

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**EXECUTIVE MANAGEMENT TEAM'S**  
**REPORT TO**

**Cabinet**  
**23 March 2022**

**Report Title:** Ryecroft Update

**Submitted by:** Executive Director Commercial Development and Economic Growth

**Portfolios:** One Council, People & Partnerships  
Finance, Town Centres and Growth

**Ward(s) affected:** Town

**Purpose of the Report**

To update Cabinet on the progress to date with the development of a Blueprint for the Ryecroft site and to seek authority to negotiate (subject to contract) the sale of two acres of the site to Aspire Housing for its new Head Quarters Building and a 90 unit over 55s residential block.

**Recommendation**

**That Cabinet**

- 1. Note the progress made on the development of the Ryecroft site and endorse the Blueprint attached at Appendix 1.**
- 2. Authorise the Executive Director – Commercial Development and Economic Growth to negotiate (subject to contract) the sale of approximately two acres of the site to Aspire Housing for its new Head Quarters Building and a 90 unit over 55s residential block.**
- 3. Note that in the event of a successful negotiation, it will receive a further report seeking authorisation to enter into a contract for sale with Aspire.**

**Reasons**

The Council has secured £11m from MHCLG from the Future High Street Fund for the redevelopment of the Council owned Ryecroft site and further improvements to the Town Centre. This report enables Cabinet to take the next crucial steps in the delivery of the redevelopment unlocked by this funding

**1. Background**

- 1.1** In November 2018 cabinet received a report which confirmed the acceptance by developers HDD not to proceed with a retail-led scheme on the Ryecroft site as it was economically unviable given the market conditions. In addition to the changes in the retail sector there was also the major concern regarding the costs and timescales in respect of the demolition of the Civic Offices.
- 1.2** Given the market failure of the site the Council submitted a Future High Street funding (FHSF) bid in March 2019 to bring forward this site for redevelopment. The FHSF report stated that

“funding will unlock a flagship mixed-use scheme by Aspire Housing”. This will include Aspire’s new flagship headquarters along with senior living units and some social/café space.

- 1.3 In December 2020 MHCLG (now DLUHC) confirmed to the Council that its Future High Street Fund business case submission had been successful and that £11,048,260.00 was approved 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 as enabling site clearance works for the Aspire proposal, design and build a new multi storey car park, procure York Place and undertake public realm works.
- 1.4 In April 2021 the Council agreed to accept the grant offer and subsequently funding agreements have been signed and the first tranche of the grants have been released in accordance with the submitted cash flow for the programme of works.
- 1.5 Aspire housing has approached the Council to purchase a plot for the delivery of a new corporate headquarters office and housing scheme on land owned by the council at Ryecroft. The Council is content that this would be an appropriate use of the site, bringing a number of benefits to the town-centre whilst meeting an identified specific housing need and securing the retention of an important employer in the town. As such, the Council has been working with Aspire on the feasibility of such a scheme whilst ensuring proper governance considerations are addressed, including the duty under Section 123 of the Local Government Act 1972 to obtain the best consideration for the land that can reasonably be obtained.

## 2 Update

- 2.1 The Future High Street Fund funded works at Ryecroft are underway with the works below all contributing to the development and delivery of the Blueprint set out in Appendix 1:-
  - demolition of the old Civic Office building well progressed and due for completion in May 2022,
  - appointment of a contractor to work with the Council on design and build of a new multi storey car park
  - master planning work with Aspire Housing for their new HQ and residential development
  - high level feasibility and investigatory work for the development of a mid range hotel on the site next to the new multi storey car park. Several operators have approached the Council about the possibility of such a hotel offering and we are in the early stages of assessing how this might be delivered.

## 3 Site Valuation

- 3.1 In light of the interest expressed by Aspire, and the requirements of S123 of the 1972 Act, work has been undertaken to assess the value of the site for a wide range of typical town centre uses. The District Valuer was commissioned to produce a valuation report for the site. The details of this valuation are contained in confidential Appendix 2 to this report. The valuation has been prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards and RICS UK National Supplement, commonly known together as the Red Book.
- 3.2 Compliance with the RICS professional standards and valuation practice statements gives assurance also of compliance with the International Valuations Standards (IVS). The District Valuer provides a robust, objective assessment of the value of the site.
- 3.3 Aspire Housing have submitted an offer, based on a price per acre, for the area of the site that they would require for their development. The precise area required by Aspire will be finalised as their design for the development crystallises, but is estimated to be approximately two acres of the site. As is usual at this stage of a development, the Aspire bid is conditional upon a number

of assumptions made about the site, build costs and the outcome of the planning process. Typically, these assumptions crystallise as the scheme progresses through design and planning, enabling a prospective purchaser to arrive at a firm offer price. The details of the offer from Aspire Housing, as it currently stands, are contained in Confidential Appendix 3 of this report.

- 3.4 The conditional offer received from Aspire is, on the face of it and in light of the report of the District Valuer, an appropriate and commercial basis upon which to enter into advanced negotiations in respect of the sale of part of the site to Aspire. Once the negotiation process is complete, and the Council is content that a reasonable set of commercial terms, including price, have been negotiated with Aspire, a further report will be prepared for Cabinet to agree to enter into a contract for the sale of land to Aspire.

## 4 **Proposal**

- 4.1 Note the progress made on the development of the Ryecroft site and endorse the Blueprint attached at Appendix 1.
- 4.2 Authorise the Executive Director – Commercial Development and Economic Growth to negotiate (subject to contract) the sale of approximately two acres of the site to Aspire Housing for its new Head Quarters Building and a 90 unit over 55s residential block.
- 4.3 Note that in the event of a successful negotiation, it will receive a further report seeking authorisation to enter into a contract for sale with Aspire.

## 5 **Reasons for Proposed Solution**

- 5.1 The Council has secured £11m from MHCLG from the Future High Street Fund for the redevelopment of the Council owned Ryecroft site and further improvements to the Town Centre. This report enables Cabinet to take the next crucial steps in the delivery of the redevelopment unlocked by this funding
- 5.2 The decision to will enable the project to progress as per the programme agreed with Government and the Future High Street Fund awards and commitments.
- 5.3 To use this Government funding opportunity to support delivery of Council Plan objectives.
- 5.4 To uplift the status of Newcastle town centre as the heart of economic, social and community life in the Borough.

## 6 **Options Considered**

- 6.1 In 2018 a previous scheme for the Ryecroft area led by HDD failed as changing economic and development environment resulted in a significant negative impact on the viability of development at the Ryecroft site. This led to the Ryecroft site being the focus of a phase 1 Future High Street Fund submission in March 2019 due to the market failure of the site. See above in Section 1.
- 6.2 It was recognised that as the Ryecroft site comprises some 10% of the town centre area within the ring road it is the single most significant development opportunity within the town centre for a significant time so achieving the right mix and density of development is critical to the overall health of the town centre. It was clear that the site would only become viable to develop if Government funding was attracted to overcome barriers to its viability. An early stage expression

of interest from Aspire supported the Phase 1 Future High Street Fund submission which was accepted by MHCLG (Now DLUHC) for further development.

- 6.4 A further option would be to market the site as a whole. This isn't considered to be the best option due to the significant potential costs, delays, and uncertainty with an open market exercise. Previous experiences with this site, and in the wider experience of Council officers indicate that such an approach is unlikely to yield a purchaser that can deliver the same benefits that the Aspire scheme would deliver (as set out above). The Council is confident, in light of the Aspire offer and the valuations to date that a deal can be reached with Aspire that will deliver these joint benefits and achieve a "best consideration" disposal. Further work is being done on that and that will be confirmed in the event that a further report is brought to cabinet recommending terms for the disposal of the land.

## **7 Legal and Statutory Implications**

- 7.1 The Council has a wide range of powers to promote economic development which have been set out in previous reports in this matter.
- 7.2 For the current purposes, the Council needs to be aware of its duty to achieve best consideration in the disposal of the site, as referred to it above. This will include a consideration of the extent to which public funds have been utilised to make the site a viable development prospect, through the demolition of the buildings currently on site.
- 7.3 All appropriate due diligence is being undertaken and a robust evaluation of these considerations can only properly be undertaken once the precise terms of the proposed sale have been agreed.

## **8 Equality Impact Assessment**

- 8.1 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.

## **9 Financial and Resource Implications**

- 9.1 Cushman and Wakefield have been appointed to advise on the suitability of an offer from Aspire Housing for the site, the District Valuers report on the value of the site and the steps needed – in conjunction with legal services to arrive at a compliant offer for the site.
- 9.2 The District Valuers valuation report provided an opinion of value of The Rycroft on the basis of two assumptions:-
- assuming that "the site has been cleared of all buildings / structures and that planning permission has been obtained for redevelopment with appropriate Town Centre uses" and
  - on the assumption that "the site has been cleared of all buildings / structures but no actual planning permission has been obtained but may be obtained for redevelopment with appropriate Town Centre uses".
- 9.4 Aspire Housing have made a formal offer to NuLBC for the land at The Rycroft, on the basis of developing a collaboration Hub HQ building and housing for older people.
- 9.6 The valuation received from Aspire Housing, a gross figure based upon a price per acre does not appear unreasonable. However, in order to achieve best consideration under S.123, we believe a fair negotiation process will be the most appropriate route to achieve best consideration coupled with additional due diligence. This can be done as the scheme design / detail evolves. Through negotiation, we believe a greater tightening of S.106, affordable housing

provisions and planning conditions can be achieved, which is currently wide ranging and non-specific, albeit not unreasonable at this early stage.

9.7 Cushman and Wakefield believe that the offer as a starting point for negotiation is reasonable and with detailed due diligence and by engaging in negotiations, and further believe it will be possible to attain a compliant position.

9.8 A further Cabinet report will be produced when the design is fully developed and the financial consequences of this process, S106 contributions, social housing provision and site abnormalities are clarified

## 10 **Major Risks**

10.1 Should the Ryecroft site not be successfully be re-developed it will have significant and lasting negative impact on the health and viability of the town centre.

## 11 **UN Sustainable Development Goals (UNSDG)**

11.1 Newcastle town centre is a highly accessible location, encouraging greater use of its land and assets enhances its role as a centre for services, leisure, retail and living and its connection to local residents. Further this project is intended to enable the redevelopment of a 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 In that respect, the project supports the realisation of the following UNSDG objectives:-



## 12 **Key Decision Information**

12.1 This is not a Key Decision

## 13 **Earlier Cabinet/Committee Resolutions**

- 13.1 November 2018 Cabinet, concerning the failure of the HDD scheme at Ryecroft and the commissioning of an expert commercial assessment to reflect the present economic and development climate.
- 13.2 October 2019, Cabinet concerning development of the second stage FHSF bid and procurement of consultancy support.
- 13.3 December 2019, Economy Environment & Place Overview and Scrutiny Committee Town Centre Funding Update (information item)
- 13.4 July 2020, Cabinet concerning approval for submission of bid into MHCLG (now DLUHC)
- 13.5 April 2021 Cabinet accepting FHSF Grant monies and grant conditions
- 13.6 December 2021 Cabinet purchase of York place Newcastle under Lyme.
- 13.7 March 2022 Cabinet regarding the redevelopment of York Place

## 14 **List of Appendices**

- 14.1 Ryecroft Site Blueprint
- 14.2 District Valuers Report (Part 2 Confidential)
- 14.3 Aspire Offer for site (Part 2 Confidential)
- 14.4 Cushman and Wakefield note on offer and value (Part 2 Confidential)

15 **Background Papers**

15.1 Future High Street Fund Submission July 2020.