

# Agenda



## Cabinet Member for Regeneration & Investment

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Date: Thursday, 25 August 2016

Time: 4.00 pm

Venue: Cabinet Member's Office

To: Councillor J Richards

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### Item

### Wards Affected

1 Market Arcade - HLF "Townscape Heritage" Application (Pages 3 - 8)

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# Report

## Cabinet Member for Regeneration and Investment

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### Part 1

Date: 25 August 2016

Item No:

### **Subject**      **Market Arcade - HLF 'Townscape Heritage' Application**

**Purpose**      The purpose of this report is to seek Cabinet Member approval to submit a 'first round' application to the Heritage Lottery Fund for 'Townscape Heritage' funding. A successful first round application will provide Newport City Council a time period (up to 12 months) and funding to enable the development of a detailed project to restore the historic Market Arcade – Newport's oldest surviving arcade.

**Author**      VVP Project Manager

**Ward**      Stow Hill

**Summary**    The continuing decline of the Market Arcade is a matter of increasing civic concern.

The Grade II Listed structure is Newport's oldest surviving arcade, whose historic significance intertwines with the growth of Newport as a town, following the Industrial Revolution.

The core issue in restoring the Arcade is the multiplicity of ownerships. Generating a critical mass of interested parties from amongst the various owners and tenants that is sufficient to support a bid for external funding has been a long-standing challenge.

Marginalisation, high vacancy rates (40%), declining rental levels, and asset depreciation have been compounded by increased anti-social behaviour and pest infestation, creating a spiral of decline that threatens the physical integrity of one of Newport's most significant historic assets.

Whilst undertaking its statutory obligations and serving notices, where applicable, to prevent further deterioration, the authority has also sought to work positively, and in partnership with owners, towards a comprehensive project that would secure the long term restoration of the arcade.

However, consultations with owners in recent weeks have confirmed an interest amongst many to work with the council to secure funding for a wider restoration project. Meetings with owners in April and July 2016 have been positive and together with individual owner consultations in recent weeks there have been significant indications of support amongst many owners for such a project.

The Heritage Lottery Fund invites applications for 'Townscape Heritage' funding on a yearly basis with a deadline of 1st September of each year. Opportunities for funding

heritage projects are limited and the HLF 'Townscape Heritage' programme is the most appropriate funding source available at this time.

Cost estimates for the project are currently being finalised, but are estimated to be in the region of £1.7m, of which it is estimated that £200,000 will be required for 'first round', development-funding.

This report seeks Cabinet Member authority to submit an application for HLF 'Townscape Heritage' funding, by the deadline of September 1<sup>st</sup> 2016 to enable detailed consideration by Cabinet of exact funding commitment.

The application is to be based upon a minimum match of £40,000. It is intended that this requirement can be sourced in part from the Council's Vibrant and Viable Places Programme (a seed contribution of circa £10,000); however, as this grant funding stream comes to an end in March 2017, the time scales may not allow the required match in its entirety to be paid from the VVP award. Provisionally, therefore, any bid may require an additional capital contribution from the authority towards the £40,000 match. This provisional contribution is to be subject to Cabinet confirmation in the autumn via the Strategic Asset Management group.

The Townscape Heritage application will focus and prioritise properties in the Market Arcade but will include neighbouring properties between Carpenters Arms Lane and 14-15 High Street/4-5 Market Street for 'group value'.

**Proposal** To approve the recommendation to submit an application for HLF 'Townscape Heritage' funding to progress the 'Market Arcade Restoration Scheme', in line with the recommendation in this report and by the deadline of 1<sup>st</sup> September 2016. The only action being sought is to submit the application prior to this deadline to enable detailed consideration by Cabinet of exact funding commitment.

To submit the application for 'first round' funding, on the basis of an anticipated match to a minimum of £40,000 - drawn from available VVP grant funding and supplemented by additional capital to support the maximum possible match funding ratio.

To submit a Capital Scheme Detailed Bid in the autumn to ratify, or otherwise, the specific detail of match funding offered, to support the application if the bid is successful, following proper process in relation to the acceptance of the funds in the light of any match funding requirements

**Action by** Head of Regeneration, Investment and Housing

**Timetable** Immediate

This report was prepared after consultation with:

- Head of Law and Regulation (Monitoring Officer)
- Head of Finance (Chief Finance Officer)
- Head of People and Business Change

**Signed**

## 1. Background

- 1.1 The continuing decline of the Market Arcade is a matter of increasing civic concern.
- 1.2 The Grade II Listed structure is Newport's oldest surviving arcade, whose historic significance intertwines with the growth of Newport as a town, following the Industrial Revolution. It is part of Newport's DNA.
- 1.3 Originally built in 1869 and known as 'Fennell's Arcade', the arcade was at the heart of town centre growth in nineteenth century Newport, being the most convenient route between the newly built railway station (1850), Post Office(1844) and Provisions Market (1854).
- 1.4 Reconstructed in its current form (c.1905) the arcade remained in good repair and a bustling hive of activity until the centre of retail activity gradually migrated south in the1960's.
- 1.5 Marginalisation, high vacancy rates (40%), declining rental levels, and asset depreciation have been compounded by increased anti-social behaviour and pest infestation, creating a spiral of decline that threatens the physical integrity of one of Newport's most significant historic assets.
- 1.6 In recent months, evidence of deterioration has accelerated, with two building notices (relating to safety) being served on specific properties and a letter being served to all owners, collectively, advising of the need to urgently address (by October) matters relating to health and welfare - in respect of pigeon infestation and drainage, in particular.
- 1.7 It is increasingly clear that further deterioration will render the structure beyond reasonable repair and an increasing risk to public health and safety.
- 1.8 Whilst undertaking its statutory obligations to prevent further deterioration, the authority has also sought to work positively, and in partnership with owners, towards a comprehensive project that would secure the long term restoration of the arcade.
- 1.9 Meetings with owners in April and July have been positive and together with individual owner consultations in recent weeks there have been significant indications of support amongst many owners for such a project.
- 1.10 'Townscape Heritage' Funding is delivered through a two stage application process. It is a competitive process and applications are not guaranteed, but, a successful, 'first round' application will allow the authority to work in partnership with owners to develop a firm, detailed and comprehensive project proposal. This detailed project plan can then be submitted for 'second round', implementation, funding.
- 1.11 Cost estimates for the project are currently being finalised, but are estimated to be in the region of £1.7m, of which it is estimated that £200,000 will be required for 'first round', development, funding.
- 1.12 HLF require applications to evidence a minimum of 10% match funding, but they have strongly advised, at initial enquiry stage, for applicants to consider this as a minimum. To maximise the chances of approval, it is anticipated that a capital contribution of £40,000 will be required - a minimum of 20% match.
- 1.13 The Council has sufficient funding available within its current Vibrant and Viable Places award to provide a small 'seed' fund for the development of this project, accounting for circa £10,000 of the anticipated match-funding target. To proceed, the Council will need to take an additional decision to allocate an additional capital contribution of £30,000 towards stage one of this scheme. The regeneration team intend to table a detailed Capital Bid to the Strategic Asset Management

Group in September requesting this additional funding; however, due to the urgency of the timetable ahead this is again not possible prior to the Heritage Lottery submission deadline.

- 1.14 Therefore, for clarity, this report seeks **only** cabinet member authority to submit an application for HLF 'Townscape Heritage' funding, by the deadline of September 1<sup>st</sup> 2016 to enable detailed consideration by Cabinet of exact funding commitment.
- 1.15 The application is to be based upon an anticipated match of £40,000 that will provisionally include a £30,000 capital contribution from the authority. This, provisional contribution, to be subject to Cabinet confirmation in the autumn of 2016.
- 1.16 The Townscape Heritage application will focus and prioritise properties in the Market Arcade but will include neighbouring properties between Carpenters Arms Lane and 14-15 High Street/4-5 Market Street for 'group value'.

## **2. Financial Summary**

- 2.1 There are no financial implications for the Council at this stage but if the bid is accepted the proper processes will need to be followed in relation to the acceptance of the bid in the light of any match funding requirements.

## **3. Risks**

- 3.1 If the application is not submitted, no grant will be forthcoming from HLF this year. It is unlikely that any other external capital will be available for this project. An application could be submitted in September 2017, but by that point the Arcade would have endured another 12 months of deterioration. In the longer term, the risk to the Council includes significant burden of action becoming necessary as the worsening condition of the Arcade renders it a health and safety concern.

## **4. Options Considered/Available**

- 4.1 The only alternative option, compliant with formal consultation processes, would be to delay the application for another 12 months. This would significantly risk losing owner momentum and interest - especially given previous initiatives to work with owners have faltered. This would also present an additional 12 months of deterioration, adding to risk and eventual cost.

## **5. Preferred choice and reasons**

- 5.1 To submit an application for Townscape Heritage Funding on September 1<sup>st</sup> 2016, to maintain project momentum; and subject to a further bid to the Council's Strategic Asset Management Group in September via which Cabinet may formally consider any capital contribution. Subject to this approval, to progress project development to a stage where a 'second round' implementation application can be made as soon as possible.

## **6. Sustainability and Environmental Issues**

- 6.1 If the application is successful, the design brief will incorporate the highest possible environmental and sustainability development criteria. However, it is highlighted that there are limitations associated with listed structures of this type. Options around future renewable energy generation opportunities are being scoped as part of initial design work.

## **7. Crime Prevention Impact**

- 7.1 A high priority of owners and the project will be the potential for gating the arcade outside of commercial hours, improving the safety and security of residents and premises.

## **8. Comments of Monitoring Officer**

- 8.1 There is provision under the Council's constitution for a decision to be treated as urgent if the decision taker reports the reason for urgency to the relevant Scrutiny Committee or Audit Committee in accordance with standing orders and the taking of the decision cannot reasonably be deferred.
- 8.2 At this stage the only decision being considered is whether or not to make the application for grant funding. The more significant decision will be whether to accept any offer of funding in due course if the application is approved. The Cabinet Member would then have delegated authority to determine whether to accept any available grant funding subject to confirmation of available funding to meet the Council's commitment.

## **9. Comments of Chief Financial Officer**

- 9.1 Given the current condition of Market Arcade and the potential for it to fall into further disrepair if no action is taken, the Authority would be wise to apply for the external funding that is potentially available, by the deadline imposed by HLF. Officers will be required to submit a capital bid to the Council's Capital and Strategic Asset Management Group in due course, where the source of the 20% match funding will be confirmed and subsequent addition report brought to Cabinet for approval.
- 9.2 Officers responsible for preparing the overall capital project bid for both 'round 1' and then (if successful) the 'round 2 delivery' phase must ensure that any revenue cost implications are considered and addressed accordingly. This includes gaining certainty around eligible grant funding for a Project Manager role on the proposed project. This will be provided in future reports to Cabinet when the bids are finalised.

## **10. Comments of Head of People and Business Change**

- 10.1 The funding submission is a potential opportunity to address the long term deterioration and marginalisation of this historic city centre site. This has resulted in significant environmental and anti-social behaviour concerns as outlined in the report. The regeneration of this site would be consistent with the sustainable development principles of the Wellbeing of Future Generations, which require consideration of how the economic, social and environmental wellbeing of the area can be taken forward. The proposal is also consistent with the Single Integrated Plan's aims for a vibrant city centre which requires a focus on physical regeneration of key areas. On this basis an application for Heritage Lottery Funding is supported.
- 10.2 There are no human resources implications in this report.

## **11. Comments of Cabinet Member**

- 11.1 Cabinet Member has approved the report.

## **12. Scrutiny Committees**

- 12.1 N/A

### **13. Equalities Impact Assessment**

13.1 There is no requirement at this stage.

### **14. Children and Families (Wales) Measure**

14.1 No formal consultations have been undertaken, however it is highlighted that, if successful, the development stage of the project will include an education programme in local schools to explore the history of the Market Arcade in relation to the development of Newport, as a town, through the life cycle of the project.

### **15. Comments from Non Executive Members**

#### **Councillor M Evans**

Very happy to support the application. The Market Arcade has been deteriorating for decades and is in much need of investment. I understand there is still some funding due to us from Welsh Govt from former Newport URC assets which could be used to move the project forward.

#### **Councillor Ferris**

I'd like to give my support for the proposal. This arcade's present condition is a tragedy compared to how it used to be in the 60's when it joined a then thriving Newport Market. Lets hope its regeneration adds to the viability of the Market as well.

#### **Councillor Critchley**

I concur with the proposed recommendations contained within the report and submit the following comments:

Over the last decade the main restriction to proposals to restore this Grade II listed structure has obviously been the multiplicity of ownership & lack of support for further investment & restoration to this Market Arcade. Noting the success of the Friars Walk project , I strongly believe that we need to capitalise on that success by encouraging investment into Commercial Street & High Street areas & welcome the interest of the owners of units in the Market Arcade in supporting the application for HLF Townscape Heritage funding to progress the Market Arcade Restoration Scheme.

#### **Councillor Delahaye**

I fully support this plan. Having been involved with Newport Credit Union, who was a tenant in the arcade for many years until worsening conditions made moving out inevitable, I know how important the arcade is to the City. I feel that whilst we are trying to improve footfall and activity at the top end of High Street the arcade could play an important part in this particularly as a footway between the Railway Station and the Bus Station. I hope that the initial application is able to go ahead.

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#### **Response from Cabinet Member for Regeneration & Investment**

I welcome the support from the Members and look forward to progressing this application.

### **16. Background Papers**

Dated: 25 August 2016

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