea Space has received awards for its approach to consultation, most notably the Gold award for Public Sector Projects from the Chartered Institute of Public Relations in 2005/6 and the Silver award for Community Campaigns in the same year. Overall this has improved the public persona of Sea Space by increasing transparency and winning the trust of the community.

Synergy

Another key element of SAV is the extent to which knowledge and capacity is used to improve information exchange and co-ordinate the development and delivery of interventions. Sea Space has clearly achieved some significant successes in this respect. As well as the example quoted above of the co-ordination of the business support hub, its role in developing the University Centre has supported and facilitated the development of relationships with schools and complimentary projects such as:

- The Aim Higher project designed to raise aspirations among deprived groups in the Hastings and Rother areas;
- The Excellence cluster - where young people in years 11, 12 and 13 are offered a place to study; and
- Increasing access to knowledge for over 50s who might have never accessed Higher Education before.

The education led regeneration strategy is an innovative one and the links that the University Centre has fostered are significant including with the University of Greenwich, University of Brighton, University of Sussex and the Open University. UCH has also developed links with business through SEEDA funded initiatives such as the Broadcast Media degree and the Product Development Centre. In addition, Profitnet was cited by stakeholders as a good example of how businesses and universities can be brought together. This has been rolled out in Sussex and the University of Brighton are in talks to roll this out regionally and possibly nationally.

However stakeholders have highlighted that Sea Space does not always link into local regeneration initiatives. One example given was the construction training being funded under local Neighbourhood Renewal Fund (now Working Neighbourhood Fund) projects. This may indicate that Sea Space does not easily link into local regeneration structures such as Local Strategic Partnerships (LSPs) and one stakeholder suggested that this could be due to organisational/cultural differences between a commercially minded organisation such as Sea Space and a voluntary sector focussed LSP.

This difference of approach is illustrated by a recent discussion at Sea Spaces's Board meeting (20 February 2008) of the Hastings Construction and Training Charter. The minutes of this meeting note that Sea Space's current two construction contracts - Lacuna Place and Priory Quarter - are with Carillion who employ 77 people on the sites of whom 38% live within a 10-mile radius. It also notes that Carillion "has been very active in supporting the work of the Construction Skills Coordinator". It suggests that Sea Space is not a signatory to the Charter as it has taken a collaborative approach to meeting similar objectives to the Charter which has been successful without imposing a strict monitoring regime and the implied sanctions of the Charter. This does not in itself address the issue of linking into complimentary training programmes funded by the LSP or other public agencies and may be an area worth exploring as Sea Space continues to let major construction contracts.

Leverage

Another key theme of SAV is the ability to lever in and maintain investment in the area from partners and employers. As noted above Sea Space has been successful in bringing in public match funding from HEFCE and ERDF. It has also levered in other funding such as £15.1m for the Millennium Community from EP and Department of Transport and East Sussex CC investment into the A21 and link road which are key to the regeneration of the area. It is less easy to lock employers into an area as Sea Space found when it could not conclude negotiations with General Dynamics to move to a new large site in the area. However it has secured a £11.7m loan facility for the second phase of Lacuna Place and created a Joint Venture with Land Properties which brings the private sector back into the commercial property market in Hastings.

The approach to the development of the market adopted by Sea Space is important. Its role in terms of assembling land, securing planning permissions and undertaking direct development is central to its ethos.

In our experience, market making and shaping is a key area of activity for agencies such as Sea Space. However, this is normally undertaken through facilitation and enabling of activity as opposed to effectively direct development by the public sector.

The joint venture with Land Group and the raising of debt through the SPV is an innovative approach. In essence, Sea Space is taking the demand risk for the eventual assets created but can share in greater returns. Equally, the approach recognises that if a development agreement was to be structured with the private sector at an early stage the ability to transfer risk would be limited - or so expensive to the public sector - that it would effectively preclude development taking place.

At the same time, the approach ensures that the funding required is not subject to changes to market conditions and shifting views of development partners. In essence, it provides greater certainty that development will be brought forward.

In managing the development process, a greater level of skill and capability is required within the organisation. It requires direct property expertise and an ability to manage commercial risk. Sea Space appears to have been adept in structuring these arrangements.

Findings

1. Sea Space has played a core role in bringing together and influencing key regional and local partners to promote and deliver regeneration initiatives in Hastings and Bexhill and secure inward investment.
2. Whilst it has developed and improved its approach to community and stakeholder engagement to good effect in Phase 2, Sea Space has been less successful in promoting other projects e.g. in Bexhill and it should consider if there is a case to address this apparent imbalance.
3. Overall Sea Space's company structure has enabled it to take the roles of publicly funded regeneration vehicle and commercial developer. This programme could be enhanced by more effective engagement with other public programmes such as the Working Neighbourhoods Fund.
4. However it has effectively focused not only on delivery of the Early Wins projects but also set up the Joint Venture approach to phase 2 which will be central to meeting its objectives of stimulating development markets in Hastings and Bexhill, and moving away from reliance on public funding.
5. The direct intervention role played by Sea Space has delivered a first phase of quality property development which would otherwise have not been delivered by the private sector alone and has successfully engaged the private sector as a partner in phase 2.

12 Conclusions

Early Wins - construction

Sea Space have acted in the client/project manager role and commissioned technical support as required by the project (e.g. architects and quantity surveyors). This relationship seems to have worked well in all cases except in CMC2 where the partial collapse of the building led to a significant overspend. However this has been mitigated by Sea Space successfully pursuing an insurance claim in which the loss adjuster has recommended a substantial settlement in their favour.

Sea Space project managers report progress to the Board on a monthly basis and we were supplied with copies of approvals for variations in cost or scheme content. A recent Audit Report[58] concludes that "controls surrounding projects are generally in place and working effectively".

The quality of the finished buildings appears to be high and this is borne out by the positive feedback from occupiers.

We would also highlight the positive feedback from Lightning Leisure, the business operator for the Marina Pavilion, about the Sea Space team and their strong contract management.

Early Wins - operation

The Creative Media Centre and Innovation Centre have exceeded their business plan targets. They offer high quality business space and are able to achieve higher than average rental rates for the area. The feedback from businesses that use them is generally very positive, and perhaps the only significant area of complaint is the slowness of the broadband connection.

The UCH was a particular achievement in opening within a very ambitious timescale. It is seen as a "signal project", and has acted as a catalyst for other parallel projects to encourage participation in HE and FE amongst groups who might otherwise be excluded. It has met its targeted gross outputs in student numbers and is a strong platform on which to develop a second phase which has now been granted outline planning consent with the ambition to expand towards a 2000 student campus.

Marina Pavilion has experienced significant delays some of which have been due to agreeing legal land issues with the council, and some due to the difficulty in selecting a suitable business operator. However the selected business partner has been very positive in praising Sea Space's commercial approach to this venture and the Pavilion is now open and has met its planned outputs.

The net additionality of jobs and businesses created by the Creative Media Centre and Innovation Centre is high. As earlier studies suggest there has been little new office development in the area in recent years and the two centres now offer high quality accommodation which attracts and retains businesses to Hastings and has the potential to be part of the "ladder of accommodation" (as suggested by the Genecon report) linking to the larger business spaces at Lacuna Place and Enviro21.

[58] *Internal Audit Report, Bentley Jennison, July 2007*

Individual operational business plans for each project have been developed as part of the detailed project appraisal process and a key objective is to achieve the point whereby they become self-sustaining and no longer require public subsidy.

The learning opportunities created by the UCH have met and exceeded their targets. Both in quantative and qualitative terms they are viewed as a success and a prelude to the extension of the campus to accommodate 2,000 students.

Marina Pavilion has just opened and so the success of its operation as a business cannot be judged. However it has met its quantative outputs and is a local landmark building which illustrates the progress towards regenerating Hastings.

We have identified a clear rationale for the Early Wins projects to regenerate the Hastings and Bexhill area through increasing provision of business space, which the private sector may not see as a profitable opportunity, which has been supported by a holistic business advice programme; and through education led regeneration to improve the skills base of the local population and provide the basis for further development of learning opportunities.

The political imperative to deliver tangible change through the Early Wins programme presented a challenge to the newly established Sea Space. It has largely met this challenge with respect to these four projects. There was no evidence of an appetite in the private sector to develop these sites and without public sector intervention they would have remained undeveloped.

Phase2

The development of the Priory Quarter master plan and proposals for Station Plaza has presented a cohesive view of the potential for change to Hastings town centre. Both of the Phase 2 projects have benefited from the consultative approach taken by Sea Space which has led to more local "buy-in" and consequently an easier journey through the formal planning application process. In this respect Sea Space has been effective in adapting its approach to stakeholder engagement learning from other projects such as the Bexhill Town Centre and Pelham Crescent which provoked local opposition.

Both Lacuna Place and Queensway South are speculative developments and with no pre-lets secured and this presents a risk to Sea Space and their JV vehicle, Coastal Land. Having said this all previous studies support the rationale that there is demand for quality commercial space within Hastings, and this is further underlined by the high occupancy rates achieved by the Creative Media Centre and Innovation Centre.

Contribution to meeting Business Plan Outputs and RES Outcomes

The Early Wins projects on their own have met the targeted Sea Space outputs for new business creation, and are on track to meet those for learning opportunities and skills training, and adults and individuals receiving broadband access by 2013.

They have also made significant contributions towards targets for new jobs created/safeguarded, brownfield land remediated, private sector leverage and meeting the "critical mass for regeneration" identified within the Business Plan of 1million square feet (100,00m2) of commercial, industrial and educational floorspace.

The phase 2 projects will add to this capacity and meet the strategic objective of engaging the private sector and moving away from publicly funded projects.

The projects are strongly aligned to the Five Point Plan as the over-arching strategy for this programme.

Other Sea Space activity such as the raft of business support services which have operated from the CMC have been a key part to delivering a strategy of holistic support to developing businesses in the area.

It is apparent that economic indicators have improved in Hastings since 2002 towards meeting the intermediate and higher outcomes of reducing economic inactivity; increasing the business stock; increasing average wage levels; and increasing employment. It is not possible to isolate the effect of these particular projects given the other Sea Space projects and activity around business support which are outside of this evaluation, and the other complementary programmes financed through AIF and LEGI. However the outputs from the Early Wins projects clearly support the improving economic trends, and the phase 2 outcomes and outputs will underscore this. Although we have no up to date figures for skills attainment, UCH is on track to meet the Business Plan's targeted outputs and the proposed campus expansion will add to this. We estimate that the GVA impact for these interventions range between £20milion to £40 million per year based on a range of estimates for GDP per head and differing assumptions on the educational benefits which arise from the attainment of higher qualifications

CMC and IC have shown that higher rents are sustainable for quality office provision and have set the scene for levering in private finance and private sector developers in phase 2.

Strategic Added Value

We have found that Sea Space has played a core role in bringing together and influencing key regional and local partners to promote and deliver regeneration initiatives in Hastings and Bexhill and secure inward investment.

Whilst it has developed and improved its approach to community and stakeholder engagement to good effect in Phase 2, Sea Space has been less successful to date in getting agreement to take forward projects in Bexhill, but has agreed to prioritise investment in North Bexhill if further funding becomes available.

Overall Sea Space's company structure has enabled it to take the roles of publicly funded regeneration vehicle and commercial developer. This programme could be enhanced by more effective engagement with other public programmes such as the Working Neighbourhoods Fund.

However it has effectively focused not only on delivery of the Early Wins projects but also set up the Joint Venture approach to phase 2 which will be central to meeting its objectives of stimulating development markets in Hastings and Bexhill, and moving away from reliance on public funding.

The direct intervention role played by Sea Space has delivered a first phase of quality property development which would otherwise have not been delivered by the private sector alone. It has successfully engaged the private sector as a partner in phase 2 and subject to the success of Lacuna Place this will act as model for future sites.

13 Recommendations

1. Sea Space has achieved a lot in the last five years as a new organisation. It serves as a strong model for the delivery of regeneration infrastructure through a company structure both through the levering of public sector funds to create self-sustaining business centres and a developing centre of educational excellence in phase 1, and developing into a JV model which secures market involvement from the private sector in phase 2. The flexibility of the model and its ability to focus on delivery of key projects should be considered by SEEDA as a model for future delivery of regeneration infrastructure.
2. There is very good feedback in our survey from the CMCs and IC on the quality of office space and services. However there are no regular customer satisfaction surveys carried out at the two business centres. We would recommend that these are implemented and a process is established to feed back the results and any proposed improvements to the tenants, Board and Steering Group.
3. Although the UCH is recognised by stakeholders as a success story, and has positive feedback from students, there was still some uncertainty amongst those surveyed as to what it offers. We would suggest that the UCH reviews its approach to marketing to ensure it is communicating as widely and effectively as possible.
4. Sea Space has built a strong framework for consulting stakeholders on the phase 2 projects learning from the some of the local objections to early projects. It should continue this as the remaining Phase 2 projects develop, and ensure that its private sector partners are similarly engaged.
5. With regard to phase 2, a number of commercial market assessments have been commissioned which support the strategy of speculative development. This is further underpinned by securing private sector involvement through the Coastal Land JV, and we note that Sea Space has three agents pursuing a comprehensive marketing strategy. However this remains a speculative development and Sea Space should ensure that it has a strong risk management strategy in place, particularly in gauging how the market response to Lacuna Place will influence thinking and timing around the development of the Queensway site.
6. The Business Plan runs to 2013. Sea Space should ensure it has systems in place to monitor outputs on all of these projects through to this date to ensure they are accounted for in any subsequent evaluation.

Appendix A - Source Documents

Additionality Guide - A Standard Approach to Assessing the Additional Impact of Projects, English Partnerships, Sept 2004
Business Plan, HBRL, November 2003
Census 2001
Climbing the Ladder, Hastings and Bexhill LEGI bid
Coastal Towns, House of Commons Communities and Local Government Committee, February 2007
Corporate Plan 2008-11, SEEDA
Curve Thinking, UCH Research, March 2007
Directors Report for the year ended 31 March 2007, HBRL, July 2007
DTI Occasional Paper No. 2- Evaluating the impact of England's Regional Development Agencies: Developing a Methodology and Evaluation Framework, Feb 2006
Employment Land Survey Hastings BC, 2006/07
English Partnerships Annual Report 2007
EP Best Practice Note 15
Enviro21 Innovation Parks, Queensway, Hastings: Public Consultation October 2007, Report of Feedback, Sea Space
England's Regional Development Agencies, RDA Corporate Plans for 2005-8 Tasking Framework (available at http://www.berr.gov.uk/files/file26126.pdf)
Funding Agreement, SEEDA and HBRL, Feb 2006
Gap Site Redevelopment Economic Appraisal, Genecon, August 2006
Hastings and Bexhill Five Point Plan, DTZ Pieda Consulting
Hastings Employment Study, GL Hearn for Hastings BC, Nov 2001
Implementing the RDA Impact Evaluation Framework - Ready-reckoners for adjusting gross to net outputs, SQW and PA, June 2006
Indices of Multiple Deprivation 2000 - Department for Transport, Environment and the Regions
Indices of Multiple Deprivation 2004 - Office of the Deputy Prime Minister
Indices of Multiple Deprivation 2007 - Department of Communities and Local Government
Individual project appraisals
Internal Audit Report, Bentley Jennison, July 2007
Masterplan Consultation Results, Clive Jacotine & Associates and Nick Wates Assoc, 2002
Property Market Supply and Demand Review, Savills, March 2006
Property Market Paper, Drivas Jonas, 1998
Public Inquiry - Employment Topic Report, Hastings Borough Council, January 2002.
PSA Delivery Agreement 7 - HM Government, October 2007
Regional Economic Performance: Progress to date - HM Treasury, Department for Communities and Local Government, Department of Trade and Industry, December 2006
Regional Economic Strategy - A Framework for Sustainable Prosperity - SEEDA, 2006
Regional Economic Strategy 2006-2016 Implementation Plan, SEEDA, 2006
Regional Economic Strategy 2002-2012, SEEDA, 2002
The Review of Sub-National Economic Development and Regeneration - HM Treasury, June 2007
SEEDA Performance Management, Guidance Note 1; Tier 3 Output Definitions, July 2004
A Study of Vacant Industrial and Commercial Premises in East Sussex, Gerald Eve, 1994
Sussex Business Survey, East Sussex CC, 1999
Terms of Governance, Hastings and Bexhill Task Force, Nov 2004
Towards a Masterplan for Hastings and Bexhill, MBM Arquitectes and AZ Urban Studio, 2002
Unlocking the Talent of our Communities, DCLG, March 2008

Appendix B - Stakeholders Consulted

Name	Position
Sea Space	
Clive Taylor	Physical Development Manager
Paul Adams	Transport and Planning Manager
Mike Haynes	Business Plan Manager
Keith Sadler	Deputy Project Director
John Shaw	Project Director
Kevin Nicholson	Business Deevlopment Manager
Alan Blackwell	Partnership Liaison Manager
Linda Jeffcoate	Creative Media Centre Manager
Jenny Haley	Innovation Centre Manager
Hastings Borough Council	
Monica Adams-Acton	Economic Development Manager
East Sussex County Council	
Rupert Clubb	Director of Transport; HBRL Board Member
Rother District Council	
Tony Leonard	Director of Services; HBRL Board Member
Graham Burgess	Head of Regeneration
University of Brighton	
Prof. Julian Crampton	Pro-Vice Chancellor; Taskforce Member and Chair of HBRL Board
Margaret Wallis	Head of Co-ordination and Development
GOSE	
Di Woolloff	Area Locality Lead; Taskforce Member
English Partnerships	
David Ashworth	Area Director; Taskforce and HBRL Board Observer
SEEDA	
John Parsonage	Executive Director, Smart Growth;Taskforce and Board Member
1066 Enterprise	
Paul Evans	CE of 1066 Enterprise (Chamber of Commerce); HBRL Board Men
Stevens Associates	
Linda Stevens	Director
Marina Pavilion	
David Thorpe-Tracey	Co-Director - Lighting Leisure

Appendix C - Research Methodology - Business Centre Surveys

101 business-to-business telephone interviews were conducted by Research and Marketing Plus in the Hastings and Bexhill area (defined by the boundaries of Hastings BC and Rother DC) including a sample of businesses operating from the Creative Media Centre or Innovation Centre.

This was targeted as follows:

- To maximise completed surveys with businesses currently operating from the Creative Media Centre (CMC) and Innovation Centre (IC) up to a maximum of 50 businesses from a current population of 70.
- Approximately, 50 completed surveys with businesses based in the Hastings and Bexhill area but not currently in the CMC or IC. More if the target number in the CMC and IC cannot be met.

The interviews were carried out between 2nd June and 18th June 2008. Interviews were conducted at Research & Marketing's in-house CATI (Computer Assisted Telephone Interviewing) Unit and contacted during the day.

SAMPLE BREAKDOWN

The database used for making telephone calls was provided by Grant Thornton UK LLP and obtained through an approved supplier to Research and Marketing Plus.

Target		Sample Achieved
Creative Media Centre & Innovation Centre		40
Other businesses in Hastings & Bexhill:		
Creative & media sector	15	61
Other business sectors	46	
Total:		**101**

STATEMENT OF RELIABILITY

Assessment of the standard error:

1. This survey has been undertaken by a series of individual sample surveys for different zones.
2. The results are subject to the following sampling error, for which there follow an analysis.
3. The following analysis indicates the methodology used to calculate the standard error, with the standard 95% probability of being correct. The formulae for these calculations are as follows:

$$SE\% = \sqrt{\frac{p\%xq\%}{n}}$$

where p% = % sample value recorded

q% = 100% - p%

n = sample size

and where:

±9.75 (SE%) = 95% probability that the correct answer lies in the range calculated.

4. When the sampling frame for individual zones is boosted to ensure reliability, with the results subsequently weighted proportional to population, the following analysis is used to calculate the effective sample size. The formulae for these calculations are as follows:

$$\frac{n}{\sum_{i=1}^{k} P_i W_i^{\ 2}}$$

where k = number of zones the population and sample are divided into

n = total sample size

P = sample proportions

W = weights5. On our sample of 101 interviews we have a confidence interval of 9.75 at a 95% confidence level.

The **confidence interval** is the plus-or-minus figure usually reported in newspaper or television opinion poll results. For example, if you use a confidence interval of 9.75 and 50% percent of your sample picks an answer you can be "sure" that if you had asked the question of the entire relevant population between 40.25% **(50 – 9.75)** and 59.75% **(50 + 9.75)** would have picked that answer.

The **confidence level** tells you how sure you can be. It is expressed as a percentage and represents how often the true percentage of the population who would pick an answer lies within the confidence interval. The 95% confidence level means you can be 95% certain; the 99% confidence level means you can be 99% certain. Most researchers use the 95% confidence level.

When you put the confidence level and the confidence interval together, you can say that you are 95% sure that the true percentage of the population is between **40.25%** and **59.75**

Appendix D - Beneficiary Survey - Creative Media Centre & Innovation Centre based firms

Q1. Which sector best describes the work of your business?

		Base: All respondents	
		Num	%
Base: All respondents		40	100.00%
Other services (creative and media)		12	30.00%
Business services		4	10.00%
Financial services		3	7.50%
Transport & communications (inc. telecoms)		2	5.00%
Manufacturing		1	2.50%
Health and education (private and public sector)		1	2.50%
Other	Training and Consultancy	6	15.00%
	IT	5	12.50%
	Care Finding Service	1	2.50%
	Consultant Engineer	1	2.50%
	Distribution	1	2.50%
	Engineering	1	2.50%
	Import and Export	1	2.50%
	Property Rental	1	2.50%

Q2. Which of the following best describes the company's position when it was first established this site/ in these premises?

	Base: All respondents	
	Num	%
Base: All respondents	40	100.00%
A newly started business	9	22.50%
A newly started branch or subsidiary of a larger company	5	12.50%
A relocation from within the local area	15	37.50%
A relocation from elsewhere in the region	5	12.50%
A relocation from outside the region	6	15.00%

Q3. How long has your business been located in this region?

	Base: All respondents	
	Num	%
Base: All respondents	40	100.00%
1 1/2 years	2	5.00%
1 year	11	27.50%
10 years	2	5.00%
100 years	1	2.50%
14 months	1	2.50%
2 1/2 years	1	2.50%
2 years	2	5.00%
20 years	1	2.50%
27 years	1	2.50%
3 years	5	12.50%
4 months	2	5.00%
4 years	6	15.00%
5 years	1	2.50%
6 years	2	5.00%
8 months	1	2.50%
9 months	1	2.50%

Q4. How long has your business been located at this site/ in these premises?

	Base: All respondents	
	Num	%
Base: All respondents	40	100.00%
1 1/2 years	2	5.00%
1 year	14	35.00%
1 year 9 months	1	2.50%
14 months	2	5.00%
2 1/2 yrs	1	2.50%
2 years	5	12.50%
21 months	1	2.50%
3 years	3	7.50%
4 months	2	5.00%
4 years	2	5.00%
5 months	1	2.50%
6 months	1	2.50%
7 months	1	2.50%
8 months	2	5.00%
9 months	2	5.00%

Q5. What was the value of sales in the last financial year?

	Base: All respondents	
	Num	%
Base: All respondents	40	100.00%
Less than £60k	1	2.50%
£60k - £250k	5	12.50%
£250k - £500k	5	12.50%
£1 - £2.5 million	1	2.50%
Don't know/unsure	28	70.00%

Q6. How many employees (including the owner/ proprietor) does your firm currently employ on-site at the Innovation Centre/ Creative Media Centre?

	Base: All respondents	
	Num	%
Base: All respondents	40	100.00%
1	13	32.50%
2	9	22.50%
3	8	20.00%
4	1	2.50%
5	3	7.50%
6	3	7.50%
7	1	2.50%
22	1	2.50%
Don't know	1	2.50%

Q7. Roughly speaking, what percentage of your employees live in the Hastings and Bexhill area?

	Base: All respondents	
	Num	%
Base: All respondents	40	100.00%
100%	27	67.50%
75-100%	4	10.00%
50-75%	4	10.00%
Less than 25%	1	2.50%
None	4	10.00%

Q8. Roughly speaking, what percentage of your expenditure is on salary costs?

	Base: All respondents	
	Num	%
Base: All respondents	40	100.00%
100%	1	2.50%
75-100%	3	7.50%
50-75%	6	15.00%
25-75%	6	15.00%
Less than 25%	3	7.50%
Don't know/unsure	21	52.50%

Q9. I'm now going to read out a number of reasons for locating in business premises and I would like you to tell me how important they were in your decision to start up/locate in your current location?

		Base: All respondents	
		Num	%
Base: All respondents		40	100.00%
Availability and flexibility of suitable commercial premises	Not at all important	4	10.00%
	Minor importance	1	2.50%
	Some importance	4	10.00%
	Important	10	25.00%
	Great importance	20	50.00%
	Not applicable	1	2.50%
Cost of renting premises	Not at all important	1	2.50%
	Minor importance	2	5.00%
	Some importance	6	15.00%
	Important	14	35.00%
	Great importance	17	42.50%
Quality of building design	Not at all important	2	5.00%
	Minor importance	4	10.00%
	Some importance	13	32.50%
	Important	11	27.50%
	Great importance	8	20.00%
	Not applicable	2	5.00%
Availability of a broadband internet connection	Not at all important	4	10.00%
	Some importance	3	7.50%
	Important	5	12.50%
	Great importance	27	67.50%
	Not applicable	1	2.50%
Room for expansion in-situ	Not at all important	5	12.50%
	Minor importance	3	7.50%
	Some importance	7	17.50%
	Important	8	20.00%
	Great importance	16	40.00%
	Not applicable	1	2.50%
Transport connections	Not at all important	14	35.00%
	Minor importance	7	17.50%
	Some importance	6	15.00%
	Important	6	15.00%
	Great importance	5	12.50%
	Not applicable	2	5.00%
Access to customers	Not at all important	10	25.00%
	Minor importance	9	22.50%
	Some importance	1	2.50%
	Important	10	25.00%
	Great importance	7	17.50%
	Not applicable	3	7.50%
Access to suppliers	Not at all important	14	35.00%
	Minor importance	9	22.50%
	Some importance	3	7.50%
	Important	7	17.50%
	Great importance	2	5.00%
	Not applicable	5	12.50%

Labour costs	Not at all important	13	32.50%
	Minor importance	5	12.50%
	Important	5	12.50%
	Great importance	4	10.00%
	Not applicable	13	32.50%
Skills of the local labour force	Not at all important	10	25.00%
	Minor importance	6	15.00%
	Some importance	6	15.00%
	Important	5	12.50%
	Great importance	2	5.00%
	Not applicable	11	27.50%
Close to home of key staff	Not at all important	4	10.00%
	Minor importance	2	5.00%
	Some importance	3	7.50%
	Important	14	35.00%
	Great importance	12	30.00%
	Not applicable	5	12.50%
Availability of local shops and services	Not at all important	13	32.50%
	Minor importance	5	12.50%
	Some importance	8	20.00%
	Important	5	12.50%
	Great importance	4	10.00%
	Not applicable	5	12.50%
Quality and cost of housing in the local area	Not at all important	12	30.00%
	Minor importance	6	15.00%
	Some importance	5	12.50%
	Important	5	12.50%
	Great importance	3	7.50%
	Not applicable	9	22.50%
Links with the University of Brighton	Not at all important	16	40.00%
	Minor importance	3	7.50%
	Some importance	4	10.00%
	Important	2	5.00%
	Great importance	1	2.50%
	Not applicable	14	35.00%
Links to industry-specific contacts	Not at all important	13	32.50%
	Minor importance	7	17.50%
	Some importance	4	10.00%
	Important	11	27.50%
	Not applicable	5	12.50%
Ability to network and make links with other tenants of the centre	Not at all important	9	22.50%
	Minor importance	4	10.00%
	Some importance	7	17.50%
	Important	7	17.50%
	Great importance	12	30.00%
	Not applicable	1	2.50%
One-to-one support and advice available on site (e.g. from the Enterprise Hub or Ebizz Centre)	Not at all important	14	35.00%
	Minor importance	4	10.00%
	Some importance	6	15.00%
	Important	10	25.00%
	Great importance	4	10.00%
	Not applicable	2	5.00%
Links with other business support organisations	Not at all important	13	32.50%
	Minor importance	5	12.50%
	Some importance	5	12.50%
	Important	11	27.50%
	Great importance	1	2.50%
	Not applicable	5	12.50%

General access to information	Not at all important	7	17.50%
	Minor importance	6	15.00%
	Some importance	7	17.50%
	Important	15	37.50%
	Great importance	1	2.50%
	Not applicable	4	10.00%
Financial support to your business from the public sector	Not at all important	19	47.50%
	Minor importance	3	7.50%
	Some importance	2	5.00%
	Important	2	5.00%
	Great importance	3	7.50%
	Not applicable	11	27.50%

Q9a. You stated 'financial support to your business from the public sector' was a reason for relocating the business premises; why was/ is this?

	Base: All respondents	
	Num	%
Base: All respondents	40	100.00%
Was previously working in a garage and needed more space	1	2.50%
Don't know	3	7.50%
Fully funded from the University	1	2.50%
Good area, quieter, better way of life	1	2.50%
It is linked into the enterprise hub	1	2.50%
No reason	8	20.00%
Not applicable	24	60.00%
Not important	1	2.50%

Q9b. Are there any other reasons for your decision to start up/ locate in your current location?

		Base: All respondents	
		Num	%
Base: All respondents		40	100.00%
No		22	55.00%
Other	Image of building is good	2	5.00%
	In centre of Hastings	2	5.00%
	24 hour access to the building	1	2.50%
	Better links to Europe	1	2.50%
	Combined two branches into one	1	2.50%
	Cost	1	2.50%
	Easy parking	1	2.50%
	It is a Creative Media Centre	1	2.50%
	Location being by the sea	1	2.50%
	Peace and quiet	1	2.50%
	Reasonable distance to London	1	2.50%
	Reception service important	1	2.50%
	Security	1	2.50%
	Short contract - not tied in	1	2.50%
	There was nothing available in Hastings Town Centre	1	2.50%
	View	1	2.50%

Q9b_1. How important was this decision?

	Base: Those with additional reasons	
	Num	%
Base: Those with additional reasons	18	100.00%
Minor importance	1	5.60%
Some importance	1	5.60%
Important	7	38.90%
Great importance	9	50.00%

Q10. For each of the following features of the centre please say how you would assess its impact on your business since you have been located there?

		Base: All respondents	
		Num	%
Base: All respondents		40	100.00%
Quality of business premises	Negative impact	1	2.50%
	Neutral	9	22.50%
	Positive impact	19	47.50%
	Very positive impact	7	17.50%
	Not applicable	4	10.00%
Flexibility of terms	Negative impact	1	2.50%
	Neutral	8	20.00%
	Positive impact	20	50.00%
	Very positive impact	10	25.00%
	Not applicable	1	2.50%
Cost of renting premises (compared to other possible sites)	Negative impact	6	15.00%
	Neutral	15	37.50%
	Positive impact	15	37.50%
	Very positive impact	3	7.50%
	Not applicable	1	2.50%
Availability of specialist advice	Very negative impact	1	2.50%
	Negative impact	3	7.50%
	Neutral	18	45.00%
	Positive impact	12	30.00%
	Very positive impact	2	5.00%
	Not applicable	4	10.00%
Opportunities to network with other businesses in the centre	Negative impact	1	2.50%
	Neutral	7	17.50%
	Positive impact	17	42.50%
	Very positive impact	11	27.50%
	Not applicable	4	10.00%
Availability of broadband internet connection	Very negative impact	4	10.00%
	Negative impact	5	12.50%
	Neutral	3	7.50%
	Positive impact	14	35.00%
	Very positive impact	13	32.50%
	Not applicable	1	2.50%
Opportunity to move to larger premises as business grows	Very negative impact	1	2.50%
	Negative impact	2	5.00%
	Neutral	5	12.50%
	Positive impact	21	52.50%
	Very positive impact	6	15.00%
	Not applicable	5	12.50%

Q11. How much has your business grown each year since you located at the Innovation Centre/ Creative Media Centre?

	Base: All respondents	
	Num	%
Base: All respondents	40	100.00%
0 - 10%	4	10.00%
10 - 25%	4	10.00%
> 25%	13	32.50%
Stayed the same	4	10.00%
Don't know	15	37.50%

w much has your number of employees (i.e. full-time equivalents working >30hours per week) grown each year since you located at the In Centre/ Creative Media Centre?

	Base: All respondents	
	Num	%
Base: All respondents	40	100.00%
0 - 10%	3	7.50%
10 - 25%	1	2.50%
> 25%	8	20.00%
Stayed the same	17	42.50%
Decreased	1	2.50%
Don't know	10	25.00%

Q13. By what percentage do you think turnover will increase over the next three years?

	Base: All respondents	
	Num	%
Base: All respondents	40	100.00%
0 - 10%	2	5.00%
10 - 25%	4	10.00%
> 25%	18	45.00%
Stayed the same	1	2.50%
Decreased	1	2.50%
Don't know	14	35.00%

Q14. What would your business have done if this site and these premises had not been available?

	Base: All respondents	
	Num	%
Base: All respondents	40	100.00%
Located elsewhere in the Hastings and Bexhill area	30	75.00%
Located elsewhere in the South East region	6	15.00%
Delayed starting up/moving	1	2.50%
Cancelled starting up/the move	1	2.50%
Located elsewhere in the UK (outside the Region)	1	2.50%
Don't know	1	2.50%
Other	0	0.00%

Q14_1 How long has this delayed start-up/ moving

	Base: Those mentioning delayed starting up/moving	
	Num	%
Base: Those mentioning delayed starting up/moving	1	100.00%
Don't know	1	100.00%

Q15. Would your business have been to the same scale in terms of turnover if located elsewhere?

	Base: All respondents	
	Num	%
Base: All respondents	40	100.00%
Yes - the same	26	65.00%
No - up to 10% smaller	5	12.50%
No - 10-25% smaller	1	2.50%
No - 25-50% smaller	1	2.50%
Don't know/Not applicable	7	17.50%

Q16. Would your business have been to the same scale in terms of numbers of jobs if located elsewhere?

	Base: All respondents	
	Num	%
Base: All respondents	40	100.00%
Yes - the same	33	82.50%
No - up to 10% smaller	3	7.50%
No - 25-50% smaller	1	2.50%
Don't know/Not applicable	3	7.50%

Q17. How satisfied are you with the quality, choice and price of business office space provided by the Innovation Centre/ Creative Media Centre?

		Base: All respondents	
		Num	%
Base: All respondents		40	100.00%
Quality	Poor	1	2.50%
	Average	5	12.50%
	Fairly good	18	45.00%
	Very good	16	40.00%
Choice of accommodation	Average	5	12.50%
	Fairly good	16	40.00%
	Very good	18	45.00%
	Not applicable	1	2.50%
Price	Poor	3	7.50%
	Average	11	27.50%
	Fairly good	13	32.50%
	Very good	13	32.50%

Q18. Is there any way in which the Innovation Centre/ Creative Media Centre can improve its service to businesses?

	Base: All respondents	
	Num	%
Base: All respondents	40	100.00%
Bring price of Broadband down and make it faster	15	37.50%
Nothing	12	30.00%
Air conditioning within the building	1	2.50%
Better parking, better internal communications	1	2.50%
Broadband a bit slow, no air conditioning.	1	2.50%
Fix plaster in office wall	1	2.50%
Internet connection a bit slow. Need a staff room or canteen	1	2.50%
Internet too slow, cleaning services is bad and require a canteen on site	1	2.50%
More recycling, better broadband connection and better telephone connection. Better kitchen	1	2.50%
Needs wireless broadband and should be free. Non-paying tenants using the building DCAS and pacifica training.	1	2.50%
Option to have a meeting room free once a month	1	2.50%
Public transport	1	2.50%
Should have its own server on site	1	2.50%
Staff room needed with kitchen to network with other people in the building, creche needed,internet expensive/unreliable	1	2.50%
When the previous company was there they still use the carpark for their company cars	1	2.50%

Q19. Age group of respondent

	Base: All respondents	
	Num	%
Base: All respondents	40	100.00%
18 - 24 years	1	2.50%
25 - 34 years	9	22.50%
35 - 44 years	17	42.50%
45 - 54 years	9	22.50%
55 - 64 years	2	5.00%
65 years or above	1	2.50%
Refused	1	2.50%

Q20. Would you be willing to be recontacted for future quality control purposes?

	Base: All respondents	
	Num	%
Base: All respondents	40	100.00%
Yes	39	97.50%
No	1	2.50%

Q21. Gender of respondent

	Base: All respondents	
	Num	%
Base: All respondents	40	100.00%
Male	28	70.00%
Female	12	30.00%

Appendix E - Beneficiary Survey Results - Control Sample

Q1. Which sector best describes the work of your business?

		Base: All respondents		Industry			
		Num	%	Creative		Other services	
		Num	%	Num	%	Num	%
Base: All respondents		61	100.00%	15	24.60%	46	75.40%
Retail (incl. wholesale)		17	27.90%	0	0.00%	17	27.90%
Other services (creative and media)		15	24.60%	15	24.60%	0	0.00%
Health and education (private and public sector)		7	11.50%	0	0.00%	7	11.50%
Leisure and Tourism (hotels & restaurants)		6	9.80%	0	0.00%	6	9.80%
Transport & communications (incl. telecoms)		5	8.20%	0	0.00%	5	8.20%
Business services		4	6.60%	0	0.00%	4	6.60%
Manufacturing		1	1.60%	0	0.00%	1	1.60%
Construction		1	1.60%	0	0.00%	1	1.60%
Other	Charity	2	3.30%	0	0.00%	2	3.30%
	Agricultural	1	1.60%	0	0.00%	1	1.60%
	Club	1	1.60%	0	0.00%	1	1.60%
	Motor vehicle repair	1	1.60%	0	0.00%	1	1.60%

Q2. How long has your company been trading?

	Base: All respondents		Industry			
	Num	%	Creative		Other services	
	Num	%	Num	%	Num	%
Base: All respondents	61	100.00%	15	24.60%	46	75.40%
Less than 1 year	1	1.60%	0	0.00%	1	1.60%
1-5 years	12	19.70%	3	4.90%	9	14.80%
Over 5 years	48	78.70%	12	19.70%	36	59.00%

Q3. How long has your business been located in this region?

	Base: All respondents		Industry			
	Num	%	Creative		Other services	
	Num	%	Num	%	Num	%
Base: All respondents	61	100.00%	15	24.60%	46	75.40%
1 year	3	4.90%	2	3.30%	1	1.60%
10 years	2	3.30%	1	1.60%	1	1.60%
100 years	1	1.60%	0	0.00%	1	1.60%
109 years	1	1.60%	0	0.00%	1	1.60%
11 years	2	3.30%	1	1.60%	1	1.60%
12 years	2	3.30%	0	0.00%	2	3.30%
13 years	2	3.30%	0	0.00%	2	3.30%
149 years	1	1.60%	1	1.60%	0	0.00%
15 years	2	3.30%	0	0.00%	2	3.30%
16 years	2	3.30%	0	0.00%	2	3.30%
17 years	1	1.60%	0	0.00%	1	1.60%
18 years	2	3.30%	1	1.60%	1	1.60%
2 years	4	6.60%	1	1.60%	3	4.90%
20 years	4	6.60%	2	3.30%	2	3.30%
22 years	2	3.30%	0	0.00%	2	3.30%
23 years	1	1.60%	0	0.00%	1	1.60%
24 years	2	3.30%	0	0.00%	2	3.30%
25 years	1	1.60%	0	0.00%	1	1.60%
26 years	1	1.60%	1	1.60%	0	0.00%
27 years	1	1.60%	0	0.00%	1	1.60%
29 years	1	1.60%	0	0.00%	1	1.60%
3 years	4	6.60%	1	1.60%	3	4.90%
38 years	1	1.60%	0	0.00%	1	1.60%
4 years	1	1.60%	1	1.60%	0	0.00%
5 years	1	1.60%	0	0.00%	1	1.60%
52 years	1	1.60%	0	0.00%	1	1.60%
6 years	5	8.20%	1	1.60%	4	6.60%
60 years	1	1.60%	0	0.00%	1	1.60%
60 years	1	1.60%	0	0.00%	1	1.60%
7 years	1	1.60%	0	0.00%	1	1.60%
70 years	1	1.60%	0	0.00%	1	1.60%
8 years	3	4.90%	1	1.60%	2	3.30%
82 years	1	1.60%	0	0.00%	1	1.60%
9 years	1	1.60%	0	0.00%	1	1.60%
58 years	1	1.60%	1	1.60%	0	0.00%

Q4. How long has your business been located at its current premises?

	Base: All respondents		Industry			
	Num	%	Creative		Other services	
	Num	%	Num	%	Num	%
Base: All respondents	61	100.00%	15	24.60%	46	75.40%
1 year	5	8.20%	3	4.90%	2	3.30%
10 years	3	4.90%	0	0.00%	3	4.90%
100 years	1	1.60%	0	0.00%	1	1.60%
11 years	1	1.60%	0	0.00%	1	1.60%
12 years	1	1.60%	0	0.00%	1	1.60%
13 years	2	3.30%	0	0.00%	2	3.30%
14 years	1	1.60%	0	0.00%	1	1.60%
16 years	2	3.30%	0	0.00%	2	3.30%
17 years	1	1.60%	0	0.00%	1	1.60%
2 years	6	9.80%	3	4.90%	3	4.90%
20 years	2	3.30%	1	1.60%	1	1.60%
20 Years	1	1.60%	0	0.00%	1	1.60%
22 years	2	3.30%	0	0.00%	2	3.30%
24 years	2	3.30%	0	0.00%	2	3.30%
25 years	1	1.60%	0	0.00%	1	1.60%
26 years	1	1.60%	1	1.60%	0	0.00%
27 years	1	1.60%	1	1.60%	0	0.00%
3 years	7	11.50%	2	3.30%	5	8.20%
30 years	1	1.60%	0	0.00%	1	1.60%
38 years	1	1.60%	0	0.00%	1	1.60%
4 years	1	1.60%	1	1.60%	0	0.00%
5 years	3	4.90%	0	0.00%	3	4.90%
52 years	1	1.60%	0	0.00%	1	1.60%
6 years	5	8.20%	1	1.60%	4	6.60%
7 years	2	3.30%	1	1.60%	1	1.60%
70 years	1	1.60%	0	0.00%	1	1.60%
78 years	1	1.60%	0	0.00%	1	1.60%
8 years	2	3.30%	0	0.00%	2	3.30%
9 years	1	1.60%	0	0.00%	1	1.60%
12 years	1	1.60%	1	1.60%	0	0.00%
Since the 1930s, but we took over 15 years ago	1	1.60%	0	0.00%	1	1.60%

Q5. What was the value of sales in the last financial year?

	Base: All respondents		Industry			
	Num	%	Creative		Other services	
	Num	%	Num	%	Num	%
Base: All respondents	61	100.00%	15	24.60%	46	75.40%
Less than £60k	12	19.70%	3	4.90%	9	14.80%
£60k - £250k	7	11.50%	5	8.20%	2	3.30%
£250k - £500k	3	4.90%	2	3.30%	1	1.60%
£500k - £1million	3	4.90%	1	1.60%	2	3.30%
£1 - £2.5 million	2	3.30%	0	0.00%	2	3.30%
Over £2.5 million	1	1.60%	0	0.00%	1	1.60%
Don't know/unsure	33	54.10%	4	6.60%	29	47.50%

Q6. How many employees (including the owner/ proprietor) does your firm currently employ on-site?

	Base: All respondents		Industry			
	Num	%	Creative		Other services	
	Num	%	Num	%	Num	%
Base: All respondents	61	100.00%	15	24.60%	46	75.40%
None	3	4.90%	0	0.00%	3	4.90%
1	18	29.50%	6	9.80%	12	19.70%
2	7	11.50%	3	4.90%	4	6.60%
3	4	6.60%	2	3.30%	2	3.30%
4	5	8.20%	1	1.60%	4	6.60%
5	6	9.80%	0	0.00%	6	9.80%
6	4	6.60%	1	1.60%	3	4.90%
7	2	3.30%	1	1.60%	1	1.60%
8	2	3.30%	0	0.00%	2	3.30%
9	1	1.60%	0	0.00%	1	1.60%
10	1	1.60%	0	0.00%	1	1.60%
11	1	1.60%	0	0.00%	1	1.60%
12	2	3.30%	0	0.00%	2	3.30%
20	1	1.60%	1	1.60%	0	0.00%
36	1	1.60%	0	0.00%	1	1.60%
45	1	1.60%	0	0.00%	1	1.60%
47	1	1.60%	0	0.00%	1	1.60%
150	1	1.60%	0	0.00%	1	1.60%

Q7. Roughly speaking, what percentage of your employees live in the Hastings and Bexhill area?

	Base: All respondents		Industry			
	Num	%	Creative		Other services	
	Num	%	Num	%	Num	%
Base: All respondents	61	100.00%	15	24.60%	46	75.40%
100%	48	78.70%	11	18.00%	37	60.70%
75-100%	6	9.80%	1	1.60%	5	8.20%
50-75%	3	4.90%	1	1.60%	2	3.30%
25-75%	1	1.60%	0	0.00%	1	1.60%
None	3	4.90%	2	3.30%	1	1.60%

Q8. Roughly speaking, what percentage of your expenditure is on salary costs?

	Base: All respondents		Industry			
	Num	%	Creative		Other services	
	Num	%	Num	%	Num	%
Base: All respondents	61	100.00%	15	24.60%	46	75.40%
100%	2	3.30%	1	1.60%	1	1.60%
75-100%	3	4.90%	0	0.00%	3	4.90%
50-75%	4	6.60%	1	1.60%	3	4.90%
25-75%	14	23.00%	5	8.20%	9	14.80%
Less than 25%	20	32.80%	6	9.80%	14	23.00%
Don't know/unsure	18	29.50%	2	3.30%	16	26.20%

Q9. How much has your business turnover grown each year since you located at your current premises?

	Base: All respondents		Industry			
	Num	%	Creative		Other services	
	Num	%	Num	%	Num	%
Base: All respondents	61	100.00%	15	24.60%	46	75.40%
0 - 10%	19	31.10%	5	8.20%	14	23.00%
10 - 25%	8	13.10%	3	4.90%	5	8.20%
> 25%	4	6.60%	2	3.30%	2	3.30%
Stayed the same	6	9.80%	2	3.30%	4	6.60%
Decreased	4	6.60%	2	3.30%	2	3.30%
Don't know	20	32.80%	1	1.60%	19	31.10%

Q10. How much has your number of employees (i.e. full-time equivalents working >30hours per week) grown each year since you located at your current premises?

	Base: All respondents		Industry			
	Num	%	Creative		Other services	
	Num	%	Num	%	Num	%
Base: All respondents	61	100.00%	15	24.60%	46	75.40%
0 - 10%	10	16.40%	3	4.90%	7	11.50%
10 - 25%	2	3.30%	0	0.00%	2	3.30%
> 25%	7	11.50%	0	0.00%	7	11.50%
Stayed the same	32	52.50%	10	16.40%	22	36.10%
Decreased	4	6.60%	2	3.30%	2	3.30%
Don't know	6	9.80%	0	0.00%	6	9.80%

Q11. By what percentage do you think turnover will increase over the next three years?

	Base: All respondents		Industry			
	Num	%	Creative		Other services	
	Num	%	Num	%	Num	%
Base: All respondents	61	100.00%	15	24.60%	46	75.40%
0 - 10%	12	19.70%	3	4.90%	9	14.80%
10 - 25%	7	11.50%	1	1.60%	6	9.80%
> 25%	7	11.50%	2	3.30%	5	8.20%
Stayed the same	15	24.60%	5	8.20%	10	16.40%
Decreased	9	14.80%	1	1.60%	8	13.10%
Don't know	11	18.00%	3	4.90%	8	13.10%

Q12. I'm now going to read out a number of reasons for locating in business premises and I would like you to tell me how important they were in your decision to start up/locate in your current location?

		Base: All respondents		Industry			
		Num	%	Creative		Other services	
		Num	%	Num	%	Num	%
Base: All respondents		61	100.00%	15	24.60%	46	75.40%
to q12_20 6 'Not applicable'	Not at all important	3	4.90%	0	0.00%	3	4.90%
	Minor importance	1	1.60%	1	1.60%	0	0.00%
	Some importance	3	4.90%	2	3.30%	1	1.60%
	Important	12	19.70%	4	6.60%	8	13.10%
	Great importance	21	34.40%	4	6.60%	17	27.90%
	Not applicable	21	34.40%	4	6.60%	17	27.90%
Cost of renting premises	Not at all important	6	9.80%	1	1.60%	5	8.20%
	Some importance	1	1.60%	1	1.60%	0	0.00%
	Important	12	19.70%	4	6.60%	8	13.10%
	Great importance	19	31.10%	6	9.80%	13	21.30%
	Not applicable	23	37.70%	3	4.90%	20	32.80%
Quality of building design	Not at all important	14	23.00%	2	3.30%	12	19.70%
	Minor importance	3	4.90%	1	1.60%	2	3.30%
	Some importance	5	8.20%	1	1.60%	4	6.60%
	Important	12	19.70%	5	8.20%	7	11.50%
	Great importance	8	13.10%	2	3.30%	6	9.80%
	Not applicable	19	31.10%	4	6.60%	15	24.60%
Availability of a broadband internet connection	Not at all important	14	23.00%	2	3.30%	12	19.70%
	Minor importance	4	6.60%	0	0.00%	4	6.60%
	Some importance	2	3.30%	1	1.60%	1	1.60%
	Important	17	27.90%	6	9.80%	11	18.00%
	Great importance	9	14.80%	3	4.90%	6	9.80%
	Not applicable	15	24.60%	3	4.90%	12	19.70%
Room for expansion in-situ	Not at all important	18	29.50%	3	4.90%	15	24.60%
	Minor importance	3	4.90%	0	0.00%	3	4.90%
	Some importance	6	9.80%	2	3.30%	4	6.60%
	Important	11	18.00%	6	9.80%	5	8.20%
	Great importance	3	4.90%	0	0.00%	3	4.90%
	Not applicable	20	32.80%	4	6.60%	16	26.20%
Transport connections	Not at all important	10	16.40%	3	4.90%	7	11.50%
	Minor importance	2	3.30%	0	0.00%	2	3.30%
	Some importance	8	13.10%	3	4.90%	5	8.20%
	Important	15	24.60%	4	6.60%	11	18.00%
	Great importance	12	19.70%	2	3.30%	10	16.40%
	Not applicable	14	23.00%	3	4.90%	11	18.00%
Access to customers	Not at all important	5	8.20%	2	3.30%	3	4.90%
	Minor importance	4	6.60%	2	3.30%	2	3.30%
	Some importance	4	6.60%	0	0.00%	4	6.60%
	Important	11	18.00%	2	3.30%	9	14.80%
	Great importance	20	32.80%	3	4.90%	17	27.90%
	Not applicable	17	27.90%	6	9.80%	11	18.00%
Access to suppliers	Not at all important	7	11.50%	2	3.30%	5	8.20%
	Minor importance	6	9.80%	2	3.30%	4	6.60%
	Some importance	5	8.20%	0	0.00%	5	8.20%
	Important	10	16.40%	2	3.30%	8	13.10%
	Great importance	14	23.00%	4	6.60%	10	16.40%
	Not applicable	19	31.10%	5	8.20%	14	23.00%
Labour costs	Not at all important	14	23.00%	5	8.20%	9	14.80%
	Minor importance	3	4.90%	0	0.00%	3	4.90%
	Some importance	4	6.60%	1	1.60%	3	4.90%
	Important	11	18.00%	3	4.90%	8	13.10%
	Great importance	10	16.40%	1	1.60%	9	14.80%
	Not applicable	19	31.10%	5	8.20%	14	23.00%

Skills of the local labour force	Not at all important	13	21.30%	4	6.60%	9	14.80%
	Minor importance	2	3.30%	0	0.00%	2	3.30%
	Some importance	4	6.60%	1	1.60%	3	4.90%
	Important	11	18.00%	3	4.90%	8	13.10%
	Great importance	9	14.80%	3	4.90%	6	9.80%
	Not applicable	22	36.10%	4	6.60%	18	29.50%
Close to home of key staff	Not at all important	9	14.80%	3	4.90%	6	9.80%
	Minor importance	1	1.60%	0	0.00%	1	1.60%
	Some importance	6	9.80%	2	3.30%	4	6.60%
	Important	15	24.60%	4	6.60%	11	18.00%
	Great importance	13	21.30%	4	6.60%	9	14.80%
	Not applicable	17	27.90%	2	3.30%	15	24.60%
Availability of local shops and services	Not at all important	10	16.40%	2	3.30%	8	13.10%
	Minor importance	3	4.90%	2	3.30%	1	1.60%
	Some importance	6	9.80%	2	3.30%	4	6.60%
	Important	16	26.20%	4	6.60%	12	19.70%
	Great importance	8	13.10%	3	4.90%	5	8.20%
	Not applicable	18	29.50%	2	3.30%	16	26.20%
Quality and cost of housing in the local area	Not at all important	16	26.20%	4	6.60%	12	19.70%
	Minor importance	4	6.60%	1	1.60%	3	4.90%
	Some importance	6	9.80%	1	1.60%	5	8.20%
	Important	10	16.40%	0	0.00%	10	16.40%
	Great importance	6	9.80%	4	6.60%	2	3.30%
	Not applicable	19	31.10%	5	8.20%	14	23.00%
Links with local Universities	Not at all important	23	37.70%	5	8.20%	18	29.50%
	Minor importance	1	1.60%	1	1.60%	0	0.00%
	Some importance	2	3.30%	1	1.60%	1	1.60%
	Important	10	16.40%	2	3.30%	8	13.10%
	Great importance	1	1.60%	0	0.00%	1	1.60%
	Not applicable	24	39.30%	6	9.80%	18	29.50%
Links to industry-specific contacts	Not at all important	14	23.00%	2	3.30%	12	19.70%
	Minor importance	7	11.50%	3	4.90%	4	6.60%
	Some importance	3	4.90%	1	1.60%	2	3.30%
	Important	14	23.00%	4	6.60%	10	16.40%
	Great importance	3	4.90%	1	1.60%	2	3.30%
	Not applicable	20	32.80%	4	6.60%	16	26.20%
Ability to network and make links with other business tenants located in the same place	Not at all important	14	23.00%	1	1.60%	13	21.30%
	Minor importance	8	13.10%	3	4.90%	5	8.20%
	Some importance	3	4.90%	0	0.00%	3	4.90%
	Important	10	16.40%	3	4.90%	7	11.50%
	Great importance	7	11.50%	3	4.90%	4	6.60%
	Not applicable	19	31.10%	5	8.20%	14	23.00%
One-to-one support and business advice available on site	Not at all important	24	39.30%	4	6.60%	20	32.80%
	Minor importance	3	4.90%	2	3.30%	1	1.60%
	Important	8	13.10%	3	4.90%	5	8.20%
	Great importance	4	6.60%	1	1.60%	3	4.90%
	Not applicable	22	36.10%	5	8.20%	17	27.90%
Links with other business support organisations	Not at all important	16	26.20%	3	4.90%	13	21.30%
	Minor importance	9	14.80%	3	4.90%	6	9.80%
	Some importance	4	6.60%	1	1.60%	3	4.90%
	Important	7	11.50%	1	1.60%	6	9.80%
	Great importance	4	6.60%	2	3.30%	2	3.30%
	Not applicable	21	34.40%	5	8.20%	16	26.20%
General access to information	Not at all important	17	27.90%	4	6.60%	13	21.30%
	Minor importance	3	4.90%	2	3.30%	1	1.60%
	Some importance	5	8.20%	1	1.60%	4	6.60%
	Important	15	24.60%	2	3.30%	13	21.30%
	Great importance	5	8.20%	3	4.90%	2	3.30%
	Not applicable	16	26.20%	3	4.90%	13	21.30%
Financial support to your business from the public sector	Not at all important	17	27.90%	4	6.60%	13	21.30%
	Minor importance	2	3.30%	1	1.60%	1	1.60%
	Some importance	2	3.30%	0	0.00%	2	3.30%
	Important	6	9.80%	0	0.00%	6	9.80%
	Great importance	3	4.90%	1	1.60%	2	3.30%
	Not applicable	31	50.80%	9	14.80%	22	36.10%

Q12a. You stated 'financial support to your business from the public sector' was a reason for relocating the business premises; why was/ is this?

	Base: All respondents		Industry			
	Num	%	Creative		Other services	
	Num	%	Num	%	Num	%
Base: All respondents	61	100.00%	15	24.60%	46	75.40%
Because we are a retail outlet	1	1.60%	1	1.60%	0	0.00%
Financial support to buy rather than rent	1	1.60%	0	0.00%	1	1.60%
It is in a regeneration area	1	1.60%	0	0.00%	1	1.60%
No comment	1	1.60%	0	0.00%	1	1.60%
Not applicable	56	91.80%	14	23.00%	42	68.90%
Successful in obtaining a grant	1	1.60%	0	0.00%	1	1.60%

Q12b. Are there any other reasons for your decision to start up/ locate in your current location?

		Base: All respondents		Industry			
		Num	%	Creative		Other services	
		Num	%	Num	%	Num	%
Base: All respondents		61	100.00%	15	24.60%	46	75.40%
No		38	62.30%	7	11.50%	31	50.80%
Other	I live in the area	5	8.20%	1	1.60%	4	6.60%
	It's pleasant	3	4.90%	0	0.00%	3	4.90%
	Work from home	3	4.90%	2	3.30%	1	1.60%
	Hoping to increase business	2	3.30%	1	1.60%	1	1.60%
	Availability	1	1.60%	1	1.60%	0	0.00%
	Biggest customer lives near by	1	1.60%	1	1.60%	0	0.00%
	Business merger	1	1.60%	1	1.60%	0	0.00%
	Change of business	1	1.60%	0	0.00%	1	1.60%
	Have to be on a High Street	1	1.60%	1	1.60%	0	0.00%
	Life change	1	1.60%	0	0.00%	1	1.60%
	Local community is interested in creativity and green issues	1	1.60%	0	0.00%	1	1.60%
	Met requirements of local health board	1	1.60%	0	0.00%	1	1.60%
	Own business	1	1.60%	0	0.00%	1	1.60%
	Premises was big	1	1.60%	0	0.00%	1	1.60%

Q12b_1 How important was this decision?

	Base: Those with additional reasons		Industry			
	Num	%	Creative		Other services	
	Num	%	Num	%	Num	%
Base: Those with additional reasons	23	100.00%	8	34.80%	15	65.20%
Minor importance	1	4.30%	0	0.00%	1	4.30%
Some importance	3	13.00%	0	0.00%	3	13.00%
Important	11	47.80%	4	17.40%	7	30.40%
Great importance	8	34.80%	4	17.40%	4	17.40%

Q13. How do you rate the business space that is available at the Innovation Centre and Creative Media Centre, and the proposed new business spaces to be offered at Lacuna Place in the town centre?

		Base: All respondents		Industry			
		Num	%	Creative		Other services	
		Num	%	Num	%	Num	%
Base: All respondents		61	100.00%	15	24.60%	46	75.40%
to q13_3 (0)	Very poor	1	1.60%	0	0.00%	1	1.60%
	Average	2	3.30%	1	1.60%	1	1.60%
	Fairly good	6	9.80%	1	1.60%	5	8.20%
	Very good	3	4.90%	1	1.60%	2	3.30%
	I am unaware of these facilities	49	80.30%	12	19.70%	37	60.70%
Choice of accommodation	Very poor	1	1.60%	0	0.00%	1	1.60%
	Average	1	1.60%	0	0.00%	1	1.60%
	Fairly good	6	9.80%	2	3.30%	4	6.60%
	Very good	4	6.60%	2	3.30%	2	3.30%
	I am unaware of these facilities	49	80.30%	11	18.00%	38	62.30%
Price	Very poor	3	4.90%	2	3.30%	1	1.60%
	Poor	1	1.60%	0	0.00%	1	1.60%
	Average	1	1.60%	0	0.00%	1	1.60%
	Fairly good	1	1.60%	1	1.60%	0	0.00%
	Very good	2	3.30%	1	1.60%	1	1.60%
	I am unaware of these facilities	53	86.90%	11	18.00%	42	68.90%

Q14. If you were to move office, would you consider moving to the Innovation Centre, Creative Media or Lacuna Place (when completed)?

	Base: All respondents		Industry			
	Num	%	Creative		Other services	
	Num	%	Num	%	Num	%
Base: All respondents	61	100.00%	15	24.60%	46	75.40%
Yes	2	3.30%	1	1.60%	1	1.60%
No	55	90.20%	14	23.00%	41	67.20%
Don't know	4	6.60%	0	0.00%	4	6.60%

Q14a. Why do you feel this way?

	Base: All respondents		Industry			
	Num	%	Creative		Other services	
	Num	%	Num	%	Num	%
Base: All respondents	61	100.00%	15	24.60%	46	75.40%
Happy where we are	12	19.70%	4	6.60%	8	13.10%
Not applicable	12	19.70%	1	1.60%	11	18.00%
Work from home	4	6.60%	2	3.30%	2	3.30%
Due to business needs	3	4.90%	0	0.00%	3	4.90%
Because my business is not big enough, and am not planning to expand. I also have no plans to employ people.	1	1.60%	0	0.00%	1	1.60%

Can't afford to move into a new place		1	1.60%	1	1.60%	0	0.00%
Customer based		1	1.60%	1	1.60%	0	0.00%
Don't know		1	1.60%	0	0.00%	1	1.60%
Don't know the local area		1	1.60%	1	1.60%	0	0.00%
Don't take a lot of money		1	1.60%	0	0.00%	1	1.60%
Don't think customers will travel		1	1.60%	0	0.00%	1	1.60%
Expansion		1	1.60%	0	0.00%	1	1.60%
Expensive and happy where situated		1	1.60%	0	0.00%	1	1.60%
Good customer flow		1	1.60%	0	0.00%	1	1.60%
Good location		1	1.60%	0	0.00%	1	1.60%
Have own place and everyone		1	1.60%	0	0.00%	1	1.60%
Head office is in Surrey		1	1.60%	0	0.00%	1	1.60%
I can't justify moving, because we own these premises		1	1.60%	0	0.00%	1	1.60%
I would rather purchase an office space instead of renting		1	1.60%	1	1.60%	0	0.00%
If I leave it will be to retire		1	1.60%	0	0.00%	1	1.60%
Need to be on site permently		1	1.60%	0	0.00%	1	1.60%
Look professional, well designed		1	1.60%	1	1.60%	0	0.00%
Money		1	1.60%	0	0.00%	1	1.60%
More convenient and cheap where situated now		1	1.60%	0	0.00%	1	1.60%
Not near where I want to be		1	1.60%	1	1.60%	0	0.00%
Not our preferred location		1	1.60%	1	1.60%	0	0.00%
Not practical		1	1.60%	0	0.00%	1	1.60%

Prices are too high		1	1.60%	0	0.00%	1	1.60%
Rather location		1	1.60%	1	1.60%	0	0.00%
There's no incentive for business to move		1	1.60%	0	0.00%	1	1.60%
Too far away		1	1.60%	0	0.00%	1	1.60%
We are a charity organisation, as a result we cannot afford to move to new premises		1	1.60%	0	0.00%	1	1.60%
We are an old town based firm		1	1.60%	0	0.00%	1	1.60%
Workshop has been built ready made for the work the company does		1	1.60%	0	0.00%	1	1.60%

Q15. How satisfied are you generally with the quality, choice and price of business office space provided in the Hastings and Bexhill area?

		Base: All respondents		Industry			
		Num	%	Creative		Other services	
		Num	%	Num	%	Num	%
Base: All respondents		61	100.00%	15	24.60%	46	75.40%
to q15_3 (0)	Very poor	4	6.60%	2	3.30%	2	3.30%
	Poor	3	4.90%	2	3.30%	1	1.60%
	Average	9	14.80%	4	6.60%	5	8.20%
	Fairly good	7	11.50%	1	1.60%	6	9.80%
	Very good	2	3.30%	0	0.00%	2	3.30%
	Not applicable	36	59.00%	6	9.80%	30	49.20%
Choice	Very poor	1	1.60%	0	0.00%	1	1.60%
	Poor	4	6.60%	2	3.30%	2	3.30%
	Average	9	14.80%	5	8.20%	4	6.60%
	Fairly good	7	11.50%	0	0.00%	7	11.50%
	Very good	3	4.90%	1	1.60%	2	3.30%
	Not applicable	37	60.70%	7	11.50%	30	49.20%
Price	Very poor	5	8.20%	2	3.30%	3	4.90%
	Poor	3	4.90%	2	3.30%	1	1.60%
	Average	7	11.50%	3	4.90%	4	6.60%
	Fairly good	6	9.80%	0	0.00%	6	9.80%
	Very good	3	4.90%	2	3.30%	1	1.60%
	Not applicable	37	60.70%	6	9.80%	31	50.80%

Q16. Age group of respondent

	Base: All respondents		Industry			
	Num	%	Creative		Other services	
	Num	%	Num	%	Num	%
Base: All respondents	61	100.00%	15	24.60%	46	75.40%
25 - 34 years	4	6.60%	1	1.60%	3	4.90%
35 - 44 years	15	24.60%	5	8.20%	10	16.40%
45 - 54 years	21	34.40%	4	6.60%	17	27.90%
55 - 64 years	13	21.30%	3	4.90%	10	16.40%
65 years or above	7	11.50%	2	3.30%	5	8.20%
Refused	1	1.60%	0	0.00%	1	1.60%

Q17. Would you be willing to be recontacted for future quality control purposes?

	Base: All respondents		Industry			
	Num	%	Creative		Other services	
	Num	%	Num	%	Num	%
Base: All respondents	61	100.00%	15	24.60%	46	75.40%
Yes	29	47.50%	7	11.50%	22	36.10%
No	32	52.50%	8	13.10%	24	39.30%

Q18. Gender of respondent

	Base: All respondents		Industry			
	Num	%	Creative		Other services	
	Num	%	Num	%	Num	%
Base: All respondents	61	100.00%	15	24.60%	46	75.40%
Male	42	68.90%	11	18.00%	31	50.80%
Female	19	31.10%	4	6.60%	15	24.60%

Appendix F - Stakeholder Topic Guide

Name

Organisation

Contact details

1. Please describe your role within your organisation

2. Please describe your involvement with SeaSpace and in particular the following projects:

- Creative Media Centre
- Innovation Centre
- University Centre
- Pavilion
- Lacuna (aka "the Gap site")
- Queensway.

3. How would you describe the aims and objectives of the project?

4. Do you think it has met these objectives?

Prompt: would you describe it as a success/failure? What criteria would you use to judge this?

5. How has your organisation contributed to the project?

6. Have there been any obstacles to the development/delivery of the project?

7. How effectively do you think SeaSpace has managed the project?

8. What would you identify as examples of "good practice" within the project?

9. Are there any aspects of it that you would change?

10. How would you see the project developing in the future?

11. Please describe any links that this project has with other projects within Hastings.

12. Any other comments?

Grant Thornton