

1. Report title	Project update in conjunction with Councils Cabinet approval to appoint Capital&Centric (Cascade) Limited ('C&C') under a Pagabo Development Agreement.
2. Date/ Revision	05 March 2025
3. The Site	The Midway Car Park now known as Carpark
4. Contracting Parties	Capital & Centric (Cascade) 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 and Centric (Cascade) Limited under a Pagabo Development Agreement to deliver the project. The outturn 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 (Cascade) Limited ('C&C') and NuLBC.</p> <p>Initially NuLBC instructed £85,000 for the design at Midway to be developed. Two further approvals in the amount £624,884 and £854,117 were approved under a Pagabo Pre-Development Agreement (total £1,564,001). 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 £35,954,884 excluding interest and grant support but including a land receipt to deliver the project.</p>
Development description	The retention of the existing concrete frame and conversion of the multi storey car park into residential accomodation and tenant amenity space.

EXECUTIVE SUMMARY

A Pagabo PDA was entered into on 23 April 2024 with Capital&Centric appointed to bring forward a planning application at the Midway carpark. The services were extended in November 2024 at a cost of £854,117 to complete the RIBA 4 design and procure a main contractor. The Deliverables set out in the agreement are being progressed and the parties are negotiating the appointment of 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 PDSA Deliverable Update

A Pagabo PDSA was entered into between Capital & Centric (Cascade) Limited and NuLBC on 23 April 2024 with a clear scope of services and deliverables. Additional deliverables were included in the agreement as part of the extension of services in November 2024. 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 in the choice of materials, the façade and overall design. As part of the stage 3 viability assessment we amended the design to remove 11 new build rooftop units and open up the atrium and reduce overall costs. This has led to a reduction in the total number of units from 114 to 111 but improved the viability.
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 to work with the town's character but given its location on Lower Street, the architectural approach has been more modernist than that taken on the other sites C&C are developing in the town.
Options analysis throughout the process resulting in a robust development appraisal.	Development appraisals have been produced throughout the process which influenced the progression of the design and the changes detailed above.
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
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 Midway were discussed and very well received by the panel and they praised bringing forward such an aspirational and innovative project.

c. Planning

Following the pre-application process and design review, a planning application was validated on 28 October 2024 to provide 114 residential apartments and circa 5,000sqft of tenant amenity space. Following a design review, the scheme is being changed to provide 111 apartments and a newly open atrium which will flood light into the public entrance.

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

d. The Vision

The best place to live in the North!

Midway will be a groundbreaking, aspirational place to live. The existing structure and design has led to all apartments having a double aspect view with amazing large inset balconies which will be accessed from a ground breaking aspirational internal courtyard with exposed brutalist concrete and verdant planting.

When we explored how to tackle the entrance, we realised it was more cost effective to remove three levels of structure and create a triple height atrium which will be a phenomenal statement about the amazing place it is to live. This has been developed further, and we are now removing the roof of the atrium allowing light to flood in, extensive planting and the atrium now being open to the public. There is limited space in the curtilage of the building to provide greenery, so we have maximised the opportunities on the façade with lots of planters to the elevations with sprawling plants over the balconies. We also plan to undertake landscaping works to Midway and Lower Street.

All residential units are 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 and sketch models are included in appendix 1 of this report.

Accommodation Schedule

Unit Description	Size sqft	Nos
1 bed standard	501	72
1 bed premium	565	6
2 bed standard	764	28
2 bed premium	791	5
Total		111
Secure Parking		67

e. Financial Review

Stage 1

A maximum commitment for stage 1 was agreed at £85,000. The works were delivered for £83,121, under budget by £1,879.

Stage 2a

Cabinet approved the instruction of the Stage 2 works (which we are now referring to as stage 2a), with the scope to submit a planning application. These services have been completed.

The agreed budget was £624,884 and the cost to complete the services was £648,726, £23,842 over budget. However, we agreed to include these costs in the approved stage 2b cost schedule.

Stage 2b

The Council obtained cabinet approval to extend the Pagabo PDA Services and Costs to conclude the pre-contract design. 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 stage 1 and 2 works is budgeted at £1,564,001 and 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 £35,954,884 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.

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)	1,243,250
Construction Costs	29,822,050
Professional Fees	6,353,585
Letting and marketing	100,000
Gross Total Cost (excluding funding)	37,518,885

A land value of £1m has been included in the appraisal and the costs exclude interest costs which are detailed on a separate consolidated cashflow.

b. Forecast Construction Costs

Within the development appraisal, we have included a forecast construction cost of £26,745,000. 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 and car park exit yield	5.00%
Annual residential rental increase	3.5%
Purchasers' costs	6.8%
Operational Cost net:gross	25%
Car park rent per space	£85 pcm

The gross residential value upon exit in 2028 is £25,923,542 and the 67 parking spaces value is £1,273,858 giving a Gross Development Value of **£27,197,400**.

d. Grant Support

We have currently assumed the existing grant of £1,393,000 is utilised along with a further BIL Grant of £8,809,959 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.

The potential national importance of re-purposing a multistorey car park into residential accommodation has been discussed with a number of senior executives at Homes England and they want to make the scheme a case study for future potential re-purposing.

4. Legal Update

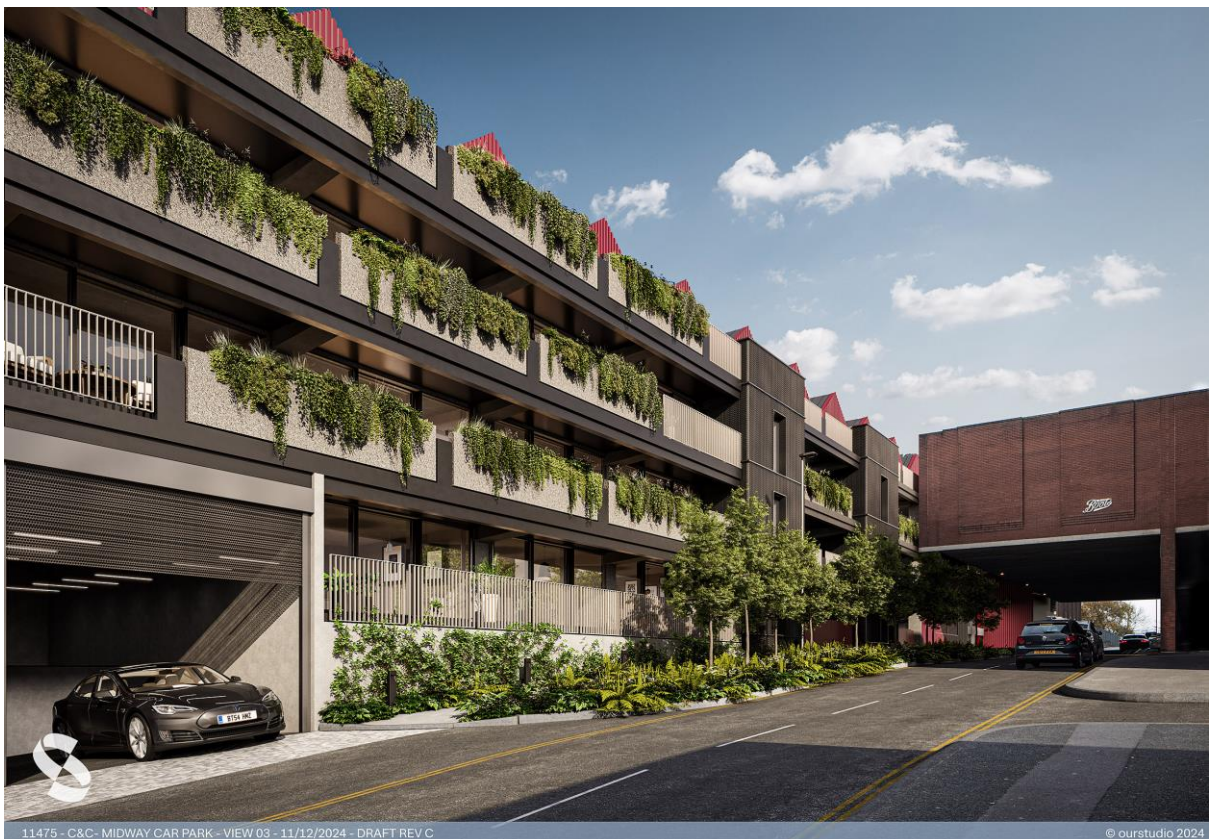
NuLBC have appointed Mills and Reeve to represent them in taking the project forward beyond the PDSA and C&C have appointed Squires Patton Boggs. Heads of Terms are currently being negotiated between the parties in relation to entering a Pagabo Development Agreement, Sale Agreement and Lease during the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

5. Programme

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

Appendix 1- CGIs and sketch images





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Appendix 2- Development Appraisal

See Attached pdf copy