



Report to: Cabinet Meeting: 18 February 2025

Portfolio Holder: Councillor Paul Peacock - Strategy, Performance & Finance
Councillor Claire Penny - Sustainable Economic Development

Director Leads: Sanjiv Kohli, Director - Resources
Matthew Finch, Director - Communities & Environment
Matt Lamb, Director – Planning & Growth

Lead Officers: Carys Coulton-Jones, Business Manager - Heritage & Culture, Ext. 5773
Neil Cuttell, Business Manager -Economic Growth & Visitor Economy, Ext. 5853

Report Summary	
Type of Report	Open Report / Key Decision
Report Title	Newark and Sherwood Funding Updates
Purpose of Report	To provide an update on Newark and Sherwood Funding Programmes; specifically, the Long-Term Plan for Towns (Newark), UK Shared Prosperity Fund (District-wide) and the delivery of the remaining Newark Towns Fund projects.
Recommendations	<p>That Cabinet:</p> <ul style="list-style-type: none"> a) note the update for the Long-Term Plan for Towns Funding opportunity and support the ongoing liaison with the Town Board to review and shape a Newark Investment Plan upon publication of the revised Prospectus; b) approve £100,000 of additional revenue budget funded from the Capital Feasibility Reserve to allow the continued progression of feasibility and design work for the Newark Market Place improvements, which forms part of the Newark Cultural Heart Towns Fund, as detailed in paragraphs 4.4 of this report; c) approve an additional capital budget of £1,020,600 for Newark Castle Gatehouse financed by the Change Management Reserve, as noted in paragraph 3.0 of this report; and d) note the expected contribution of up to £1.345m of UK Shared Prosperity Funding and approve a revenue budget of £433,000 for 2025/2026, as detailed in 2.8 of this report, subject to formal confirmation of the Council’s UKSPF allocation. The remaining £912,487 may be added to the Council’s capital programme, subject to a future Cabinet report regarding proposed commitments.

<p>Alternative Options Considered</p>	<p>There is the option to not engage in any revised Long-Term Plan for Towns process and to leave any Investment Plan to Newark Towns Board. This has been discounted on the basis that the Council remains an important partner within the Towns Board and will continue to offer insight, influence and ability to deliver in addition to having an ongoing role as accountable body. Moreover, the Council has a track record, with partners of delivering catalyst and transformative regeneration within the Town.</p> <p>There is the option not to ‘front-load’ support the delivery of the Newark Market Place improvements or to decline to increase the capital budget to allow delivery of the Newark Castle Gatehouse Project. This has been discounted as the alternative would be to return the remaining Towns Fund Grant to Government and not implement schemes that have community and stakeholder support.</p>
<p>Reason for Recommendations</p>	<p>To continue to deliver catalyst regeneration projects for Newark through the delivery of Newark Cultural Heart, Newark Castle Gatehouse, and new opportunities through a revised Long-Term Plan for Towns Fund, as well as support for district wide schemes, with funding available through the UK Shared Prosperity Fund.</p>

1.0 Background

1.1 Members will be aware that investment in Newark over the last 5 years has been significant and has seen transformation change with the completion of catalyst Towns Fund and Newark Town Investment Plan (2020). This includes projects such as the Newark Air & Space Institute, Construction College Centre of Excellence and the YMCA Community & Activity Village. Further Towns Fund projects in the form of 32 Stodman Street, the Newark Castle Gatehouse and the physical improvement of Newark Market Place are also now progressing as the final tranche of projects within the Towns Fund programme. Projects have been delivered with and by partners with oversight by the Newark Town Board and this Council as the Accountable Body. Towns Fund interventions have been supplemented by the Newark Levelling Up Fund Round 1 (for the Newark Southern Link Road, (SLR), UK Shared Prosperity Fund, and the Council’s own capital interventions such as Castle House, Newark Buttermarket and 14 Market Place. Physical regeneration has, and will, continue to be supplemented by a range of events, animation and community activity. There are also new emerging opportunities for Newark, notably through the Long-Term Plan for Towns Fund.

2.0 Long Term Plan for Towns

2.1 In 2024, Newark was invited to participate in the Long-Term Plan for Towns (LTPT) initiative, whereupon the Council was allocated an in-principle sum by Government, of up to £20m over 10 years for the Town. This was based on the submission of a second Town Investment Plan covering up to the year 2034, with a required submission originally scheduled for August 2024. The Council, developed, supported and promoted the inclusion of a range of priority projects in this Plan. The final agreed priorities for the first 3 years of the Town Investment Plan were agreed at Cabinet in November 2024, as detailed in Table 1 below, with the exception of the roll over capital for projects.

2.2 **Table 1, Long Term Plan for Town Priority Allocations of Draft Investment Plan**

Capital Project	Grant Value for LTPFT in 3 Year Investment Plan	Revenue Project	Grant Value for LTPFT in 3 Year Investment Plan
Newark Market Place	£300,000	Community Grant Programme	£316,000
Newark Information Point	£90,000	Town Centre Events	£400,000
Upper Floor Conversion Grant	£800,000	Riverside Masterplanning	£55,000
Riverside Regeneration Dock	£450,000	Programme Management	£150,000
CCTV	£350,000	Feasibility Grants	£200,000
Roll over Capital for Projects	£1,711,000		
TOTAL	£3,701,000	TOTAL	£1,121,000

2.3 Following the latest change in Government, the LTPT programme paused, meaning a Town Investment Plan was not submitted. It is positive to note that the Government have confirmed that this will not be a permanent pause, stating that Newark will remain one of the towns that will be eligible to benefit from a repurposed and likely rebranded LTPT programme. It is expected that new guidance in the form of a Prospectus will be published in early 2025.

2.4 This detail for new guidance is unknown at the time of print. It will, however, likely require the submission of an updated Town Investment Plan based on priorities identified in a new prospectus. The Government also confirmed that capacity funding will be available in 2025/2026 (to focus on Investment Plan production) with delivery funding now flowing from 2026/2027, resulting in an additional one-year delay in receiving funding. It will not necessarily therefore follow that all the priorities detailed in the table above will remain. That said, any proposals within a revised Town Investment Plan are likely to still need the support of the Newark Towns Board and this Council. Further updates will be provided as and when the prospectus is published such that the Council can review and submit its priorities to the Newark Towns Board. The Council will continue to be represented as part of any such discussion by the Leader and Deputy Leader, supported by the Chief Executive, Deputy Chief Executive and Director of Planning & Growth.

2.5 **UK Shared Prosperity Fund (UKSPF) 2025/2026 (District-wide)**

2.6 Members will recall that in July 2022, the Government introduced the UK Shared Prosperity Fund (UKSPF) as the intended replacement for former EU structural funding. UKSPF committed three financial years of grant funding to Local Authorities, from April 2022 to March 2025, comprising both capital and revenue funds. UKSPF programme investment is designed to sit within three themes of Communities in Place, People and Skills and Supporting Local Businesses, with alignment to locally selected priorities across Newark and Sherwood.

2.7 In October 2024, the Government announced a one-year extension to the UKSPF programme for the delivery year 2025/2026, whilst longer-term funding plans are

considered. It is important to note that in line with the 2022 East Midlands Devolution Deal, the Council will no longer act as the lead recipient for any future UKSPF allocation from April 2025 onwards. Instead, a regional UKSPF sum of £25m has been allocated to the East Midlands Combined County Authority (EMCCA) for the 2025/2026 financial year. It should also be recognised that overall, UKSPF will be reduced nationally by 40%, therefore this award reflects a lower figure than the collective sum of regional funding received to date. Officers continue to work closely with neighbouring authorities and EMCCA to help shape and influence future programme delivery, to secure best value for money and maximum impact for local places.

- 2.8 EMCCA recently confirmed their preference to adopt a 'matrix' approach to delivery throughout 2025/2026, passporting their 12-month UKSPF budget to Local Authorities, with additional funding set aside to facilitate regional commissioning. This includes an allocation of approximately £1.345m for Newark and Sherwood for 2025/2026 to support locally led activities, providing both capital and revenue funds. This award is subject to formal commitment to funding through EMCCA Board approval, expected to be confirmed in February 2025. To enable programme delivery to continue at the start of the next financial year, a budget of £433,000 revenue is required, funded by the incoming £1.345m UKSPF grant, to support a variety of projects across the UKSPF themes. This leaves a remaining capital balance of £912,487 of UKSPF, which can be added to the capital programme subject to a future report to Cabinet detailing the relevant proposed capital uses.

3.0 Castle Gatehouse Project

- 3.1 The Castle Gatehouse Project is one of the priority projects within the Town Investment Plan 2020 that has secured funding from the Newark Town Fund. This project will create an iconic destination attraction for the town, reinstating the original Romanesque Gatehouse as the entrance to the Castle, creating five gallery spaces plus a tower-top viewing platform and enhancing the gardens through new planting, improved biodiversity and accessible paths. It aims to boost footfall and dwell time within the town, creating both project and permanent jobs and multiple volunteering opportunities, and the project's activity plan will deliver inclusive, accessible and inspirational education and services and community co-created activities and events.
- 3.2 Over the last two years, the project has completed the Heritage Fund development phase and successfully applied for £1.4million delivery phase funding, an uplift of £200,000. The Towns Fund Full Business Case was also completed, securing £3.31million, an uplift of £310,000.
- 3.3 Across the length of the project, the volatility of the construction market has remained a high risk, exacerbated by the complexities of excavating on a site which is designated a scheduled monument, and which has potential archaeology dating back 900 years. Various approaches have been taken to mitigate this risk, including undertaking additional archaeological investigations and simplifying the construction design.
- 3.4 Following professional advice and a Quantity Surveyor pre-tender estimate, the tender process for the construction contract was undertaken over the Summer of 2024. All tenders returned significantly over the budgeted cost and discussions with the Quantity Surveyor are ongoing to ascertain why, however this does not alter the market position and tender returns. Consequently, the project team has undertaken a

value engineering exercise with the preferred contractor and the design team to identify options for cost reduction that do not impact negatively on the final outcome or compromise the integrity of working on such an historic site. This has achieved savings of £250,000, however the shortfall remains at £1,020,600 – an increase of the previously agreed cost of 18% (see table below).

	Budget (set Nov 2023)	Current Cost (Jan 2025)
Build Cost	2,237,570	3,470,286
Landscape and Lighting	718,035	718,035
Interpretation	570,764	570,764
Activity Costs	407,851	407,851
Fees, Surveys, Archaeology, Other	775,465	985,228
Contingency	564,282	564,282
Inflation	187,735	75,856
NLHF Development Phase	218,000	218,000
TOTAL Project Costs	5,679,702	7,010,302
NSDC Capital	1,069,562	
NLHF Development Phase	218,000	
NLHF Delivery Phase Grant	1,392,140	
Towns Fund	3,310,000	
TOTAL Confirmed Funding	5,989,702	
Variance Confirmed Funding to Revised Costs	1,020,600	

- 3.5 More radical options have also been considered, including omitting the multi-function building, however this space is integral to the schools learning programme, the activity plan and the business plan for the Heritage Fund. Without a suitable space such as this, the Heritage Fund project would be greatly compromised and the funding placed in jeopardy. The Business Case for the Towns Fund would also be compromised, with lower footfall and social value to contribute to the Benefit Cost Ratio (BCR) and failure to progress would mean a return of £3m to the Government of Town Fund. Therefore, these options have been discounted and not recommended.
- 3.6 This report is therefore proposing an additional £1,020,600 is added to the capital programme to enable delivery of this project. With this increase, NSDC's overall contribution to the project will be 30%. Whilst a commitment for the full amount is required now to enable the project to progress in line with the funders' timescales, the project team will continue to seek alternative funding streams to reduce this.
- 3.7 In order to comply with the Full Business Case requirements and previous recommendations at Cabinet, the BCR must remain above 1.4. Revised calculations in light of this additional cost place the BCR at 1.8.

4.0 Newark Cultural Heart (Newark Market Place Improvements)

- 4.1 The Newark Heart Project aims to support increased footfall, dwell time and an enhanced public space through a combination of a) Events production and animation of spaces (e.g. Lighting and Neurodiversity umbrellas) and b) Public realm improvements, essentially an improved Newark Market Place. The project was

originally led by Newark Town Council and transferred to Newark and Sherwood District Council in May 2023.

- 4.2 The Newark Heart events and animation programme continued in 2024/2025 with delivery partners Newark Town Council and Newark Cultural Consortium. A small underspend in 2024/25 has created an opportunity to develop an events programme with partners through a minimum contribution of £50,000 from the Newark Heart Revenue grant that will support the capacity to deliver a town centre events programme for delivery year 2025/2026.
- 4.3 Market Place improvements are part of a revised £3,703,737 overall approved Towns Fund budget in accordance with the Cabinet decision on 24th September 2024. It was agreed to increase the original Newark Cultural Heart delivery budget of £1,500,000 funded by Towns Fund Capital grant, by £2,203,737 (made up of a further £2,110,000 from the Towns Fund Capital grant and £93,737 from the Towns Fund Revenue grant). The agreed delivery budget to date consists of £3,610,000 Towns Fund Capital grant, with £56,548 revenue spent to date, and the remaining £37,189 committed.
- 4.4 The Council has now commissioned, with the support of Newark Town Council, the next stage of design work for the Market Place which aims to create available and affordable options to deliver the project. In order to keep on track to deliver the planned programme, some additional design work is required which cannot be funded via Capital grant, as it is reserved for the next stage of design work and is subject to completion of a Full Green Book Business Case (FBC). In simple terms, the Council would be required to fund additional revenue work streams, in order to conclude the FBC and unlock the full Towns Fund Capital funding. There is therefore an additional financial revenue ask of £100,000 to facilitate this work.
- 4.5 The Market Place remains a priority within the emerging Newark Town Centre Masterplan and Design Code and Newark Town Council as leaseholders of the Market Place and operators of Newark Royal Market remain aligned and involved in the design commissions.

5.0 **Implications**

In writing this report and in putting forward recommendations, officers have considered the following implications: Data Protection; Digital & Cyber Security; Equality & Diversity; Financial; Human Resources; Human Rights; Legal; Safeguarding & Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Financial Implications (FIN24-25/3106)

- 5.1 Once more certainty is provided from Government on Long-Term Plan for Towns (LTPT), the projects listed in the table at 2.2 can be progressed and financial implications will be reported at the appropriate time.
- 5.2 At the time of this report, it is expected that UKSPF grant will be available of up to £1.345m in 2025/26. This is to be split £912,487 Capital to be made available to support some of the funding gaps in Capital projects that have progressed sufficiently enough to appropriately make use of the funds. The £433,000 revenue allocation can

be added to the budget in 2025/2026 in preparation for Council on 6 March 2025. The proposals for the spend against the revenue budget is being reported in a separate report on this agenda.

5.3 The current budget and financing of the Castle Gatehouse is made up as follows:

Funding Stream	Capital £	Revenue £	Total £
NHLF Development	0	218,000	218,000
NLHF Delivery	1,253,620	138,520	1,392,140
Towns Fund	3,310,000	0	3,310,000
NSDC Borrowing	981,240	88,322	1,069,562
Total	5,544,860	444,842	5,989,702
Additional budget	1,020,000	0	1,020,000
Revised Total	6,564,860	444,842	7,009,702

5.4 The Castle Gatehouse project additional cost of £1.020m can be funded by the Change Management Reserve to ensure no further revenue implications.

5.5 The additional £100,000 revenue budget required can be funded by the Capital Feasibility Reserve. If other funding becomes available to support the additional cost of the Cultural Heart Market Place feasibility, the reserve will be replenished.

Legal Implications (LEG2425/3525)

5.6 Cabinet is the appropriate body to consider the content of this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None