

1. Report title	Project update in conjunction with Councils Cabinet approval to appoint Capital&Centric (Distant World) Limited ('C&C') under a Pagabo Development Agreement.
2. Date/ Revision	05 March 2025
3. The Site	Part of the site previously known as Ryecroft now known as Ryepark
4. Contracting Parties	Capital & Centric (Distant World) 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 (Distant World) 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 &amp; Centric (Distant World) Limited ('C&amp;C') and NuLBC.</p> <p>Initially NuLBC instructed £41,500 for part of the design at Ryepark to be developed (excluding those units being sold to Aspire Housing Association). Two further approvals in the amount £522,759 and £748,329 were approved under a Pagabo Pre-Development Agreement (total £1,312,588). Planning is now submitted and due to be determined in April 2025 and the stage 4 design is ongoing.</p> <p>C&amp;C are currently forecasting a further £33,131,668 excluding interest and grant support but including a land receipt to deliver the project.</p>
Development description	A transformational gateway into the town with a verdant park scattered with homes.

**EXECUTIVE SUMMARY**

A Pagabo PDSA was entered into on 23 April 2024 with Capital&Centric appointed to bring forward a planning application for part of the Ryepark site. The services were extended in November 2024 at a cost of £748,329 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 (Distant World) 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 on 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, and the overall design of the buildings. The central spine buildings achieve 83% net to gross making the scheme more viable.
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 key location as a gateway site the landscaping has been a key focus of the project. The ethos of the scheme has been a landscape first approach with homes positioned in the park rather than landscaping around homes. Play on the way and seating has been incorporated into the landscape to encourage dwell time and the enjoyment of the towns residents. Significant work has been undertaken to develop a market leading courtyard building with detailed masonry design taking reference from high quality Scandinavian design.
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. This has led to changes in the design including the increase in units from 130 to 132.
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 1 October 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. Prior to 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 Design Midlands Review Panel which was held on 30 September 2024. The proposals for the site were discussed and very well received by the panel and they praised the landscaping and how the design fit into the urban grain.

**c. Planning**

Following the pre-application process and design review, a planning application was validated on 27 November 2024 to provide 130 residential apartments. Following a design review, the scheme is being changed to provide 132 apartments to improve viability. The scheme forms part of a wider site masterplan to bring forwards 175 residential units and will be determined under one planning permission.

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

**d. The Vision**

*Homes in a Park.*

We took a landscape first approach when designing the Ryepark site, with a key focus of creating a new gateway into the town with wild greenery for all to enjoy. The landscaping is unrhythmic and unmannered to create the feeling of a wilder landscape with play on the way for young people to enjoy aswell as a play park and seating opportunities throughout the landscape.

We explored how we could provide a hotel on the site but the commercial viability of hotels is currently poor with soft yields following the devastation of Covid on the sector. However, the courtyard building has been designed so it can operate as an aparthotel.

We have created innovative apartment types with four storey walk up apartment buildings that increases the net to gross and reduces the construction cost to minimise the viability gap.

All residential units are above National Design Space Standards (NDSS) and 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 with exposed soffits and amazing finishes.

Whilst the project is being delivered as one scheme, some of the units are being sold to Aspire Housing Association. The costs associated with this part of the site (circa 30%) are funded through Capital&Centric (Illusion) Limited and dealt with under a separate Pagabo PDSA.

CGIs of the proposed development are included in appendix 1 of this report.

## Accommodation Schedule

The current proposal is to deliver the scheme in three phases, linear block, south block and courtyard building. As such, the accommodation schedule is broken down as follows:

Unit Description	Size sqft	Nos
<b>Phase 1- Linear Block</b>		
1 bed standard	475	36
2 bed duplex	948	6
<b>Phase 2- South Block</b>		
1 bed standard	475	16
2 bed standard	753	16
<b>Phase 3- Courtyard</b>		
Studio apartments	323	20
1 bed standard	479	19
2 bed standard	786	19
<b>Total</b>		<b>132</b>

## e. Financial Review

### Stage 1

A maximum commitment for stage 1 was agreed at £41,500. The works were delivered for £32,810, under budget by £8,690.

### 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. The agreed budget was £522,759 and the services were completed for £475,061, £47,698 under budget.

### Stage 2b

The Council obtained cabinet approval to extend the Pagabo PDSA Services and Costs to conclude the pre-contract design. An extension to the Pagabo PDSA 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 £1,312,588 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 £33,131,668 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	524,709
Construction Costs	27,614,085
Other construction costs (including surveys and planning)	219,800
Professional Fees	5,985,662
Letting and marketing	100,000
<b>Gross Total Cost (excluding funding)</b>	<b>34,444,256</b>

A land value of £562,500 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 £23,692,006. This is based on the Cushman and Wakefield stage 3 costplan. Within the construction cost there is a further contribution allowance of £1,009,879 towards the Aspire landscaping works which we have made a separate grant application for and included within the revenue section to net off the cost.

We have issued the stage 1 tender to four 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%
Annual residential rental increase	3.5%
Purchasers' costs	6.8%
Operational Cost net:gross	25%

The gross residential value upon exit in 2028 is **£28,677,898** including parking.

### d. Grant Support

We have made an application for a BIL Grant of £5,263,125 including the land value to bridge the viability gap. There is a separate allowance for additional grant to bring forward the landscaping and external works for the Aspire portion of the site in the amount £1,009,879. 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 Homes England, achieving a satisfactory planning approval, procuring a satisfactory building contract and agreeing the legals with NuLBC.



**Appendix 1- CGIs and sketch images**











**Appendix 2- Development Appraisal**

See Attached pdf copy