

1. Report title	Project update in conjunction with Councils Cabinet approval to appoint Capital&Centric (Devosa) Limited ('C&C') under a Pagabo Development Agreement.
2. Date/ Revision	05 March 2025
3. The Site	Former Astley Shopping Centre, previously known as York Place and now named Astley Place.
4. Contracting Parties	Capital & Centric (Devosa) Limited and Newcastle-under-Lyme Borough Council ('NuLBC').
5. Action	<p>The aim of this paper is to provide an update on works completed to date and provide NuLBC sufficient information to seek approval to appoint Capital & Centric (Devosa) Limited under a Pagabo Development Agreement to deliver the project. The outcome of the extended process will be the delivered project.</p> <p>The paper provides an update on works completed to date and a summary of costs.</p>
6. Report By	Martin Crews, Development Director

IMPACTS	
Finance Summary	<p>The contract is being funded by Newcastle-under-Lyme Borough Council ('NuLBC') under a Pagabo Pre-Development Services Agreement between Capital & Centric (Devosa) Limited ('C&C') and NuLBC.</p> <p>Initially NuLBC instructed £90,000 for the design at Astley Place to be developed. Two further approvals in the amount £1,175,020 and £836,843 was approved under a Pagabo Pre-Development Agreement (total £2,101,863) which included the cost for demolition and enabling works. Planning is now submitted and due to be determined in April 2025 and the stage 4 design is ongoing.</p> <p>C&C are currently forecasting a further £16,111,895 excluding interest and grant support but including a land receipt to deliver the project.</p>
Development description	The scope of works includes the partial demolition and retention of the existing concrete frame, rooftop extension and development to provide 42 apartments, c.11,000 sqft of commercial space and a 3,000sqft community music venue.

EXECUTIVE SUMMARY

A Pagabo PDA was entered into on 23 April 2024 with Capital&Centric appointed to bring forward a planning application and commence the enabling works at York Place. The services were extended in November 2024 at a cost of £836,843 to complete the RIBA 4 design and procure a main contractor. The Deliverables set out in the agreement are being progressed and C&C are now entering negotiations with NuLBC to appoint C&C under a Pagabo Development Agreement to deliver the project.

Subject to agreement of the legal documents, securing a Homes England grant from the BIL Fund, obtaining planning approval and obtaining a satisfactory fixed price build contract, we are looking to commence work on site Q3 2025.

1. Review of Work to date

a. Pagabo PDA Deliverable Update

A Pagabo PDA was entered into between Capital & Centric (Devosa) Limited and Newcastle-under-Lyme Borough Council on 23 April 2024 with a clear scope of services and deliverables. These services were extended on 14 November 2024 to progress the RIBA Stage 4 design and procure a fixed price building contract. The updated deliverables are detailed below with a commentary of the current status.

Deliverable	Status Update
Develop a design that maximises the viability of the development.	Viability has been carefully considered when developing the design whilst ensuring the vision remains aspirational. During this phase we have undertaken a significant review of the design which has led to the exclusion of balconies, reduced from 52 to 42 units and incorporated the community music venue within the existing building.
An award-winning design that compliments and is sympathetic to the historic market town setting whilst being aspirational and stimulates regeneration.	The design has been developed through this phase to consider not only how we re-position NuL in the market, but also how we create commercial units and apartments that form a new market. We have reviewed how the commercial units will look and feel to ensure they enhance the town and act as a catalyst for the wider regeneration of NuL.
Work with Joules Brewery on bringing forward the Freespace concept where viable.	As part of the design review, we have developed a solution to accommodate the Freespace concept within the existing building, but there is currently a funding gap that would need to be bridged. This forms part of our Homes England BIL application.
Options analysis throughout the process resulting in a robust development appraisal.	Development appraisals have been produced throughout the process and influenced the progression of the design and led to the design changes, reducing the number of units and creating a community roof terrace.
Public realm proposals which tie the sites together and knit them into the existing urban grain, but also create public spaces which are a benefit to the wider town centre.	The public realm design has been developed to act as a central pocket park in the town and encourage greater footfall, and enhanced dwell time.
A RIBA stage 3 planning design.	Completed
Appointment of design team and procurement of surveys.	Completed
A public consultation event linked to the planning.	Completed
The submission of a planning application.	Completed
Enabling works design and commencement.	Completed
Completion of RIBA Stage 4 design ensuring the scheme is designed to C&C Brand Standards.	Ongoing but due to be completed end of Q2.
Negotiation and appointment of main contractor to deliver the project on a fixed price building contract.	A stage 1 tender has been issued with a view to appointing a contractor under a PCSA.
Work with Homes England to secure grant support to bridge the viability gap.	Discussions are ongoing to secure a grant under the BIL programme
Develop a business plan that allows the commencement of work on site.	Ongoing

b. Pre App

C&C worked in collaboration with the design team to prepare and submit a pre-planning application. A meeting was held on 2 April 2024 with the planning and conservation officers and relevant members of the council's planning committee to review and discuss the proposals. The scheme was well received with no negative comments about the design. Following the pre-application a public consultation event was held at Castletown Distillery in Newcastle on 3 May 2024 where the scheme was well received by the public.

As part of the planning process, C&C instructed a design review with the Design Review Panel which was held on 24 July 2024. The proposals for York Place were discussed and there were some constructive comments about the bookends to the building, an issue that C&C had already highlighted and were considering several solutions for. Following the review C&C and the architect held an internal review which has led to the development of the current design and omission of the bookends as detailed in the CGIs in appendix 1.

c. Planning

Following the pre-application process and design review panel, a planning application was submitted on 6 November 2024 to provide 52 residential apartments and circa 14,000sqft of commercial space. Following a design review, the scheme is being changed to provide 42 apartments, 11,000sqft of commercial space and a 3,000sqft music venue. This will form part of the scheme that is determined at planning committee.

A separate planning application will be submitted to convert one of the commercial units into a music venue.

The scheme will be presented to the planning committee on 29 April 2025.

d. The Vision

To create a new place where independent bars, cafes and restaurants can cluster around a verdant pocket park and accelerate the renaissance of the town.

York Place is a key focal point of Newcastle's regeneration. The project will act as new hub for independent bars, cafes and restaurants and act a catalyst for the wider regeneration of the town, bringing new people with additional discretionary spend and retaining those already living there. To the ground floor there will be up to ten commercial units ranging in size from 500-2,300 sqft all spilling out onto the pavement or the verdant pocket park to the rear.

The site is ideally located on the edge of the main high street and opposite the Ryecroft development, and will compliment the amazing cluster of existing independent operators who have positioned themselves along Merrial Street. The development will provide a draw for the 13,000 students at Keele and encourage them to come into town and increase their discretionary spend along with other local residents, something which is currently lacking. The scheme will have a multiplier effect whereby other operators gain confidence to open up shop in the town and grow the offer, revitalising the town centre and nighttime economy.

The proposal is to convert the existing ground floor commercial units into appropriately sized, exceptional suites for local independent operators to take on which will be fitted out and ready to occupy. To the central courtyard is a pocket park which will be open for the whole town to enjoy.

As part of the design review, a residents lounge will be provided on the first floor along with a landscaped roof terrace. The residents of the development will also be able to enjoy the shared facilities at the Carpark development including residents lounge, gym, mini-cini and private dining.

The residential units are all double aspect with external walkways providing amazing natural light to the apartments. The units are all above National Design Space Standards (NDSS) and are designed in accordance with the Capital&Centric brand standards. The internal design will be equal to the schemes we bring forward across the UK and will be a market changing offer in the town.

CGIs of the proposed development are included in appendix 1 of this report but the internal courtyard images are currently being updated to accommodate the updated design proposals.

Accommodation Schedule

Unit Description	Size sqft	Nos
1 bed standard	495	14
1 bed premium	550	19
2 bed standard	730	3
2 bed premium	790	6
Total		42
Commercial	11,148sqft	10

e. Financial Review

Stage 1

A maximum commitment for stage 1 was agreed at £90,000. The works were delivered for £86,636, under budget by £3,364.

Stage 2a

Cabinet approved the instruction of the Stage 2 works (which we are now referring to as stage 2a) with the scope to include the submission of a planning application and the demolition and enabling works. The agreed budget was £1,175,020 and the works were completed within the agreed cost envelope.

Enabling Works

As part of the stage 2 works, AW Demolition were appointed to undertake the demolition and enabling works on the site. Capital & Centric (Devosa) Limited entered a building contract in the amount £500,000 to undertake the works. The scope included the partial demolition of the building, removal of the façade and strip out of the building. Works commenced on Monday 7 October 2024 and were completed mid February 2025.

The works detailed in the contract have been completed and we have utilised unspent provisional sums to grub up foundations in the new pocket park which did not form part of the original contract. These works are ongoing and will be completed before the end of March 2025. A final account of £500,000 has been agreed within the approved budget.

Stage 2b

The Council obtained cabinet approval to extend the Pagabo PDA Services and Costs to conclude the pre-contract design and an extension to the Pagabo PDA was completed on 14 November 2024. C&C are currently working through the services with a view to them being concluded by Q3 2025.

The total cost for the stages 1,2 and 3 works is budgeted at £2,101,863 minus the previously approved £1,175,020 leaving a balance of £836,843. The works are currently forecasted to be completed on budget.

Stage 3

C&C are seeking Council approval to enter a development agreement and associated legal documents including a sale agreement and lease subject to the following conditions being satisfied:

- Satisfactory planning approval
- Satisfactory build contract
- Homes England Grant approval
- Agreement of legal documents

The forecasted cost for this stage is £16,111,895 excluding grant and interest but including a land receipt. NuLBC will retain the right to approve C&C moving through Gateway 3 and entering the building contract and committing to these costs.

2. Financial Review

a. Development Appraisal

A development appraisal is included in appendix 2 of this report but can be summarised as follows:

Development Costs	
Acquisition Costs (including surveys and planning)	599,910
Construction Costs	13,712,277
Professional Fees	3,742,407
Letting and marketing	159,164
Gross Total Cost (excluding funding)	18,213,758

A land value of £378,000 has been included in the appraisal and the costs exclude interest costs.

b. Forecast Construction Costs

Within the development appraisal, we have included a forecast construction cost of £11,180,000 excluding the enabling works. This is based on Arcadis' stage 3 costplan which incorporates cost data from a contractor.

The costs differ to those previously issued as the scheme has been significantly changed since the last business case report.

We have issued the stage 1 tender to three contractors and will look to update the costs once we have received the tenders back.

c. Value

We have based the forecast value of the development on the following assumptions:

Residential exit yield	5.00%
Commercial yield	8%
Annual residential rental increase	3.5%
Purchasers' costs	6.8%
Commercial rent psf (fitted out)	£18.50
Operational Cost net:gross	25%

The gross residential value upon exit in 2027 is £9,515,576 and the commercial value is £2,402,732 giving a Gross Development Value of **£11,918,308**.

d. Grant Support

We have currently assumed the existing grant of £1,678,127 is utilised along with a further BIL Grant of £5,866,400 to bridge the viability gap which includes the land value. We have made a submission to Homes England providing information supporting our grant request on the project and are in detailed discussions with the Grant Infrastructure Team.

4. Legal Update

NuLBC have appointed Mills and Reeve to represent them in taking the project forward beyond the PDSA and C&C have appointed Squires Patton Boggs. Heads of Terms are currently being negotiated between the parties in relation to entering a Pagabo Development Agreement, Sale Agreement and Lease during the Project Launch period.

5. Programme

Design and procurement is currently working towards commencement of works early Q3 2025 subject to securing the grant from Hoems England, achieving a satisfactory planning approval, procuring a satisfactory building contract and agreeing the legals with NuLBC.

Appendix 1- CGIs







Appendix 2- Development Appraisal

See Attached pdf copy