

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**EXECUTIVE MANAGEMENT TEAM'S  
REPORT TO**

**Cabinet**  
**18 April 2023**

**Report Title:** Astley Centre for Circus & Performing Arts Update

**Submitted by:** Deputy Chief Executive

**Portfolios:** Finance, Town Centres for All and Growth

**Ward(s) affected:** Town

**Purpose of the Report**

To update Cabinet on progress with the delivery of Astley Centre for Circus & Performing Arts and to consider the next steps in its delivery.

**Recommendation**

**That:**

- 1. Notes progress with Astley Centre for Circus & Performing Arts.**
- 2. Authorises the Deputy Chief Executive, in consultation with the Portfolio Holder for Finance, Town Centres for All and Growth to take the necessary steps to make 23-25 Merrial Street available to the Philip Astley Projects CIC as a heritage centre for a period of up to 3 years at a peppercorn rent, and to work up detailed proposals for their occupation of a unit in the re-developed York Place beyond that term, to be approved at a future meeting of Cabinet.**

**Reasons**

To enhance the economic, social, cultural and community wellbeing of the Newcastle Town Deal area by working with partners to deliver the centre.

**1. Background**

1.1 As previously noted by Cabinet, the Council has two Town Deals in Newcastle and Kidsgrove. The Council worked with a Town Deal Board for Newcastle to establish robust and sustainable projects to deliver change to the area. These were submitted to Government in January 2021 in a Town Investment Plan for Newcastle. In June 2021, Government confirmed that the Town Investment Plan had been successful and awarded the Newcastle Town Deal Board £23.6 million. It was necessary then to develop the projects in more detail for delivery in the form of Business Cases for each project.

1.2 In October 2022 Cabinet received a report on the Newcastle Town Deal outlining that Eight projects themed around the four objectives were submitted:

- Objective 1: Digital

- Objective 2: Transport.
- Objective 3: Development of Key sites
- Objective 4 Culture.

At this time Cabinet noted that a further project under Objective 4 for the Astley Centre was being developed and would be submitted at a later date and would be subject to further Cabinet reports.

1.3 The Council is the Accountable Body for Town Deal funds and is required to administer the funds within the guidelines set by Government. However, it is a requirement of Town Deal that the Council work with an external governance Board of partners who set the local objectives for Town Deal and agree the project business cases before their submission to Government (Department of Levelling Up Housing and Communities or DLUHC) for approval.

## 2. Issues

2.1 The Town Deal proposal approved by Government included £1.8 million for the development of a Circus & Performing Arts school, reflecting the Borough's historic connections with Philip Astley, Father of the Modern Circus. The Council has been working with the Philip Astley Project CIC (promoting the Astley legacy for the benefit of the borough) and the New Vic Theatre to create a project incorporating a heritage centre, aerial work and performance space.

2.2 The initial concept involved the purchase and fit out of a building in the town centre which would house the Circus School. A number of buildings in the town centre have been reviewed for suitability, however, none have proved suitable as an option. Whilst Town Deal funding could be used to purchase and fit out a venue, the ongoing revenue costs of a large, stand alone, venue have proved not to be sustainable without significant financial input from partners. This was demonstrated in a business plan produced by Leisure Inc, a specialist in the field of cultural developments. All parties involved therefore agreed to explore alternative options.

2.3 A viable business case has been developed with external support from Stantec and Leisure Inc. This follows the five-business case model required by DLUHC, and sets out a two stage option for the School, as set out below.

- a. Stage 1: Town Deal funding will be used to refurbish 23-25 Merrial Street as a heritage centre, which will also offer a variety of ground-based circus skills and low level aerial work. This will be temporary accommodation for 2-3 years. Philip Astley Projects CIC would be taking on the management of the centre and the premises lease from the Council on a peppercorn rent and charitable rate relief.

The unit has stood empty for a number of years and is not currently in a let-able condition. It was previously used by the Council as an office and storage area. The current cost estimate to refurbish this unit and bring it back to a let-able condition, with improved energy efficient heating is in the region of £389,000. (subject to tender returns). This includes general construction fees, contingency, professional fees and statutory fees. The anticipated rental income for this unit, if in a let-able state is circa £12,700 p.a. It would be unviable to refurbish on a commercial basis, and the Council would not be in a position to defray funds on refurbishing this unit were it not associated with the Astley Centre project.

The Council has previously used a similar arrangement at Unit 4 Lancaster Building which was refurbished using Accelerated Town Deal Fund in order to host the WorkShop Unit 4 would not have otherwise been viable to refurbish. Much of the specialist display and lighting equipment for the Centre is designed to be transferred to new premises leaving a refurbished shell ready to be let to another tenant when the

project moves to Phase 2. It is a standard condition of the lease that the CIC will be responsible for dilapidations at the end of the lease and will restore the unit to a let-able condition, so for example making good when the specialist lighting rig is removed.

The initial phase of the project will deliver activities both within the unit and within the community to spread awareness of the Centre, the training that is available and test the format of the interactive elements on display / available. It is anticipated that the Centre will become the base operations for the community led activities. The business case is based upon the outreach and community activity being the main driver of revenue into the Centre. This will be led by the UKSPF funded Business Development Manager.

Refurbishment and fit out of the Merrial Street premises will be 100% Town Deal funded, at a cost of £648,000.

- b. Stage 2: Subject to proof of concept at Stage 1, and negotiation of terms with the CIC, it is proposed that on completion of York Place the Centre would occupy a unit in the new development to establish a permanent Astley Circus Centre. The balance of £1,152,000 of Town Deal funding would be allocated to the proposed York Place development.

As well as an expanded heritage centre, the facility would be able to offer a wide range of performance activities, including a full aerial programme. Current interest in the York Place development indicates it has the potential to become a social and activity square for the borough, of which the Astley Circus Centre would be an important element. The revenue implications of this larger unit have been tested though the business plan developed by Leisure Inc with some sensitivity testing around income levels. Early stage planning indicates that the level of income generated for the CIC from activity through this larger unit would make it sustainable. This unit is not on a scale with the large stand-alone unit that was previously considered and dismissed by the project group.

The furniture and specialist equipment that will have been purchased for the temporary unit on Merrial St (see above) will be transferred to the new unit in York Place, where activities and engagement with the public can be maximised. The funding for the unit will contribute to the overall York Place development costs.

- 2.4 Letters of support for the project have been received from both international and local organisations Philip Astley Projects CIC has successfully applied for UKSPF funding, which will be used to assist in development of the Philip Astley legacy and activity over the next 2 years.
- 2.5 A business plan has been produced by Leisure Inc demonstrating that the centre, in this format, is viable and is attached as an appendix to this report the plan has been considered and approved by the Newcastle Town Deal Board. The Board agreed the full case business case on 24<sup>th</sup> March prior to submission to DLUHC on the 31<sup>st</sup> March.
- 2.6 Following approval of the business case by DLUHC the Council will manage the refurbishment and fit out of the Merrial Street property, working within Council procurement guidelines. To facilitate timely delivery of the project the Council has already submitted a planning application for the work. Next steps are:
  - Secure planning permission for the works to take place
  - Procure a contractor to complete refurbishment of the Merrial Street premises.
  - Commission design work for the specialist display materials and install

- Agree a lease agreement with the Philip Astley projects CIC
- The Philip Astley CIC to establish the opening exhibition and promote the opening of the centre.
- Project monitoring processes to take place.

2.7 It should be noted that there is no requirement or expectation for the Council to subsidise the running costs of the centre beyond a separately agreed and contracted contribution from the Council's Shared Prosperity Fund allocation. The Council has previously worked with a CIC in the operation of Kidsgrove Sports Centre. The CIC's occupation of York Place is subject to satisfactory negotiation on the terms of its occupation.

### **Proposal**

3.1 That the progress in delivering the Astley Centre for Circus & Performing Arts is noted and that Cabinet continues to receive such updates as required.

3.2 The Deputy Chief Executive, in consultation with the relevant Portfolio Holder is authorised to, subject to confirmation of funding, enter into the necessary agreements with such external partners as may be necessary to deliver all aspects of the project.

### **4. Reasons for Proposed Solution**

4.1 Delivery of the Newcastle Town Investment Plan is a significant opportunity to attract Government funding to the Newcastle Town Deal area and support it's economic, social and community wellbeing.

4.2 The Astley Centre for Circus & Performing Arts provides a unique opportunity to deliver a cultural facility in the town centre and contributes to the delivery of the Council Plan Objective 'A Town Centre for All' as it relates to Newcastle Town Centre.

### **5. Options Considered**

5.1 The projects presented in the Newcastle Town Investment Plan have been agreed by both the Newcastle Town Deal Board and the Council as the priorities for the Newcastle Town Deal area following consideration of other options.

### **6. Legal and Statutory Implications**

6.1 When disposing (letting or selling) council property the council must achieve "best consideration" in accordance with S123 of the Local Government Act 1972. It must also consider whether a disposal for less than best consideration would distort the market place or confer an unfair advantage to anyone under Subsidy Control (formerly State Aid) rules. In this case the Council will derive a benefit from the units being put into a condition whereby they can be re-let to the commercial market once Philip Astley Projects CIC's use of the same comes to an end. That is considered to satisfy the best consideration requirement and underpins a rental term of up to 2 years at a peppercorn rate. That will need to be kept under review if the arrangement proceeds beyond that term.

6.2 The Local Government Act 2000 gives local authorities the powers to promote the economic, social and environmental well-being of their areas.

## 7. **Equality Impact Assessment**

7.1 The nature of the Newcastle Town Investment Plan is intended to seek benefits for all residents of the Newcastle Town Deal area. Individual projects have had Equality Impact Assessments completed as a part of the information submitted to Government for approval.

## 8. **Financial and Resource Implications**

8.1 In delivering the Town Deal the Council will be expected to manage the grant payments as needed. This equates to £23.6m over the life of Newcastle Town Deal.

8.2 At this point there has been minimal spend for this project on programme management and technical fees in order to progress the project to this point.

8.3 £1.8 million Town Deal funding is allocated to this project, and the Council is not contributing its own funds to it. PAP CIC is responsible for the ongoing running costs of the centre.

8.4 The staging of the Circus Centre over two phases has the additional benefit of returning a long disused unit into a let-able condition, providing a useful legacy from the investment over and above those envisaged by the Astley Centre for Circus itself. There is no loss to the Council in permitting the use of the Merriel Street unit at a peppercorn for the two year first phase as there is no prospect of generating a rental income from the building in its current condition without extensive investment.

8.4 Having a phased approach to the project allows for a period of proof of concept prior to relocating to a Centre which will facilitate a wider range of activity to take place.

## 9. **Major Risks**

9.1 Key strategic risk one is failing to deliver the projects within the Newcastle Town Investment Plan. To control this risk the Council has a number of mechanisms in place, including oversight by the Newcastle Town Deal Board; development of robust grant funding agreement terms where external partners are responsible for project delivery, individual project risk assessments and Council project managers allocated to drive progress of the projects.

9.2 Key Strategic risk two is failing to comply with Government requirements for the Town Deal. To control this risk the Council works closely with its key Government contact for the Town Deal programme, has systems in place to provide monitoring and evaluation information to Government and maintains internal oversight of Town Deal requirements.

9.3 If Phase 1 of the programme (the Merriel St unit) fails the move to the new unit in York Place will be subject to further discussion with Government as to the reallocation of the remaining allocation into the York Place development as outlined within this report.

## 10. **UN Sustainable Development Goals (UNSDG)**

10.1 Clean and inclusive growth is a cross cutting theme of the Newcastle Town Investment Plan. The Astley International Centre for Performing Arts supports the following UNSDG objectives:-



## 11. **Key Decision Information**

11.1 The Astley Centre for Circus & Performing Arts will require grant funding and expenditure over £100,000.

11.2 The Centre is in Town Ward but its audience will be drawn from a much wider area.

## 12. **Earlier Cabinet/Committee Resolutions**

12.1 13 January 2021

12.2 9 September 2020

12.3 4 December 2019

12.4 22 October 2022

## 13. **List of Appendices**

13.1 Philip Astley Centre Business Plan Synopsis

## 14. **Background Papers**

14.1 Newcastle Town Deal page on the Council's website: <https://www.newcastle-staffs.gov.uk/newcastle-town-deal>

14.2 Towns Fund Prospectus November 2019 (DLUHC)

14.3 Towns Fund Guidance June 2020 (DLUHC)