

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**CORPORATE LEADERSHIP TEAM'S
REPORT TO
ECONOMY AND PLACE SCRUTINY COMMITTEE / FINANCE, ASSETS AND
PERFORMANCE SCRUTINY COMMITTEE**

7th December 2023 and 13th December 2023

Report Title: Town Deal and Future High Street Funds Update

Submitted by: Deputy Chief Executive

Portfolios: Portfolio Holders - Finance, Town Centres and Growth

Ward(s) affected: All

<p><u>Purpose of the Report</u></p> <p>To update Scrutiny Committee on the Town Deal and Future High Street Funds projects.</p>	<p><u>Key Decision</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p><u>Recommendation</u></p> <p>That</p> <p>1. Scrutiny Committee notes this report on the delivery of the Town Deal and Future High Street Funds projects.</p>	
<p><u>Reasons</u></p> <p>To update the Scrutiny Committee on the progress with the various projects that are being funded or part funded through the two Town Deals – Newcastle and Kidsgrove, and the Future High Street Funds for Newcastle Town Centre.</p>	

1. Background

1.1 As reported to previous Scrutiny meetings, the Council has secured Future High Street Funding and Town Deal Funds for the redevelopment of several key regeneration sites across the Town Centre and the wider Borough.

2. Updates

2.1 Future High Street Fund

Work has been continuing in the development of the schemes for the past couple of years, and the current position regarding each is as follows:

2.1.1 Market improvements

Work has been underway to upgrade the market experience through enhancing the existing assets and adding in new customer experiences in under utilised spaces at the bottom of High Street. It is planned to replace the fabric tops to the existing market stalls and the relocation / removal of some of the stalls along the bottom end of High Street to create spaces for pop up stalls and remove the under utilised fixed stalls that have become obsolete, to create a performance / market spill-over space, along with 'nipper parking' for quick, click and collect customers in the town, who only need up to 20 minutes of parking. (Funding £397k).

2.1.2 York Place

The Council purchased this site in March 2022 and secured planning consent in June 2023 for the demolition of the current building and rebuilding of a mixed-use development. Demolition works were due to commence in October 2023 but are on hold as the Council is currently investigating, with Capital and Centric, the retention of the main concrete frame and refurbishing the building around the retained frame. IT is currently envisaged that the project will contain residential units around an open courtyard, with offices in one 'wing' of the development. the Council is also looking at an entertainment venue as well as new commercial units on the ground floor for new restaurants and event spaces. It is anticipated that these will be developed and shared with the Council in mid-January 2024.(Funding £3m but anticipated to bring in a Capital receipt upon completion of the project).

Ryecroft

2.1.3 Castle Car Park

Planning consent was secured in June 2023 and a contract for delivery has been let to Morgan Sindall. Preliminary construction commenced in October 2023. with the main works commencing for the 450 space modern car park in January 2024, completion is due in the Autumn 2024. (Funding £12m (£3.50m from FSHF)).

2.1.4 McCarthy and Stone Residential Development

An area has now been agreed with McCarthy and Stone on the corner of Merrial Street and Corporation Street for a 50 unit, over 55 year old residential facility. Planning permission will be submitted in the new year with an anticipated start on site target date of mid 2024. (Capital receipt to be obtained for the land sale)

2.1.5 New Hotel

A procurement exercise has been undertaken to secure a brand that the hotel will operate under. Accor Hotels and Resorts have been selected for their Ibis Styles range. Initial works have commenced on design concepts and specifications required by the brand, through Capital and Centric design feasibility works. (option to operate the hotel and secure revenue funds or to obtain a capital receipt at the end of the project).

2.1.6 Aspire Housing

We are working with Aspire to establish a site boundary for them to develop out residential units. We anticipate that this work / site agreement will be finalised in the new year. (Capital receipt to be obtained for the land sale).

2.2 Capital and Centric and Regeneration Projects

2.2.1 Since the last Scrutiny meeting the Council has completed its appointment of Capital and Centric to produce outline feasibility studies for three of the Key Regeneration projects in the town centre – Ryecroft, York Place and the Midway Car Park.

2.2.2 Their appointment is in line with other projects that we have undertaken in that an initial study piece of work has been commissioned for the delivery of outline plans, initial cost estimates and programmes. These plans for the three projects are due to be presented to the Council in mid-January and then a decision will be made if these plans are affordable, desirable and deliverable. A subsequent Cabinet decision will then be made to appoint Capital and Centric to work up the schemes to a full planning application / approval stage, with fully costed and programmed schemes, for further approval should the Council decide to proceed.

2.2.3 Currently plans are being developed and only early plans have been discussed between all parties – the Council, Capital and Centric, Aspire Housing and McCarthy and Stone. To date there are no formal plans to share with the Scrutiny Committee, but it is anticipated that plans will be shared at the next meeting, if it is viable to proceed with Capital and Centric.

2.3 Newcastle Town Deal

Midway Car Park

2.3.1 Upon completion of the Castle Car Park on the Ryecroft site, the Midway Car Park will become surplus to requirements and therefore alternative uses will need to be considered. Funds are allocated in the Town Deal for its demolition, and the site is earmarked for residential development.



The Council has agreed to work with developer Capital and Centric to develop plans and the development of a business case for the Midway Car Park site, with the intent to start on this project element later in 2024 when the new Castle Car Park has opened. Early-stage survey work has been completed which will inform the development proposals that are put forward by Capital and Centric. It is currently anticipated that the concrete frame will be retained and the new development will be built off this frame, whilst cutting through various sections / elements to accommodate light wells and lift shafts. (Funding £1m with a potential capital receipt at the end of the project).

2.3.2 Astley Performing Arts Centre



Since confirmation that DLUHC had approved this project in August 2023 work has been completed at pace. Refurbishment of the Merrial Street building is well advanced in time for the fit-out contractor to start on site on week commencing 11 December 2023 to install the display elements. The Philip Astley CIC are due to take control of the building before Christmas and are busy with their delivery plans. The Centre is due to open to the public in January 2024. That will complete phase 1 delivery of this project with phase 2 due to commence in 2025. (Funding £1.81m)

2.3.3 Knutton and Chesterton

Knutton



The Project Adjustment Request that was submitted to DLUHC was approved in September 2023. This was to remove housing outputs from Town Deal to enable Homes England funding to be attracted for residential development at the High Street and former Community Centre sites. In September 2023 Aspire Housing submitted a planning application for residential development at the High Street site, this is due to be considered in early 2024. <http://publicaccess.newcastle-staffs.gov.uk/online-applications/PLAN/23/00771/FUL>

An application for the former community centre site is currently under development and is hoped to be submitted before

Christmas.

Planning permission for the extension to the Enterprise Centre was granted in July 2023 <http://publicaccess.newcastle-staffs.gov.uk/online-applications/PLAN/23/00138/FUL>. A grant funding agreement with Staffordshire County Council was completed in November 2023. Work is scheduled to start on site in March 2024.

In September 2023, the Borough Council authorised officers to develop plans for a village hall at High Street in Knutton to planning application stage. It is vital however that interest is attracted in forming a committee to run the village hall if this development is to progress.

The Council was successful in securing Football Foundation funding toward development of football changing rooms at the Wammy. Unfortunately, however the Council is in the position of having to re-tender for a contractor to build the changing rooms so the start on site for this project will be delayed until this is completed. (Funding £3.534m)

Cross Street Chesterton



Aspire Housing are continuing to deliver the earlier housing phases of this development. Town Deal funding was requested for the later phases of delivery however it has been necessary to review outputs attributable to each funding provider to ensure the correct outputs are being attributed to each funding source. The Council is still working with Aspire to finalise details for a Project Adjustment Request (PAR), a draft PAR has been submitted to DLUHC for an initial review to inform what further work might need to be done to finalise this request. (Funding £2.955m)

2.3.4 Zanzibar Enterprise Units

These are to be Council owned small enterprise units to rent to small and developing businesses on North Street. The development is part of the wider former Zanzibar Nightclub site, owned by Aspire Housing. Morgan Sindall have been appointed on a design and build basis to develop out the residential scheme that Aspire have plans for and these units will be constructed at the same time. Initial plans have been shared but are still being worked on. The development is due to start on site in 2024 with a planned completion date in late 2025. (Funding £2.81m)

2.3.5 Walking and Cycling Provision

Works for these schemes has begun through Staffordshire County Council with cycling improvements implemented along George Street, at Gallowstree Roundabout and works will commence along Barracks Road in the new year. (Funding £950k)

2.3.6 Sustainable Travel

Following planning permission to install Real Time Passenger Information Totems (RTPI) at Newcastle Bus Station, work has been undertaken to install the power feeds for these and a works licence has been granted for the installation of the totems. Minor works have been undertaken by Staffordshire County Council in Merrial Street to lift the tree canopies that were overcrowding the bus shelters in this area. Costs have been established for the installation of RTPI in these bus shelters and a grant funding agreement is to be done for both Merrial Street and a further phase of RTPI which is proposed to be installed at bus stops around the Newcastle Town Deal area. Staffordshire County Council has established the bus stops which have the highest weekly use and the proposed locations are based on this work:



Stop Name	Stage Name	Total Passengers
Queen Elizabeth Park	Newcastle	482
Cherry Tree PH	Newcastle	448
Sainsbury's	Newcastle	406
Library	Chesterton	396
The Parade	Silverdale	346
Shops	Knutton / Cross Heath	276
Home Farm Drive	Keele	274
Rotterdam Road	Poolfields	237
Sneyd Arms	Keele	216
Drayton Street	Pool Dam	203
Wain Avenue	Poolfields	193

In other elements of this project, the team at Keele University are progressing plans for the new bus entrance with the aim of it being opened for the start of the 2024/25 academic year. Further development work is to be done on proposals for the new circular bus route before it can be commissioned for operation. (Funding £3.421m)

2.3.7 Digital Society – 53 Iron Market (Keele in Town)



The team at Keele University has been pushing on with delivery of Keele in Town, with publicity around the submission for planning permission receiving a positive response in the local press. ([Keele in Town - Keele University](#)). Planning permission was granted in September 2023 <http://publicaccess.newcastle-staffs.gov.uk/online-applications/PLAN/23/00635/FUL>. Following a competitive procurement process a demolition contractor has started the strip out of the building. Procurement of a fit-out contractor is well underway, and the successful contractor will start on site in early

2024. Further information sessions with local businesses and residents are planned for 2024 and Keele in Town is due to launch in October 2024. (Funding £3.51m).

2.3.8 EV Charging Points

Construction of the new Castle Car Park where the EV charging points are to be delivered is delayed slightly due to a key supplier to Morgan Sindall going into administration. Construction will now start in January 2024 with the car park and new EV charging points opening in autumn 2024. Procurement of a partner for operation of the EV charging points will commence in December 2023 so that they are in place ready for opening of Castle Car Park. (Funding £400k).

2.3.9 Digital infrastructure



In response to the rapidly changing digital infrastructure environment, the subgroup agreed that it would be beneficial to commission a specialist review to support delivery of this project. Following a competitive procurement process, Regional Network Solutions was appointed to undertake this work. Over 26 stakeholder interviews took place in October 2023, including a range of local partners and commercial fibre providers. A report with proposals for delivery is in draft form and will be discussed at a Board meeting to be scheduled for December 2023. (Funding £2.285m)

2.4 Kidsgrove Town Deal

2.4.1 Chatterley Valley

The Town Deal has paid for the highway / entrance works to the new site, which are currently underway, yet subject to some delay due to the contractor going into administration in late Summer. AMEY have been appointed to complete the works and have started on site. (Funding £3.7m).

The Council is also working with the land owner on the development of the overall site and there is a potential for the Council to invest in the site for commercial returns and regeneration of the site – to bring employment opportunities to the Borough as set out below:

Plot D - to construct a circa 120,000 sq. ft. unit which will be let to an advanced ceramics organisation and associated research facility,

Plot C - to construct a circa 78,000 sq. ft. of industrial space which will be, split into units ranging from 19,000 sq. ft to 33,000 sq. ft. When built these units will form part of the Council's non-operational (investment portfolio) and be leased out.

Both of these developments and Council investments were subject to Cabinet approval on the 5th December 2023.

Both schemes / investments came to Cabinet on the 5th December 2023 to seek approval to undertake an independent third party review of the investment business cases prior to any decision being made on taking the investments further.

2.4.2 Kidsgrove Train Station works

There is currently an issue with the costs of car park underpinning due to mine works underground, which are being worked through. Network Rail are looking into costs and scope of works required and there is a suggestion that the HS2 cancellation will result in funds being transferred to this issue. We are awaiting feedback on several fronts before the scheme can progress. (Funding £3.85m)

2.4.3 Canal Pathways

Works are being developed by the Canal and Rover Trust with implementation during 2024. (Funding £420k)

2.4.4 Shared Service Hub

A site for the development has now been selected alongside the station in Kidsgrove – the Dales Garage and adjacent Car Park sites. Plans are being drawn to provide a new facility for Dales Garage and create the space for the Shared Hub.

Works are underway with a planning application submitted and a CIC to manage and operate the facility. (Funding £6.5m)

3. Recommendation

- 3.1 Scrutiny Committee notes the progress made to date and continues to receive further reports at subsequent meetings.

4. Reasons

- 4.1 Generating efficiencies and additional income by adopting a more commercial approach is a key in the Council's plans for maintaining financial sustainability in the medium to long term. The Commercial Strategy provides a framework for managing and coordinating commercial activities, it is appropriate that the Council reviews key major projects when they are at an appropriate stage of business planning and contract award.

5. Options Considered

- 5.1 The Council continues to progress a number of strategies and approaches to ensure that it can maintain a financially sustainable future and deliver the key priorities set out in the Council plan.

6. Legal and Statutory Implications

- 6.1 The Local Government Act 2000 - powers to promote the economic, social and environmental wellbeing of the Borough.
- 6.2 The Council will need to make sure that its commercial activities are legally and state aid compliant, including having regard to the Public Sector Duty within the Equality Act 2010, statutory guidance on local authority investments and The Prudential Code for Capital Finance in Local Authorities.
- 6.3 All commercial projects and investment opportunities will be examined to ensure that they are within the Council's powers and legal implications will be identified on a case-by-case basis.

7. Equality Impact Assessment

- 7.1 The development of these projects does not create any specific equality impacts.

8. Financial and Resource Implications

- 8.1 The Council was awarded Future High Streets Fund funding in June 2021 of £11.0m to progress projects to help future economic growth. The full £11.0m has now been received of which £5.7m has been spent at 30 September 2023, as shown below:

Project	Award (£000's)	Spend/Ordered (£000's)	Remaining (£000's)
Ryecroft / Site Preparation	3,756	2,799	957
Multi Story Car Park	3,500	654	2,846
York Place	3,015	1,938	1,077
Stones Public Realm	321	-	321
Market Stalls	76	3	73
Project Management	380	260	120
Total	11,048	5,654	5,394

8.2 £23.6m was awarded to the Council via the Town Deals Fund for Newcastle to enable a vision to improve communications, infrastructure, and connectivity in Newcastle-under-Lyme to become a reality. £15.0m has been received to date of which £1.0m has been spent as shown below:

Project	Award (£000's)	Spend/Ordered (£000's)	Remaining (£000's)
Digital Infrastructure	2,285	-	2,285
Sustainable Public Transport	3,421	-	3,421
Electric Vehicle Charging	400	-	400
Pedestrian Cycle Permeability	950	-	950
Transform Key Gateway Sites	3,810	-	3,810
Astley Centre for Circus	1,810	12	1,798
Digital Society	3,510	273	3,237
Heart into Knutton Village	3,534	169	3,365
Cross Street, Chesterton	2,955	-	2,955
Project Management	925	529	396
Total	23,600	983	22,617

8.3 £16.9m has also been awarded via the Town Deals fund for Kidsgrove to enable real and lasting economic benefits to be realised in Kidsgrove and the surrounding area. To date £9.2m has been received of which £6.8m has been spent as shown below:

Project	Award (£000's)	Spend/Ordered (£000's)	Remaining (£000's)
Kidsgrove Sports Centre	2,328	2,328	-
Chatterley Valley West	3,661	3,661	-
Kidsgrove Station	3,638	182	3,456
Shared Services Hub	6,183	25	6,158
Canal Enhancement	420	-	420
Project Management	670	608	62
Total	16,900	6,804	10,096

9. Major Risks & Mitigation

9.1 Management of risk is central to the Council's commercial approach and all potential activities will be assessed with due regard to the risks being taken. This will be in line with the Council's corporate approach to risk management.

10. UN Sustainable Development Goals (UNSDG)

10.1 These projects support the realisation of the following UNSDG objectives:-



11. Key Decision Information

11.1 The plans affect more than 2 wards and any future investments have the potential to have significant financial implications. These will be subject to further reports which may be key decisions.

12. Earlier Cabinet/Committee Resolutions

12.1 None.

13. List of Appendices

13.1 None.

14. Background Papers

14.1 None.