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Wednesday 9 March 2022

**Chairman: Councillor D Lloyd
Vice-Chairman: Councillor K Girling**

Members of the Committee:

**Councillor Mrs R Holloway
Councillor R Jackson
Councillor P Peacock
Councillor T Wendels
Councillor R White**

Substitute Members:

**Councillor L Brazier
Councillor N Mison
Councillor M Skinner**

MEETING: Policy & Finance Committee

DATE: Thursday, 17 March 2022 at 6.00 pm

**VENUE: Civic Suite, Castle House, Great North Road,
Newark, Notts NG24 1BY**

**You are hereby requested to attend the above Meeting to be held at the time/place
and on the date mentioned above for the purpose of transacting the
business on the Agenda as overleaf.**

If you have any queries please contact Nigel Hill on nigel.hill@newark-sherwooddc.gov.uk.

AGENDA

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1. Apologies for Absence	
2. Declarations of Interest by Members and Officers and as to the Party Whip	
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Confidential and Exempt Items	
11. Exclusion of the Press and Public	
<p>To consider resolving that, under section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act.</p>	
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NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Policy & Finance Committee** held in the Civic Suite, Castle House, Great North Road, Newark, Notts NG24 1BY on Monday, 21 February 2022 at 6.00 pm.

PRESENT: Councillor D Lloyd (Chairman)
Councillor K Girling (Vice-Chairman)

Councillor Mrs R Holloway, Councillor R Jackson, Councillor P Peacock
and Councillor T Wendels

APOLOGIES FOR Councillor R White (Committee Member)

ABSENCE:

311 DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS AND AS TO THE PARTY
WHIP

There were no declarations of interest.

312 DECLARATIONS OF INTENTION TO RECORD THE MEETING

The Chairman advised that the proceedings were being audio recorded and live streamed by the Council.

313 MINUTES OF THE MEETING HELD ON 27 JANUARY 2022

The minutes from the meeting held on 27 January 2022 were agreed as a correct record and signed by the Chairman.

314 PAY POLICY STATEMENT 2022/23

The Business Manager – Human Resources & Training presented a report which sought to review the content of the Pay Policy Statement for 2022/2023 and, subject to any necessary revisions, to recommend the Statement to the Council for approval.

In accordance with Section 38(1) of the Localism Act 2011, Newark & Sherwood District Council are required to produce a Pay Policy Statement for 2012/13 and for each financial year thereafter.

The Pay Policy Statement must set out the authority's policies for the financial year relating to:

- the remuneration of the authority's lowest-paid employees (together with a definition of "lowest-paid employees") and the reasons for adopting that definition;
- the relationship between remuneration of Chief Officers and that of other officers (pay multiples); and
- the remuneration of Chief Officers.

The minimal changes that had been made to the Policy for the year were highlighted in the report. The changes included the removal of the requirement for Directors and Business Managers to progress on the pay scale subject to performance review; the Living Wage Foundation rate increase to £9.90 per hour from 1 October; and some Business Manager posts being regraded.

It was also reported that no pay claim had been submitted by the Trades Unions for 2022/2023 but the Council had budgeted for a 2% pay increase across all grades. Furthermore, the pay negotiations for 2021/22 had still not been settled, therefore the pay scales shown were as of 1 April 2020. It was noted that the Chief Officers' Pay Negotiations had been settled at 1.5% and that the Statement would be updated prior to consideration at the Full Council on 8 March 2022.

AGREED (unanimously) that the Pay Policy Statement 2022/2023 be recommended for approval by the Full Council at their meeting to be held on 8 March 2022.

Reason for Recommendation

To ensure compliance with Section 38(1) of the Localism Act 2011.

315 2022/23 PROPOSED GENERAL FUND REVENUE BUDGET

The Business Manager – Financial Services presented a report which enabled Members to consider spending proposals and recommendations to the Council for the General Fund revenue budget in 2022/2023. The budget proposals had been formulated in accordance with the framework set out in the Council's Constitution, and built on the draft budget reports which were presented to each functional committee in January 2022. The revenue budget had been prepared in accordance with the Council's Budget Setting Strategy for 2022/23 which had been approved by the Policy & Finance Committee on 24 June 2021.

The Local Government Finance Settlement provided key figures for Government Grant that formed part of the Council's budget. The provisional settlement was announced on 16 December 2021 with the final settlement being announced on 8 February 2022.

The Business Manager – Financial Services reported that the assumed Council Tax increase within the proposed revenue budget was an increase in the Band D equivalent of 1.94%.

AGREED (unanimously) that the Committee recommends to Full Council at its meeting on 8 March 2022 that:

- (a) the following amounts be now calculated by the council for the 2022/23 financial year, in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011:

- (i) £47,563,170 being the aggregate of the amounts which the Council estimates for items set out in Section 31A(2)(a) to (f) of the Act (the District Council's gross expenditure for 2022/23);
 - (ii) £32,027,260 being the aggregate of the amounts which the council estimates for the items set out in Section 31A(3)(a) to (d) of the Act (the District Council's gross income for 2022/23); and
 - (iii) £15,535,910 being the amount by which the aggregate at (a)(i) above exceeds the aggregate at (a)(ii) above, calculated by the council, in accordance with Section 31A(4) of the Act, as its Net Budget Requirement for the year;
- (b) the figures shown as (i) and (iii) above to be increased only by the amount of Parish Precepts for 2022/23;
 - (c) the budget amounts included in the report be the Council's budget for 2022/23; and
 - (d) the fees and charges shown in Appendices E1-E21 be implemented with effect from 1 April 2022.

Reason for Recommendations

To enable the Policy & Finance Committee to make recommendations to Council of the amounts to be calculated in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended by the Localism Act 2011, for the purposes of setting Council Tax levels for the 2022/23 financial year.

316 2022/23 TO 2025/26 MEDIUM TERM FINANCIAL PLAN

The Business Manager – Financial Services presented a report concerning the Council's Medium Term Financial Plan (MTFP) for 2022/23 to 2025/26. A copy of the MTFP was attached as an appendix to the report.

The MTFP provided Members and Officers with a clear financial framework for delivering the Council's Community Plan objectives over the next four financial years and maintaining the Council's MTFP was an essential pre-requisite to the annual budget setting process for future years.

The MTFP showed that the Council was able to set a balanced budget for 2022/23, though would need to reduce expenditure and or increase income to pay for service delivery in future years.

AGREED (unanimously) that the Committee recommends the 2022/23 to 2025/26 Medium Term Financial Plan (MTFP) for approval by the Full Council at their meeting to be held on 8 March 2022.

Reason for Recommendation

To provide a framework to support the Council's future spending plans.

317 CAPITAL PROGRAMME 2022/23 TO 2025/26

The Business Manager – Financial Services presented a report which detailed the available capital resources, the Council's existing committed Programme and the priority schemes identified. In accordance with Financial Regulations the Policy & Finance Committee was required to consider the Capital Programme and recommend to Council the final Programme on 8 March 2022.

In respect of the general fund capital expenditure the Council intended to spend £74.719m from 2022/23 to 2025/26 on the schemes as set out in Appendix A to the report. In respect of the Housing Revenue Account expenditure the Council intended to spend £54.326m from 2022/23 to 2025/26. This was made up of £28.220m on existing property investment and £26.106m on additional Affordable Housing. The HRA property investment and development programme were set out in Appendix B to the report.

AGREED (unanimously) that the General Fund schemes set out at Appendix A to the report, and the Housing Services schemes set out at Appendix B to the report, be recommended to Full Council on 8 March 2022 as committed expenditure in the Capital Programme for 2022/23 to 2025/26.

Reason for Recommendation

To enable the Capital Programme to be considered by the Policy & Finance Committee in accordance with Financial Regulation 6.2.3 prior to its submission to full Council.

318 NEWARK CASTLE - CONDITION SURVEY

The Business Manager – Heritage & Culture presented a report advising Members of the results of the condition survey undertaken at Newark Castle and requesting that the schedule of work required be added to the Capital Programme for 2022/23.

The condition survey report was received in January 2022, and gave a matrix of repairs which had been RAG rated. The red items required immediate repair, amber to be placed on a five year schedule for completion by 2026, and green items which were for review post 2026. The report set out the impact the required repairs were having to the Castle's operations, what works were necessary and the costs thereof.

It was proposed to add £570,000 to the capital programme to complete the urgent repairs, to protect the legacy of the Castle, to ensure the safety of the public visiting the site and to enable the grounds and green space to remain accessible to the public. It was also proposed that the Business Manager – Heritage & Culture reviews the past ten years' repairs in conjunction with Corporate Property to assess the level of investment that had been made previously and better understand the future impact to the Council.

AGREED (unanimously) that:

- (a) the inclusion of this work in the 2022/23 Capital Programme for £570,000 be approved, to be funded from borrowing; and
- (b) the Business Manager - Heritage & Culture works with the Corporate Property Team to develop a management and maintenance plan to include all amber and green items from the condition survey, with any revenue implications to be picked up as part of 2023/24 revenue budget setting.

Reason for Recommendations

To ensure the preservation of Newark Castle, ensuring that the Castle and Gardens remain safe and accessible for residents and to mitigate the risk of unforeseen emergency work as the Gatehouse Project progresses.

319 PLAYING PITCH STRATEGY AND SPORT & RECREATION FACILITIES IMPROVEMENT PLAN REVIEWS

In accordance with Section 100(B)(4)(b) of the Local Government Act 1972, the Chairman agreed to take this item as a late item of business in order to ensure that the proposed budget provision of £25,000 was included within the Revenue Budget proposals for 2022/23.

The Health Improvement & Community Relations Manager presented a report which sought approval to appoint an external consultant to deliver an updated Playing Pitch Strategy (PPS) and Sport & Recreation Facilities Improvement Plan (S&RFIP) through the Sport England Active Environment Framework to ensure that the Council had up to date strategy documents.

The current PPS and S&RFIP had last been reviewed and refreshed in 2017 and 2019 respectively, but due to changes to the current sport and leisure landscape locally over the last 5 years, the strategies were no longer considered to be in accordance with Sport England advice and guidance. It was noted that updated strategy document would provide a sound basis on which to develop policy and make informed decisions for sports development and investment in facilities. Such an approach would assist the Council to meet the requirements of the National Planning Policy Framework. It would also provide a clear and strategic approach to future sports provision and investment together with providing an evidence base to support bids for external funding.

AGREED (unanimously) that:

- (a) the Playing Pitch Strategy and Sport & Recreation Facilities Improvement Plans be reviewed and refreshed; and
- (b) a budget provision of £25k, to commission consultants to develop the strategies in association with the Council's project team, be approved and added to the 2022/23 budget report to be approved at Full Council on 8 March 2022.

Reason for Recommendations

To ensure that the Council has current and accurate strategy documents that it could rely on as a robust evidence base of provision of sport and recreation facilities across the District.

Meeting closed at 6.40 pm.

Chairman

POLICY & FINANCE COMMITTEE

17 MARCH 2022

NEWARK TOWNS FUND UPDATE

1.0 Purpose of Report

1.1 To update Members on the Newark Town Deal and identified Towns Fund Priority Projects.

2.0 Background Information

2.1 Members will recall that work to develop the Newark Town Investment Plan took place in the first half of 2020. This involved working with a range of partners, the newly formed Newark Towns Board, and undertaking consultation just as the Covid-19 pandemic and associated lockdowns took hold. The lockdowns provided an opportunity to innovate, with Schools running on-line forums to seek the ideas of children and families; the CVS undertaking telephone interviews with clients; and the Council and its Consultancy Team hosting multiple on-line groups, briefings and workshops. In July 2020 the Council-backed Newark Town Investment Plan was submitted to Government as part of cohort 1 applications for Towns Fund Grant.

2.2 Members will recall the welcomed announcement in the March 2021 budget that Newark had been successful in its bid for £25m of grant funding for 10 priority projects (now 9 following the removal of the Police Station relocation). The Council was invited to enter into Heads of Terms with Government, which were executed on 20 April 2021.

2.3 Since that time the Council and its partners have worked tirelessly to ensure delivery, developing robust Assurance Frameworks and progressing Business Cases for each project. The agenda this evening seeks, amongst other things, approval to support the final 3 no. Business Cases as captured in the table below. Upon completion of a Business Case (Outline or Full) the Council, on behalf of the Newark Towns Board, submits to Government a 'Summary Document' and 'Monitoring & Evaluation' form which has been assured by the Council's S151 Officer (with support from Quod consulting). Upon submission of these documents funding will be released from Government to the Council in accordance with the prescribed funding profile for the project and grant release dates identified by Government. A summary of progress for all projects is detailed below:

10.5	Project Sponsor	OBC/FBC Approved
32 Stodman Street	NSDC	FBC Approved
20 Minute Town	NSDC	OBC Approved
Castle Gatehouse	NSDC	Pending Committee Decision
Construction College	Lincoln College Group	Development Complete
Cultural Heart of Newark	Newark Town Council	Pending Committee Decision
IASTI	Lincoln College Group	OBC Approved
Newark Southern Link Road		Heads of Terms for £20m Levelling Up Funds signed with Government on 04.02.22
SiScLog (Newark Gateway site)	NSDC	Expected Summer 2022
YMCA Community & Activity Village	YMCA	FBC Approved. Development on-site. Completion Summer 2022

- 2.4 Members will be aware from the agenda that updates are provided on the 32 Stodman Street, Newark Cultural Heart, Newark Gateway (the IASTI and SiScLog), and Newark Gatehouse proposals. Updates on the other projects are as follows:

Construction College

- 2.5 The Construction College, which opened its doors in September 2021, has had 65 students to date, of which two already have offers of permanent employment and a further 6 have secured work experience opportunities. The college is proving to be a real success due to its close collaboration with industry sponsors, such as Valliant, Newark Plumbing & Heating Supplies, Hoval, ECA, Pro-Heat, APS, Viessmann, offering free equipment or resources for training and apprenticeship and work experience opportunities. In its first term, the Construction College has already demonstrated that it offers valuable, employable skills to the young people of Newark & Sherwood and giving them pathways to forging a successful and fulfilling career.

20 Minute Town

- 2.6 Progress is continuing with the contract between NSDC and Brompton having been finalised in late February meaning that plans for the installation of the first docks can take shape. It is hoped that the first dock, located at the Castle Station (which will also serve Castle House) will be in place by March 2022. Communication is ongoing with the land owners of the other sites – Nottingham County Council at the bus station, London North Eastern Railway at Newark Northgate Station and Urban and Civic at the Middlebeck site – and plans for the installations of these docks will be finalised for Spring.
- 2.7 A communications and promotion plan is being developed between Brompton and NSDC to be initiated when there are docks on the ground and will include targeted campaigns aimed at rail and bus commuters and the new residents of the Middlebeck site. Conversations with Barcode Warehouse have restarted; they remain interested to sponsor additional bikes for pre-existing docks and this arrangement should be finalised in the coming months. Additionally, key potential partners – such as East Midlands Railway, Tarmac, Lincoln College, Barratt/David Wilson Homes – have been approached and the different ways in which they could become involved, such as sponsoring corporate memberships for their employees, sponsoring bikes or docks, or getting branding on bikes, are being explored with them. It is hoped that as the scheme is functioning and more visible in the later Spring, coupled with a targeted and joint communications approach by both NSDC and Brompton, the interest from business partners will increase.

Newark Southern Link Road (SLR)

- 2.8 This is the final TIP priority project, albeit not funded by Towns Fund grant. Members will be aware of pre-existing grant commitments to the scheme from the D2N2 LEP (£6m) and this Council (£5m). This is in addition to Homes England loan facility (expected to be secured by the end of March 2022) and £20m Levelling Up Grant.
- 2.9 The Council signed a Memorandum of Understanding with Government (via the Department For Transport) on 4 February 2022 to access the LUF grant. The Government signed and returned this on 8 March 2022. NSDC is one of only 13 authorities nationally to have executed an MOU and is the only District Council to have done so. This provides agreement with the Council to provide funds across the following financial years, which aligns with associated activity required to implement the scheme:

Financial Year	Total
2021-22	£313,000

2022-23	£13,369,000
2023-24	£6,318,000
Total	£20,000,000

- 2.10 Colleagues at Urban&Civic (U&C), National Highways (NH), and Nottinghamshire County Council (NCC) continue to work at pace to conclude final design and statutory highway sign-off for the SLR junctions at the A46 and A1 ends. It is expected, subject to sign-off and design fix, that procurement of a contractor will take place between July-November 2022, allowing a start on-site in late 2022/early 2023. This will allow the SLR to be open for traffic in December 2024.
- 2.11 In accordance with the previous resolution of this Committee the formal Grant Funding Agreement between this Council and U&C covering all public grant is close to being concluded. This is accompanied by a governance process to oversee spend, with ultimate Assurance being provided by a Governance (informed by the Council's s151 Officer in consultation with an externally appointed Shadow Surveyor) and Delivery Board. Proposed arrangements are detailed at **Appendix A**.

Communications and Promotion of Towns Fund Projects

- 2.12 In February 2022, a dedicated website for the promotion of Towns Fund projects was commissioned to inform residents of Newark, as well as people across the country, of the different Towns Fund projects, the vision behind them and to give up-to-date progress reports of their delivery. In addition, the website will ensure transparency is maintained by including profiles of each of the Board members and forward notices of the Board meetings, their agendas and minutes.
- 2.13 The website will form part of a new Communications Strategy for the promotion of the Towns Fund projects that seeks to tailor specific messages to the groups that will be most interested in them and benefit most from the information. As part of this, the Programme Manager and Town Centre Development Manager are planning a live event in the market place for March 2022, where they will take a stall in the market to further promote the projects, and cascade information to interested residents. This event will provide an opportunity for face-to-face dialogue with residents encapsulating the approach of taking the town with us on the journey towards greater economic prosperity and creating an opportunity to explain in person the tangible benefits each of the different projects are expected to bring. If successful, the aim is to make this market event a regular occurrence, to update residents on the progress of the Town Investment Plan implementation.

Project Adjustment

- 2.14 Further to the previous Policy & Finance report detailing the approach taken to request the redistribution of Towns Fund resource originally allocated to the Relocation of the Police Station project, which is no longer going ahead, the necessary project adjustment forms and revised Annex A1 Financial profile, approved NSDC's S151 officer and the co-chairs of Newark Town Board in an urgency report, was submitted to the Department for Levelling Up, Housing and Communities on 21 December 2021. DHLUC have advised that they are currently updating their Project Adjustment processes during February and will carry out the review of existing requests as soon as this update is complete. An answer is therefore expected in late March 2022, although the Programme Manager will continue to push for a response and update with any news received.
- 2.15 At the time of writing the lack of Government confirmation to agree to reallocation of the £1m Police Station project funds remains a risk, albeit representatives of the towns fund have been clear on an expectation that funds will be permitted to be reallocated.

Performance and Assurance Reporting

- 2.16 In February 2022, DHLUC advised that they were requesting an interim performance and assurance report on all projects that had received funding up to 31 December 2022, which for Newark Town Deal is the YMCA Community and Activity Village. The performance report details the main risks on a project specific and programme wide level and includes a finance report showing the proportion of grant monies already paid by DLUHC that has been spent to date. Additionally, two assurance statements, one to be signed by the accountable body's S151 Officer and the other to be signed by the Chair of Newark Town Board will accompany the performance spreadsheet. All necessary documents were completed, confirming adherence to all necessary governance and transparency standards, and submitted by the deadline of 18 February 2022.

3.0 Equalities Implications

- 3.1 Each TIP project is required to specifically address equalities and access implications as they are developed. This will be captured through the scheme and Business Case submissions.

4.0 Digital Implications

- 4.1 There are digital implications within many of the TIP plans and projects identified, with the need to ensure appropriate digital infrastructure, skills and future innovative and creative employment opportunities being key to many objectives. Each project will be required to identify this as they progress.

5.0 Financial Implications - FIN21-22/4231

- 5.1 Projects relating to the Towns Fund programme will be added to the capital programme in their entirety once the Business Cases have been approved and approval granted at Policy & Finance.
- 5.2 The Stodman Street project, Cycle Town projects and the additional funding of £20.0m for the Southern Link Road are all included within the capital programme in full.
- 5.3 As is the YMCA Community and Activity village, of which £1.340m has already been released to the Nottinghamshire YMCA, out of the total funding of £2.0m.
- 5.4 IASTI and SIScLOG will be added once they have achieved final assurances and sign off.
- 5.5 We are currently awaiting the outcome of the request to redistribute the £1m from Newark Police Station to address potential pressures elsewhere within the Towns Fund programme.
- 5.6 Once a decision has been made we will seek approval through Policy & Finance to update the budgets accordingly.

6.0 Community Plan – Alignment to Objectives

- 6.1 The Newark Town Deal and TIP is a direct intervention of such scope and breadth that it significantly contributes to delivering all of the Council's Community Objectives

7.0 RECOMMENDATIONS that:

- (a) the update provided be noted; and**
- (b) the proposed Governance arrangements for managing public grant received for the Newark Southern Link Road (SLR), as detailed at Appendix A to the report, be approved.**

Reason for Recommendations

To continue the development of the Newark Towns Strategy and Investment Plan.

Background Papers

Newark Town Investment Plan (July 2020)

Newark Towns Fund Assurance Framework (November 2021)

For further information please contact Matt Lamb on Ext. 5842

Matt Lamb

Director – Planning & Growth

Monitoring & Evaluation

NSDC is well-versed in grant monitoring. A new governance structure is proposed for assurance purposes in order to streamline monitoring and approval processes across all public grant regimes for the SLR, providing a single process for governance and any change controls, thus simplifying the monitoring process across multiple grant facilities and funders. The SLR is also a Newark Towns Fund identified priority project. Accordingly regular updates will also be provided to Newark Towns Board.

Governance Board

Role of general oversight of program, risk, and delivery. Assurance to be provided to the board regularly by NSDC's s151 Officer and a third party independent Monitoring Surveyor.

Board Membership (CEO/Director Level): Urban&Civic, NSDC, Nottinghamshire County Council, D2L2 LEP, Homes England, National Highways

Project Board

Role of overseeing project delivery and risk, including reporting to Monitoring Surveyor.

Board Membership (Operational): Urban&Civic (Project Management Team), NSDC (Infrastructure, Finance, Legal), Nottinghamshire County Council, and National Highways.

POLICY & FINANCE COMMITTEE

17 MARCH 2022

CASTLE GATEHOUSE PROJECT UPDATE

1.0 Purpose of Report

- 1.1 To update Members on the progress of the Castle Gatehouse project, including making Members aware of relevant dependencies.
- 1.2 To seek approval for the Outline Business Case for the Castle Gatehouse project to be progressed into a Summary Document and, subject to assurance, submitted to the Department of Levelling Up, Housing & Communities in order to draw down the funds.

2.0 Background Information

- 2.1 In March 2021, it was announced that Newark was successful in securing a £25m Town Deal to cover nine priority projects, of which the Castle Gatehouse project is one.
- 2.2 In June 2021, two consultants were engaged, Hatch to work with project sponsors to develop the business cases and Quod to be the independent assurers and work with the Council's s151 officer, advising of the value for money and deliverability of the projects.
- 2.3 The project will be funded partly by a Towns Fund grant, but has additional costs which are the subject of a current National Lottery Heritage Fund (NLHF) application, in addition to the Council's own financial commitments. An initial Stage 1 Development Phase application in 2019 saw the scope and ambition of the project increased to fulfil the potential of the Castle to be a valuable asset to the town. This application was halted due to lack of match funding and subsequently, due in part to a change in priorities of the NLHF following the COVID-19 pandemic, the second Delivery Phase stage of the application fell outside of the submission window and so the application had to be restarted. A new HLF application was submitted in November 2021 and a decision is expected in March 2022.

3.0 Outline Business Case

- 3.1 An Outline Business Case (OBC) has been developed by Hatch, according to the HMT Greenbook five case model, covering the Strategic, Financial, Commercial, Economic and Management cases.
- 3.2 The Castle Gatehouse redevelopment project is designed to meet the following objectives as identified in the OBC:
 - Drive town centre footfall;
 - Conserve and enhance public access;
 - Increase engagement with heritage;
 - Enhance the visitor experience at the castle;
 - Increase the financial sustainability of Newark Castle; and
 - Provide a range of social and health benefits.

3.3 The OBC shows an indicative positive Benefit Cost Ratio (BCR) meaning that the project would represent value for money. The BCR takes into account the wider benefits of the project including Town Centre benefits related to visitor spending and wider social value through the volunteering and community engagement opportunities that project would offer.

3.4 The OBC has been submitted to Quod, the Council's independent assurers, for review. They will make a recommendation to the Council's s151 officer to sign off the OBC if they are convinced that the business case has demonstrated that the project represents value for money and is deliverable. Although assurance by Quod is identified as a risk, early engagement with Quod through the development stage means that they are sighted on the direction that the OBC has taken and are in agreement in principle. In any event, the recommendation detailed below is subject to positive assurance from Quod and the Council's s151 Officer.

4.0 Heritage Lottery Fund Application

4.1 In May 2021, officers from National Lottery Heritage Fund (NLHF) informed NSDC that their original Stage 1 development phase application (undertaken in 2019) had timed out and a separate application would need to be submitted, from Stage 1 again.

4.2 This application was completed and submitted by the NLHF deadline on 29 November 2021. NSDC are awaiting a response to this, which is expected by the end of March 2022.

4.3 If this application is successful, the application would then progress to the development phase, which the HLF expects to be c12 months. This means that the award decision date is expected to be towards the end of September 2023, with permission to start delivery from the beginning of December 2023.

5.0 Project Adjustment Request

5.1 In November 2021, the QS engaged on the Castle Gatehouse project reported that increased construction costs due to inflation could prove fatal to the project. This phenomenon was especially the case for this particular project since it is not due to start construction until 2024 and since it is a heritage project, which requires specialist contractors and materials and therefore there is less scope for value engineering.

5.2 In December 2021, the Town Investment Programme Manager submitted a Project Adjustment Request (PAR) to government requesting the reallocation of funding that had originally been identified against a project that is no longer going ahead (relocation of the Police Station) to the Castle Gatehouse project and two other projects that are most affected by the rises in the cost of construction (Stodman Street, and SISCLOG). A response to the PAR request is still outstanding, although, after conversations with government colleagues, it is expected in March 2022 after DLUHC has completed a review of its overall processes with regard to PARs.

6.0 Next Steps

6.1 Officers will work with Quod consulting through their assurance process and resolve any outstanding queries, as necessary.

6.2 Following the recommendation of Quod consulting and the sign-off by the s151 officer, Hatch consultants will be instructed to progress the OBC to a Summary Document, which will then be submitted to DLUHC in order to draw down the funds.

7.0 Equalities Implications

7.1 The Castle Gatehouse project seeks to increase the accessibility of culture and heritage in Newark and proposes the creation of additional educational and interpretation facilities at a well-loved heritage site. Successful completion of this project therefore contributes to the Council's equalities agenda, as specified in the intended outcomes (see 3.3).

8.0 Digital Implications

8.1 There are no digital implications for this report and recommendation.

9.0 Financial Implications - FIN21-22/8721

9.1 As reported to Policy & Finance on 25 November 2021 the current estimated costs of the project are £4.753m.

9.2 The current allocation within the capital programme is £4.225m. Please see table below for the funding breakdown:

	Actuals Prior Years	2021-22	2022-23	2023-24	Total Budgets
Budgets/Actuals	200,450.14	25,000.00	2,993,863.00	1,006,286.86	4,225,600.00
Funding External					
Towns Fund	0.00	25,000.00	2,575,000.00	0.00	2,600,000.00
HLF	91,500.00	0.00	0.00	0.00	91,500.00
Third Party	5,142.69	0.00	0.00	0.00	5,142.69
Capital Receipts	72,362.81	0.00	0.00	0.00	72,362.81
<i>External to be identified</i>	<i>0.00</i>	<i>0.00</i>	<i>400,000.00</i>	<i>0.00</i>	<i>400,000.00</i> *
NSDC					
NSDC Reserves	31,444.64	0.00	18,863.00	6,286.86	56,594.50
NSDC Borrowing	0.00	0.00	0.00	1,000,000.00	1,000,000.00
Total Funding	200,450.14	25,000.00	2,993,863.00	1,006,286.86	4,225,600.00

**Included within the budget but funding not secured*

9.3 Actual secured budgets remaining equates to £3.625m (Total budget of £4.225m less the unsecured funding of £0.400m less spend to date of £0.200m).

9.4 As referred to within the body of the report, a request has been made to increase the Town Funds allocation from £2.600m to £3.000m, which if successful would bridge the unsecured funding gap of £0.400m providing us with a total secured budget of £4.225m.

9.5 Additionally approval was given at Policy & Finance on 25 November 21 for the NSDC contribution already included within the funding will be utilised as match funding as part of a bid to NLHF. No additional funding was required from NSDC as a result of this bid.

9.6 If the bid to NLHF is successful this will add a further £1.154m new monies to the pot giving us a total budget remaining of £5.179m (£4.025m + £1.154m) against currently estimated costs of £4.753m, leaving an envelope of £0.426m for planning works.

10.0 Community Plan – Alignment to Objectives

10.1 This project is in direct alignment to the objectives in the Community Plan, specifically, to “deliver economic growth”, “enhance and protect the district’s natural environment” and “improve the health and wellbeing of local residents”.

11.0 RECOMMENDATIONS that:

- (a) the progress and next steps of the Castle Gatehouse project be noted;**
- (b) the Committee approve, subject to assurance from the Council’s s151 Officer (informed by Quod Consulting), that the Outline Business Case be progressed to a Summary Document for submission to DLUHC for the drawdown of fund; and**
- (c) delegated authority be given to the Council’s s151 Officer to assure any Full Business Case developed upon the receipt of a fully funded Castle Gatehouse scheme.**

Reason for Recommendations

To allow the delivery of the Castle Gatehouse program and associated benefits and outputs for the wider community.

Background Papers

Newark Town Investment Plan 2020

Castle Gatehouse Green Book Outline Business Case 2022

For further information please contact Carys Coulton-Jones on Ext. 5773.

Matt Lamb

Director - Planning & Growth

POLICY & FINANCE COMMITTEE

17 MARCH 2022

THE CULTURAL HEART OF NEWARK PROJECT

1.0 Purpose of Report

1.1 To update Members on the progress of the Cultural Heart of Newark project of the Newark Town Fund. Further, to seek approval for the Outline Business Case to be progressed into a Summary Document and, subject to assurance, submitted to the Department of Levelling Up, Housing and Communities in order to draw down the funds and develop a Full Business Case (FBC) in 2022/2023.

2.0 Background Information and Update

2.1 The Cultural Heart of Newark is one of nine priority projects identified as part of the Town Investment Plan to be progressed by the Newark Towns Board. Through activity (using public spaces), infrastructure (to support this use) and where possible public realm enhancement the project intends to drive town centre regeneration through an enhanced and new events programme led by Newark Town Council and improvements to the public realm. This will need to demonstrate increased footfall, dwell time, spend, and therein create improved prosperity for local businesses and increased satisfaction of the town offer from residents and visitors. Subject to approval, it has been allocated a budget of £2.1M from the Newark Town Deal comprising £1.5M for capital investment and £0.6M for revenue costs distributed over three financial years 2022/23 to 2024/25 (see para 9.2 below).

2.2 During recent years, there has been a steady decline in footfall of town centres nationally, with online shopping, out of town retail developments and the COVID-19 pandemic contributing sharply to this. The Newark Town Investment Plan identified that there was an oversupply of retail floor space in Newark and that a different approach was required to increase the town centre's vibrancy. The Town Investment Plan further identified a need for events-based regeneration through a consultation exercise with more than 80% of respondents stating that more events would lead to the best improvement and impact for the town centre. The aim of the Cultural Heart of Newark project, therefore, is to build upon, coordinate, and enhance the current programme of public events and activities in Newark town centre in order to develop its vibrancy and cultural experience and support growth in footfall, dwell time and consumer expenditure on retail, hospitality, and other services in the town. As well as increasing town centre footfall, dwell time and expenditure, and improving vibrancy and civic pride, the project also presents an opportunity to drive environmental change, increase use of public spaces, provide enhanced green space and environmental improvements, creating improved paving and landscaping within the town, celebrate our architecture and create new spaces for events.,

2.3 Newark town centre is also considered a suitable place for this investment due to the following factors:

- Development potential of the key public realm areas such as the Market Place, Riverside Park, and Newark Castle gardens to provide flexible, multi-purpose, connected spaces
- Connectivity by road and public transport

- Notable attractions including Newark Castle and the National Civil War Centre/Palace Theatre
- A desire to enhance a wider and more accessible cultural offer in partnership with Newark Town Council and our Heritage Action Zone cultural programme
- The chance to experience an operational market in a historic market town
- Capitalising on and support the vision of all projects supported through the Newark Town Investment Plan and associated Newark Town Deal (2021) with Government

2.4 Crucially, the Newark Town Fund allocation should be seen as just the start of the project, providing the opportunity to develop a longer-term financial sustainability model in order that a perennial programme of public events and activities can continue to thrive and grow beyond the period of funding. To this end, success is identified as future proofing the longer-term financial stability of the initiative as well as increasing footfall, dwell time, expenditure and satisfaction.

2.5 The Cultural Heart of Newark project has been evaluated by our retained consultants, Hatch, to provide the following key outcomes that will be reported to Government within the submitted Summary Document.

- Land Value Uplift (due to increased town centre footfall/dwell time)
- Resident, Business and Visitor Satisfaction
- Overnight Visitor Numbers
- Reduction in crime and ASB
- Increased tree planting and biodiversity
- A positive Benefit Cost Ratio (BCR)

3.0 Developing the Proposals

3.1 The Outline Business Case will identify a likely and affordable delivery option for the public realm, alongside the development of the events and activities program. In the case of the latter the approach is focussed on a higher frequency of activities and events to encourage dwell time, local spend, and a general feelings of satisfaction and vibrancy.

The Stakeholder Group

3.2 An NSDC internal working group met regularly from April 2021 to contribute and coordinate the concept and key outcomes for the project. The group also developed a specification for the procurement of consultancy support to develop a vision and intent for public spaces, notably the Market Place. This will be developed post OBC via public engagement.

The Principles

3.3 The approach sets out a plan to:

1. Enhance existing public spaces to provide spaces to dwell
2. Explore wayfinding to better facilitate better movement and accessibility within the Town
3. Explore street tree planting, where appropriate
4. Encourage and promote events which align with the Towns aspirations (eg. cycling, sport, promoting local produce)
5. Consider use of art within the public realm

6. Create a network of public spaces that can be used for events
7. Ensure the spaces retain a sense of identity

- 3.4 An external engagement group, comprising key external partners and stakeholders, provides input to the development of options. In consultation with the principal landowners/managers, members of the internal group, and primary partners and stakeholders, our appointed consultants considered ways in which the role and potential of the key areas of public realm in Newark town centre (including the Market Place, Riverside Park, and Newark Castle gardens) and connections between them, could be appropriately developed and maximised to provide flexible, multi-purpose, connected spaces that are attractive to residents and visitors, encouraging greater, year-round use in support of the above key outcomes.
- 3.5 They also considered that improved linkages and wayfinding around Newark town centre was important, including to/from the key areas of public realm, to/from the public transport hubs and public facilities and to/from retail, hospitality and services in the town, building upon the wayfinding and signage already present.
- 3.6 Our appointed consultants and the stakeholder group are working, as part of the OBC, at providing a range of affordable parameters and options. The OBC will make assumptions on a preferred option for the purposes of costings and establishing overall principles. The development of the events calendar and spaces (additionally considering zoning of activity such as encouraging al fresco dining) to host them in a flexible way as possible (which will include the retention of the market, likely with more willingness to reconfigure it) will be worked up via public engagement and the FBC process. More will follow on this in reporting to the new system of governance and developing a post OBC sign-off yet further.
- 3.7 Complementary interventions could, subject to costs, include pedestrianisation measures and improvements to streets around the Market Place, improvements to the nearby Church Gardens, and a holistic wayfinding strategy with map totems to create a better-connected town centre. Cumulatively, these will help to create a more appealing, vibrant town centre and maximise the benefits of the above improvements to the Market Place
- 3.8 Any preferred option for development will fit well strategically with other Town Investment Plan projects, specifically the Castle Gate House and Newark Cycle Town. For example, the wayfinding strategy will link arrivals by public transport or private vehicle with connected routes to the Castle, as well as to the Market Place, National Civil War Centre/Palace Theatre and other attractions.
- 3.9 Other possible options considered for development can be held in reserve should further funding be secured through the project or through other funding sources.

Developing a New & Enhanced Events Programme

- 3.10 In creating a more attractive, multi-purpose, connected space that supports events-based regeneration, the preferred option for development allows for the planning of a new perennial programme of public events and activities for Newark town centre. Event organisers, partners and stakeholders will be facilitated in working together around a common understanding, vision and aspiration with shared goals and outputs.
- 3.11 This group will be led by Newark Town Council (NTC) who will lead an Event Board comprising different local stakeholders. In February 2022, Members of Newark Town Council approved a recommendation that the Town Council will become the Project Lead for the Cultural Heart of Newark project from April 2022. The Town Council have

committed £200k of expenditure to match fund the additional revenue funding secured through Town Fund. The two principle objectives of this resources are to 1) deliver new or enhanced events and activities that will increase footfall, dwell time and spend, and 2) to work towards driving a financially sustainable model of delivery from year 4 onward.

3.12 The Town Council have established a strong relationship with market traders, local event organisers and promotional acts. This has matured and gained strength over the last 12 months with additional resources secured by the Welcome Back Fund (WBF) creating new opportunities for the Town Council to deliver better events. The third quarter of 2021 evidenced a significant increase in footfall and dwell time due to the new offers, promotions and acts delivered. In discussion with NTC a new offer to further improve the town event programme will be established, overseen and governed by the proposed Event Board. This Board will utilise the Town Fund Revenue funding for 2022-2025 to deliver a dual approach of event programming and financial sustainability.

4.0 Next Steps

4.1 NSDC and Newark Town Council will work in partnership on the following steps towards delivery of the project:

- Recruitment to ‘Town Centre Events Manager’ and ‘Programme Development Officer (2 year fixed-term)’ positions
- Establishment of a Cultural Heart of Newark Project Delivery Board, to be led by Newark Town Council with membership including the Cultural Heart of Newark project sponsor.
- Implementation of the Year 1 2022/2023 Events Programme which identifies the enhanced aspects of the programme that are new and not previously resourced
- Commencement in Year 1 2022/2023 of the priority public realm developments
- ‘Programme Development Officer’ (2 year fixed-term) to undertake modelling of options for the financial sustainability of the programme including a Business Improvement District (BID) model and a Taxation Growth model.

5.0 Proposals

5.1 The report proposes that Members agree to the next steps for the delivery of the Cultural Heart of Newark project and provide delegated authority to the Section 151 Officer to agree to the Full Business Case (FBC) when completed and independently assured.

6.0 Equalities Implications

6.1 Delivery of the Cultural Heart of Newark project will benefit Newark’s diverse communities, visitors and businesses. The Project Delivery Board will always consider equalities to ensure that event attendees with protected characteristics are not disadvantaged in their experiences.

7.0 Digital Implications

7.1 There are no digital implications for this report and recommendations.

8.0 Financial Implications - FIN21-22/4020

- 8.1 The Cultural Heart of Newark is one of nine priority projects identified as part of the Town Investment Plan to be progressed by the Newark Town Board.
- 8.2 The funding is still subject to approval of the project’s business case. Current proposed funding and profiling is as per the table below:

Newark Heart Funding	2022-23	2023-24	2024-25	TOTAL
Revenue Funding	200,000	200,000	200,000	600,000
Capital Funding	300,000	600,000	600,000	1,500,000
Total Funding - Newark Heart	500,000	800,000	800,000	2,100,000

- 8.3 The project will only be proposed to Policy & Finance Committee to be added to the capital programme once it has achieved Full business Case (FBC) status.

9.0 Community Plan – Alignment to Objectives

- 9.1 This project delivers directly to the vision in our Community Plan (“...encouraging more visitors to enjoy all that Newark & Sherwood has to offer”) and the key objective to “Deliver inclusive and sustainable economic growth”.

10.0 RECOMMENDATIONS that:

- (a) **delegated authority be given to the Council’s s151 Officer (informed by Quod Consulting) approval of the Outline Business Case and progression of a Summary Document for submission to DLUHC for the drawdown of funds; and**
- (b) **delegated authority be given to the Council’s s151 Officer Authority to assure the Full Business Case when completed.**

Reason for Recommendations

To progress the project towards Full Business Case (FBC) in 2022/2023.

Background Papers

Newark Town Investment Plan 2020
 Newark Cultural Heart Outline Business Case 2022

For further information please contact Richard Huthwaite, Tourism Manger on 07866 008748; richard.huthwaite@newark-sherwooddc.gov.uk

Matt Lamb
 Director – Planning & Growth

POLICY & FINANCE COMMITTEE

17 MARCH 2022

NEWARK GATEWAY UPDATE

1.0 Purpose of Report

1.1 To provide an update on the Newark Gateway site, including the International Air & Space Training Institute (IASTI©) and SiScLog Towns Fund projects.

2.0 Background and Updates

2.1 Members are aware of the Towns Deal with government and the 9 priority projects which continue to progress. Two of the proposals relate to the land known as the Newark Gateway site which comprises a land parcel encompassing the former Livestock Market and existing Lorry Park and associated facilities.

2.2 Since the announcement of the Newark Towns Deal officers have secured the demolition and secure holding of the former Livestock Market site, on time and within budget, in anticipation of the IASTI proposals (Phase I). Concurrently, feasibility work has continued with respect to the potential to redevelop the wider site, including the SiScLog proposals and (potential) relocation and expansion of Newark Lorry Park (Phase II).

International Air and Space Training Institute (IASTI-Newark)

2.3 Following the Towns Fund announcement work on the development of the IASTI has continued at pace. This has included the development of the Outline Business Case (approved January 2022), progression of the building design, the development of course content, and the opening of interim facilities (and flight simulator) to the first cohort of students.

2.4 The OBC approved in January 2022 was submitted to the Department of Levelling Up, Housing and Communities (DLUHC) in order to draw down the first payment of £500k against the project. A Full Business Case (FBC) is currently being developed by Hatch consulting and is expected to be completed by the end of March 2022, subject to assurance by Quod the independent assurers and the Council's, as the Accountable Body, s151 officer.

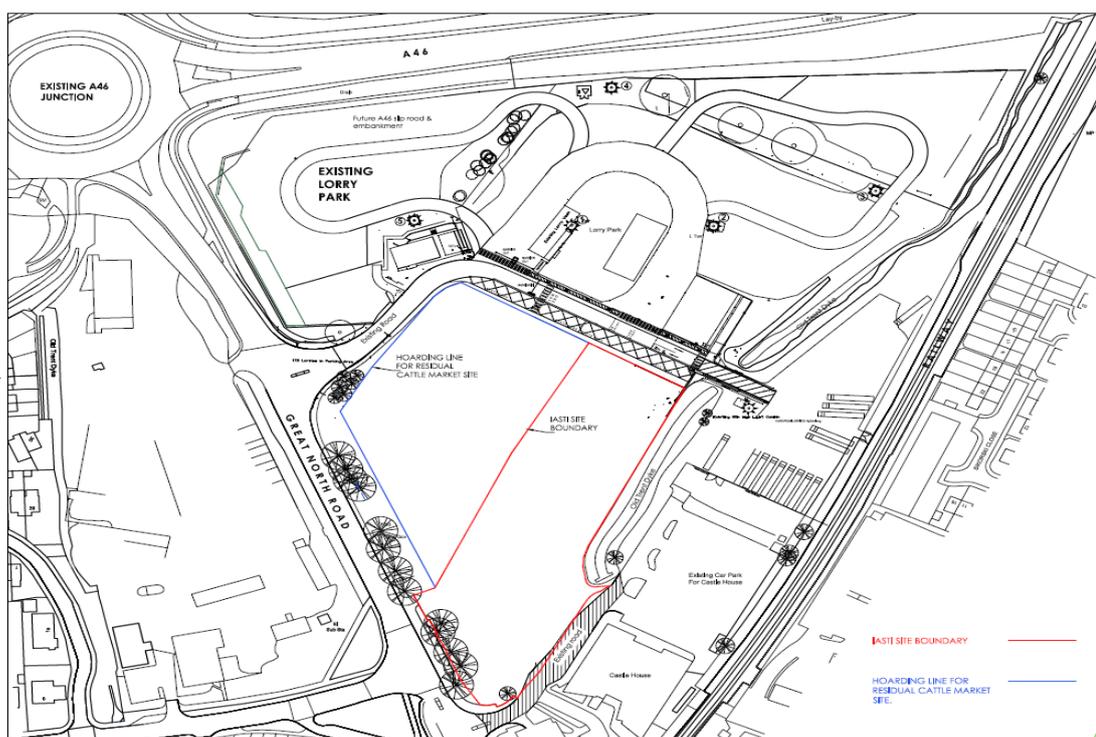
2.5 The IASTI-Newark Project is identified as the build and operation of an International Air and Space Training Institute (IASTI) training facility in Newark, blending education with practical experience in partnership with the civil and military aviation industry. This seedcorn funding of £500k is needed to complete the design and planning stages of this project, identified as RIBA stages 3 and 4, so that construction can start in financial year 2022/2023.

2.6 At the Policy & Finance Committee in January 2022 delegated authority was given to the s151 officer to enter into a grant funding agreement with Lincoln College Group for the disbursement of the Towns Fund grant. The grant will be released according to the payment schedule as set out in the grant fund agreement, the first payment of 50% being made on signing the grant fund agreement, with the second payment of 50% on 31 March 2022. This will be subject to satisfactory presentation of invoices or orders according to the monitoring and evaluation requirements agreed between the Council and developer, Urban&Civic. The

seedcorn funded can be facilitated by the 5% (£1,250,000) advanced payment of the whole Towns Fund grant received in September 2021 which was released in order to allow the Council, as the accountable body, sufficient flexibility to enable projects to progress through the design and business case development.

2.7 The planning application by the Lincoln College Group (LCG) for the IASTI Newark was approved by the Council, as Local Planning Authority, at the Planning Committee meeting of 15 February 2022. Securing planning permission will now allow the LCG to secure contractors to build this purpose built state-of-the-art facility in time for welcoming students in September 2023, subject to also securing a land deal with the Council.

2.8 Terms have now been agreed between the Council and the LCG for a long-lease of part of the former Livestock Market. The demise of the IASTI is approximately detailed below. Details of the land-lease terms are detailed at **Exempt Appendix A**. The terms include a 50 year lease, a rent free period, stepped rent up to level which captures best consideration, and rent reviews. Members will recall that the IASTI can proceed subject to this land deal and development of the FBC. It is not reliant upon or materially affected by the A46 Newark Northern Bypass considerations.



A46 Preferred Route Announcement

2.9 It remains the aspiration to retain and enhance a Lorry Park for Newark. The current facility performs an important function and would only be relocated if better facilities can be provided elsewhere in the Town, with the current preferred site at Newark Showground.

2.10 Part of the ongoing feasibility work is to understand the likely impacts of the A46 Newark Northern Bypass upon the current lorry park and the degree to which this could and should facilitate relocation. The long-anticipated preferred route announcement has now been published by National Highways. The implications of this announcement are currently being assessed, including with input from the Council's retained professional consultants. It is clear that some of the Council's preferences have been accommodated, including the

grade separation of the Cattle Market roundabout and making provision to ensure that the future grade separation of the Newark Flat Crossing is not prejudiced at any future date. The route does however require careful consideration in terms of the likely impact upon the current Lorry Park and around Winthorpe and the Newark Showground. An update to inform the Council's response to the preferred route announcement will be presented to the 23 March Economic Development Committee.

SiScLog

- 2.11 Members will recall the principles of SiScLog, which seeks to capitalise on the opportunity to create and reinforce an industrial cluster of regional and national significance in the Newark Gateway area by supporting innovation and growth in the transport, engineering and logistics sector. Newark can benefit from a favourable position in relation to key transport nodes and assets such as East Midlands Airport and the ports. This is in addition to aviation and supply-chain opportunities which are expected to arrive alongside the IASTI.
- 2.12 Towns Fund investment seeks to fund site enabling and preparatory works to the site, unlocking commercial units and workspace suitable for new and growing businesses alongside training provision and potentially a new hotel. These uses will complement the IASTI proposals and the Town Investment Plan objectives of driving footfall into the town centre and creating new employment. Alongside industry there remains an aspiration to maximise training and skills, including enhancing further education opportunities.
- 2.13 The recent route announcement for the A46 Newark Northern Bypass will have clear land-take consequences for the existing lorry park footprint, and for the level of developable land for any replacement SiScLog redevelopment proposals. Work on understanding impacts is ongoing and will be reported via the new Governance arrangements in due course. This is also the case for the Newark Showground, which will be affected by the Winthorpe section of the A46 proposals. The route at this location is broadly as expected, allowing further discussions with the Showground to recommence.
- 2.14 The expected timetable for progressing the SiScLog is detailed below:
1. Completion of Outline Business Case – June 2022
 2. Negotiation with Highways England on the effect of the preferred route to the A46 and its impact on the site – December 2022
 3. The relocation of the Lorry Park – May 2023
 4. Completion of the Full Business Case – September 2023
 5. Construction of the infrastructure, utilities and site adaption – July 2023
 6. New commercial unit land parcels bought forward – September 2024

Livestock Market

- 2.15 Members will be aware of the various updates both to this Committee and the Economic Development Committee. There remains a third party who are interested in re-establishing a livestock market for Newark. To date, a deliverable site in viability and planning terms has not been identified. The Council remains willing to offer advice and support to the consortia wanting to deliver the aspiration.

4.0 **Financial Implications - FIN21-22/2751**

IASTI

The IASTI project is currently at the OBC stage, the total OBC approved for IASTI is £10.6m. The £0.5m request for approval relates to Seedcorn funding to progress the IASTI project.

NSDC have already received 5% of the Total Town Fund bid of £25.0m equating to £1.250m, received in September 21.

Based on £10.6m apportioned to IASTI within the envelope of £25m, this would equate to forward funding of £0.530m (£10.6m x 5%). Therefore funding is in place to settle these payments totalling £0.500m prior to the 31st March 22 as requested.

The current project funding profile is outlined below:

Projects	2021-22	2022-23	2023-24	TOTAL
IASTI	500,000	7,100,000	3,000,000	10,600,000

SiScLog

The SiScLog project is currently working towards OBC status, as such the project is not included within the current capital programme, it will only make it into the programme once it has achieved FBC status. The current profiling of the project funding included within the OBC proposal are as set out below:

Projects	2021-22	2022-23	2023-24	TOTAL
SiScLog	0	800,000	2,000,000	4,200,000

5.0 **RECOMMENDATIONS** that:

- (a) **the progress and next steps for the Newark Gateway be noted; and**
- (b) **the addition of £500,000 to the Capital Programme to release to the Lincoln College Group as seedcorn funding to progress the IASTI project through RIBA stages 3 and 4, to be funded from Towns Fund allocation, be approved on the signing of an appropriate grant funding agreement.**

Reason for Recommendations

To continue the development the Newark Towns Strategy and Investment Plan.

Background Papers

Newark Town Investment Plan (2020)

IASTI Green Book Outline Business Case (2022)

For further information please contact Matt Lamb on Ext. 5842

Matt Lamb

Director – Planning & Growth

POLICY & FINANCE COMMITTEE

17 MARCH 2022

REDEVELOPMENT OF 32 STODMAN STREET, NEWARK

1.0 Purpose of Report

- 1.1 To update Members on the progress of the 32 Stodman Street redevelopment scheme, including the Green Book compliant Full Business Case. Further to seek approval for the appropriate disposal route and to progress the development to construction phase.
- 1.2 This report contains a number of redactions in the interests of commercial sensitivity of both the Council and a third party. Any redacted figures or statements are referenced in the exempt **Appendix A** which accompanies this report.

2.0 Background Information

- 2.1 In April 2019 Marks & Spencer closed its town centre location at 32 Stodman Street, leaving a vacant premises of 32,773 sq ft. The Stodman Street site was offered to market by the owner via a proposed auction in November 2019. The Council secured terms for the building's purchase prior to the auction taking place. The terms included an agreed purchase price of £540,000 (£618,000 including all associated fees), against an independent valuation of £850,000. The sale completed on 31 March 2020. The Council has therefore been in ownership of the building since late March 2020.
- 2.2 Prior to taking ownership the Council promoted the unit to the open market through commercial agents, Banks Long & Co, to ascertain what commercial interest there may be for a unit of 32,773 square feet and a rateable value of £226,000. This also included Banks Long & Co being instructed to pro-actively approach a number of traders not currently represented within the town. A number of organisations were clear that Newark was not a preferred destination for their business model, even with heavily incentivised terms. Others expressed a tentative interest, albeit for a retail unit of a smaller size (2000-7000 square feet) and more traditional layout (uniform size and level floor plan).
- 2.3 In July 2020, Newark Town Board proposed the Stodman Street project as one of 10 priority projects to Government as part of the Town Deal Fund bid. This project provides an opportunity to repurpose the property creating new commercial and retail units alongside new residential property. This was to be a catalyst regeneration project that would increase land value surrounding it and increase town centre footfall, dwell time and spend. In August 2020 the Government offered some Town Fund Accelerated Funds to the scheme in order to accelerate the planning and design functions of the project through commissioning of architects, quantity surveyors and other lead professionals to complete the necessary work to secure a planning application. Further, earlier this year the scheme was successfully awarded £284,000 through the Brownfield Land Release Fund. In March 2021 Newark was announced as successful in securing its full £25m Towns Deal ask, with this project being one of the 10 identified. Funding will now be provided, subject to conclusion of a Green Book compliant Full Business Case (FBC). The FBC has now been completed and has been assured by the Newark Towns Board, Quod Consulting (independent assurers and advisors to the Council), and the Council's s151 Officer as representing Value For Money (VfM) as reported at the Policy & Finance Committee in November 2021. Planning permission was granted in February 2022.

Business Case

- 2.4 The Stodman Street FBC has been created in collaboration with the Stodman Street Project Team (comprising relevant service areas in addition to architects, M&E contractors, and commercial agents) and consultants, Hatch, between July 2021 & November 2021. This FBC is created on the five business case model which identifies the Strategic, Economic, Commercial, Financial and Management Cases.
- 2.5 The Business Case identified the following key points in the delivery and regeneration of the Stodman Street development:
- The scheme would create 29 high quality residential units and 5,100 sq ft of commercial and retail units creating 40 new jobs.
 - The proposals are based on an investment grade development appraisal by Pygott Crone that demonstrates a viability gap (and associated market failure) for the investment, and the need for public sector intervention to support site preparation and construction works.
 - The project proposes using £2.2m of Town Fund to deliver the scheme, against £5.75m of funding from Newark & Sherwood District Council as developer. The intended impacts include; direct land value uplift, wider commercial land value uplift, and labour supply uplifts.
 - The Economic Case demonstrates that the estimated value for money of this policy is High (Benefit Cost Ratio (BCR) over 2). The benefits of this policy are land value uplift (equal to £3.6m), wider commercial uplift (equal to £2.9m) and employment impacts (those entering the workforce only, equal to £667k).
 - The Full Business Case has identified market failure and an associated need for public sector intervention without which there would be no development. The scheme could not be delivered within the current retail/mixed use market due to low land values and no investment or profitable return.
 - To enable the Council to deliver this scheme where the private sector cannot, officers have identified that delivering through lower borrowing and a longer repayment period will enable development within tolerable risks. The proposal would be for the Council to build the commercial and residential units and then sell the residential units upon completion. The sale will be on the basis of a minimum 125 year leasehold that would generate a capital receipt of up to £3.9m (value is further discussed below) which would reduce the principle sum borrowed. This would leave a regenerated site with an income from the commercial units covering the remaining borrowed sum over a period of 40 years and generating a small surplus annually that should grow during the period of payback.
 - The full development will cost £9.068 million. This includes site preparation and construction costs, legal fees, sales and marketing costs, finance costs and professional fees. Project funding includes £2.2 million from the Towns Fund, a development loan, accelerated funding through the Towns Fund and the residual asset value. Analysis in the Financial Case demonstrates that the project is affordable over the 40-year appraisal period. This cost is estimated and will be subject to a procurement exercise lead by the Corporate Property business unit. The Town Fund £2.2m was increased from the initial ask of £2m in June 2020 to allow for inflation, and has been sought as a proportion of the reallocation of the projects not progressed within the Heads of Terms. At the time of writing the absence of Government confirmation to agree to reallocation of unallocated project funds remains a risk, albeit representatives of the Towns Fund have been clear on an expectation that funds will be permitted to be re-allocated.

Delivery Model

- 2.6 In April 2021, the Policy & Finance Committee received a report that identified the different delivery models for Stodman Street. The report identified three options for delivery including a 'sell with or without planning permission,' a 'seek planning permission and then build it ourselves,' and finally a 'a joint venture option' whereby the a developer would cover some or all of the capital costs of works in return for the Council taking on the whole or part of the asset using the strength of our covenant. This report concluded with a recommendation that the Council should not simply dispose of the site after acquiring planning permission given associated risk of viability, land banking, or uses being proposed which were undesirable to raising quality, choice, and aspiration within the town. Officers were asked to bring further updates on the remaining options of 'construct-to-sell' and a 'Joint Venture'.

Policy Update

- 2.7 Since the last update the Council has adopted its Acquisitions and Disposals Policy (November 2021) which requires, amongst other things, that the Council to be clear on its preferred method of disposal and associated reasons and outcomes in terms of regenerative benefits, securing value for money, or in the case of potential sale at under-value, having appropriate reasons for doing so. As a Towns Fund project 32 Stodman Street is supported by the Newark Towns Board, Central Government, and this Council. The scheme was also supported in comments on the planning application by Newark Town Council, Newark Civic Trust, and the Towns Fund Heritage consultant. The need for a greater residential presence in the town forms one of the key pillars of the Town Investment Plan (TIP), as does retaining a commercial offer at ground floor to aid footfall and vibrancy.

Joint Venture

- 2.8 Following the last update the Project Team have reviewed the financial, legal and procurement options available for delivery of the scheme. A Joint Venture (JV) model of delivery has been investigated and discounted on the grounds of viability in that even with grant fund injection of the level proposed (£2.2m) the scheme is unlikely to generate a reasonable profit within a reasonable return period.

Council Delivery

- 2.9 The recommended delivery pathway which can best minimise risk alongside providing a viable delivery solution is for the Council to build the scheme utilising borrowing, with a sale upon practical completion of the residential units to a buyer. This would allow the scheme to secure a capital receipt against the residential build, rather than move the properties into the Council housing portfolio, as the apartments are designed for open market sale or open market rent. This recommended approach would allow the Council to retain the commercial/retail units on the ground floor that would generate an income sufficient to cover the initial costs of borrowing and make a surplus over time.

Securing a Sale for the Residential Units

- 2.10 As Members will be aware, and in accordance with the Acquisitions & Disposals Policy (November 2021), it is necessary in all land disposals of this scale to secure a market valuation in order to inform the preferred disposal route. In February 2022 the Business Manager - Economic Growth & Visitor Economy instructed, via the Business Manager - Corporate Property, a 'red book' valuation of the Stodman Street scheme for which planning permission is sought. This builds upon the values and assumptions provided by the separate 'Market Appraisal & Viability Assessment' (July 2021). This valuation

suggested a market value for the residential properties of approximately [REDACTED]. A further valuation was sought in February 2022, which identifies a value for the completed residential property of [REDACTED]. For the avoidance of doubt the latest valuation is based on the proposals which now have planning permission.

Pre or Post-Construction Sale

- 2.11 The Council could choose to construct the scheme for which it has secured planning permission in the hope and anticipation of selling all residential units upon practical completion. The Council's advisors and officers have made clear that a sale post-practical completion carries greater risk given that whilst the overall form and nature of the proposed development is known (in accordance with planning permission), as Members will be aware with any construction project there are a multitude of specification, design, quality, and other decisions taken whilst a build is undertaken. Whilst there may be market interest for a sale the lack of the end purchaser in decision-making throughout the build process is likely to restrict market providers at the end of the process.
- 2.12 The preferred disposal route would be for the Council to secure a buyer for the units 'up-front' via an Agreement to Lease (AtL) and separately (but contractually tied) Lease, with the latter including a commitment to purchase for any agreed purchase price upon Practical Completion for a long-lease period. Members will recall that a similar model has been utilised for Ollerton Hall.
- 2.13 Should Members agree that a pre-construction sale is appropriate as recommended, the Council must then consider how to proceed with the associated sale. There are two options in this regard. First, to invite market bids seeking both an AfL and Lease. Second, to enter into an exclusive sale with Arkwood, who have been aware of the Council's aspirations for some time via the Towns Fund process and who have now made an offer for the site. Members will additionally be aware that Arkwood have been involved in the Project Team to date, solely as an advisor only. The Company has not been privy to any market valuation information for the site.
- 2.14 Whichever route of disposal is elected the end purchaser of a long lease must comply with the following 2 conditions:
- 1) The necessity to sign an Agreement to Lease prior to the commencement of development which commits to a Lease upon the Practical Completion of the development in order to de-risk the Council; and
 - 2) To assist the Council during construction to meet the capital spend profile of the Towns Fund which requires spend of £2.2m in 2022/23

Arkwood Offer

- 2.15 Arkwood have made an offer to acquire the completed residential units as a 999 year Leasehold for £[REDACTED], subject to planning and contract. The offer from Arkwood is [REDACTED]% below the recently assessed market valuation, a reasonable level of tolerance in the opinion of the Business Manager Corporate Property and still in accordance with the Council's duties to achieve "best consideration" under all the circumstances. In any event, noting that this is an agreed sale of all units is up front to a single investor, the Council's independent surveyor has confirmed that a discounted purchase price to £[REDACTED] is appropriate and represents market value. Arkwood are willing to enter into the Agreement

to Lease (AtL) and Lease to secure the units at the agreed purchase price, and will be permitted to input into the build-out as an additional “critical friend” in managing any appointed contractors.

- 2.16 Alongside the residential sales the Council intends to work with local commercial agents during the post planning approval, pre tender works in order to secure ‘in principle’ agreements for the retail and commercial premises. This approach will de-risk the potential for a protracted negotiation with end users after the build completes.

Legal Advice

- 2.17 As required for all grant projects of this nature the Council has sought independent legal advice on any state aid (technically “Subsidy Control” post-Brexit) considerations. The exempt report details the advice which confirms there are no state aid implications.

3.0 Next Steps

- 3.1 It is considered that the Council is now in sufficient receipt of information and regulatory approvals to be able to select its preferred disposal route and party, which in this case is recommended to be a direct sale to Arkwood Developments on the basis of an Agreement to Lease (AtL) prior to the commencement of development alongside a Lease which commits Arkwood to purchasing all of the residential units for the agreed purchase price of £[REDACTED] upon practical completion.

- 3.2 Independent valuers and the Council Business Manager for Corporate Property are aligned in the proposed purchase price meeting best consideration for £[REDACTED]

- 3.3 A summary of the key milestones is captured below:

- Planning Approval – Secured February 2022
- Submission of Full Business Case Summary Document to Government – Complete January 2022
- Pre tender procurement for Demolition, Design & Build; appointment of Mechanical Engineering Consultant, Drainage Consultant, Clerk of Works, Principle Designer and Build Contractor – January 2022 to July 2022
- Agreement to Lease and Lease executed for residential units – July 2022- September 2022
- Mobilisation of Contractor – July – September 2022
- Demolition and Construction Phase – September 2022 – March 2024
- Completion – March 2024
- Sale by long lease of Residential Units – April 2024

4.0 Proposals

- 4.1 It is proposed that the Stodman Street Project Team proceed working to deliver the project plan outlined in 2.10. Further that Members note and support the recommended delivery model for the Stodman Street scheme.

5.0 Equalities Implications

5.1 The scheme offers residential and commercial/retail units which will ensure, through design, good accessibility within them. Equalities impacts will be address via the building control, planning and contractor procurement process.

6.0 Digital Implications

6.1 There are no digital implications for this report and recommendation.

7.0 Financial Implications- FIN21-22/2404

7.1 The current budget within the capital programme is as illustrated below:

Current Budgets	Amount	Funding Source	Amount
Spend prior to 21/22	207,475.62	Primary Fund	284,000.00
Budget 21-22	750,524.38	Towns Fund	2,000,000.00
Budget 22-23	8,110,000.00	Brownfield Land	284,000.00
		Borrowing - NSDC	6,500,000.00
Total budget	9,068,000.00	Total Funding	9,068,000.00

The borrowing costs of the £6.5m is already provided for in the Council's Medium Term Financial Plan. The capital receipt from Arkwood on the sale of the apartments may be used to reduce the borrowing of £6.5m. The allocation of this receipt will depend on a number of factors such as future capital projects that will require funding, interest rates and treasury management considerations.

The profiling of the budget is currently been aligned with contractual works and will be updated once tenders and programme of works are completed.

A request has been made to the Towns fund for an additional £0.2m from the unallocated pot to deal with contract inflation. Currently we are awaiting the outcome of this request.

8.0 Community Plan – Alignment to Objectives

8.1 This project directly delivers to the Community Plan priority of 'Delivering Inclusive & Sustainable Economic Growth' and 'Create more a better quality homes through our role as landlord, developer and planning authority'.

9.0 RECOMMENDATIONS that:

- (a) the exclusive disposal of 32 Stodman Street to Arkwood Developments Ltd. via an Agreement to Lease and Lease disposal route as detailed above, for the consideration of £██████████, be approved subject to planning;
- (b) delegated authority be given to the Chief Executive to negotiate timings of receipts, and conclude other terms in consultation with the Monitoring Officer, Deputy s151 Officer and Business Manager for Corporate Services; and

(c) subject to (a and b) above, the commencement of the commissioning process to appoint contractors to build out the redevelopment proposals within the capital funding envelope of £9.068m be approved

Reason for Recommendations

To allow the progression of the redevelopment of 32 Stodman Street.

Background Papers

Newark Town Investment Plan, July 2020
Stodman Street Green Book Full Business Case, 2022

For further information please contact Matt Lamb on Ext. 5842

Matt Lamb
Director – Planning & Growth

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