

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

**7<sup>th</sup> November 2018**

**RYECROFT: FUTURE REDEVELOPMENT OPTIONS**

**Submitted by:** Executive Director, Regeneration and Development

**Principal author:** Economic Regeneration Officer

**Portfolio:** Deputy Leader of the Council and Portfolio Holder - Finance and Efficiency

**Ward(s) affected:** All (but principally Town)

**Purpose of the Report**

To consider how to best take forward the Ryecroft development in Newcastle Town Centre following the acceptance by developers HDD not to proceed with a retail-led scheme for the site because it is not deliverable in current and foreseeable market conditions.

**Recommendations**

1. That officers of the Borough Council, in liaison with the Portfolio Holder and in partnership with Staffordshire County Council, be authorised to take all necessary steps to commission an expert commercial assessment and high level masterplan for the Ryecroft site to reflect the present economic and development climate.
2. That the budget for this work is set at up to £70,000 and would be split with Staffordshire County Council and apportioned on a roughly 65 / 35 % basis, the larger share being borne by the Borough Council.
3. That a sum of up to £47,000 is approved to cover the Borough Council's share of the cost of this work.
4. That, subject to any necessary consents from interested parties, officers be authorised to promote the accessible parts of the Ryecroft site (mainly the former Sainsbury's site) for the purposes of enabling short-term events.
5. That officers report back the outcome of this commission to Cabinet in the first instance for Cabinet to consider making recommendations for review by the relevant Scrutiny Committee prior to a final decision about any alternative form of development being made by full Council.

**Reasons**

To secure expert commercial advice to guide the redevelopment of the Ryecroft site and help bring significant new investment into Newcastle Town Centre.

To exploit the opportunity presented by the vacant site of the former Sainsbury's store and car park to enable short-term interim uses that would generate additional footfall to the benefit of the town centre economy.

1. Introduction and background
- 1.1 In September 2015 Newcastle Borough Council and Staffordshire County Council agreed to dispose of their respective interests in a 2.59 hectare (6.4 acre) site known as Ryecroft (situated in the northern part of Newcastle-under-Lyme town centre), comprising the former Borough Council-owned Civic Offices and the former Sainsbury's site (jointly owned by the two Councils) to Henry Davidson Developments (HDD) with the aim of them redeveloping the site for a mixed use scheme.
- 1.2 A retail-led scheme was planned, providing around 64,000 sq. ft. of new retail accommodation (plus scope for mezzanine cover), aimed at strengthening the retail offer of the town centre with the introduction of more modern accommodation to attract national brands to complement our strong independent retail sector, together with a 197 space car park and 513 student apartments.
- 1.3 Members will recall that HDD approached the Council in the summer of 2016 following the "Brexit" vote seeking agreement to the inclusion of a so-called "Brexit clause" within the land sale agreement to reflect their concerns about uncertain market conditions in the wake of the vote. In practice this meant that HDD had the potential option of withdrawing from the agreement within six months of it being signed. The said agreement was executed in autumn 2016, including a number of key "conditions precedent" (matters upon which the developer needed to be satisfied before proceeding). The agreement included the 6-month Brexit clause (which HDD didn't invoke) along with a longstop date for commencement of development of September 2019 (extendable to March 2020 in the event that a satisfactory planning permission has not been secured). Whilst the local planning authority has resolved to grant planning permission (November 2017), the associated section 106 obligation remains to be signed off by all parties.
- 1.4 HDD's representatives have continued to meet with your officers on a monthly basis over the past couple of years (since the land disposal had been agreed). By the spring of this year it was becoming increasingly evident that doubts were emerging about the scheme's deliverability as a result of the ongoing adverse High Street trading conditions and rapidly changing face of the UK retail sector. By late summer this year HDD confirmed that their approved scheme is not deliverable in the context of current and foreseeable market conditions.
- 1.5 In addition to the impact of changes in the retail sector concerns have emerged about the potential complexity, cost and timescale for achieving the demolition of the current Civic Offices. This matter is the subject of a separate commission to assess more accurately the nature and scale of any issues.
- 1.6 Consequently, the Borough Council, together with its main land owner partner, Staffordshire County Council (who co-own part of the site), are now reviewing their options for securing alternative appropriate development that can be delivered within the context of current / foreseeable market conditions. As part of this process, it is proposed to seek expert commercial advice in respect of the type and strength of potential development interest in the site, together with the preparation of a workable masterplan which is both capable of being realised and which would contribute to the appeal and footfall of the town centre. As part of the options analysis the consultants will be invited to advise upon the potential necessity or

desirability of the two Councils adopting some form of more pro-active development role in order to achieve the optimum balance between commercial viability and the achievement of broader economic objectives.

- 1.7 HDD's commercial position remains the same in the meantime (i.e. that they have a land sale agreement in their favour) and they are agreeable to the approach now being proposed and have indicated a wish to contribute, in kind, their commercial and general site awareness to any consultants engaged in delivering this commission.

## 2. Issues

- 2.1 There are a number of challenges and opportunities facing the successful redevelopment of the Ryecroft each of which will need to be addressed by the commission. These include:
- The need to meet the stated objectives of the two councils, i.e. to strengthen the appeal of the town centre and to help to attract more custom and footfall to the town (for the benefit of the town centre economy);
  - The need for any scheme to be commercially viable and deliverable;
  - The need to meet the clients' urban design expectations and to link well with the town's principal pedestrian thoroughfares, notably Ironmarket and The High Street;
  - The need to provide an acceptable financial return for the two councils.
- 2.2 The other matter for Members to consider at this stage relates to the potential interim use of the accessible parts of the Ryecroft site (mainly the site of the former Sainsbury's store and car park). Members will be aware that successful events have taken place at the site over the past couple of years including the Winter Wonderland and the more recent No Fit State Circus. These kinds of events draw people into the town centre, creating additional footfall and hopefully present opportunities for existing town centre businesses to derive benefit from increased expenditure. The events have taken place under a licence arrangement in agreement with both the County Council and HDD. Officers recommend that Members agree to the promotion of the site for short-term events / activities subject to the securing of any necessary consents by the promoter of any individual event. The expectation would be that any event must at least cover its own costs and mitigate any known risks to the site's owners.

## 3. Options Considered / Preferred options

- 3.1 The options in respect of the substantive issue of site redevelopment come down to a choice between:
- reviewing where the market now is and take steps to bring forward a development proposition which both meets the objectives of the two councils and is capable of being delivered, or
  - doing nothing, waiting and hoping for the market to change in order that the approved scheme can be implemented.
- 3.2 It is felt that the Borough Council, with the support of the County Council, must take a lead and act with the aim of bringing forward appropriate redevelopment at the earliest opportunity rather than risk adverse impact upon the town centre economy.

- 3.3 It is envisaged that once the task has been completed the outcome will be reported to Cabinet in the first instance. Cabinet will consider making recommendations for review by the relevant Scrutiny Committee prior to a final decision about any alternative form of development being made by full Council.
- 3.4 With regard to interim use of the site Members can leave it in its current state (part used for car parking and part empty) or can opt for encouraging appropriate short-term interim uses for the benefit of the town centre economy. Officers would recommend the latter.
4. The Brief
- 4.1 The brief will set out the background to the Ryecroft site, the development opportunity it provides and the form of advice sought (i.e. expert commercial advice on the potential market demand for a range of appropriate town centre uses which will be used to inform the preparation of a high level masterplan which meets the Councils' development objectives and is capable of being realised).
- 4.2 At this stage the brief will be deliberately cast widely in terms of potential uses for the site, indicating a preparedness to consider any appropriate town centre uses. Some 'prompts' have been provided along the following lines, noting that the list of uses is not exhaustive:
- residential / accommodation;
  - leisure and community uses;
  - health related forms of development;
  - retail;
  - business;
  - car parking and;
  - options for the former Civic Offices (demolition or re-use)
- 4.3 Essentially, the purpose of the commission is to attract investment which:
- is deliverable and viable (and if there are elements of the plan which require public subsidy, that this is realistic);
  - would act as an attractor for the town centre, would increase footfall and would increase dwell time once visitors to the town are here;
  - is attractive in urban design terms and;
  - links well to the other principal pedestrian thoroughfares of the town centre.
- 4.4 The expected budget for the commission is set at up to £70,000. 65% of this should be met by the Borough Council and, subject to any necessary approval process, 35% by the County Council (to broadly reflect our respective ownership interests). The work is expected to take in the region of four to six months to complete from inception with the procurement of consultants expected to be completed by January 2019.
5. Outcomes Linked to Corporate Priorities
- 5.1 One of the Borough Council's four stated priorities in its recently published Council Plan is 'A Town Centre for All', in which the Plan states that 'To achieve our priority, we are committed to redeveloping the Ryecroft site'.

6. Financial and Resource Implications

- 6.1 The cost of the commission to the Borough Council should not exceed £48,000. This should be funded from future anticipated capital receipts. Staffordshire County Council will need to follow its own budgetary approval process to meet its share of the commission.
- 6.2 There will also be some human resource implications as appropriate officers will need to take part in the recruitment of a suitably experienced and expert team of consultants to undertake the work and then to oversee, help with and scrutinise the work as the commission proceeds.
- 6.3 Officers can confirm that following discussions with the County Council in August 2018 a bid for external funding has been submitted to the Stoke on Trent and Staffordshire LEP to address the potential abnormal costs relating to either the demolition or re-use of the former Civic Offices. The purpose of seeking such funding would be to make the site more attractive to prospective developers by addressing a key abnormal cost. A decision on the outcome of this process will be known early in 2019.

7. Major Risks

- 7.1 Three major risks have been identified. These are:
- A. An inability to attract a sufficiently experienced and expert team of consultants to undertake the work.
- Likelihood – low to medium (the budget appears adequate to attract the talent required)
  - Impact – high
  - Mitigation – clear briefing, adequate budget; constructive and critical management and oversight of the commission.
- B. The provision of commercial advice and the preparation of a masterplan which fails to meet the clients' objectives
- likelihood – low to medium
  - Impact – high
  - Mitigation – clear briefing; constructive and critical management and oversight of the commission.
- C. The preparation of a masterplan which is consequently not sufficiently 'investable' and therefore fails to attract sufficient developer and / or occupier interest.
- Likelihood – uncertain / medium
  - Impact – high
  - Mitigation – close and challenging oversight of the commercial advice received on the type and strength of market demand for a range of appropriate town centre uses (effectively stage one of the commission)

8. Key Decision Information

- 8.1 This is a key decision because whilst it has direct implications on only one ward it clearly has significance to a great number of wards as the main town centre for the borough. The report has been included in the Forward Plan. Members' attention is drawn to the fact that any final decision on any alternative form of development will be a decision made at a meeting of full Council.

9. Previous decisions of Council or Cabinet

9.1 Set out below is a list of all the key decisions made in respect of Ryecroft:

7.11.2017 – resolution to grant planning permission for the “approved” scheme;

7.12.2016 – land sale contract update;

7.9.2016 – information report confirming EMT decisions dated 27.7.16 regarding the Ryecroft and Civic Hub arising from HDD request for “Brexit clause” in land sale contract;

23.09.2015; authority to proceed with the Civic Hub and ryecroft projects on the basis set out in the reports;

27.11.2013; authority to demolish and proceed with Ryecroft marketing, authority to work with partners on the business case for Civic Offices relocation and;

28.07.2010; Freehold Acquisition of former Sainsbury's and establish whether there is a business case to relocate from Civic Offices.