



Northumberland County Council

Cabinet

Tuesday, 16 January 2024

Ashington Regeneration Programme - Update, Funding and Site Acquisitions

Report of Councillor(s) Wojciech Ploszaj, Cabinet Member for Supporting Business and Opportunities

Responsible Officer(s): Simon Neilson, Executive Director - Place and Regeneration

1. Link to Key Priorities of the Corporate Plan

The Ashington Regeneration Programme is a placemaking 'whole town' suite of emerging investments which will contribute to the economic growth of the town whilst seeking to address inequality and promote inclusion contributing to the Ashington Town Investment Plan.

This report sets out the critical site acquisitions which will enable delivery of capital projects that will be a catalyst for the council to achieve its ambitions for Ashington town centre. The development of delivery plans and business cases to comply with the external funding requirements will ensure value for money

2. Purpose of report

This report provides an update on the delivery of the Ashington Regeneration Programme and seeks approval for the strategic acquisition of the Wansbeck Square and Woodhorn Road sites from Advance Northumberland (Commercial) Limited to create the required development platform to enable implementation.

It further sets out the associated holding costs post-acquisition that the council will incur and requests an allocation of £160,000 revenue to meet these costs in 2023/24 and 2024/25 from the Regeneration Reserve Development Fund.

The report also seeks approval for the development and submission of an outline bid for £2.5m to the North of Tyne Combined Authority's Northumberland Line Economic Corridor

Investment Programme which, if successful, will provide important match funding for the redevelopment of Wansbeck Square Strategic Site.

3. Recommendations

Cabinet is recommended to:

3.1 Approve the following in respect of site acquisitions and required funding:

- a) **that the Council complete the acquisition of the Wansbeck Square site with vacant possession, as previously agreed in principle, at a market value of £1,365,000, plus Stamp Duty Land Tax.**
- b) **that the Council complete the acquisition of the Woodhorn Road site with vacant possession, as previously agreed in principle, at a market value of £210,000 plus Stamp Duty Land Tax.**
- c) **that the Council approves an allocation of up to £160,000 of revenue funding from the Council's Regeneration Reserve Development Fund to pay for the holding costs which will be incurred, following acquisition of the Wansbeck Square and Woodhorn Road sites as set out in Section 6 below.**

3.2 Cabinet to note that following a competitive tender process, Identity Consult has been appointed as the Design Team to take forward ambitious plans for the redevelopment of Wansbeck Square and progress the designs for the Public Realm and Connectivity project, which will enable the creation of Grand Corner Gateway.

3.3 Cabinet is requested to approve the development of a high-level business case to the North of Tyne Combined Authority in order to secure funding from the Northumberland Line Economic Corridor Investment Fund for the redevelopment of Wansbeck Square, with approval of the final bid submission to be delegated to the Council's S151 Officer. The Accountable Body will monitor the use of funding subsequently awarded and ensure adherence to the Grant Agreement.

4. Forward plan date and reason for urgency if applicable

The two planned site acquisitions are required to be completed as soon as possible to enable surveys and investigations that will inform the demolition plans on each. A number of consents will be required due to the site constraints including adjacencies to the railway line. The Council need to progress these as site owner without delay.

The funding bid to NTCA outlined in this report, is time critical as approval is required prior to submission in late January 2024. Any delay could result in a funding gap of £2.5m that could affect delivery of the Ashington Regeneration Programme.

5. Background

- 5.1 The Council has worked closely with the private sector led Ashington Town Board which brought public, private and community stakeholders together to develop and consult on a Town Investment Plan. The Ashington Investment Plan provides the over-arching vision and strategic objectives to set out a road map to economic growth in Ashington. It establishes a bold vision for the transformation of Ashington:

‘Proud Past, Prosperous Future, Clean Growth Leader’

By 2030, Ashington will be a thriving centre for businesses, residents, learners and young people, providing thousands of high-quality jobs in advanced manufacturing and low carbon clean growth industries, more and better homes, excellent skills and education opportunities, an attractive leisure and culture offer, and a great quality of life for a growing and prosperous population.

- 5.2 The vision is supported by four strategic objectives, which establish the themes for investment that focus on addressing Ashington’s specific challenges and opportunities: Growing Town, Vibrant Town, Connected Town, Inclusive Town.

- 5.3 As a strategic response to delivery of the Investment Plan, Cabinet approved the establishment of the Ashington Regeneration Programme to provide a co-ordinated mechanism to support the development and delivery of multiple investments, effectively integrating Council capital allocations with significant external grant funding to create a £30m portfolio for the transformation of the town centre. The development and delivery of the Programme is currently focused on:

- 5.4 **Ashington High Street Innovation Programme (HSIP):** with funding secured from the North of Tyne Combined Authority (NTCA) and Government through the UK Shared Prosperity Fund to help revitalise town centres. This includes:

- Public Realm and Connectivity – improving pedestrian movements in the town centre, removing physical barriers and creating attractive, green public gateways and routes to key destinations.
- Accelerate Ashington Business Support – being delivered by Advance Northumberland
- Animating Ashington – programme of cultural events and activities
- Regeneration Plan – visualises and articulates the integration and impact of strategic site capital development with a focus on the town centre

- 5.5 **Town Centre Strategic Sites Programme:** with funding secured from the Government as part of its overall approach to levelling up across the country, matched with NCC capital and an allocation from NTCA. This includes:

- Wansbeck Square - creating an attractive town centre gateway for passengers at Ashington Station, includes demolition of existing buildings, development of high-quality public realm, landscaping, providing space for events and activities potentially coupled with a new community facility and commercial units.
- Portland Park - construction of a new cinema facility and associated public realm.
- Town Centre Infrastructure – highway and routeway improvements to enable good movement and connectivity between Portland Park and the town centre.

Key Issues

- 5.6 Implementation of the Ashington Regeneration Programme requires the Council to undertake strategic site assembly in order to create the optimum development platform for investments at Wansbeck Square and Woodhorn Road/Grand Corner.
- 5.7 The two sites represent critical components attracting a package of external funding worth a total of £21.4m from NTCA, UKSPF and HM Government (DLUHC) as set out in the report to Cabinet on 13 June 2023.
- 5.8 Advance Northumberland (Commercial) Limited own both sites, which were originally acquired as part of a programme of land assembly to enable major regeneration plans. They have been managed by Advance on the basis that, once funding was secured, the sites would be transferred to the council in readiness for redevelopment.
- 5.9 Cabinet approved the acquisition of the Woodhorn Road site to enable the development of Grand Corner Gateway in principle at the meeting held on 11 October 2022 and capital allocated to enable this in support of the HSIP programme. Cabinet also agreed to the Wansbeck Square site acquisition on 13 June 2023 and allocated funding in the MTFP.
- 5.10 This report therefore sets out the timeline and financial implications for the Council in completing these site transfers, which includes a requirement for revenue funding to meet the necessary holding costs, pending the proposed demolitions.
- 5.11 A Government grant of £16.4m has been offered to the council for Ashington Town Centre Transformation (DLUHC Capital Regeneration Project budget) intended to support capital schemes at Wansbeck Square and Portland Park. This will need to be delivered and all grant funding spent by March 2026.
- 5.12 Critical to this funding package is £2.5m investment from NTCA through their Northumberland Line Economic Corridor programme. This is allocated to the redevelopment of Wansbeck Square pending submission of a high-level business case and the timing of this is very tight to ensure full consideration and approval prior to the Authority's transition to NEMCA.
- 5.13 If the Council fail to meet the tight deadline of the end of January 2024, this would result in a shortfall of funding of £2.5m, which would impact on the deliverability of the Wansbeck Square site redevelopment.

Progress to Date

- 5.14 There has been significant progress on the development and delivery of the Ashington Regeneration Programme and a summary is set out below.
- A grant funding agreement from the Department of Levelling Up, Housing and Communities has been received by the Council for £16.4m to enable delivery of the two flagship projects at Wansbeck Square and Portland Park.
 - The Council is advised that a Design Team has been appointed by Advance Northumberland to take forward designs for the Portland Park site development. It is currently anticipated that construction work will commence on site in Autumn 2024, with the shell built ready for 'fit out' by December 2025 and projected opening in early summer 2026. These dates are indicative only and subject to change and a revised programme is being prepared by the appointed design team.
 - Identity Consult have been appointed by the Council to provide design, technical and spatial planning support for redevelopment of Wansbeck Square, the Public Realm and Connectivity project including Grand Corner and completion of the Regeneration Plan. It is anticipated that, subject to planning consent, the demolition of the existing buildings at Wansbeck Square will commence in late summer 2024 and construction of the new facility in Autumn 2024, with completion by March 2026. These dates are indicative only and subject to change and a revised programme is being prepared by the appointed multi-disciplinary design team.
 - Concession contract tender documents are being prepared to enable procurement of an operator for the proposed new cultural and community building at Wansbeck Square.
 - Business case consultants are being appointed to support the preparation of a high-level funding bid to the North of Tyne Combined Authority's Northumberland Line Economic Corridor (NLEC) Investment Programme for £2.5m. This is a key element of the match funding, and it is requested that Cabinet approve the submission of this bid following appropriate internal quality and completeness checks, with final sign-off delegated to the Council's S151 Officer.
 - The consultancy team will also support the Programme Team to draft a business case in-line with HM Treasury Green Book guidance for the redevelopment of Wansbeck Square. This will be independently appraised, and the resultant report submitted to Cabinet for approval in due course. This process will comply with the programme monitoring and assurance arrangements as set out to Cabinet in June 2023 and will ensure project viability prior to main contractor award.
 - A variation has been issued by NTCA awarding additional funding to the HSIP programme from the Government's UK Shared Prosperity Funding as set out in the June 2023 Cabinet report.

- Drafting of the Regeneration Plan including site owner discussions and wider stakeholder and public engagement will commence in winter 2023 and be completed by summer 2024.
- The Animating Ashington project will now commence in April 2024 to better tie in with major capital delivery and will run to March 2025. This is a reduced delivery period due in part to resource limitations in the Economy and Regeneration Team which has limited capacity to effectively manage an externally contracted Creative Team. This change has been agreed by the funder, NTCA.
- A full update on the Ashington Regeneration Programme and the development of individual workstreams was presented to Ashington Town Board on the 7th December and to Ashington Town and County Councillors on the 8th December. This highlighted the positive progress being made on programme funding, governance and assurance arrangements and procurement of design teams in readiness for development and delivery. This follows briefings earlier in summer 2023 when the programme was established.
- A full communications and engagement plan is being developed with input from the appointed design teams and a public 'drop-in' event will take place in early 2024 (subject to design development progress), with regular updates to elected members and Ashington Town Board.

Ashington Regeneration Site Assembly

- 5.15 Implementation of the Ashington Regeneration Programme requires the Council to undertake strategic site assembly in order to create the optimum development platform for investments at:
- Wansbeck Square, retail and offices, referred to as the Wansbeck Square site.
 - The area connecting Woodhorn Road and Lintonville Terrace, known locally as 'Grand Corner', adjacent to the south west corner of Portland Park. This site comprises units 2-4 Woodhorn Road, referred to as the Woodhorn Road site.
- 5.16 Advance Northumberland (Commercial) Limited own both sites, which were acquired as part of a programme of land assembly to enable major regeneration plans. They have been managed by Advance on the basis that, once funding was secured, the sites would be acquired by the council in readiness for redevelopment.
- 5.17 For the Wansbeck Square site, both parties were working towards site transfer being completed by the end of December 2023, as the earliest date that the site could be offered with full vacant possession. The Council are not in a position to finalise the transaction until Cabinet has approved the final terms of the acquisition and allocated a revenue budget to cover the site holding costs.

- 5.18 The associated budget post-acquisition, summarised in section 6 below, reflects this slippage and includes costs which will now be incurred by Advance Northumberland instead of the Council between 24th December 2023 and the final point of completion in early 2024. The potential costs to be reimbursed to the landlord will need to be verified by the Council prior to payment.
- 5.19 Cabinet should note that the acquisition of the Wansbeck Square site was approved in principle at the Cabinet meeting held on 13 June 2023 and capital allocated to support this. The acquisition of the Woodhorn Road site to enable the development of Grand Corner Gateway was previously approved in principle at the Cabinet meeting held on 11 October 2022 and capital allocated to enable this in support of the HSIP programme.
- 5.20 The proposed dates for site transfer that parties are now working towards, subject to Cabinet approval are:
- 28th February 2024 for the Wansbeck Square site
 - 31st March 2024 for the Woodhorn Road site
- 5.21 The section below provides an overview of the properties, existing lease interests and market valuations.

Wansbeck Square Site

Tenancies - offices

- 5.22 Wansbeck Square currently consists of circa 17,000 sq.ft of office space, currently leased by the Council for £75,000 per annum for a term of 25 years. It should be noted that the Council vacated this property earlier in 2023 and established a new customer service point in the Town Hall, in readiness for the site's proposed redevelopment. The rent liability and general running costs will continue to be met by the Council until the purchase is complete.

Tenancies - retail

- 5.23 The location of the Wansbeck Square site is illustrated at Appendix 1. The site holds three retail units.
- 5.24 Wilko Ltd. were tenants of the largest unit at Wansbeck Square but have now gone into administration and vacated the unit. The other 2 units are also vacant.

Site Valuation

- 5.25 The valuation listed in the June Cabinet report was prepared on 7th June 2022. The market value for the site – Wansbeck Square retail and office premises, is £1,365,000 with vacant possession. Cabinet has already agreed to the site acquisition and allocated the sum of £1,365,000 in the MTFP.

Woodhorn Road Site

Property

- 5.26 The Woodhorn Road site consists of 8,435 sq.ft of shop and premises. The end of terrace building has a return frontage to Lintonville Terrace to the West. The location of the site is shown at Appendix 2.
- 5.27 Advance Northumberland advise that the Woodhorn Road site will transfer with vacant possession on completion of the sale.

Site Valuation

- 5.28 The Woodhorn Road site was valued on a 'desktop' basis by Align Property Partners as a joint instruction from NCC and Advance Northumberland for the purposes of informing sale negotiations. The market value with vacant possession is advised to be £210,000. Cabinet has already agreed to the site acquisition and allocated the sum of £210,000 in the MTFP.

Asset Management

- 5.29 Following successful acquisition, the two sites will be added to the portfolio of vacant sites and assets managed and maintained by the Strategic Estates Team. Forecast holding costs have been calculated and are outlined in Section 6 below.

Funding Bid to NTCA's Northumberland Line Economic Corridor Investment Programme

- 5.30 In 2021, the NTCA initiated the development of the Northumberland Line Economic Corridor (NLEC) Strategy with an overarching vision to: "*deliver a dynamic and inclusive clean growth economy across the North of Tyne, opening up opportunities to our communities and ensuring a more prosperous and resilient future*".
- 5.31 The aim of the NLEC interventions is to realise the Line's ambition for growth by regenerating and changing perceptions of town centres and improve access to strategic employment centres growth and jobs.
- 5.32 The Combined Authority approved the 10-point Delivery Plan for the Corridor in September 2022, with "Ashington Town Centre Rapid Renewal" identified as one of the 10 priority programmes. Within this, the redevelopment of Wansbeck Square was particularly identified as offering an attractive arrival point for train passengers alighting at the new Ashington Station.
- 5.33 As such, NTCA agreed as part of the initial £10m tranche of investment to an "in principle" contribution of £2.5m towards the cost of transforming Wansbeck Square. The funding is allocated in NTCA's investment programme but subject to submission of a bid, which will take the form of a high-level business case.

- 5.34 This bid will need to be approved in principle by Cabinet and submitted to NTCA by the end of January 2024 at the latest, following assurance by the Accountable Body and approval of the S151 Officer.

6. FINANCIAL IMPLICATIONS

Site holding costs post-acquisition

- 6.1 It should be noted that the budget for the agreed purchase price for both the Wansbeck Square site and the Woodhorn Road site are allocated in the capital plan. The main financial impact of the site transfers is the cost of mothballing each pending demolition and redevelopment.
- 6.2 Set out below in table 1 are the potential costs, post transfer for each site. The calculations are based on an estimate of costs associated with securing, managing and maintaining each site and total.
- 6.3 The planned date for acquisition of the Wansbeck Square site is 28th February 2024. The acquisition of the Woodhorn Road site is conditional on the achievement of vacant possession and parties are working towards an intended transfer date of 31st March 2024.
- 6.4 Costs post transfer include business rates (less any eligible empty property relief), utilities standing charges, landlord service charge obligations (Wansbeck Square only), maintenance, insurance and site security.
- 6.5 Cabinet should note that the costs have been calculated based on an assumption that each site will incur charges up to the point of demolition, for an estimated period of approximately 9 months for Wansbeck Square and 6 months for Woodhorn Road.
- 6.6 These forecasts are linked to the emerging design and construction programme for works at Wansbeck Square and Grand Corner and allow for an element of slippage, should this be incurred.
- 6.7 The Council currently hold a lease on office space at Wansbeck Square, which was vacated in early 2023, following the relocation of Customer Services to Ashington Town Hall. The Council is still liable to pay rent and service charge to the landlord until the site is acquired.
- 6.8 There is a revenue budget linked to the existing office lease which covers the rent, service charge and associated running costs for the remainder of 2023/24 and there is £75,000 allocated for 2024/25. The identified holding costs will be offset by the budget as set out below.
- 6.9 Table 1 below summarises the estimated revenue budget required post-acquisition for both sites:

Table 1: Wansbeck Square and Woodhorn Road Site Holding Cost Profile			
Wansbeck Square			
	2023/23	2024/25	Total
Site closure and holding costs	20,000	180,000	200,000
Office Accommodation Budget	0	£75,000	£75,000
Total unbudgeted costs	£20,000	£105,000	£125,000
2-4 Woodhorn Road			
	2023/23	2024/25	Total
Site closure and holding costs	0	35,000	35,000
Total unbudgeted costs	0	£35,000	£35,000
Total new budget requirement	£20,000	£140,000	£160,000

6.10 This results in a total revenue requirement of £160,000 from the Regeneration Reserve Development Fund to meet the forecast holding costs as a result of the site acquisitions.

7. Key Risks

7.1 Each element of the Ashington Regeneration Programme has a risk register, identifying key risks and mitigating actions and these are monitored regularly by the Programme Team. Set out below are the main risks of note affecting the current project costs, the funding model and site acquisition.

7.2 The holding costs outlined at Section 5 are based on the estimated gap between the point of site acquisition and the current forecast start date for demolition works to begin. Significant delays to the site clearance could result in additional revenue costs. The project team are prioritising the preparation and consents for early demolition at both sites to mitigate this. The estimates included in Table 1 are intended to represent 'worst case scenarios' to take account of any slippage in the project plans.

7.3 Acquisition and site development costs for Wansbeck Square are technically 'at risk' given that the project business case is still being developed and subject to approval by Cabinet next year. However, this risk is mitigated by the existing support for the project as a result of the approvals for the Ashington Regeneration Programme to date from Cabinet and Government. It is not possible to finalise the business case stage without an element of 'at risk' funding for development costs in advance of full approval.

7.4 Increases in the total project costs will also affect the cost benefit ratio and overall viability gap which is a determining factor in assessing the case for intervention. This will be reviewed at stage gates (each RIBA design stage) and additional support commissioned to draft the business case and update subsidy control advice to inform

approvals appropriately. Should the project costs and subsidy exceed £10m then it may become notifiable to the Competition and Markets Authority who will assess the intended award. This would extend the time required for project approval and is being factored into risk management.

- 7.5 Submission of the business case to NTCA is vital to ensuring that the funding package is secured. Should the Council fail to submit or not be awarded the funding then this would create a shortfall of £2.5m that will affect deliverability. A business case consultant has been appointed to work with the Council to develop the submission as quickly as possible and this work is being prioritised.
- 7.6 Appointment of an operator for the proposed Wansbeck Square facility via a concession contract award is critical to support design development and de-risk the business model, and procurement will commence shortly. It is a unique opportunity for suppliers and carries risks including financial. A report will be brought to Cabinet in early 2024 presenting the outcome of the tender process and seeking relevant approvals.

8. Options open to the Council and reasons for the recommendations

- 8.1 Recommendations in this report are tied to decisions taken by Cabinet on 13 June 2023, which outlined the establishment of the Ashington Regeneration Programme. The council agreed to the site acquisitions ‘in principle’, subject to the detail now outlined. If the sites are not transferred then this could jeopardise £21m of external grant funding, including the allocation from NTCA that is referenced and could reduce confidence in the Council’s ability to deliver these high profile projects..

9. Implications

Policy	The project fully supports the Council’s Corporate Plan, the Northumberland Economic Strategy and the Ashington Town Investment Plan
Finance and value for money	<p>Up to £21.4m has been secured from HM Government, NTCA and UKSPF and a further £2.5m is allocated by NTCA through the NLEC programme. The bid to the NTCA will, subject to appraisal and full award, secure the required package of match funding to support NCC capital delivery budgets.</p> <p>The financial implications of the site acquisitions is outlined in the main body of the report. In addition, both sites will be acquired based on an independent market valuation.</p> <p>Empty property relief may apply to both properties, and this will be pursued where eligible and could reduce the Council’s costs.</p> <p>Business Cases for individual projects including the redevelopment of Wansbeck Square will be brought back to Cabinet once further developed for a final decision to proceed.</p>

	Up to £21.4m has been secured from HM Government, NTCA and UKSPF and a further £2.5m is allocated by NTCA through the NLEC programme. The bid to the NTCA will, subject to appraisal and full award, secure the required package of match funding to support NCC capital delivery budgets.
Legal	The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 confirm that the matters within this report are not functions reserved to Full Council. The Director of Law and Corporate Governance and all Chief Officers have a general delegation within the Constitution to take all necessary actions (including the letting of contracts, undertaking statutory processes and incurring expenditure) to implement decisions of Council, the Cabinet, a Committee or Sub-Committee, or an Officer.
Procurement	In line with all other expenditure, project spend will be subject to the Council's recognised procurement procedures. Project spend will be subject to the Council's recognised procurement procedures. Rule 4.9.1(e) of the Council's Finance and Contract Procedure Rules requires Executive approval before commencing procurement of goods or services where the value is over £2 million.
Human resources	The programme is being managed by NCC's EG&R Team in conjunction with Advance Northumberland leads as outlined in the June report. The NTCA HSIP funding includes an 8% Management Fee to enable appropriate resources to be committed throughout development and delivery
Property	Proposals for the site acquisition of Wansbeck Square units 2-4 and Woodhorn Road are outlined in the main body of the report and have previously been agreed in principle by Cabinet.
The Equalities Act: is a full impact assessment required and attached?	No - not required at this point The promotion of inclusive growth is a core aspiration and expectation of the delivery of the Ashington Town Investment Plan, the Ashington Regeneration Programme and the NTCA Town and High Streets programme with specific metrics included in the monitoring and evaluation framework to evidence impact.
Risk assessment	A risk register is in place for the programme and individual projects, with regular updates and monitoring in place to effectively manage risk. The appointed Design Team will be reviewing these, and the governance structure once embedded will increase risk identification, monitoring and management. Key risks are outlined in the main report.
Crime and disorder	It is anticipated that the Ashington Regeneration Programme will impact positively on antisocial behaviour. The Animating

	Ashington project will develop strong community relations particularly with young people and families. Capital improvements to the site between Grand Corner Gateway and Portland Park will specifically build in the need to reduce ASB, which is an identified issue in this part of the town, through reduction in the height of fencing, better lighting and a more open and visible public space. Each component project will seek to design out crime, increase perceptions of safety through improved lighting, footways and increased animation
Customer considerations	There has been extensive partner and community consultation as part of the development of the Ashington Investment Plan and through the LUF proposals and the regeneration programme responds to the feedback received. Further engagement is planned as each project develops in conjunction with Ashington Town Board
Carbon reduction	The projects outlined in this report include improvements to public space and greening of the high street where possible, which will have a positive environmental benefit. Designs for new buildings and public realm works will incorporate sustainability benefits, where applicable and encourage active travel, particularly linked to the new Ashington Station.
Health and wellbeing	Ashington Investment Plan includes an objective to support the development of an 'Inclusive Town' enabling positive health and wellbeing outcomes through successful town centre regeneration. A major focus of the programme is designing a better town centre which is well equipped to support recovery from Covid-19 and be more resilient in the future, offering new destinations and potentially facilities for residents that support wellbeing.
Wards	All wards in Ashington

10. Background papers

Not applicable

11. Links to other key reports already published

Report to Cabinet: Ashington Programme Establishment – 13th June 2023

12. Author and Contact Details

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