

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**EXECUTIVE MANAGEMENT TEAM'S
REPORT TO**

Cabinet
01 December 2021

Report Title: Purchase of York Place, Newcastle Town Centre

Submitted by: Executive Director Commercial Development and Economic Growth

Portfolios: Finance, Town Centres and Growth

Ward(s) affected: Town

Purpose of the Report

To agree to the purchase of the York Place / Astley Walk Shopping Centre in the heart of Newcastle Under Lyme Town Centre.

Recommendation

That Cabinet

1. **Authorises the Executive Director – Commercial Development and Economic Growth, in consultation with the Portfolio Holder, Finance, Town Centres and Growth to enter such agreements as are necessary to conclude the purchase of the York Place / Astley Walk shopping centre in Newcastle under Lyme in accordance with the Heads of Terms set out in the confidential appendix to this report.**

Reasons

To enable the delivery of the Future High Street Fund regeneration proposals and improvements to the Town Centre.

1. **Background**

- 1.1 In December 2020 the Ministry of Housing, Communities and Local Government (now Department for Levelling Up Housing and Communities DLUHC) confirmed to the Council that its Future High Street Fund (FHSF) business case submission had been successful and that £11,048,260.00 was awarded for Newcastle town centre. In January 2021 the Council submitted confirmation of its acceptance of the grant and detailed that the funding would be used to secure the demolition of the former Civic Offices, design and build a new multi storey carpark, procure York Place and undertake other public realm works.
- 1.2 In April 2021 the Council agreed to accept the FHSF grant offer and subsequently funding agreements have been signed. The first tranche of the grants have been released in accordance with the submitted cash flow requirements for the programme of works.

2. **Proposal**

- 1.1 York Place is a shopping centre at the junction of Merrial Street and High Street in Newcastle town centre. Built in the mid-1960s it incorporates Astley Walk a short covered shopping mall and external shopping frontages on to Merrial Street and Red Lion Square. There are 28 units in total. It is located in Newcastle Town Centre Conservation Area and occupies a strategically important location between the town centre and Ryecroft. As the Ryecroft is developed out into a proposed mixed use and residential scheme the importance of the connectivity of Ryecroft to High Street and Iron Market will increase. York Place sits directly in the middle of this route providing key connectivity and it is therefore crucial, to provide a coherent design vernacular through that conduit that York Place is redeveloped.
- 1.2 York Place grates against its Conservation Area surroundings, and its integration is all the more challenging on account of its appearance and general state of repair. Its current configuration does not serve to connect the Ryecroft area with the wider town centre. According a condition report carried out in January 2021, much of the building fabric is original including the windows, mastic asphalt to both the flat roof areas as well as to the rear service yard and car park. These are now life expired and replacement necessary in the short term. The brickwork elevations are serviceable but would require overhaul including repairs to areas of minor stress cracking and impact damage, together with re-pointing to maintain weather integrity. Additionally, immediate attention would be necessary to address delaminating and spalling sections of concrete from the main structural frame and upper floors / service yard deck – as a result of failing waterproofing. In all it is estimated that repairs costing over £1million would be required over the next 10 year period should the centre continue to operate.
- 1.3 York Place has suffered from under occupation for a number of years and currently there are 5 empty units as well as units that, although theoretically occupied in terms of a lease, do not appear to be trading. The demand for retail units is changing and the Council needs to ensure our town centre is fit for future demands. Acquiring the building better enables the council to respond flexibly in how it is used to meet future needs
- 1.4 The Council has been in negotiations with the current owners and terms have been provisionally agreed to purchase the freehold interest, subject to Cabinet approval. Due diligence enquiries are underway.
- 1.5 It is therefore proposed that to secure this site the Council purchases York Place / Astley Walk Shopping Centre from the current owners.
- 1.6 The Council have visited or written to each tenant to advise of the new ownership and will continue to engage on a regular basis.

3. **Reasons for Proposed Solution**

- 3.1 The decision will enable the project to progress as per the programme agreed with Government and the Future High Street Fund awards and commitments.
- 3.2 To use this Government funding opportunity to support delivery of Council Plan objectives.
- 3.3 To uplift the status of Newcastle town centre as the heart of economic, social and community life in the Borough.

4. **Legal and Statutory Implications**

4.1 Section 2(1) of the Local Government Act 2000 permits local authorities to do anything they consider likely to promote or improve the economic, social and environmental well-being of their area. That would include the intended redevelopment of York Place. The Council also has powers to acquire and hold land for development purposes.

4.2 In addition, the Council has a general fiduciary duty in respect of achieving best value in the proper use of public funds. Cabinet needs to be content that the proposal represents value for money in terms of return on investment on a whole project cost basis, whilst factoring in the regenerative economic benefits for the town. A thorough due-diligence and valuation exercise is required to properly identify all relevant costs, as well as risks and other encumbrances that might impact on deliverability and costs. A confidential report in relation to these matters is attached for member's consideration in connection with this decision.

7. Equality Impact Assessment

7.1 The nature of the project is intended to seek benefits for all people who use the town centre and to support the economic and social health of Newcastle town centre as a destination.

8. Financial and Resource Implications

8.1 The financial implications are set out in the confidential appendix to this report.

9. Major Risks

9.1 The risks to this purchase are set out in the confidential appendix to this report.

10. UN Sustainable Development Goals (UNSDG)

10.1 This project is intended to enable the redevelopment of an underused retail complex that is in a poor state of repair and currently blocks good connectivity between the Ryecroft site and Ironmarket/High Street bringing with it sustainability improvements, regeneration and economic benefits as well as health and wellbeing improvements. Depending on the final mixture of uses on the site further UNSDGs may be applicable also. In that respect, the project supports the realisation of the following UNSDG objectives:-



11. Key Decision Information

11.1 This is a Key Decision

12. Earlier Cabinet/Committee Resolutions

12.1 October 2019, Cabinet concerning development of the second stage FHSF bid and procurement of consultancy support.

12.2 December 2019, Economy Environment & Place Overview and Scrutiny Committee Town Centre Funding Update (information item)

12.3 July 2020, Cabinet concerning approval for submission of bid into MHCLG (now DLUHC)

12.4 April 2021, Cabinet accepting FHSF Grant monies and grant conditions.

12.5 December 2021, Cabinet accepting the design costs for a new multi storey car park on Ryecroft

13. **List of Appendices**

13.1 None

14. **Background Papers**

14.1 Future High Street Fund Submission July 2020.