

A New Life for Hastings Pier

BUSINESS PLAN OVERVIEW



Hastings Pier & White Rock Trust

December 2009

Vision

The Hastings Pier and White Rock Trust is an independent community-led organisation aiming to rescue and redevelop Hastings Pier and to contribute to the social, economic, cultural and environmental regeneration of Seafront and Central Hastings and St Leonards.

We want to work in partnership with the Council and others to create:

- a new approach to the strategic development of Seafront & Central Hastings St Leonards that fully engages and energises local people and businesses in shaping and making the future.
- a rescued pier brought into community ownership in perpetuity as a totemic icon to anchor the town's regeneration
- a vibrant seafront at White Rock, to create a new offer in Hastings for visitors and local residents

The pier is the town's most prominent landmark. Its closure and continued deterioration has severely impacted on local businesses and employment, reduced local and visitor facilities, and created a negative visual impact on the seafront. It is said to have lost or displaced more than £9m of visitor spend. While Eastbourne has benefited by 8-10% from the strong Euro and the Staycation phenomenon, Hastings saw footfall and sales fall by the same amount in summer 2009.



Hastings Pier is a totemic asset – part of the commonwealth that brings people together across boundaries. The pier represents the seafront border between Hastings and St Leonards, linking the two towns and marking their shared heritage. It sits on the boundary of two wards (Castle and Central St Leonards) in the 10% most deprived and of two Super Output Areas (Hastings 009B and Hastings 011C) in the 5% poorest in the country.

This iconic heritage building is a symbol of local fortune, and its current dilapidated state is a cultural and economic tragedy.

The pier's continued deterioration contrasts with regeneration initiatives elsewhere in Hastings. Seafront facades have received dramatic facelifts. Town centre improvements include a modern station, new plaza and college campus, and new office developments alongside the new University Centre, Media Centre, and Innovation Centre. Permission has recently been granted for the Jerwood art gallery to the east of the pier on the Old Town seafront. Funding of £4 million to Hastings Trust will transform St Mary in the Castle into a Myplace youth facility.

Mission

Our aim is to rescue and redevelop Hastings Pier for the benefit of Seafront & Central Hastings St Leonards, the wider town, the south east coastal region and the nation. HPWRT will rescue this key 'commonwealth' asset from abandonment, bring it into responsible community ownership and create a sustainable long-term asset.

Our mission is to create a modern Pier which balances commercial and leisure use, income generation and social return, visitor attraction and local amenity, ensuring its future status as a community asset and heritage icon. Over 160 jobs were lost from the closure of the pier. We will introduce as many opportunities for jobs as possible, and increase footfall to the White Rock area to support other local businesses.

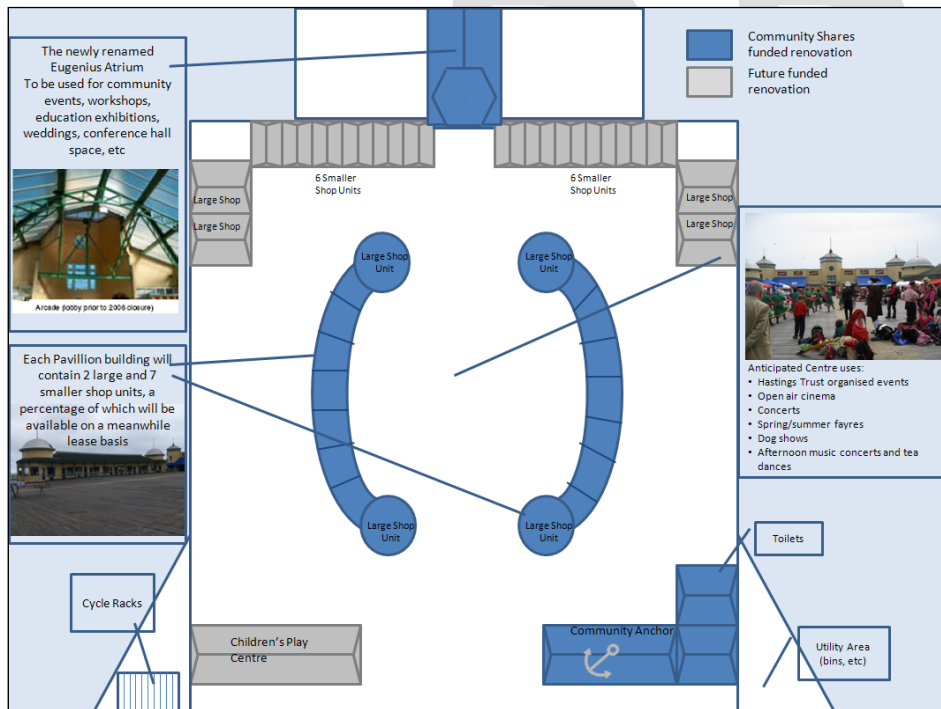
The last two years have seen a major resurgence in the UK tourism market with seaside towns benefitting more than any other destination. We believe it is essential that local tourism, a now-growing industry, is brought back into the town's economic development strategy. A fully functional seaside offer will provide much needed support and mitigate risks associated with recession. The Pier made, and could make again, a valuable contribution to this strategy.

The Pier has very significant commercial potential because of the numbers of visitors to Hastings (3m pa) and the attractiveness of the environment, especially for eating and drinking. The Trust will both maximise the value generated and ensure those profits are reinvested into the Pier itself.

Business Model

Our business plan proposes *progressive commercialisation to support progressive restoration* – a series of stages that help to manage risk by achieving commercial stability for each stage before moving on to the next.

Our staged plan focuses on the Apron & Atrium – the open section closest to the land, along with the glazed hall attached. This stage covers the project from the current situation until a stable and sustainable business operation on the Apron & Atrium is returning profit to the Trust for investment in the restoration and redevelopment of further pier sections.



Plan view of the proposals for the Apron and Eugenius Atrium (not to scale)

Our first tasks are to secure the ownership and the initial investment to make the Apron safe, restore the bandstand pavilions and redevelop the Apron & Atrium as a commercial space.

The Apron represents 4,400 sq.m of potential commercial and amenity space. Our aim is to intensify the use of this space, increase footfall significantly and improve the financial and social return from the Apron and the adjacent 330 sq.m glazed hall, the Eugenius Atrium. Together the Apron and Atrium offer an excellent balance of open and covered areas. It is proposed that rentals are pegged to footfall figures which would be boosted by regular and specialist markets, arts events and festivals, education and play, and a wide range of community activities.

Options to capture the value from increased footfall and maximise the profit available for reinvestment are currently under detailed investigation. These include: footfall-based leases, a catering partnership with a footfall-based or profit-share contract or a joint venture catering approach covering both the Apron and the Atrium.

The other sections of the pier would remain out of bounds to the public for several years, but the activity on the Apron and Atrium will retain interest in the pier as a whole and generate income that will be reinvested in the long-term restoration of the seaward sections.

While refining and implementing our practical, realisable plans for the Apron & Atrium, we will continue to explore with partners the potential for eco/energy related developments which may be able to offer an exciting approach to the pier as a whole and would fit well with our interest in a science-based educational offer.

Business Streams

Rental of Retail & Catering Units – as well as renting out the 18 units in the refurbished Pavilion buildings (270sq.m), we will install approx 360sq.m of new retail and catering space in a series of small units along the back of the Apron (either side of the entrance to the Atrium), with larger units to each side and a specialist building, probably a children's play centre, at the front of the Apron along with the Visitor Centre. We will peg the lease values to objectively measured footfall on the pier thereby de-risking the offer for potential tenants. HPWRT will also run markets – regular weekly, bank holiday and specialist markets – renting out covered market stalls. Although a relatively small income stream this helps to increase footfall. The Trust will also manage the hire of the Atrium and adjacent deck-space.

Animation & Quality Control – the Trust’s key role as overall landlord will be to manage and animate the communal spaces in order to draw in both visitors and local users. The central space on the Apron is perfect for a wide range of entertainment. Children’s activities will be focused in the eastern section and adult relaxation on the Sunset Deck to the west. The Anchor visitor centre at the promenade-edge of the Apron, will balance the interests of visitors and local people, offering information, refreshments, pier merchandise, postcards and souvenirs, as well as affordable space for hire, community arts workshops and local employment opportunities. The Eugenius Atrium offers a large, well-lit covered building perfect for weddings and other formal events as well as for winter markets. The Trust will work with pier tenants and other local partners to ensure the quality and interest of the pier spaces, as well as intra-attraction marketing.

Restoration & Fabrication – rather than contracting out the restoration, our proposal is to treat it as a business activity, thereby slashing costs, creating local jobs and training, and building an organisational knowledge of the pier’s engineering construction that will help sustain it for years to come. In partnership with existing engineering and fabrication businesses in the town we will develop the Fab Shop, an off-site fabrication unit where the metal profiles can be cut to size and made ready for fitting. A team of metalworkers, overseen by a Project Manager and supported by trainees and apprentices, will fit the trusses and cross-braces that hold the columns of the pier together. They will also design, fabricate and install a permanent access deck to the underside of the pier to allow for ongoing maintenance. The team will begin to be assembled and trained from the first restoration work as soon as transfer is effected.

Target Markets

Business tenants – a range of businesses including:

- catering concessions of different types and scale – we are investigating a potential joint venture partnership or profit-share lease agreement for a single catering unit in the Western Pavilion
- typical/traditional/innovative seaside resort retail outlets
- local artisans and artists
- serviced conference and hospitality events within the Atrium

Meanwhile tenants – we will offer vacant retail units to local community groups and start-up community enterprises on a meanwhile lease basis, providing a stepping-up opportunity for those that begin to show success.

Visitors – international, UK-wide and regional tourists are already attracted to Hastings for its historical and artistic appeal. Each year there are three million trips to Hastings of at least one day, spending an average of £30 each. We are working with Leisure Development Partners to estimate the proportion of these likely to visit the pier and sales conversion rates. Our Visitor Numbers model and four scenario projections explore this in detail.

Local users – there are three million people within 60 minute travel time from Hastings, including 85,000 in Hastings itself. For local people the pier will offer an animated community space with a schedule of programmed events and workshops such as:

- keep fit (eg ‘pilates on the pier’), fun races,
- youth activities, in conjunction with Hastings Trust MyPlace centre
- concerts and shows, tea-dances and multi-style dance classes/events
- family cinema events, dog shows and other niche interest events
- weekly, Bank Holiday, Christmas & specialist markets

Facilities will include:

- potential to hire the Atrium for weddings, parties and special events
- cycle hire (including bikes for the disabled and children)
- a designated Children’s Area incorporating play facilities.
- meeting and club facilities for community and business activities.
- an opportunity to learn about the history of British piers and specifically the history of Hastings Pier and the innovative Eugenius Birch.
- full disabled access to all areas.

We have not included any income from local users in our projections.

Schools and Colleges

“Science You Can Stand On”, our National Curriculum-based educational offer, explores the science of construction of ‘simple’ structures through models, interpretation and workshops, and introduces the potential of future science such as renewable energy technology. This will begin in the Visitor Centre and develop as more sections of the Pier are restored.

Benchmarking

We have been benchmarking various aspects of this business plan against the activities of other piers, a range of similar tourism attractions, retail shopping centres, and individual comparable businesses.

The 2008 report entitled “*The Economic Impact of Tourism Hastings 2008*” commissioned by Hastings Borough Council and undertaken by Tourism South East revealed the following:

- there had been a drop of 7.5% in staying trips compared with 2006.
- overall visitor expenditure had dropped since 2006.
- the value of tourism-related income had not increased since 2006.

In 2008 and 2009 south coast seaside towns such as Bournemouth, Portsmouth, Brighton and Eastbourne made headline news with increased visitor numbers and associated economic benefits due to ‘staycation’ with holiday-makers opting to stay in the UK.

In Hastings town centre, however, summer footfall has been on a downward trend over the same period. For the 8 weeks from early July to the end of August, numbers through Priory Meadow Shopping Centre fell by just under 3% in 2008, and a further 5.7% in 2009. The normal boost to trade expected over this period, due to the seasonal influx of visitors, has reduced and continues to do so. The closure of the Pier has been an important factor in loss of tourism income to Hastings, both in real terms and in failing to capture the potential value of the Staycation phenomenon.

Despite this worrying drop, over 4 million people a year continue to visit Priory Meadow, many of them repeat visits by local people. With the shopping centre manager as one of our trustees, we have a useful insight into the business of animation, asset management and quality control that will stand us in good stead as we develop the Apron with retail and catering shop units and Retail Merchandising Units (market stalls).

We have also been investigating the business models of visitor centres such as Lydney in the Forest of Dean, the heritage centre at Gateshead, and the wide variety of community anchor organisations accessible through the Development Trusts Association and the Community Alliance.

A Staged Approach

Over the last 30 years, the pier has suffered from lack of investment in substructure repairs, which in 2006 resulted in its closure by Hastings Borough Council for public safety. Since that date, the Council has attempted unsuccessfully to press the existing owner, an off-shore company, to take responsible action. Attempts to involve private investors with a view to their taking on the pier have also failed.

Therefore, our first task is to resolve the Pier’s ownership deadlock and bring it into community ownership in perpetuity. Hastings Borough Council can facilitate this through the legal process of Compulsory Purchase Order (CPO) and then hand over the Pier to the Hastings Pier & White Rock Trust in a back-to-back agreement. The detail of the CPO process, including milestones and review points, is outlined in the Development Plan.

The pier will only be economically viable once in the hands of a non-profit-distributing trust so that surplus generated can be reinvested in the super and sub-structure of the pier. Our vision for a staged renovation is the only feasible one but this approach does not appeal to profit-driven enterprises focused on a big-bucks venue at the far end which is the most expensive to renovate and carries the highest risks. The staged approach, with capital grant subsidy for the early restoration and profits reinvested throughout, allows each stage to become sustainable before progressing to the next.

As we work towards the rescue of Hastings Pier we continue to develop our local connections. Building on our experience of running the Pier Market for a year, we have rescued Arthur Green’s, an historic tailors shop on the White Rock facing the pier, as our base and the starting point for our commercial development strategy. As well as promotion for the trust and information about the town, we will be working with a dozen local artist-makers who will fill small spaces in the shop with the trust taking commission on sales. We are also developing an ebay trading businesses White Rock Ebiz (with advice and support from Kivo Ebiz) as a social, economic and training service for local people. The shop will be an important communication base to keep local people informed about the pier, especially during the initial phases of reconstruction.

Substructure Repairs

As soon as listed building consent is achieved, we will begin the substructure repairs. The first action is to mitigate the risk of collapse including the removal of overweight structures on the other parts of the Pier. To achieve this and make ready for our initial opening, we need to repair a 10m promenade-side strip along the front of the Apron. This would allow for the location of skips and a conveyor belt in order to begin the



Pier aerial highlighting the Apron & Atrium

demolition of the heavy night-club building and the structures either side of the Eugenius Atrium. The removal of this masonry would leave only lightweight steel or timber-framed buildings and reduce pressure on the pier overall. During this time the Trust's main base would remain at Arthur

Green's and we would need to run a significant communications campaign to ensure local people and visitors are fully aware of plans and progress.

The next step is to install the pre-fabricated Visitor Centre, and begin opening the promenade-side to the public while undertaking the repairs to the remainder of the Apron. Our consulting engineer advises that our proposals to reconstruct the steelwork above the piles with new lattice girders and deck beams using details already held by Quadmost are feasible and compliant with current Codes of Practice. He has also advised that we protect the reconstructed Apron against movement of the remaining pier until a remedial scheme can be extended. Extensive work has already been undertaken under the Bingo Hall (west of the Atrium) but the structure to the east of the Atrium remains in a very poor condition. Properly strengthened or even rebuilt this section could be an effective buffer for the Apron. Detailed advice and costings are being prepared – our rough development plan overview shows a cost of £1.85 million to achieve the key minimum elements of this plan.

People, Partners & Networks

The Hastings Pier & White Rock Trust was established in January 2008 by the Friends of Hastings Pier and incorporated as a company limited by guarantee. The company is community-led with 10 voluntary directors who are all local residents and have experience in asset management, retail, hospitality, engineering, construction, arts, renewable energy, community assets & enterprise, regeneration, public sector, and charity finance.

The company has over 120 members, a supporters register of more than 1,000 and a Facebook network of over 3,700. The day-to-day work is undertaken by the trustees with help from a further twelve special skills volunteers, and part-time paid co-ordination as resources allow.

The Trust prides itself in listening to local people, involving local residents in decision-making and partnering with other community organisations, particularly Hastings Trust, Priory Meadow, White Rock & America Ground Business Group and Castle Ward Forum, to improve the area and raise awareness of local issues. We are currently negotiating a formal partnership agreement with the Hastings Trust to clarify roles and bring benefit to both organisations, including the potential for shared staffing.

For the past three years, the Trust has benefited from development support from sector organisations including the Development Trusts Association, the Architectural Heritage Fund, the British Urban Regeneration Association, and the Asset Transfer Unit. Our solicitor, Donna Corbin, a specialist in historic buildings, is provided pro bono by AHF. The DTA has grant-funded a Constructive Review by eight nationally-respected practitioners, the production of an Economic Impact study, and most recently a Technical Aid Fund grant for our engineering advisers Roger Bunney and Quadmost. The Asset Transfer Unit made the feature-quality film 'The Battle for Hastings Pier' and continue to help with promotion. Stan Edwards, a national CPO expert sourced for us by BURA, works for less than half his usual rates. Our contacts in Communities & Local Government have proved useful with assets policy and CPO advice. We are now taking advantage of advice from Colman Architects and Leisure Development Partners, both specialists in maximising value from leisure facilities.

Resource Opportunities

Our potential funders have told us that they cannot consider the case until Hastings Borough Council seriously begins the CPO process so that the Trust has a clear 'prospect of ownership'. Since the last of the private sector options withdrew interest in November 2009, a council spokesman admitted that the Trust "is the only option if the Pier is to be saved" (BBC Radio Sussex, 18/11/09).

We are currently in negotiation with Communitybuilders for an initial £75k grant to cover the costs of detailed feasibility and CPO expertise. We will then be seeking a grant-loan mix of £2 million from the same source. If this capital investment is not successful due to intense competition we will approach other social lenders such as Triodos, Unity Trust and Charity Bank. Despite budget cuts due to the Olympics, the Heritage Lottery Fund has guaranteed funds of £180 million per annum until 2019. We will be re-approaching HLF for £2-5 million (we are currently taking advice on the most appropriate level).

Architectural Heritage Fund provide a range of development grants and also offer cashflow loans to cover difficulties in bank-rolling the spend on works to be covered by other funders (eg HLF).

Hastings Pier is one of ten projects around the country supported by the Government's action research programme into Community Shares & Bonds. This is providing expert guidance and some financial support to assist us in launching a Community Share Issue, so that local people can buy shares in the most profitable part – the Apron businesses. We hope to raise £240,000 through Shares of £100 value either in the form of instant share purchase or deferred payment scheme (10 months). Any share dividends would be in the form of 'Pier Pounds, providing discounts and benefits to be used on the pier. Legally the maximum shareholding would be £20,000 per person and one share=one vote.

There are a wide range of community fundraising approaches and we aim to offer a method of supporting the pier to match every income. We have already proved successful in attracting charitable donations, membership income and participatory fundraising such as quizzes and raffles. In future

we will make it easier for visitors and local people to support the pier through collection boxes, Paypal, standing orders, payroll giving and legacy giving, ensuring that Gift Aid makes the donations go further. We will establish opportunities to sponsor parts of the pier – from a message on a plank or a commemorative bench through to whole buildings.

We will also seek other investment opportunities that can provide a long-term endowment income, in line with the provisions of the Hastings Pier Act

As the business on the Apron becomes stable and sustainable it will generate rising income through commercial rentals as well as venue hire, markets, refreshment and souvenir sales. Since rental values will be pegged to proven footfall, the Trust has every incentive to make the Pier an unforgettable experience for as many people as possible.

Resource Requirement

We need resources to meet the following requirements:

Development costs

- Detailed technical feasibility of engineering solution
- Quantity Surveyor/Architect scheme for refurbishment of Pavilions
- Expert CPO support and legal costs of back-to-back agreement
- Co-ordination of Trust
- Rent and running costs of Arthur Green's

Capital costs

- Purchase and installation of Visitor Centre, and toilets
- Refurbishment of Pavilions
- Purchase and installation of new retail/catering/learning units
- Deck repairs, public realm, market stalls
- Refurbishment of Eugenius Atrium
- Works to mitigate risk of collapse
- Restoration of Apron sub-structure
- Demolition of extraneous overweight buildings (non-Apron)

Risk Management Strategy

We are taking a PRINCE2 approach to project management, including acknowledging the need for continued clarity in the business case, using the manage by stages approach to improve planning, and recognising the inevitability of risk in any project.

Our risk management principles are:

- Understand the project context
- Involve stakeholders
- Establish clear project objectives
- Develop a risk management approach including regular reporting
- Define clear roles and responsibilities
- Establish a supportive culture for risk identification and analysis
- Monitor for early warning indicators
- Establish a review cycle

Rather than seeking to transfer risk to a private contractor at significant expense, our Risk Management Strategy focuses on identifying, assessing and controlling risks (both threats and opportunities), estimating the probability, impact, proximity and potential value of the risk and identifying appropriate responses along with risk owners to implement these.

Our current Risk Register is included in the full Business Plan.

Financial Projections

The financial projections summarised here demonstrate the wide range of variables that need to be considered. We offer four scenarios. All are based on a Visitor Model that predicts the spread across the calendar year of the 3m visitors to Hastings and suggests 120 or 184 opening days pa. We then make projections as to what percentage of those visitors will come to the pier, what percentage will convert into sales, the average spend per sale on refreshments and on souvenirs. These footfall projections are used in calculating the footfall-based leases in those scenarios that use them and the catering partnership charges in Scenario D.

A: standard commercial leases based on previous rental value, rising over time but remaining low. Sales conversion at 35% with average spend of £2 on souvenirs and £1 on refreshments (rising with inflation)

B: footfall-based leases starting at previous pier rental rates and then rising by £1k pa for every additional 2% footfall capture of visitors to Hastings. Sales as in Scenario A.

C: projected footfall capture rising more rapidly than in Scenario B, with better occupancy levels. Sales conversion at 50% with average spend of £2 on souvenirs and £2 on refreshments (rising with inflation).

D: the Western Pavilion removed from the standard lease arrangement and given over to a single catering unit with a separate partnership agreement based on a low fixed lease plus a charge per footfall (currently set at 25p)

Other variables include: occupancy levels, market stall pricing and number of stalls, venue hire numbers and average values, mark-up values for souvenir and refreshment sales. Some variables such as Visitor Centre staffing requirements, are automatically recalculated based on projections for footfall and sales conversion. Other considerations include loan repayments for the proposed Community-builders loan towards capital costs.

This model enables rigorous sensitivity analysis to isolate each of these variables. Advice from specialists like Leisure Development Partners will further enhance our understanding of the commercial potential.

Conclusion

Designed by the great Eugenius Birch, Hastings Pier opened on Britain's first Bank Holiday in August 1872 and was run by the Hastings Pier Company for over a century. It was wrongly sold by a liquidator in 1999 and has been abandoned by its private sector owners. The Pier's closure in 2006 has a tremendously negative impact on the seafront and the town. It is the most "at-risk" pier in the UK; and yet also the most rescue-able *if all partners play their role*.

Hastings Pier has very significant commercial and community potential – it just needs the right approach. Together the Trust, the Council and our social investment partners can implement the solution to make it work.

A New Life for Hastings Pier

CAPITAL DEVELOPMENT PLAN - OUTLINE

PREPARATION

Meeting with HBC			04/01/2010
CPO Approval in Principle			
Prepare planning application			
Listed building consent			wk0
Make & seal CPO			wk0
Transfer pier to HPWRT			wk0

MAKE READY TO OPEN

Restore 10m front strip of Apron	£150,000	Gifford	wk1-4
Demolition of nightclub & blgs either side of Atrium	£100,000	quote	wk5-12
Install lighting/cabbling	£40,000	estimate	wk13
Install Visitor Centre	£50,000	estimate	wk13-14

RESTORATION BELOW

Repair remainder of Apron	£350,000	Gifford	wk13-39
Mitigation - strengthen E part of central station cross-bracing	£235,000	Gifford	wk26-52
20% of trusses (of total £875k)	£175,000	Gifford	wk26-52

REFURBISH ON TOP

Refurbish Pavilions (£1k per sq.m)	£270,000	estimate	wk14-26
Install new units	£150,000	estimate	wk26-39
Refurbish Atrium - meanwhile	£330,000	estimate	wk14-52

£1,850,000

NB Detailed costings/schedule currently being prepared by Quadmost - expected 3rd wk in Jan 10