

REPORT TO:	COUNCIL
DATE:	11 th October 2023
SUBJECT:	SKEGNESS FORESHORE TOWNS FUND PROJECT BUDGET
PURPOSE:	For Members to approve an amendment to the Council's capital programme to progress with delivery of the Skegness Foreshore Towns Fund project.
KEY DECISION:	N/A
PORTFOLIO HOLDER:	Cllr Steve Kirk, Coastal Economy
REPORT OF:	Economic Growth Directorate
REPORT AUTHOR:	Jon Burgess, Development Manager (Economic Growth)
WARD(S) AFFECTED:	All Skegness wards
EXEMPT REPORT?	No

SUMMARY

This report requests Council approval to amend the Council's capital programme budget for the Skegness Foreshore project to assist with taking the project forward.

RECOMMENDATION

That Full Council approve the bringing forward of the existing Capital Programme budget in respect of the Skegness Foreshore Towns Fund project from 2024/25 to 2023/24.

REASONS FOR RECOMMENDATIONS

To enable officers to progress discussions and negotiations with an agreed shortlist of preferred development schemes following the marketing of four lots on the Skegness Foreshore via an open commercial marketing process and for officers to continue to work with those shortlisted bidders to better understand the basis and opportunity for enabling and bringing forward the future on-site investment.

OTHER OPTIONS CONSIDERED

Do nothing.

To not reprofile the expenditure as recommended.

1. BACKGROUND

- 1.1. In March 2021, the Council received confirmation of a Towns Fund grant award of £2 million towards the enhancement of the Skegness Foreshore to enable more outdoor events, leisure and trading activities in support of the project aim to expand and diversify the visitor economy in Skegness. Within the approved Towns Fund Investment Plan for Skegness the project was originally profiled to spend the £2 million grant award in financial year 2024/25.
- 1.2. The Full Business Case (FBC) for the Skegness Foreshore project was approved by Council and DLUHC based on the project delivering the following outputs.

Towns Fund Outputs	FBC
Investment leveraged (£m)	4.1
Land enhanced for leisure use (m ²)	22,850
Sqm of new commercial floorspace	1,100
# of full-time equivalent (FTE) permanent jobs created through the project	12
New business created	5
New events or festivals per annum	6
Number of visitors to arts, cultural and heritage events and venues	50,000
Additional visitor spend within local economy	£1.9m
Remediated/ developed site	1
New/ upgraded community facility	1

2. REPORT

- 2.1. In October 2022 the Council launched a marketing prospectus to advertise four commercial lots on the Skegness Foreshore for future development and to explore the opportunity for the Towns Fund grant to unlock additional private sector investment into the local economy. The marketing process was supported by the appointment of commercial agents Banks Long & Co (now Eddisons). During the marketing process, the Council received 18 registered interests across the four lots, with a long list of eight proposals being invited to submit more structured expressions of interest in line with the Councils requirements by the 1st February 2023.
- 2.2. At Executive Board on the 20th September 2023, Members approved an officer recommended shortlist of commercially confidential proposals based on a review and scoring matrix of the information received throughout the expressions of interest process. Officers will now continue to work at pace with the approved shortlist of bidders to explore how best to bring forward the preferred commercial development opportunities based on more detailed surveys, studies and design information being undertaken on the respective proposals.
- 2.3. Within the approved capital programme the total project costs as set out below for the Skegness Foreshore Towns Fund project are currently profiled. In order to facilitate the bringing forward of this project it is requested that Council agree to reprofile all of the allocated expenditure into financial year 2023/24 so that funding may be committed at some future point as required.

i) Current

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total £'000
Skegness Foreshore	200	2,774				2,974

ii) Recommended amendment (subject to onward Council approval)

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total £'000
Skegness Foreshore	2,974					2,974

3. CONCLUSION

3.1 The recommendation included in this report will provide officers with the ability to progress elements of the Skegness Foreshore Towns Fund project.

EXPECTED BENEFITS TO THE PARTNERSHIP

The ambition of the Skegness Foreshore project supports a wider cultural and place based approach to regeneration, in line with the Government's Levelling Up White Paper and links economic growth with community engagement to support our Partnership objectives.

IMPLICATIONS

SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP

HM Government's Levelling Up and inclusive growth agenda has heightened the national focus on investing in areas which have historically missed out on the economic growth that other more prosperous areas have enjoyed. Proactive plans to improve the Skegness Foreshore take forward the findings of major local and regional economic and tourism strategies as they:

- Improve coastal communities
- Create jobs and training opportunities
- Attract more visitors
- Keep successful growing businesses
- Improve the visitor experience
- Extend the tourism season
- Improve the green, cultural, heritage, sporting and traditional offers
- Increase the number of overnight visitors
- Protect and sustain the coastal environment
- Have a positive impact on the local economy

The pursuit of increased investments towards a year-round offer is needed to counter economic issues such as a concentration of low value, low skilled sectors, seasonal unemployment, an ageing population and the associated labour market constraints. Through the proposed Towns Fund investments new visitor markets and mechanisms will be targeted to generate increased economic growth in Greater Lincolnshire. The new build developments and enhanced open spaces will provide a setting for a long-term programme of enhanced leisure activity as a driver for improved community wellbeing.

CORPORATE PRIORITIES

The Corporate Strategy for East Lindsey 2020-2030 sets out an ambitious agenda where "everybody has a chance to thrive". This includes priorities for the revitalisation of town centres, enhanced health and wellbeing, environmental sustainability, an uplift in entrepreneurship and business development, and a focus on a dynamic and resilient visitor economy. The Council's vision for the visitor economy in East Lindsey is an expansion of tourism and leisure activities, improvements to the visitor experience, extension of the tourism season, and a complementary relationship between the green, cultural, heritage and sporting offer and the strong traditional offer. The Skegness Foreshore is a main tourist attraction, and its improved vibrancy will attract more visitors and create more jobs. Working with its lead delivery partners the Council aims to ensure that coastal communities will be seen as good opportunities for investment because of secure water supply and coastal management, planning policy that supports growth and the environment, and a thriving visitor economy that benefits local communities and visitors alike.

East Lindsey District Council expects all interventions / new development on the Foreshore to:

- realise the full potential of the Foreshore for the benefit of the town's residents and visitors;
- improve connections between parts of the Foreshore, and the Foreshore to the Town Centre;
- be built on a strong economic / commercial case – achievable, deliverable and sustainable;

- maintain and enhance the viability and vibrancy of the existing tourism market offer;
- deliver an offer which attracts a diverse customer base throughout the year.

STAFFING

None

CONSTITUTIONAL AND LEGAL IMPLICATIONS

All agreements will require suitable legal, financial and property support and enhanced engagement arrangements have been put into place to assist this project in coming forward.

DATA PROTECTION

None

FINANCIAL

The financial implications are as set out in the report. Significant additional work will be required over the next few weeks around project arrangements in order to facilitate taking these projects forward.

RISK MANAGEMENT

A summary of the key risks identified at this stage is provided below:

- **Towns Fund Delivery Window** – Towns Fund monies must be contractually committed by 31st March 2025. The recommendations within this report seek to bring forward the profiled expenditure within the capital programme from 24/25 to 23/24 to ensure that the commitments identified within this report can be implemented.
- **Outputs** – Whilst there is no clawback provision within the Towns Fund agreements many of the Towns Fund outputs are dependent upon securing private sector commitment and investment to deliver the associated floorspace, employment and new business outcomes intended. The shortlisted schemes represent the proposals which officers consider to be the most viable and provide the greatest contribution to the Towns Fund outputs and outcomes set out within the approved Full Business Case. Officers will continue to work with the shortlisted bidders to support the delivery planning and commercial assurance that the schemes are viable.
- **Clarity of direction** – the launch of the Council’s commercial marketing prospectus for the Skegness Foreshore in November 2022 resulted in the submission of the long listed expressions of interest in February 2023. Whilst positive dialogue has been maintained with all parties, it is anticipated that any preferred shortlisted prospective development partners will require imminent certainty on the Council’s intentions so that their respective momentum and interest is not lost. All of the shortlisted bidders add significant value to the Skegness economy and the attractiveness of destination appealing to a wide audience of potential users.
- **Lack of design and cost certainty** – the expressions of interest received include an early high level assessment and assumptions of the costs associated with bringing forward their respective schemes. The Council has also commissioned its own utility infrastructure capacity study for Lots 1, 2 and 3 to understand the current supply, demand and recommended solutions for servicing each plot based on the anticipated leisure uses. Whilst this provides an indicative level of costs required to bring forward each scheme confirmation of the exact development costs and any enabling interventions will require much more certainty in terms of further site investigations, feasibility studies and detailed design work. Subject to agreement of the recommended shortlist the Council will continue to work with the respective partners to consider how any further allocation of remaining funds from the Skegness Foreshore project

(or beyond) could be best utilised to facilitate the proposed investment once there is a more robust package of design information available.

- **Cost volatility and investor confidence** – the experience of Sigma Property Co Limited highlights the extent to which the property/developer market is still subject to significant continuing fluctuation with potential investors experiencing increased caution and reduced certainty with regards to their ability and willingness to take on new development schemes. This indicates that it may take longer than anticipated to secure private sector interest and realise the intended outcomes where the process is dependent upon using Council resources and the allocated Towns Fund grant as an enabler for unlocking a much higher quantum of private sector led investment.
- **Consultation and engagement** – whilst some detail of the associated bids must remain commercially confidential local Ward Members and Skegness Town Council will expect to be consulted on the proposals relating to new asset agreements and investment opportunities on the Foreshore and may seek to challenge Members decisions if there is insufficient scrutiny and engagement in finalising the proposals for contract. The relevant statutory partners should also be engaged at the earliest opportunity to help identify any likely constraints and legislative development requirements to provide new leisure facilities and attractions within the coastal inundation zone. The planning process will allow for a period of statutory consultation on the final designs and officers will work with the respective developers as part of the next stage design process to consider appropriate communication and engagement strategies on each. The rationale for the proposed investment is also based on the adopted Skegness Foreshore Masterplan and Design Code which followed a ten-month period of local consultation and development work to provide a coherent framework to guide the future use, development and connectivity of public open spaces and attractions across the Foreshore.

STAKEHOLDER / CONSULTATION / TIMESCALES

The marketing of the four Skegness Foreshore lots has been subject to an extensive open market process to seek commercial private sector interest in investing into the Skegness Foreshore. There has been a continuing dialogue with the eight long listed prospective delivery partners over the last six months to better understand their development aspirations. Details of the site-specific proposals are commercially confidential at this time and have not been shared or consulted upon to external audiences outside of the Council partnership. Regular updates on the Skegness Foreshore Towns Fund project have been provided to the Major Projects Board, the relevant Portfolio Holders and the Connected Coast Board. The shortlisted proposals will be subject to a period of statutory public and stakeholder consultation through the planning process once the respective detailed design works have been completed.

REPUTATION

Delivery of the recommendations place the District Council at the forefront and centre of enabling new investment into our coastal town centres. They reinforce the ambitions of both private sector investors and national funding partners to work in partnership with the Council to realise the growth potential of our local communities.

CONTRACTS

The Council will commission relevant external expertise where required to assist in the implementation of the approved recommendations.

CRIME AND DISORDER

None

EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

None

HEALTH AND WELL BEING

None

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

ACRONYMS

Eol – Expression of Interest

DLUHC – Department for Levelling Up, Housing and Communities

APPENDICES

Appendices are listed below and attached to the back of the report: -

None	
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BACKGROUND PAPERS

Background papers used in the production of this report are listed below: -

Document title	Where the document can be viewed
<i>Annual Budget Report 23/24 - Council – 1st March 2023</i>	<i>ELDC Website (meetings)</i>
<i>Towns Fund Business Cases – Extraordinary Council – 30th March 2022</i>	<i>ELDC Website (meetings)</i>

CHRONOLOGICAL HISTORY OF THIS REPORT

Skegness Foreshore Towns Fund Update - Executive Board (exempt item) – 20th September 2023

REPORT APPROVAL

Report author:	Jon Burgess Economic Growth (ELDC) Jon.Burgess@e-lindsey.gov.uk
Signed off by:	Christine Marshall Deputy Chief Executive & Section 151 Officer christine.marshall@sholland.gov.uk
Approved for publication:	Cllr Steve Kirk (Coastal Economy Portfolio Holder)

FINANCE PROFORMA

PROFORMA FOR APPROVAL OF THE RELEASE OF RESOURCES

(CAPITAL AND REVENUE BUDGETS)

FROM: GEORGE GUSTARD

THIS PROFORMA PROVIDES THE FINANCIAL IMPLICATIONS IN RESPECT OF THE ATTACHED

REPORT: SKEGNESS FORESHORE

REPORT DATE: 20th SEPTEMBER 2023

OPTION 1	£ Year 1 2023/24	£ Year 2 2024/25	£ Year 3 2025/26	£ Year 4 2026/27	£ Year 5 2027/28
Capital					
Skegness Foreshore	2,974,000	-	-	-	-
Total Capital Cost	2,974,000	-	-	-	-

Funding required:

Total capital cost £2,974,000

Considered by:

Executive Board

Date:

20/09/23

Revenue cost £N/A

Financial Services Comments

No increase in costs of the project, or changes in funding for the scheme to the approved budget from Council 1 March 2023.

Funding remains £1.000m from the Capital Reserve and £1.974m external funding.

Risk

NA

Procurement

Value for Money Efficiency

NA

This FP is valid for 3 months from FP date	If this FP is no longer required please advise Finance	If there are changes to the original report it may invalidate this document, it must be reviewed by Finance.