NEWARK & SHERWOOD DISTRICT COUNCIL

Report to:	Cabinet Meeting: 15 September 2026
Portfolio Holder:	Councillor Paul Peacock – Strategy, Performance & Finance Councillor Claire Penny – Sustainable Economic Development
Director Lead:	Matt Lamb, Director, Planning & Growth
Lead Officers:	Neil Cuttell, Head of Economic Growth & Visitor Economy Sarah Husselbee, Economic Development Grants & Programmes Manager Carys Coulton Jones, Assistant Director, Culture & Communities

Report Summary	
Type of Report	Key-Decision (Open with Exempt Appendix) The appendix to this report contains exempt information as defined under Schedule 12A of the Local Government Act 1972, Paragraph 3 under which the Cabinet has the power to exclude the press and public if it so wishes. It is considered that the need to treat the information in this report as exempt outweighs the public interest in disclosure because it contains information which is both commercially sensitive as well as financial or business affairs not yet publicly discussed, relating to the organisations referenced throughout the report. This information has been redacted or excluded in this open report.
Report Title	Local Regeneration Fund Update
Purpose of Report	To provide an update and recommendations relating to the delivery of the Local Regeneration Fund (LRF) programme.
Recommendations	That Cabinet: a) note the updates associated with the LRF programme and projects, as detailed throughout this report. <u>LRF 32 Stodman Street Project</u> b) Note the projects progress as detailed in 1.6 to 1.8 of this report. <u>LRF Market Place Improvement Scheme</u> c) Agree to reduce the projects existing capital budget of £3.61m to £ *(information within Exempt Appendix)* and deliver the scheme in accordance with the updated scope

	set out within 1.12 and 1.13 of this report, of which £ *(information within Exempt Appendix)* is detailed at Recommendation 'd' below. The project budget would be fully funded by LRF grant, subject to approval of the project Business Case by the Council's Section 151 Officer, as set out in 1.14 of this report. d) delegate authority to the Council's Section 151 Officer and Director of Planning & Growth to determine and approve a grant award of up to £ *(information within Exempt Appendix)* to Newark Town Council towards the purchase of new/improved Market Stalls. This would be formalised via a Grant Funding Agreement and included within the projects proposed capital budget, as referenced at Recommendation 'c' above. <u>LRF Castle Gatehouse Project</u> e) Agree to increase the projects capital budget by £ *(Information within Exempt Appendix),* funded by LRF grant, in accordance with the resolution of the Newark Town Board on 2nd September 2026 and as set out within 1.19 of this report. f) *Information within Exempt Appendix.* g) Note the remaining balance of LRF capital grant totalling £ *(information within Exempt Appendix)*, following the budget amendments set out at Recommendations 'c' and 'e' above. h) Delegate authority to the Council's Section 151 Officer, in consultation with the Director of Planning & Growth to approve the commitment of the remaining £ *(information within Exempt Appendix)* of LRF grant (as referenced at Recommendation 'g' above) towards any of the existing and agreed Newark LRF capital projects, providing further contingency for ongoing projects.
Alternative Options Considered	There remains an option not to proceed with the delivery of the LRF programme and selected projects and return funding to MHCLG. This approach is not recommended as it would present a missed opportunity to deliver transformational and impactful change for the local community and help drive economic growth.
Reason for Recommendations	Aligned with both the UK Government's LRF strategic objectives and the ambitions of the Community Plan, the projects detailed within this report and within the local LRF programme are delivering a range of social and economic benefits. This includes improving health and wellbeing through enhanced community infrastructure and cultural and leisure

	opportunities, creating pathways into skills development and employment, and supporting long-term sustainable economic growth across the district.

1.0 Background

1.1 Cabinet will be aware that in September 2025, the Local Regeneration Fund (LRF) was announced by the UK Government following a review of their existing local growth capital funds. The LRF consolidates the Ministry of Housing, Communities and Local Government (MHCLG) Levelling Up Fund, Town Deals, and the Pathfinder Pilot. Locally, a total transformational sum of £45m of LRF investment has been awarded within the district between, 1st April 2021 and 31st March 2028. All LRF grant must be spent by 31st March 2028 to be considered eligible expenditure, in accordance with MHCLG funding requirements.

1.2 In May 2021, Newark and Sherwood District Council (NSDC) secured the first £25m of LRF, otherwise referred to as the Newark Towns Deal at the time. This was awarded specifically to support growth within Newark and guided by the 30-year Town Investment Plan (TIP). The TIP was developed in partnership with the Newark Town Board and identified a series of strategic projects designed to support the long-term prosperity of Newark. An additional £20m was awarded as part of the Levelling Up Fund Round 1 which has contributed to the delivery of the Newark Southern Link Road, however this fund sits outside of the LRF programme and is administered by the Department for Transport (DfT). The Newark Town Board continues to oversee the delivery of the Newark based projects within the LRF programme, in addition to being the vehicle through which the separate £20m Pride in Place Programme (PiPP) is delivered.

1.3 Following the award of the £25m of LRF for Newark, NSDC secured a further £20m of LRF to deliver the 'Shaping Sherwood's Revival' programme, previously known as the Levelling-Up Fund 3. This aims to unlock two major place-shaping projects including the regeneration of Ollerton Town Centre and the Clipstone Regeneration scheme. Both schemes seek to revitalise local communities, stimulate economic activity, and enhance the quality of place for residents and businesses.

1.4 As reported to Cabinet in June 2026, Table 1 provides an overview of all projects supported through the LRF, together with their current delivery status.

Table 1. LRF Projects and Status

Local Regeneration Fund Project	Status of works/activities
Air and Space Institute (ASI)	Complete
YMCA Activity Village	Complete
Construction College	Complete
20 Minute Cycle Town	Complete
32 Stodman Street	Ongoing
Newark Cultural Heart (Market Place Improvement Scheme)	Scheduled
Newark Cultural Heart (Events)	Complete

Castle Gatehouse	Ongoing
Ollerton Town Centre Regeneration	Scheduled
Clipstone Regeneration	Scheduled

1.5 The projects within the LRF programme are delivered through either in-house teams or external partner organisations, with all delivery leads working collaboratively towards shared LRF objectives. Each project is managed by a dedicated Project Team; leading and driving day to day delivery, as well as monitoring and reporting progress to key partners and stakeholders. The overall portfolio of projects within the £45m LRF programme is overseen, monitored and reported to MHCLG, the Newark Town Board, and other key stakeholders at a programme level. This provides oversight of the interdependencies between projects within the programme and ensures programme compliance and assurance, working within the funding conditions set by the UK Government.

1.6 LRF 32 Stodman Street Project

This project will deliver 29 high-quality residential units and four retail units within the heart of Newark Town Centre, located at 32 Stodman Street. The project will enhance Newark's economic offer, aiming to attract more people into the town centre as well as supporting natural surveillance through increased town centre living.

1.7 Works on site are progressing well within the final stages and practical completion is anticipated for late October 2026, with the formal opening and tenant occupation to follow. It is positive to report that Heads of Terms have now been finalised with two retail tenants and significant interest has been shown by potential tenants for the remaining two units, with advanced negotiations ongoing. Similarly, the residential units are now due to be marketed for sale by Arkwood Developments Ltd (Arkwood).

1.8 Members will recall that Arkwood Developments Ltd committed to purchase the residential apartments prior to the commencement of development, such that the Council has certainty on its capital receipt. In March 2022, Cabinet agreed to make available an interest only loan to Arkwood (the Council's wholly owned company) of £2.5m for a term of 40 years, at an interest rate of 2.5% to support this purchase. The loan was agreed to be secured against the value of the 29 apartments. Over recent months, the Council has secured updated independent legal advice regarding the loan, recognising the change in market interest rates since 2022. The loan may now be classifiable as a 'subsidy' under the 'UK Subsidy Control Regime', which is anticipated for a project of this nature whereby subsidy or grant is required to unlock delivery, address a proven market failure and ensure a scheme remains financially viable. Whilst this is normal process, it is good practice to capture this subsidy formally therefore is reported to Cabinet for completeness and will be listed by the Council on the UK Subsidy Control Database.

1.9 LRF Market Place Improvement Scheme

Cabinet will be aware that proposed improvements to Newark's historic Market Place remain a key focus for the town, supported by partners and underpinned by local investment and place-shaping strategy. This priority recognises the Market

Places' role in providing a unique town centre offer for Newark; hosting events, markets, business, and wider community and recreation activities for residents and visitors of the town. The LRF Market Place Improvement Scheme aims to build on this offer whilst addressing current challenges faced by many towns, including reduced high-street vibrancy and low footfall, resulting in stifled economic growth, challenged public perception of safety and reduced feelings of overall pride in place.

1.10 Originally led by Newark Town Council (NTC), the planned improvement scheme is managed by NSDC as updated Project Sponsors on behalf of and alongside NTC, at their request. Accordingly, both councils continue to work in partnership to deliver the project. NTC hold a long-term lease for the central Market Place and operate and manage the existing Newark market service. The surrounding highway within the Market Place is owned by, and the responsibility of Nottinghamshire County Council as the Local Highway Authority.

1.11 Over recent months, the project has progressed through the industry standard RIBA design stages, following approval of the projects Full Business Case (FBC). Throughout this process, NSDC and NTC have continued to work collaboratively to develop and refine the projects scope, drawing on information through enhanced cost plans and professional expertise, available through the latter and most recent stages of a projects design process.

1.12 To achieve impactful benefits for the local community, whilst remaining within the available LRF budget, it is proposed to deliver the project in accordance with the following updated high-level scope:

- Power for Markets and Events, including localised repair/replacement of the central Market Place.
- Lighting for security, atmosphere and events.
- CCTV enhancements (where necessary).
- 'Al fresco' pavement improvements.
- New market and pop-up stalls - assets to be procured, managed and owned by NTC.

1.13 The recommended updated scheme requires a total LRF budget of £ *(information within Exempt Appendix)*, inclusive of both contingency and a grant to NTC for the proposed new market stalls. Following recent approval of the LRF grant by the Newark Town Board on 2nd September 2026, and subject to Cabinet approval to deliver the scheme (as recommended within this report), works are anticipated to commence on site in Spring 2027 and complete by Autumn 2027, working within the LRF spend deadline of 31st March 2028. NSDC Officers will continue to work closely with NTC Officers and key stakeholders to communicate the projects progress, throughout the project's delivery.

1.14 In recognising the proposed changes in scope as set out above, the commitment of the LRF capital budget would be subject to a review (and re-approval by the Section 151 Officer) of the existing and approved project Business Case, to ensure funding compliance and assurance requirements are met.

1.15 <u>LRF Castle Gatehouse Project</u>
Newark Castle and Gardens remains a complex but highly significant site for capital investment, providing a unique opportunity to transform the visitor offer for Newark. The project is expected to complete and open in Summer 2027, with works on site continuing to progress. The grounds are both Grade II listed gardens and the location of an Anglo-Saxon burial site that predates the castle, requiring all works to be undertaken under a carefully managed archaeological watching brief. Any discoveries are handled with due sensitivity, ensuring the preservation of the site's rich heritage.

1.16 As previously reported to Cabinet in June 2026, unexpected archaeological discoveries within the grounds and fragile high-level masonry in the tower have required design amendments and revised consents with Historic England, resulting in programme adjustments and significant cost pressures. While such findings are inherent to a site of this importance, they have ensured that the project continues to meet the highest standards of heritage conservation.

1.17 As the project approaches 60% completion, with key structural elements such as the ticketing pavilion steelwork and gatehouse roof nearing completion, attention is now turning to the detailed design and integration of interfaces between the historic fabric and new construction.

1.18 Elements of the scheme were initially procured through provisional sums, a common approach on historic sites where the full scope of works cannot be established until structures are opened up and investigated. These packages have now been tested against current market rates, resulting in costs higher than originally anticipated. This reflects both the complexity of the site and wider market conditions. Cost pressures have been further influenced by an extended pre-construction period and archaeological delays, which have led to approximately 18 months of construction inflation being applied to certain work packages, alongside ongoing volatility in global materials markets.

1.19 Early project cost planning could not anticipate the extent of these potential market fluctuations and site-specific uncertainties. Recognising the significance of this emerging risk, the project team has undertaken a comprehensive review of the cost plan. These updated forecasts identify a required capital budget increase of £ *(information within Exempt Appendix),* able to be funded by LRF grant following recent approval of the funding by the Newark Town Board on 2 September 2026.

1.20 The revised budget reflects a more developed understanding of site conditions, current market costs, increased professional fees over the extended construction period, time-related costs, inflationary impacts on contractor overheads and profit, and contingency allowances. This provides a robust and realistic financial position for the remainder of the project. With the proposed funding increase in place, the scheme continues to demonstrate value for money and remains compliant with the Benefit Cost Ratio requirements set out in the Newark Town Board's Local Assurance Framework.

Paragraphs 1.21 to 1.23 - *Information within Exempt Appendix.*

2.0 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.

Implications Considered Yes – relevant and included / NA – not applicable			
Financial	yes	Equality & Diversity	n/a
Human Resources	n/a	Human Rights	n/a
Legal	yes	Data Protection	n/a
Digital & Cyber Security	n/a	Safeguarding	n/a
Sustainability	n/a	Crime & Disorder	n/a
LGR	n/a	Tenant Consultation	n/a

Legal Implications

2.1 Market Place; The legal issues are contained within the body of the report.

Financial Implications (FIN26-27/3619)

2.2 Stodman Street

The project is progressing well within the current budget and remains regularly monitored.

2.3 The loan facility to Arkwood Developments Ltd was originally approved at an interest rate of 2.5%. Since that approval, market interest rates have increased and updated advice has been obtained to assess whether the agreed rate gives rise to a subsidy under the UK Subsidy Control Regime. Based on the current disposal strategy and a weighted average repayment profile, rather than the full contractual 40-year loan term, the present value of the subsidy is estimated at £256,999.

2.4 This value is below the Minimal Financial Assistance threshold. However, as it exceeds £100,000, the award is expected to be subject to subsidy transparency requirements and publication on the Subsidy Control Database. The calculation will be reviewed if there is any material change to the repayment profile, disposal assumptions, or loan arrangements.

Paragraphs 2.25 - 2.27

Market Place

Information within Exempt Appendix.

Paragraphs 2.28 to 2.29
Castle Gatehouse
Information within Exempt Appendix.

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.

Levelling Up White Paper, 2022
Levelling Up Fund Prospectus and Guidance, 2022
Sherwood Levelling Up Bid, July 2022
Cabinet Report, Levelling Up Submission and UK Shared Prosperity Fund, June 2022
Cabinet Report, Sherwood Levelling Up Fund Update, November 2022
Cabinet Report, Ollerton Hall, July 2023
Cabinet Report, Ollerton Town Centre Regeneration and Bank purchase, December 2023
Cabinet Report, Sherwood Levelling Up 3 Update – Ollerton & Clipstone, March 2024
Cabinet Report, Sherwood Levelling Up 3 Update 2 – Ollerton & Clipstone, June 2024
Cabinet Report, Levelling Up Fund (LUF) 3 Update, July 2024
Cabinet Report, Sherwood Levelling Up, Long Term Plan for Towns Fund and UKSPF / UKRPF Fund Update, November 2024
Cabinet Report, Levelling Up 3 Programme Update, December 2024
Cabinet Report, Levelling Up 3 Programme Update, April 2025
Cabinet Report, Local Regeneration Fund and Newark Capital Projects Update, February 2026
Cabinet Report, Local Regeneration Fund Update, June 2026