

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL
EXECUTIVE MANAGEMENT TEAM'S REPORT TO CABINET

December 2016

1. **HEADING** Ryecroft Development – land sale contract
- Submitted by:** Executive Director – Regeneration and Development
- Portfolio:** Policy, People and Partnerships
- Ward(s) affected:** Town

Purpose of the Report

To update Members on progress with the exchange of contracts with regard to the Ryecroft Development.

Recommendations

That the information be noted and that officers be asked to report back at appropriate future milestones.

Reasons

In order that members are kept informed about the progress of this important project.

1. **Background**

1.1 Members will be aware that the Council made two inter-related decisions at a meeting in September 2015; (a) to proceed with partners in the procurement of a new public sector hub (from which future public services would be delivered on a multi-agency basis) and (b) to proceed with a preferred development partner (Henry Davidson Developments) in the delivery of a redevelopment of the Ryecroft site (comprising the former Sainsbury's site and the current Civic Offices).

2. **Issues**

2.1 HDD propose to construct approximately 64,000 square feet GIA ground floor open retail space together with associated car parking and around 500 student beds.

2.2 Officers can confirm that on 22nd November 2016 contracts were exchanged between Newcastle Borough Council, Henry Davidson Developments and U and I Group Plc (parent company of HDD) in respect of the above scheme.

2.3 In line with normal practice the contract exchanged with HDD requires the satisfaction of a number of Conditions Precedent, (CP's) as quickly as is reasonably possible and in any event by certain long stop dates. Whilst the contract contains commercially sensitive information officers can confirm that the main CP's are:

- HDD securing a satisfactory planning permission for the scheme;
- HDD to secure pre-lettings in respect of an agreed proportion of the retail floors space;

- HDD to enter into a funding agreement in respect of the development.

It is expected to take between 12 – 18 months from now for all of the CP's to be satisfied

2.4 Once CP's have been satisfied the Council has agreed to grant a 250 year lease of the Ryecroft property (comprising the site of the former Sainsbury's and NBC's Civic Offices) in return for a capital receipt.

2.5 HDD's current development programme envisages the following main milestones:

- End of "Brexit window" – end February 2017 (at which point HDD would be able to terminate the contract if they are not satisfied about the prevailing conditions in the investment/funding market);
- Planning application – July 2017;
- Start on site – late spring 2018 (June at the latest) with demolition / clearance being the first activity;
- Main construction to commence in September 2018.
- The main retail elements (comprising two separate blocks) are to be operational by September 2019 and;
- The student block of accommodation (which will include a small, ground floor retail / food & beverage element) is to be ready for occupation by July 2020 (to align with the academic year).

3. **Outcomes linked to Corporate priorities**

3.1 Delivery of this scheme would contribute to the corporate priority of "Borough of Opportunity" given the anticipated economic outputs.

4. **Financial and Resource Implications**

4.1 There are no new financial implications arising from the action taken in this matter although members will be aware of the future assumptions regarding the funding of the Council's capital programme.

5. **Key Decision Information**

5.1 This is not a key decision

6. **Key previous member decisions**

6.1 September 2015 – decisions of Council to proceed with the Ryecroft and Civic Hub projects.