

Business Plan

April 2016 (version 1.5)



**HASTINGS
PIER CHARITY**

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Introduction

This Business Plan Update 1.5 is dated April 2016 and relative to the previous version 1.4 incorporates the following key changes:

- The phasing of events over the year has been revised and the monthly revenue streams adjusted accordingly
- Operating costs have been revisited and adjusted in line with expectations
- The assumptions underlying the events revenue analysis have been revised and revenues adjusted accordingly

This plan represents the opening plan against which the performance of the business will be monitored. Consequently some significant reordering of contents has been effected to prioritise dynamic elements with static content relocated to appendices.

Update for April 2016

The Society is about to embark on a new capital raising drive by re-opening the share offer. This is to raise between £50,000-£300,000 to support working capital. The Board believe that the success of the first offer in 2014 makes it entirely fitting that the society looks to its members for capital, and also looks to increase the numbers of members; the Board have received consistent unsolicited enquires from existing and prospective members and believe this is a well-founded aspiration.

Having undertaken a renovation project, the Charity now moves into a new phase in which it becomes an entirely new business in operating terms. The starting cash position of the Charity gives it support over the next 5 years, with 2019 projected to be the most challenging (see financial forecasts below), leaving a cash balance of around £119,000.

However, the Charity has been given much higher premium costs for structural insurance, and required to provide an excess of £100,000; the Directors have sought to obtain better terms, but are conscious that there is a relatively small market for writing such insurance, and they are a newly-operating enterprise with no track record and a structure that has been totally overhauled.

Being prudent managers of the structure and mindful of their heritage responsibilities to the Heritage Lottery Fund, the Directors consider that the excess should be provided for out of current cash. As a result, the cash flow support available to the business over the first 5 years necessarily becomes less generous and the business less resilient. That also removes the options to take advantage of market opportunities for revenue generation that would further support cash flow.

As a result, the charity is seeking further funds to enable it to both meet the requirements of its insurance and operate with a level of working capital the Directors believe better enables it to be comfortable as a trading enterprise.

Should the share offer not achieve the required sums, the Directors will continue to explore other avenues to provide additional funds, but are mindful that such support may be difficult to achieve, and comes at a cost in terms of management time and organisational focus.

The Board view that as the terms offered to members by the Charity are identical to that offered in 2014 this offer is a continuation of the previous offer.

1.0 Overview of Project

Hastings Pier was closed in 2006. Subsequent local campaigning for its re-opening led to the conclusion that the only viable option was for Hastings Borough Council to purchase the Grade II Listed Pier from its offshore owner through a compulsory purchase order (CPO) and then to transfer ownership to a Charity that could restore and run the Pier for the benefit of the people of Hastings and St Leonards and the wider community.

The community's efforts to save the Pier were severely disrupted by a major fire in 2010 that destroyed virtually all of the pier's superstructure. Nonetheless a development plan was put forward to the Heritage Lottery Fund (HLF) who grant funded the project feasibility work in 2011. In November 2012 the HLF awarded a project grant of £11.4m to underpin the proposals to rebuild the Pier.

Hastings Pier Charity (HPC) was set up in 2011 as the organisation to take the ownership, to drive its restoration and manage its future through a sound commercial plan. Ownership of the Pier passed to the Charity on August 14th 2013.

In 2014, the Charity raised £590,000 from a Community Share issue that attracted over 3,000 investor-members, completing the financial package required for the renovation phase of the project, becoming the first UK charity to raise equity finance.

Work commenced on renovation in 2014 and was completed in 2016. The Pier opened to the public in April 2016.

The Organisation

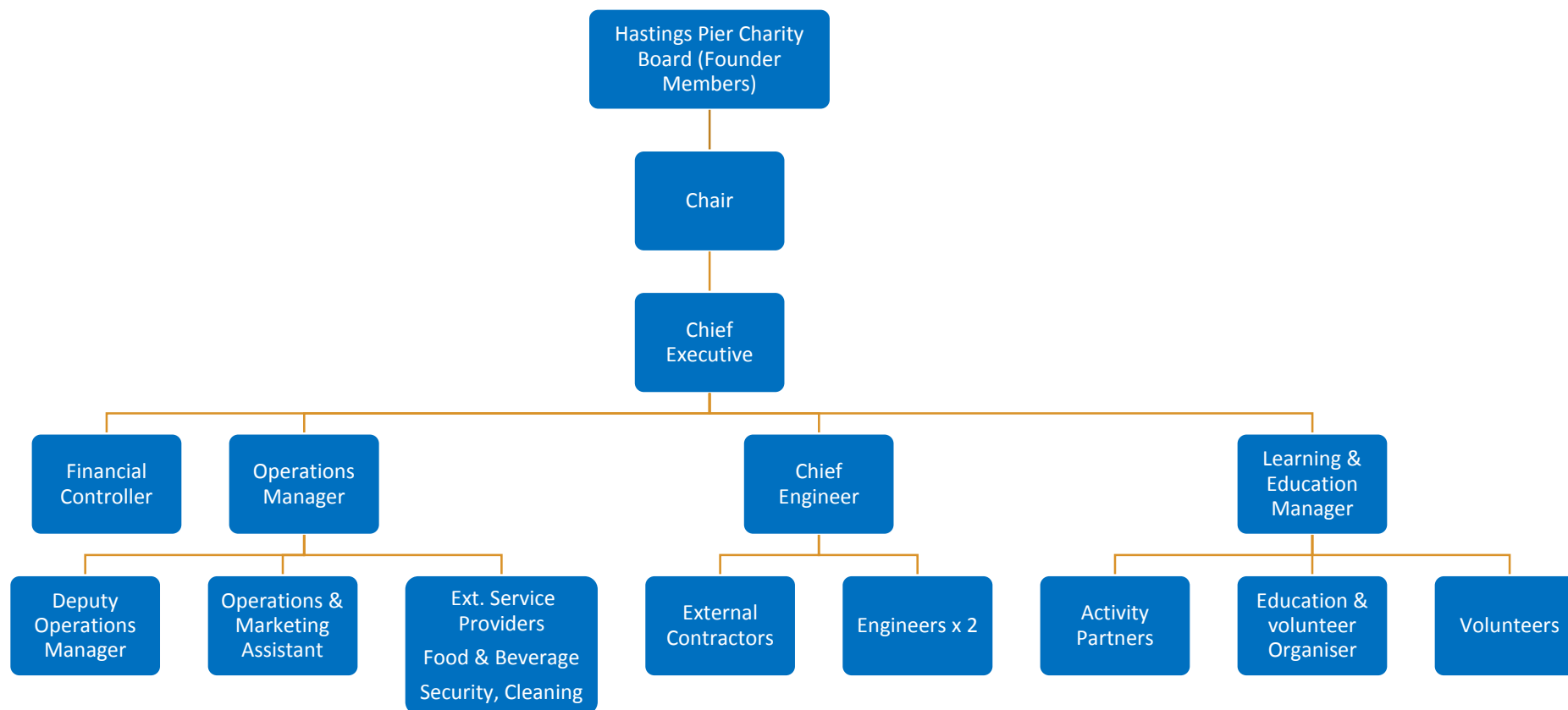
HPC is a Community Benefit Society with exempt charity status. HPC holds the freehold of the Pier and there is a statutory asset lock that protects the ownership for the benefit of the community over the long term. There is more information on this in Appendix One.

HPC's stated mission as defined by its rules is the preservation, protection, restoration and improvement of buildings and structures of historic or architectural merit for the public benefit in the White Rock area of Hastings and in particular Hastings Pier.

The Charity has direct responsibility to the HLF, which is providing £12m of the £14.5m funding needed, for the project to restore the Pier. HPC currently has 9 Directors including the Chair and employs 11 full time staff.

Biographies of the Board of Directors can be found at our website at <http://hastingspier.org.uk/about/board-of-directors/>

The following chart illustrates the employee and volunteer resource allocations and their respective reporting lines.



HPC - Organisational Chart

2.0 Business Plan Summary

The Pier will be a mixed use destination in its own right and much can be learnt from looking to other destinations where a mix of activities, experiences, dining, retail and events help drive the demand.

The core building blocks of the Pier programme are:

- the visitor centre complete with heritage and education elements as well as amenities
- differentiated food and beverage offers
- a robust and well planned activities programme
- modest retail including heritage related memorabilia

There are many opportunities for subsequent phases should further funds be available in the future, these include: additional heritage and education experiences and content: fixed assets and building to deliver entertainment elements; event stages, equipment and facilities.

The current operating programme is designed to deliver two key objectives:

- To attract a significant number of annual visitors to the Pier, starting with 330k in the first year
- To ensure that whilst on the Pier there are sufficient commercial opportunities to achieve a £4 spend per head from visitors

The Charity employed specialist leisure consultants, Leisure Development Partners (LDP), to develop the commercial operation of the business. Their research for the project has been far reaching and goes beyond piers to look at successful visitor and education centres, music festivals, outdoor cinema events, fishing and diving activities. They have identified examples of destinations which have created a high profile through a strong strategic vision.

LDP has used established leisure industry methodology to estimate resident and tourist market sizes. They have reviewed the current market context in terms of competition and potential uses including food and beverage, together with a review of comparable pier case studies.

The underlying basis of the business plan is that the Pier should attract 330,000 visitors annually, each spending an average of £4 whilst on the Pier. The current assumption is that 74% of revenues will come from food and beverage sales, 15% from entertainment and events income and 11% from other operations such as venue hire, merchandise sales, concessions etc. As a result of a thorough risk-based analysis of the F&B operations, the HPC Board has concluded that the Pier will be best served by a strategy of using third party operators for this critical commercial activity.

Our consultants, LDP, have researched the potential visitor numbers within industry defined travel times. The catchment market travel-time isochrones are shown below.



The estimated catchment population within the defined travel times and how they are split within the tourist market are illustrated in the table below.

ESTIMATED CATCHMENT POPULATION 2012 PROJECTION (000s)		
Market	Population	%
Resident Market		
Travel Time		
0-15 minutes	131	0.9
15-30 minutes	93	0.7
30-60 minutes	621	4.4
1-2 hours - Secondary	13,282	94.0
Resident Market Total (0 - 2 hours)	14,127	100.0
Tourist Market		
Domestic tourists Hastings	356	9.9
Domestic tourists (0-1 hour)	2,522	69.9
International Tourists Hastings	55	1.5
International Tourists (0-1 hour)	677	18.8
Total Tourist Market (0-1 hour)	3,610	100.0
Total catchment population	17,737	
<i>Source: LDP, Microsoft MapPoint, ONS, IPS and official statistics. Note Hastings tourist market based on Economic Impact of Tourist to Hastings 2010 and reflects 2010 estimates</i>		

The forecast visitor numbers based on the defined catchments and geographical distribution are shown in the table below

POTENTIAL ATTENDANCE FIGURES AT THE PIER			
	Visit Probability	Visitation Frequency pa	Total Visits
Resident Markets			
Primary (0-15 min)	25.0%	3	98,574
Primary (15-30 min)	15.0%	2	27,933
Primary (30-60 min)	3.0%	1	18,617
Secondary (60-120 min)			-
TOTAL			145,124
Tourist Market			
Hastings Domestic (Arrivals)	15.0%	1	50,850
Dom-Excluding Hastings (0-60)	3.0%	1	75,687
International Hastings (Arrivals)	40.0%	1	22,400
Intl – Excluding Hastings (0-60)	5.0%	1	33,850
TOTAL			182,787
Footfall			327,912
<i>Source: LDP</i>			

The reasons to visit the Pier are generated by the following strategic activities:

- Visitor centre heritage Interpretation – Using primarily digital techniques the goal is to tell the rich, social, cultural and economic story of the Pier. This will be accessible to everyone and will emphasise the unique nature of the Pier and Hastings as a seaside town
- Heritage Lottery Fund Activity Plan – A series of specific activities are planned that will draw target audiences to the Pier to engage with aspects of the heritage in a structured way.
- Events and Entertainment – A broad programme of seasonal animation on the Pier that will include a circus, a funfair, music, winter fair and markets and outdoor cinema

The commercial opportunities are planned to be as seasonally robust as possible, hence there is an emphasis on food and beverage. They will comprise:

- Pavilion restaurant and bar – A large, dedicated facility that will provide training opportunities as well as being a great place to eat and drink, characterised by local produce in a unique location
- Visitor centre rooftop terrace – The visitor centre's rooftop terrace will provide additional café style service, in a space that is open, with great views out to sea and back to shore
- Visitor centre merchandise – A range of Pier specific merchandise on offer in the visitor centre interior
- Visitor centre hire – The spaces within the Centre will be available for hire for a range of functions and events
- Pier concessions – Seasonally operated concession stalls will encourage local entrepreneurs to offer additional commercial opportunities to Pier visitors

Operating Principles

The following operating principles reflect industry practice and input from our expert advisors. They

summarise the Charity's commitment to safety and quality in delivery and operation.

- The restoration and redevelopment has been designed to a high standard and all public areas and facilities will be maintained through a planned maintenance regime.
- Lighting will play an important part in maintaining a safe and enjoyable atmosphere.
- The retail and food and beverage operations will be fitted out professionally and will be great places to visit and to work in. The public toilets will be to a high specification and well maintained.
- The design of the multi-use spaces will maximise the revenue generating uses and will consider the requirements of promoters and event organisers.

To achieve the goals of the Business Plan the management of the Pier will need to be highly motivated and professional. The CEO will work closely with the Board and Chairman to ensure that operating policies are delivered in both the reconstruction and operational phases.

A set of operating parameters for event and entertainment providers will be critical for ensuring a quality, safe and dependable experience. A legally binding agreement will be drawn up with outsourced operators to include very specific rules relating to:

- Health and safety procedures with both the management and the tenants having obligations to adhere to appropriate training
- Customer services standards
- Daily opening and closing times
- Seasonal opening (possibly to vary by business)
- Presentation and appearance of their businesses
- Control of their offer and quality (to ensure compatibility with other uses and the goals of the site)
- Uniform and personnel presentation regulations to be agreed

The Charity will be responsible for:

- Promoting and marketing the Pier and attractions jointly with operators
- Defining customer service
- Soft programming – in-house events, activities and animation
- Overseeing the operations
- Managing the events programme and working with promoters
- Targeting new business
- Liaising with private operators, agents etc
- Overall security but extra security would be required for events at the expense of the event organisers
- The day to day cleaning, maintenance and presentation of the Pier's external spaces

The Business Plan review has included a detailed appraisal of staff costs and benchmarked maintenance costs, among others, to ensure sufficient operating budget is available and that there is a realistic stance on operating expenses.

Summary Profit and Loss Account

Hastings Pier Charity					
Summary Profit & Loss	2016	2017	2018	2019	2020
First 5 Operating Years	£	£	£	£	£
Opening Balance	330,975	232,957	183,604	135,891	116,135
Revenues					
Entertainments and Events	179,700	198,800	201,781	204,808	207,880
Food & Beverage	122,337	172,232	177,399	182,721	194,214
Merchandise	32,400	48,600	49,329	50,069	50,820
Kiosks	30,425	24,426	24,426	24,791	25,163
Carts, stands & additional services	10,500	15,000	24,791	25,163	25,541
Fundraising	60,570	79,998	81,200	82,418	83,654
Grants	20,274	-	-	-	-
Total Revenues	456,205	539,056	558,926	569,970	587,272
Expenditure					
Operating Expenses	447,994	468,896	486,703	494,004	501,414
Repairs & Maintenance	12,070	21,458	21,780	22,107	22,438
Total Expenditure	460,064	490,354	508,483	516,110	523,852
Operating Surplus/(Deficit)	(3,858)	48,701	50,444	53,860	63,420
<i>Operating Margin</i>	<i>-0.8%</i>	<i>9.0%</i>	<i>9.0%</i>	<i>9.4%</i>	<i>10.8%</i>
Capital Payments					
Community Shares Interest	-	-	-	-	-
Loan Repayments (Incl. Interest)	94,160	98,054	98,157	73,617	-
Total Capital Payments	94,160	98,054	98,157	73,617	-
Cumulative Operating Surplus/(Deficit)	232,957	183,604	135,891	116,135	179,556

3.0 Dynamic Business Plan Elements

3.1 Food and Beverage

Food and beverage provision is a core element of the plans for the Pier and is one of the important drivers of revenues for most piers. To ensure maximum engagement with the heritage content, it is necessary that the Pier has a solid food and beverage offer.

The Pavilion restaurant and bar building on the apron offers a very good possibility for a flexible food and beverage offer as shown in the design. A chameleon concept at this location could possibly shift its menu and service throughout the day acting as café, eatery and bar and night time entertainment spot without over-developing the site and creating competing offers.

The inclusion of some food and beverage in the visitor centre, particularly on the roof will provide capacity and allow for differentiation. Not only would this benefit visitor centre operations in general, but it would enable the Centre to hold private events in the evenings and will provide a point of sale close to the main heritage and education elements.

Given the seasonality of demand that can be anticipated, kiosks and / or carts could provide additional capacity and further enhance viability. With innovations in the concessions market, product ranges and presentation of kiosk based food and beverage is now extremely attractive with many offers including fun, summer season orientated foods that would sit well alongside the rest of the offer. A sense of fun and show is increasingly being brought into food service kiosk concepts and could add to the atmosphere of the pier.

After serious consideration following from risk analysis done in July 2014, the Board of HPC decided to investigate its options for a third party operational model to deliver its F&B strategy. Following an extensive open tender process, the Board has concluded an agreement to provide a varied and appropriate F&B offer across the Visitor Centre (The Deck) and the Pavilion Restaurant.

It can be seen that this approach fulfills a number of the HPC's key goals:

- The product will meet the aspirational goals set out above
- Appropriate expertise and experience will be brought to a critical aspect of the Pier operations
- The previously identified operational risk to the Charity will be mitigated
- Outsourcing direct employment will reduce HPC's overheads aiding long term sustainability
- The financial contribution from F&B will still reflect the success of the operation with HPC participating in any upside generated

In short, the Board of HPC believes that this approach is the most effective operational model for the Pier.

3.2 Entertainment and Events

Attractions and Entertainment

There is an opportunity for a variety of attractions on the Pier which could add to the activity as well as drawing power. Indeed, we see this as integral to driving high levels of footfall and ultimately sustainability. The strategy is to attract a variety of different operators to bring entertainment equipment to the Pier

during periods of high demand and to link in with special events. This is a well-established way of doing business in the leisure industry, with gross revenue split the typical model. The owner of the equipment provides the operating staff, specific insurance for the equipment itself and often marketing support, while the location management company provides the space, site management, marketing support and facilities.

We see these attraction elements as highly seasonal in nature and an important part of the offer during busier periods. They will provide capacity but also generate visits, helping to create a destination. The strategy to attract private operators reduces the capital burden for the Charity but also allows for timely refreshing of the entertainment offer, as operators can be required to cycle new attractions into the offer as needed.

Care will be taken to ensure that the offer is differentiated from the existing Old Town attractions. There is an opportunity to appeal to a wide audience and present the entertainment offer in an attractive manner.

These entertainment elements could include:

- Rides
- Mazes
- Climbing walls
- Sports activities
- Shows
- Simulators
- Activity areas

Events Spaces

Activity through soft programming is absolutely essential to the Pier in creating a busy, vibrant and viable pier and providing maximised benefits to Hastings. The Pier provides a flexible space for events and entertainment such as:

- Specialty markets
- Outdoor cinema
- Music /folk / arts and heritage festivals
- Seasonal festivals
- Food festivals
- Interest group activities (e.g. classic bikes, antiques)
- Other entertainment (jugglers/dance/magic etc.)

It is important to note that many of these events will be outsourced to specialist companies. More often than not, larger festivals are managed and promoted by outside companies. However, the largest events would need multiple venues and stages (in some cases possibly more than the Pier could offer). As such, we would envision the Pier being one of many locations within a town wide event for the largest possible events (although the business planning includes only events the Pier could feasibly handle alone in order to remain conservative). We have proposed a more modest opportunity for a Pier festival of a few days but this would not reach the scale of the larger and mid-size music festivals.

There should be an opportunity through soft programming to create many reasons to visit the Pier and

repeat on a regular basis through specialty events. These could include Christmas festivals in winter, outdoor cinema screenings during the summer, food and wine festivals and so on. These would target repeat visits at different times of year and a full and ever-changing programme is a key success factor.

At a smaller scale there is also the opportunity for the Charity to deliver on its aim to provide the community with a space for smaller gatherings and events, either in the visitor centre space or on the Pier itself depending on scale and needs. We have seen the success of educational and social programmes within visitor centres as well as private functions. There is a possibility to rent out the flexible space for private use and events throughout the year.

3.3 Other Commercial Activity

Merchandise

We will develop a merchandise strategy based on a unique product range that relates to the Pier, its location and its history. We are seeking to invest funds raised through the Community Share scheme to develop this offer that will include books, postcards and images through to craft items and clothing. We are conscious that space for this activity is limited within the visitor centre but we believe that onsite sales can be augmented with online merchandise activity.

The current business plan assumes only modest returns in this area and the strategy will be developed further, based on establishing our capacity to invest.

Functions

The visitor centre's two main spaces will be available for hire for a range of functions and events. The primary opportunity based on our comparator studies is for weddings and other civil ceremonies and the available space will accommodate up to 120 people for these. In addition we will be able to host small scale events such as music, comedy or spoken word performances with a capacity of around 100 people. Whilst we do not expect these activities to be a major contribution to the business plan, due to the constraints of seasonal operation, nonetheless we believe they will be important in building awareness of and loyalty to the Pier.

Concessions activity

The Pier will also feature concessions and we believe there is considerable opportunity in this area. The concessions will be selected to be complementary to the Pier's own commercial offer and to solve capacity issues at times of high visitor demand.

In addition we are discussing with Sussex Coast College to establish some concessions opportunities that can provide entrepreneurial skills training to students with the potential for commercial returns.

Subsequent phases

In our research we have identified additional uses that could complement and enhance the Pier in future phases. The current plan only accounts for the visitor centre and the Pavilion restaurant as the only two structures on the Pier. We feel that if additional funds could be raised for another building in a later stage, it could host the following uses.

- Rent paying tenants such as indoor attractions and entertainment offers e.g. Bowling, Cinema
- Permanent or temporary events stages and equipment to reduce the reliance on outside promoters
- Further education and heritage exhibits could be of added value to the overall educational offering
- A scuba dive shop, with direct step access to the water could be interesting, this could also facilitate fishing

4.0 Marketing Plan

The Marketing Plan will be built around the 3 key components of the planned activity programme:

The Core Activities – Heritage, F&B, and the Pier itself

These activities will be targeted at the primary, resident local market (i.e. less than 30 minute travel time), emphasising the all year round, repeatable nature of the offer (130k visits).

Events and Entertainment – Small to medium scale events, seasonal entertainment

These will aim to draw people additionally from a wider catchment area, both residents within a 60-minute travel time and local Hastings tourists (100k visits).

Large Scale Activities – Higher profile products, multiple day events.

These will be intended to draw additionally on domestic and international tourists based outside Hastings but still within an approximately 60 minute travel time (100k visits).

In addition there is the potential to attract further visitation for special events from the very large secondary market (13.3m people) within the 1 - 2 hour travel time range. Currently the Business Plan does not assume any market penetration for this group, which represents a substantial opportunity for upside.

The marketing budget is somewhat constrained and we will need to make efficient use of the channels available to us. We will also need to continue to leverage PR opportunities wherever possible, although over time we must expect these to diminish. We will shortly be launching a project to explore all existing marketing and publicity channels and to draw up the utilization model we wish to adopt. We anticipate that this may look like the following:

Local channels: Hastings Borough Council guides; Local press; Pier signage; Targeted contacts (e.g. Schools; Community Groups); Own-produced materials (A5 flyers, Beermats etc.) and Local radio.

Wider market: Advertising (costs shared with attraction/event operators), PR, Existing materials (Tourist Guides, Local magazines), Joint initiatives (Jerwood, De La Warr), Bespoke materials (Displays etc.).

Regional tools: PR; Joint marketing initiatives; Major partners and sponsors and Tourism information and publications.

In addition to the above, we will also leverage our own existing digital channels (Website, Social media, emailing list), which have been shown to have good reach, and our shareholder base of some 3,000 people for whom we are developing communication tools. We will also want to work with existing and new businesses and activity partners to develop further marketing tools leveraging their existing capabilities.

Our programme for more detailed development of the marketing plan, assuming an April 2016 opening date, is as follows:

2014

Completed: Marketing Channel Analysis project
 Signage audit and recommendations

2015

June - August Develop more detailed events plan

September - December Recruit Operations Manager
 Recruit marketing Assistant

2016

February Re-launch website
 Launch operational marketing plan

April Pier opens gates

May 21st Gala opening

Alongside this work, we will continue to pursue our PR strategy, utilising our external consultants. This work will become increasingly significant as we build towards our opening programme.

5.0 Pier Structures Maintenance Plan

Monitoring of the Pier and its structural members is required as part of a maintenance and inspection routine; activities will range from a frequency of monthly to five yearly. The table below describes the elements, maintenance action and frequency.

Element	Maintenance action	Frequency
Below deck structures, <i>i.e.</i> deck beams, trusses, bracings, columns	Visual inspection at close distance. Production of engineer's report with recommendations.	Annual
Remaining amber elements	Replacement of remaining amber elements with new	(subject to periodic inspections) 5% a year
Remaining green elements	Replacement of green elements with new	5% a year from Year 15 on the Maintenance Schedule Cost Plan (subject to periodic inspections)
Newly installed below deck structures, <i>i.e.</i> deck beams, trusses, bracings, columns	Inspection	Every 5 years (to inspect paint system and rate of corrosion and damage)
Columns	Repair of column	1 per year
	Replacement of column	1 every five years from Year 10 on the Maintenance Schedule Cost Plan
Pile bases that are permanently submerged (pile head)	Divers inspection	Every 5 years
Pile bases that are visible in low tide	Visual inspection at low tide	Every 5 years
Bracing and rails	Replacement of bracing	To be monitored - 5% replacement assumed after Year 10 + allowance included for work in Year 5 on the Maintenance Schedule Cost Plan
Below deck structures, <i>i.e.</i> deck beams, trusses, bracings	Visual inspection for major defects. Repairs to be carried out depending on findings.	After severe storm events
Deflection on the eastern side of Pier head	Monitoring of deflection	Annual reading
Decking	Checking of fixings and surface slip resistance	Annual
Western Pavilion	Typical building maintenance	Annual
Landing stage	Inspect record and cut off posts at bed level.	Phase 2

The maintenance cost schedule is illustrated in the table below.

RESTORATION OF HASTINGS PIER														
STAGE D HLF SUBMISSION														
MAINTENANCE SCHEDULE COST APPRAISAL														
			YEAR											
REF	ELEMENT	ACTION	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027 - 2030	2031
1	Below deck structure	Visual Inspection - annual - no cost (carried out by HPC staff)	-	-	-	-	-	-	-	-	-	-	-	-
2	Amber elements of structure	Replace 5% each year for eight years commencing in 2022						30,000	30,000	30,000	30,000	30,000	30,000	-
3	Green elements of structure	Replace 5% commencing in 2031	-	-	-	-	-	-	-	-	-	-	-	115,000
4	New below deck structure	Inspection - every 5 years - no cost (carried out by HPC staff)	-	-	-	-	-	-	-	-	-	-	-	-
5a	Columns	Repair - 1 each year	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
5b	Columns	Replace 1 every 5 years after 2026	-	-	-	-	-	-	-	-	-	45,000	-	45,000
6	Pile bases - submerged	Divers Inspection - every 5 years	-	-	-	-	10,000	-	-	-	-	10,000	-	10,000
7	Pile bases - visible	Visual inspection - every 5 years no cost (carried out by HPC staff)	-	-	-	-	-	-	-	-	-	-	-	-
8	Bracings/rails	To be monitored - 5% replacement assumed after 2026 + allowance for work included in 2021	-	-	-	-	25,000	-	-	-	-	25,000	25,000	25,000
9	Below deck structures - major damage	Visual Inspection	after severe storms etc - no cost appraisal											
10	Deflection of Pier Head	Monitoring - annual - no cost (carried out by HPC staff)	-	-	-	-	-	-	-	-	-	-	-	-
12	Old Pavilion	General Maintenance - Annual	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
13	Landing Stage	Inspection etc	no cost appraisal - to be considered with Phase 2 renewal											
		TOTAL £	3,500	8,500	8,500	8,500	43,500	38,500	38,500	38,500	38,500	118,500	63,500 (annually)	203,500
Notes														
a)	Costs based upon Schedule provided within Ramboll's Conservation Management Plan (NB Significantly more amber elements have been replaced during rebuild therefore this cost element has been reduced accordingly)													
b)	Costs assume the work will be organised by HPC and include appropriate management costs													
c)	Further Professional fees are excluded													
d)	Costs are given at current day cost levels with no allowance for future inflation. The Client will make suitable provision within management planning going forward													
e)	Costs exclude Value Added Tax													
f)	Costs exclude maintenance of any new buildings													
KMCS (Europe) Ltd CH/011-004														

6.0 Financial Models

In this section we set out the operating financial performance of the Pier over a fifteen-year period from the start of the project. The Pier is assumed to be fully operational from April 1st 2016.

In this model the Pier, whilst delivering only modest margins, is able to create sufficient surplus for reinvestment and/or to meet future challenges. This is particularly important since in the later years the costs of structural repairs are significantly higher due to the timing of the maintenance plan. As repair costs mount towards the end of the planning period both profitability and margin decrease, but the forecast accumulated surplus creates a strong buffer, with time to consider further development stages and investment. Indeed the level of buffer could allow for significant self-financed reinvestment. In any event there is a minimum 10-year period available for the construction and implementation of a robust development plan for the future.

Following the main projected P&L account we have set out summary charts illustrating the seasonality of the business for 2016 to 2020. These seasonal scenarios are typical of seaside tourism businesses illustrating a summer peak in profitability, which creates surplus for the quietest months. We anticipate January, February, April, May, October & November as being cash negative months in each year. The Summer season is the prime opportunity (as with other seaside businesses) to operate at a reasonable profit. This seasonal performance has been especially significant in determining the Spring 2016 opening date for the pier.

NB

The Charity has not included a Balance Sheet in these projections because it believes that it would be essentially misleading to members. The core asset – the Pier – is valued differently for resale and for insurance rebuild purposes, and so the Directors believe that this information could present a misleadingly optimistic perspective of the Charity's asset-based solvency.

The core issue for the Charity's solvency is therefore the cash flow and profit and loss accounts, and these are presented below.

A balance sheet is produced as part of the statutory reporting requirement and is presented to members as part of the publicly available accounts.

Hastings Pier Charity Projected Profit & Loss Account Opening April 2016	YEAR											
	2016 £	2017 £	2018 £	2019 £	2020 £	2021 £	2022 £	2023 £	2024 £	2025 £	2026 £	2027 £
Events Revenues												
Total Events Revenues	179,700	198,800	201,781	204,808	207,880	210,998	214,163	217,375	220,636	223,946	227,305	230,714
Commercial Activities												
Total Commercial Activity Revenues	154,737	220,832	226,728	232,790	245,034	251,623	258,398	265,364	272,528	279,895	287,470	295,261
Other Revenues												
Total Other Revenues	101,495	119,424	130,417	132,373	134,358	136,374	138,419	140,495	142,603	144,742	146,913	149,117
Grant Income	20,274	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	456,205	539,056	558,926	569,970	587,272	598,994	610,980	623,235	635,767	648,582	661,688	675,092
Operating Expenses												
Total Operating Expenses	460,064	490,354	508,483	516,110	523,852	568,027	576,548	585,196	593,974	602,884	611,927	621,106
Net Operating Surplus/(Deficit) before capital costs	(3,858)	48,701	50,443	53,860	63,420	30,967	34,432	38,039	41,793	45,699	49,761	53,986
Capital Payments												
Total Capital Payments	94,160	98,054	98,157	73,617	-	-	-	-	-	-	-	-
Annual Net Operating Surplus/(Deficit) after capital costs	(98,018)	(49,353)	(47,714)	(19,757)	63,420	30,967	34,432	38,039	41,793	45,699	49,761	53,986
Opening Cash Balance	330,975											
Cumulative Cash Surplus/(Deficit)	232,957	183,605	135,891	116,134	179,554	210,520	244,952	282,991	324,784	370,483	420,244	474,230
<i>Inflation included at 1.5% from 2018 onwards</i>												

Hastings Pier Charity Business Cash Flow Forecast Opening April 2016	2016												
	January £	February £	March £	April £	May £	June £	July £	August £	September £	October £	November £	December £	TOTAL £
Attractions & Events Revenues													
Total Attractions & Events Revenues	-	-	-	-	9,400	18,400	42,000	55,800	12,900	23,400	2,400	15,400	179,700
Commercial Activity Revenues													
Total Commercial Activity Revenues	-	-	-	-	5,814	12,672	22,176	26,523	35,549	25,700	18,531	7,772	154,737
Other Revenues													
Total Other Revenues	5,047	5,047	9,830	14,406	6,360	6,360	14,502	6,360	6,360	14,502	6,360	6,360	101,494
Grant Income	-	-	20,274	-	-	-	-	-	-	-	-	-	20,274
Total Revenues All Sources	5,047	5,047	30,104	14,406	21,573	37,432	78,677	88,683	54,809	63,601	27,291	29,532	456,204
Operating Expenses													
Total Operating Expenses	4,423	12,323	45,749	56,803	47,132	38,263	44,881	44,604	44,451	39,313	40,484	41,636	460,064
Net Operating Surplus/(Deficit) before capital costs	624	(7,276)	(15,645)	(42,397)	(25,558)	(831)	33,796	44,079	10,358	24,288	(13,193)	(12,104)	(3,859)
Capital Payments													
Total Capital Payments	2,830	8,679	9,035	8,179	8,179	8,180	8,180	8,180	8,179	8,179	8,180	8,179	94,160
Net Cash Inflow/(Outflow)	(2,206)	(15,955)	(24,680)	(50,576)	(33,737)	(9,011)	25,616	35,899	2,179	16,109	(21,373)	(20,283)	(98,019)
Opening Cash Balance	330,975												
Closing cash balance	328,769	312,815	288,135	237,558	203,821	194,810	220,426	256,325	258,503	274,612	253,239	232,956	

Hastings Pier Charity Business Cash Flow Forecast Opening April 2016	2017												
	January £	February £	March £	April £	May £	June £	July £	August £	September £	October £	November £	December £	TOTAL £
Attractions & Events Revenues													
Total Attractions & Events Revenues	900	2,400	2,400	5,400	24,400	47,400	30,000	31,800	12,900	23,400	2,400	15,400	198,800
Commercial Activity Revenues													
Total Commercial Activity Revenues	5,517	3,400	5,344	11,900	11,172	16,516	25,258	35,340	46,453	30,674	22,824	6,435	220,832
Other Revenues													
Total Other Revenues	6,966	6,966	15,708	7,716	7,866	8,766	17,358	9,816	8,316	16,008	6,966	6,966	119,423
Total Revenues All Sources	13,383	12,766	23,452	25,016	43,438	72,682	72,616	76,956	67,669	70,082	32,190	28,801	539,055
Operating Expenses													
Total Operating Expenses	39,880	26,030	27,675	41,936	42,348	44,816	46,050	47,695	43,582	43,641	42,878	43,828	490,354
Net Operating Surplus/(Deficit) before capital costs	(26,497)	(13,263)	(4,222)	(16,920)	1,090	27,867	26,567	29,262	24,088	26,441	(10,687)	(15,026)	48,700
Capital Payments													
Total Capital Payments	8,180	8,179	8,179	8,179	8,179	8,179	8,180	8,180	8,179	8,080	8,180	8,180	98,054
Net Cash Inflow/(Outflow)	(34,677)	(21,442)	(12,401)	(25,099)	(7,089)	19,688	18,387	21,082	15,909	18,361	(18,867)	(23,206)	(49,355)
Cash Surplus/(Deficit) Brought Forward from Previous Year	232,956												232,956
Closing Cash Balance	198,279	176,837	164,436	139,337	132,248	151,936	170,323	191,405	207,313	225,675	206,808	183,602	183,602

Hastings Pier Charity Business Cash Flow Forecast Opening April 2016	2018												
	January £	February £	March £	April £	May £	June £	July £	August £	September £	October £	November £	December £	TOTAL £
Attractions & Events Revenues													
Total Attractions & Events Revenues	914	2,436	2,436	5,481	24,766	48,111	30,450	32,277	13,094	23,751	2,436	15,631	201,781
Commercial Activity Revenues													
Total Commercial Activity Revenues	5,667	3,487	5,461	12,206	11,449	16,909	25,892	36,247	47,766	31,535	23,494	6,613	226,728
Other Revenues													
Total Other Revenues	2,120	2,120	14,501	7,419	8,479	14,839	26,161	22,258	11,659	16,621	2,120	2,120	130,417
Total Revenues All Sources	8,701	8,043	22,398	25,106	44,694	79,859	82,502	90,782	72,519	71,908	28,050	24,364	558,926
Operating Expenses													
Total Operating Expenses	41,389	27,331	28,468	46,433	43,257	46,043	49,816	48,033	45,191	44,338	45,553	42,633	508,483
Net Operating Surplus/(Deficit) before capital costs	(32,688)	(19,288)	(6,070)	(21,327)	1,437	33,816	32,687	42,750	27,328	27,570	(17,503)	(18,268)	50,443
Capital Payments													
Total Capital Payments	8,180	8,180	8,180	8,179	8,180	8,179	8,180	8,180	8,180	8,180	8,180	8,179	98,157
Net Cash Inflow/(Outflow)	(40,868)	(27,468)	(14,250)	(29,506)	(6,743)	25,637	24,507	34,570	19,148	19,390	(25,683)	(26,447)	(47,714)
Cash Surplus/(Deficit) Brought Forward from Previous Year	183,602												183,602
Closing Cash Balance	142,733	115,265	101,015	71,509	64,767	90,404	114,910	149,480	168,628	188,018	162,335	135,888	135,888

Hastings Pier Charity Business Cash Flow Forecast Opening April 2016	2019												
	January £	February £	March £	April £	May £	June £	July £	August £	September £	October £	November £	December £	TOTAL £
Attractions & Events Revenues													
Total Attractions & Events Revenues	927	2,472	2,472	5,563	25,137	43,682	32,624	32,761	16,724	24,107	2,472	15,865	204,808
Commercial Activity Revenues													
Total Commercial Activity Revenues	5,823	3,577	5,580	12,520	11,733	17,313	26,543	37,179	49,118	32,422	24,184	6,797	232,790
Other Revenues													
Total Other Revenues	2,152	2,152	10,352	15,156	8,606	15,061	24,923	22,592	11,834	15,241	2,152	2,152	132,373
Total Revenues All Sources	8,901	8,201	18,405	33,240	45,477	76,056	84,089	92,532	77,675	71,770	28,808	24,814	569,970
Operating Expenses													
Total Operating Expenses	42,010	27,741	28,895	47,129	43,905	46,734	50,563	48,753	45,868	45,003	46,236	43,272	516,110
Net Operating Surplus/(Deficit) before capital costs	(33,108)	(19,540)	(10,490)	(13,889)	1,571	29,322	33,527	43,779	31,807	26,767	(17,428)	(18,458)	53,860
Capital Payments													
Total Capital Payments	8,180	8,179	8,180	8,180	8,180	8,180	8,179	8,179	8,180	-	-	-	73,617
Net Cash Inflow/(Outflow)	(41,288)	(27,719)	(18,670)	(22,069)	(6,609)	21,142	25,348	35,600	23,627	26,767	(17,428)	(18,458)	(19,757)
Cash Surplus/(Deficit) Brought Forward from Previous Year	135,888												135,888
Closing Cash Balance	94,599	66,880	48,210	26,141	19,532	40,674	66,022	101,622	125,249	152,016	134,589	116,131	116,131

Hastings Pier Charity Business Cash Flow Forecast Opening April 2016	2020												
	January £	February £	March £	April £	May £	June £	July £	August £	September £	October £	November £	December £	TOTAL £
Attractions & Events Revenues													
Total Attractions & Events Revenues	941	2,510	2,510	5,647	25,514	44,337	33,113	33,253	16,975	24,469	2,510	16,103	207,880
Commercial Activity Revenues													
Total Commercial Activity Revenues	6,141	3,754	5,787	13,140	12,279	18,066	27,805	39,014	51,943	34,270	25,657	7,177	245,034
Other Revenues													
Total Other Revenues	2,184	2,184	10,507	15,384	8,736	15,287	25,297	22,931	12,011	15,469	2,184	2,184	134,358
Total Revenues All Sources	9,266	8,448	18,804	34,170	46,529	77,690	86,214	95,198	80,929	74,208	30,351	25,464	587,272
Operating Expenses													
Total Operating Expenses	42,640	28,157	29,329	47,836	44,564	47,435	51,321	49,484	46,556	45,678	46,929	43,921	523,852
Net Operating Surplus/(Deficit) before capital costs	(33,374)	(19,710)	(10,524)	(13,666)	1,965	30,256	34,893	45,713	34,373	28,530	(16,579)	(18,457)	63,420
Capital Payments													
Total Capital Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Inflow/(Outflow)	(33,374)	(19,710)	(10,524)	(13,666)	1,965	30,256	34,893	45,713	34,373	28,530	(16,579)	(18,457)	63,420
Cash Surplus/(Deficit) Brought Forward from Previous Year	116,131												116,131
Closing Cash Balance	82,756	63,047	52,522	38,856	40,821	71,077	105,970	151,684	186,057	214,586	198,008	179,551	179,551

Appendix One – Project Context and Background

1.0 Risks and Sensitivity Analysis

In general, we believe that the business model has resilience because the visitation numbers are conservatively derived and the commercial expectations in terms of spend per head are realistic. That is not to say that the commercial offer will not have to be adapted in the light of customer experience, and the question of how much of this offer should be outsourced has now been fully evaluated by the Board with the resultant changes laid out in this update.

Heritage interpretation can be a significant factor in bringing visitors to the Pier and we believe that appreciating the story of the Pier can be a compelling and important element of the future visitor experience. We will be working to develop the long-term interpretation framework over the course of the next 12 months and the experience of operating the Pier Hub space on the promenade is already providing useful input into this process. We do not currently believe that in its present format the specific, targeted educational activity plan is sustainable once the period of HLF funding has ceased, and the business plan reflects this, particularly in our staffing assumptions. Of course we will work through the period of the Activity Plan programme to assess what can be retained and to investigate how this could be funded.

Clearly the longer-term viability of the Pier will be dependent on being able to deliver the fixed cost elements within budget. Of these, the largest risks concern insurance and repairs and maintenance.

Insurance costs will inevitably rise with the uncertainty over extreme weather conditions and the consequent predicted increased occurrence of severe storms. The market conditions mean that we are not in a strong negotiating position and so we will need to demonstrate good risk management in the initial years of operation with an emphasis on areas that are within our control such as health and safety, security and fire prevention. Maintaining the structural integrity of the Pier will also reduce its susceptibility to damage.

Our repairs and maintenance programme has been set out from the baseline of the extensive repairs programme being delivered by the HLF project. Initial maintenance costs are therefore low, since the immediate problems have been addressed but an accumulated surplus is necessary to meet the increased costs from Year 5 of operation and then again once major repairs are scheduled from Year 10.

We believe that our chosen approach of training an in-house team through the project, with detailed knowledge of the structure, will enable us to make informed and cost-effective decisions about the future maintenance programme. We have ensured that the present investment in the Pier's structure is focused on reducing as far as possible the long-term maintenance cost, through appropriate choice of materials, prioritisation of spend and upgrading components. All new elements have a designed lifetime of 50 years, which we believe is prudent.

We have modelled two specific scenarios that examine the impact of critical occurrences with the potential to threaten the operational stability of the enterprise. This approach is different to that adopted in the previous iteration of the Business Plan where a more general approach to sensitivities was taken.

These specific cases are as follows:

Poor Weather

This scenario reviews the impact in the event of exceptionally bad weather during the summer of 2017. This causes dramatic reductions in revenue from the most rain-impacted events, as well as a significant

overall reduction in spending on the Pier resulting from lower visitation.

The overall outcome is a lower operating profit than forecast in the base case and after loan repayments, some of the accumulated surplus is eroded. However, it is evident that the business could withstand a small number of similarly impacted seasons given its initial financial position.

Storm Requires Rebuild

In this scenario we assume a storm in the early part of 2019 with much of the year lost to righting the damage (albeit with insurance paying the costs of this). In this scenario we assume a rebuild time of at least 6 months with much of the summer season events being lost entirely or reduced in scale. We assume a reopening part way through the summer season with around only one third of forecast annual visitors being attracted to the Pier. We assume the Pavilion is less dramatically impacted as it is likely to be a less seasonal business with stronger support in the autumn and winter. In this scenario, the staff numbers are scaled back to the core team to keep costs down.

The business makes a significant loss during this season as it still supports a significant cost base in terms of staff and fixed costs, but is able to meet its debt obligations by using some of its accumulated reserves. Clearly the Pier would be vulnerable to a second similar event within a 5-year period.

We are continually reviewing the risk profile of the project and the Consolidated Risk Register.

Hastings Pier Charity Projected Profit & Loss Account Opening April 2016	YEAR											
	2016 £	2017 £	2018 £	2019 £	2020 £	2021 £	2022 £	2023 £	2024 £	2025 £	2026 £	2027 £
Poor weather experienced - Summer 2017												
Total Events Revenues	179,700	116,620	201,781	204,808	207,880	210,998	214,163	217,375	220,636	223,946	227,305	230,714
Commercial Activities												
Total Commercial Activity Revenues	154,737	132,499	226,728	232,790	245,034	251,623	258,398	265,364	272,528	279,895	287,470	295,261
Other Revenues												
Total Other Revenues	101,495	119,424	130,417	132,373	134,358	136,374	138,419	140,495	142,603	144,742	146,913	149,117
Grant Income	20,274	-	-	-	-	-	-	-	-	-	-	-
Total Revenues All Sources	456,205	368,543	558,926	569,970	587,272	598,994	610,980	623,235	635,767	648,582	661,688	675,092
Operating Expenses												
Total Operating Expenses	460,064	478,054	508,483	516,110	523,852	568,027	576,548	585,196	593,974	602,884	611,927	621,106
Net Operating Surplus/(Deficit) before capital costs	(3,858)	(109,512)	50,443	53,860	63,420	30,967	34,432	38,039	41,793	45,699	49,761	53,986
Capital Payments												
Total Capital Payments	94,160	98,054	98,157	73,617	-	-	-	-	-	-	-	-
Annual Net Operating Surplus/(Deficit) after capital costs	(98,018)	(207,566)	(47,714)	(19,757)	63,420	30,967	34,432	38,039	41,793	45,699	49,761	53,986
Opening Cash Balance	330,975											
Cumulative Operating Surplus/(Deficit) after capital costs and receipts	232,957	25,391	(22,322)	(42,079)	21,341	52,307	86,739	124,778	166,571	212,270	262,031	316,017

[illegible]

2.0 Strategy and Concept

The Pier is situated between Castle Ward and Central St Leonards Ward, both amongst the most economically deprived in Hastings. Consequently, the area surrounding the Pier is in need of regeneration and in particular the seafront access needs improvement and connectivity. Hastings Borough Council have recently refreshed their Seafront Strategy in the context of the Pier reopening and the potential plans for the White Rock Baths recognising it as a key node and landmark. The £1.17m project to refurbish the former White Rock Baths as a world class skate-park capable of hosting globally significant BMX and skateboarding events has now opened and also improvements to the promenade landscape adjacent to the Pier entrance are planned.

To be economically viable into the future the Pier, once restored, will have to reverse the decline in visitor numbers experienced in its last decades. We have conducted extensive market analysis of both near and distant markets and believe that the projected attendance numbers for the programme proposed are realistic. Even so, the ownership structure of a community benefit society with exempt charitable tax status is designed to support an expectation of modest returns to the owner, which is the key to a sustainable future.

The Charity has a responsibility to ensure that the required maintenance regime is put in place and that the pier's structure is repaired and maintained as an absolute priority for the organisation. This strategy includes a planned maintenance and replacement programme as well as the capacity to respond to unforeseen emergencies.

In the first three operating years the heritage interpretation, education and learning activities will be supported by grant funding from the HLF as set out in the Activity Plan. Thereafter they will need to be self-funding or supported through additional fundraising activities. The core of our heritage interpretation offer will be a space for visitor presentations which will primarily utilise digital content in lieu of artefacts, since the Pier does not have a collection of physical objects. The plan produced during the HLF-funded development phase envisaged the possibility of further phased development that increased the scope and scale of the public offer, beyond the current £14.3m project. It is anticipated that the Board of HPC will continue to explore development options that may include partnership with private investors as well as continued public sector support. The present business plan does not assume any of this development when setting out the baseline performance required to operate and maintain the Pier for the foreseeable future.

In taking this approach we are seeking to demonstrate that the current plan represents a robust, if modest, business proposition that can meet the minimum requirements of the Charity, namely to keep the Pier in a well maintained and serviceable state, providing access and enjoyment to members of the public both in the short term and for the foreseeable future.

The following table is a SWOT analysis from the perspective of market opportunity and commercial viability:

SWOT Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Pier's heritage • The Pier is well loved by locals & an icon in Hastings • Ownership base of around 3000 shareholders ensures clarity of accountability & extremely broad level of support • HPC has a solid strategy • Support of residents & the public sector and an active and passionate Charity • Project has retained very high level of political interest which is cross party and committed to its future success • General geographic location i.e. Hastings • Access to resident & tourist markets • The Charity has proven extremely successful in engaging the public & stakeholders • Media interest in the Pier is very strong & hugely supportive of project's goals • Plans based on thorough research • Building blocks of the offer well suited to the market & aims of the Charity 	<ul style="list-style-type: none"> • Local market size is quite modest • Expectations of the Pier are potentially unrealistically high based on its historical performance • "Urban Park" concept is not necessarily well understood or appreciated • Specific location – in relation to existing, quite distant centre of tourist visitation in the town • Surrounding public realm is quite dilapidated and in poor condition • Lack of parking & other public facilities • Seasonal nature of operation • Clearly there is much to do in the reinvigorating the Pier putting investment in place etc • Few original above deck features are left
Opportunities	Threats
<ul style="list-style-type: none"> • HLF funding and CPO unlock reengineering • Tell the Pier and Hasting's story through the interpretation elements • Exploit the intrinsic appeal of the Pier – promenade, views, proximity to the sea • Attract the huge, untapped secondary market of between 1-2 hours travel time with significant product offer across all areas of activity including F&B • Rotating programme of events and entertainment to drive visitors to engage with the heritage • Educate and stimulate through visitor centre and educational content • Entertainment and events in a progressive commercialisation – sharing the burden with the private sector • Attractions and entertainment to deliver footfall and drive surplus • Reuse the apron building as a restaurant • Differentiate the two potential food and beverage offers • Attract partners from the private sector for content and kiosks 	<ul style="list-style-type: none"> • Piers are challenging businesses from a purely commercial perspective and a lack of public sector/funder support would threaten the Pier's survival • If there are unexpected roadblocks • Public, media and politicians lose interest after the primary objective of rescuing the Pier is achieved • Lack of resources leads to poor customer experience and a loss of repeat visitation • Reliance on volunteer support is unsustainable in the long term

3.0 Stakeholder and Delivery Phase

Project Stakeholders

The Heritage Lottery Fund is the principle funder for the project. The HLF is administered by the National Heritage Memorial Fund which was given the responsibility of distributing a share of the money raised through the National Lottery for Good Causes. Since 1994 the HLF have distributed over £6 billion of investment to over 36,500 projects to help them sustain and transform heritage initiative.

Hastings Borough Council are the local administration and planning authority for the area. They are the key local public sector stakeholder in the project and they carried out initial emergency repair works to make the structure safe and then promoted the Compulsory Purchase Order which was granted in August 2013. The Council itself has also committed to additional grant funding towards the Pier's restoration.

The Department for Communities and Local Government has awarded a substantial grant from the Coastal Communities Fund. This Fund is aimed at supporting development of coastal communities with a focus on promoting sustainable growth and jobs. The grant award to the Charity is for the creation of the new land mark restaurant with specific targets around job creation, training and business engagement.

Social Investment Business through the Community Ownership and Management of Assets Fund also committed grand funding which was aimed principally to enable Hastings Borough Council to meet the costs to trigger the transfer of ownership of the Pier to HPC. In return for this grant the Charity has to achieve the qualitative benefit of increasing the sense of pride and increasing community cohesion in Hastings and St Leonards through the opening and operation of the Pier.

Social Investment Business through Community Builders Fund is also providing loan facilities to the project. The Fund is aimed at building long term financial viability to community enterprises. Part of the loan facility to the Charity has been converted to a grant on evidence of £1 for £1 match funding by local residents and businesses through the Community Share scheme.

East Sussex County Council has awarded grant funding towards the restoration and redevelopment works and the Charity again has targets around job creation for East Sussex residents specifically.

The Architectural Heritage Fund has provided the remainder of the project capital funding with an unsecured loan facility.

CAF Venturesome provided unsecured loan funding to assist with early project cash flows.

The Charity currently has around 3,000 Community Share Holders who invested around £590,000 in the project. The Share Holders, as well as securing critical broad based community ownership and control of the asset, will also provide a significant opportunity to raise additional unrestricted capital funds. The initial £200,000 raised from the share issue has completed the funding required to implement phase one of the restoration project. Of the remaining share capital raised, £150,000 will be used to provide the necessary cashflow to support the business once operational and £250,000 will be invested in commercial activities that will help sustain the Pier's longer-term economic future.

4.0 Project Management and Governance Structure

Hastings Pier Charity is a Community Benefit Society with the FCA with the registration number 32211R and registered as an exempt charity by HMRC. HPC is the freehold owner of the Pier and has been established with the object of carrying out business for the public benefit through “The preservation, protection, restoration and improvement of buildings and structures of historic or architectural merit for the public benefit in the White Rock area of Hastings in East Sussex, particularly, but not exclusively, the property known as Hastings Pier, East Sussex”.

The Charity has the responsibility for governance and delivery of the project.

- **The restoration, redevelopment and maintenance of the Pier**

The Charity will oversee the reconstruction project, taking overall responsibility for procuring the works and ensuring their delivery on time and budget and to the required levels of quality. HPC has overall responsibility for the site throughout the period of the project works except where such responsibility may be delegated to specific contractors for certain periods.

The Charity will also have responsibility for the ongoing maintenance of the Pier after the restoration works have been completed.

- **Independent custodians for the asset and heritage of the Pier**

In line with the charitable objectives, the Charity will act as independent custodians for the heritage of the Pier and HPC will work to ensure that heritage interpretation and participation remain central to the delivery of the project and the future of the Pier. The Charity also has the long term goals and responsibilities to safeguard the assets and promote their enjoyment by future generations.

The Governance Process includes:

- Regular progress review (weekly) by the CEO with direct reports
- Regular site meetings (monthly)
- Regular project sub-committee meetings (monthly)
- Regular Board Reports (monthly)

All financial management is in accordance with the Charity’s Financial Procedures Manual. All matters of substance are reported immediately to the CEO.

Charity Members

We are owned by our members, who have subscribed to capital in the charity. Those members receive benefits from the charity, such as first sight of information relating to events and first rights to buy tickets etc, and elect the Board of Directors.

The Society has held one AGM to date, attended by over 300 members.

In addition to providing capital, our members are our advocates in the community and beyond, as their social and financial interests are aligned with that of the Pier; they and us want the Pier to thrive and positively impact on the Hastings community and their ability to

secure any financial return is entirely contingent on our visitor numbers being in line with or better than those projected.

Members have been advised that the charity's Directors will look to offer an annual rate of interest of 3%. Such interest is only possible in line with its rules and the law governing charities. Specifically, this cannot be a distribution of the charity's surplus and can only be made should the Directors believe the charitable objects are being achieved, and should both be the case, such interest will be declared in advance of the financial year in which they will be offered.

In line with the above, the Board of Directors do not propose to offer interest whilst the society remain indebted, and views servicing creditor capital to be more prudent to the charity than member capital. They are confident that should the debt be serviced as per the financial models in this plan, the charity will be able to service members' capital as they aspire.

No withdrawals will be permitted until April 2017. The charity will also look to move to an 'open offer' upon satisfaction of all debts, in which new members will be able to join at any time provided they make the same minimum financial contribution to the charity's capital. The Board believe that in addition to the funds they will generate that might support member withdrawal, this flow of new members will create a pool of capital liquidity that will further enhance the possibility of withdrawal. Even so, the Board retains the right to suspend withdrawal at any time if they consider it prudent to do so.