

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

CORPORATE LEADERSHIP TEAM'S REPORT TO CABINET

4 NOVEMBER 2025

Report Title: Allocation of Section 106 Monies to Redevelopment Scheme, Marsh Parade, Newcastle

Submitted by: Service Director Planning

Portfolios: Strategic Planning; Community Safety and Wellbeing

Ward(s) affected: Cross Heath, Town

<u>Purpose of the Report</u>	<u>Key Decision</u>	Yes ☒	No ☐
To seek Cabinet approval to allocate S106 planning obligation monies towards a residential and commercial redevelopment scheme at Marsh Parade, Newcastle.			
<u>Recommendation</u> That Cabinet: Agrees to the allocation of £916,363 towards the costs of a Redevelopment Scheme by Aspire Housing Group on the site of the former Zanzibar Night Club, Marsh Parade, Newcastle.			
<u>Reasons</u> Without the provision of S106 monies the scheme at Marsh Parade, the Newcastle Town Deal programme to regenerate the former Zanzibar site would not be capable of being implemented.			

1. Background

- 1.1 Planning permission was recently granted for a mixed residential and commercial re-development scheme by Aspire Homes on the former Zanzibar night club site, Marsh Parade, Newcastle.
- 1.2 The scheme provides for 63 affordable housing units (social rent) and 5 Enterprise Units.
- 1.3 The former Zanzibar site has remained vacant for nearly 15 years. Its redevelopment would support the regeneration of this part of Newcastle and sit alongside other development schemes which are occurring or planned in and adjacent to the town centre to boost growth and prosperity.
- 1.4 The scheme is dependent upon public subsidy as without this it would be unviable and hence undeliverable. In addition to Aspire's own investment,

Town Deal monies agreed with the Borough Council would be utilised as would Recycled Capital Grant with further support sought from Homes England. Even with all of the aforementioned contributions there would remain a funding gap.

- 1.5** In 2018 permission was granted for a residential scheme at Wilmot Drive, Lower Milehouse Lane, Newcastle. A Section 106 planning obligation entered into for this scheme required the developers Tilia Homes (formerly Kier) to pay monies toward off-site affordable housing. The sum payable was £899,570. The development at Wilmot Drive was duly completed and the S106 monies received. They remain unallocated and unspent.

2. Issues

- 2.1** The Borough Council has worked closely with Aspire Homes in the development of the Zanzibar redevelopment scheme. This has included commenting on the type and tenure of residential units from a Housing Authority perspective and assisting in identifying how the project could be funded, including accessing Newcastle Town Deal monies allocated to the Council.
- 2.2** As proposed the scheme is not financially viable. It would provide for 63 residential apartments which would be for social rent alongside the 5 Enterprise Units. There is a lack of affordable housing provision in the Borough and hence this project seeks to address this issue. Due to the viability issues, delivery would be dependent upon accessing additional funds over and above investment that Aspire can make into the scheme.
- 2.3** In granting a planning permission in 2018 for a residential development scheme on Wilmot Drive, Lower Milehouse Lane, Newcastle the developer of the site was party to various obligations including a commitment to financially support the delivery of off-site affordable housing elsewhere in the borough. This commitment was based on payment of monies to the Council as and when proportions of the residential scheme were completed at Wilmot Drive. In due course the Wilmot Drive development was built out providing total receipts of £899,570 to the Council. With accrual of interest the current total stands at £916,363
- 2.4** As part of the discussions between the Council and Aspire Homes with regards to the Zanzibar scheme, the prospect of utilising the Wilmot Drive monies arose. Aspire subsequently worked up a scheme which confirmed the need for public subsidy of which the aforementioned monies were factored in.
- 2.5** With the granting of planning permission and Aspire needing to confirm funding including with Homes England, Aspire has now formally approached the Council to seek confirmation that the Wilmot Drive monies can be allocated towards the Zanzibar scheme.
- 2.6** The Council's Planning service has confirmed that the wording of the agreement entered into by the developer of the Wilmot Drive residential development allows for the monies to be allocated to the Zanzibar scheme. The latter would provide for social/affordable housing on a site elsewhere in the borough and in doing so contribute towards meeting an identified need.

2.7 The Council's Housing Service has confirmed that there is a significant and increasing demand for affordable housing and are supportive of the delivery of 63 residential units for social rent.

2.8 On the basis that the legal agreements would allow for the use of the monies from the Wilmot Drive scheme to be utilised at the Zanzibar site and the Council's Housing Service deems the proposed number of units and the tenure to be acceptable, it is requested that Cabinet approves the allocation of £916,363 towards the Zanzibar project.

3. **Recommendation**

3.1 That the Cabinet approves the allocation of £916,363 towards the Zanzibar redevelopment scheme on Marsh Parade, Newcastle.

4. **Reasons**

4.1 Monies generated from a residential scheme on Wilmot Drive, Lower Milehouse Lane, Newcastle are for the delivery of affordable housing within Newcastle Borough. An affordable housing development is proposed on the site of the former Zanzibar night club, Marsh Parade, Newcastle by Aspire Housing Group. This scheme is unviable and requires public subsidy in order to be delivered. Use of the Wilmot Drive monies would assist in addressing the funding gap.

5. **Options Considered**

5.1 The Council could decide not to confirm the allocation of monies however without funding support the Aspire scheme cannot be delivered.

6. **Legal and Statutory Implications**

6.1 The legal agreement entered in to by the developers of the Wilmot Drive scheme requires the provision of off-site affordable housing

6.2 Under the Council's constitution decisions relating to the scale of monies involved here (greater than £100,000 and less than £1 million) are for the Cabinet to take.

7. **Equality Impact Assessment**

7.1 N/A

8. **Financial and Resource Implications**

8.1 There are no financial and resource implications for the Council. The monies in question have been paid by the developer of the Wilmot Drive scheme with interest accrued.

9. **Major Risks & Mitigation**

9.1 Correspondence received from Aspire Housing Group confirms the critical importance of the S106 monies being allocated to the Zanzibar scheme

recognising the non-viability of the scheme and the need for significant public funding support (See Appendix 1)

10. UN Sustainable Development Goals (UNSDG)



11. One Council

Please confirm that consideration has been given to the following programmes of work:

One Commercial Council ☐

We will make investment to diversify our income and think entrepreneurially.

One Digital Council ☐

We will develop and implement a digital approach which makes it easy for all residents and businesses to engage with the Council, with our customers at the heart of every interaction.

One Sustainable Council ☒

We will deliver on our commitments to a net zero future and make all decisions with sustainability as a driving principle

12. Key Decision Information

12.1 This is a key decision in line with the capital value of the S106 transfer.

13. Earlier Cabinet/Committee Resolutions

13.1 None.

14. List of Appendices

14.1 Appendix 1 – Correspondence pertaining to S106 allocation

15. Background Papers

15.1 None.

