

# Agenda



## Cabinet Member for Regeneration & Investment

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Date: Friday, 17 March 2017

Time: 4.00 pm

Venue:

To: Councillor J Richards

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Item		Wards Affected
1	<u>Market Arcade - HLF "Townscape Heritage" Development Grant</u> (Pages 3 - 18)	Stow Hill

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# Report

## Cabinet Member for Regeneration and Investment

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### Part 1

Date: 20 March 2017

Item No:

**Subject** Market Arcade - HLF 'Townscape Heritage' Development Grant

**Purpose** The purpose of this report is to seek Cabinet Member approval to accept a 'Development Grant' award of £177,300 from the Heritage Lottery Fund, towards the 'Market Arcade Townscape Heritage Scheme'. The funding will enable the development of a detailed project plan to restore the historic Market Arcade – Newport's oldest surviving arcade.

**Author** VVP Project Manager

**Ward** Stow Hill

**Summary** Market Arcade, a 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.

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.

Over the past year, the authority has sought to work positively and in partnership with owners and the wider community, to secure funding to develop a comprehensive project that could secure the long term restoration and sustainability of the Arcade.

Identifying the potential for Heritage Lottery Fund support under its 'Townscape Heritage' programme, the Council, supported by owners, heritage peers and the wider community submitted an application for funding on 1<sup>st</sup> September 2016.

The authority has now received confirmation of success of its 'first round' application, with the HLF awarding £177,300 towards a total £256,051 of 'Development Stage' costs. The Award includes funding for the appointment of a full time Townscape Heritage Project Manager, for the duration of the Development Stage. NCC has committed £40,000 match funding within the total.

The award of funding towards development also means that, subject to a successful second round application, a further £1,102,300 of HLF funding has been set aside for the delivery of the project.

A successful second stage application would also be dependent upon the Authority identifying and obtaining match funding commitments from NCC/ Owners/ Cadw and other sources, anticipated to be in the region of £451,707 – of which an 'indicative' allocation of £280,089 from NCC controlled funds has been proposed.

Failure to submit a satisfactory second stage application by 17<sup>th</sup> January 2018 will mean that delivery funding that has been earmarked will be lost and the project will be required to resubmit a first stage application afresh.

This report seeks only Cabinet Member authority to accept the offer of award of £177,300 of 'Townscape Heritage' funding from the HLF to undertake the Development Stage with a view to submitting a 'second round' application by the deadline of 17<sup>th</sup> January 2018.

The Development Stage of the project 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 as 'reserve' properties and for 'group value'

The project has the potential to add significantly to the strategic momentum of regeneration across the city and at the top end of High Street, in particular.

**Proposal**

1. To accept a 'Development Grant' award of £177,300 from the Heritage Lottery Fund, towards the 'Market Arcade Townscape Heritage Scheme', to enable the development of a detailed project proposal to restore the historic Market Arcade.
2. To progress the Development Stage of the Market Arcade Townscape Heritage Scheme with a view to submitting a 'second stage' application for delivery by the deadline of 17<sup>th</sup> January 2018.
3. To approve the appointment of a Townscape Heritage Project Manager to facilitate the delivery of the project.

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

**Timetable** Immediate

This report was prepared after consultation with:

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

**Signed**

## 1. Background

- 1.1 The decline of the Market Arcade, Newport's oldest surviving arcade and a Grade II listed structure, is a matter of continued civic concern.
- 1.2 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.
- 1.3 In recent months, evidence of deterioration has accelerated, with building notices being served and 'warning' notices being issued to owners collectively on matters relating to health and welfare. It is increasingly clear that further deterioration will render the structure beyond reasonable repair with the structure remaining a continual risk to public health and safety.
- 1.4 In August 2016, the Cabinet Member for Regeneration & Investment approved the submission of a 'first round' application for 'Development Funding' under the Heritage Lottery Fund's Townscape Heritage Programme – to facilitate the development of a comprehensive set of proposals that could deliver the long-term physical restoration of the Arcade.
- 1.5 On 23<sup>rd</sup> January 2017 the Council received notification that its 'first round' application had been successful with an HLF award of £177,300 towards 'Development Stage' costs of £256,051 – see Appendix 2: Offer Letter for full breakdown
- 1.6 Approved Costs and Funding allocations are summarised as follows:

Market Arcade Townscape Heritage Scheme – Development Stage Costs	
Professional Fees	£182,217
New Staff Costs	£28,650
Non Cash Contributions	£23,755
Volunteer Time	£3,000
Other Costs	£9,600
Contingency	£8,819
<b>Total</b>	<b>£256,051</b>

Market Arcade Townscape Heritage Scheme – Development Stage Funding	
NCC capital - approved	£40,000
WG VVP Funding - confirmed	£11,996
Non Cash Contributions	£23,755
Volunteer Time	£3,000.
HLF Grant - confirmed	£177,300
<b>Total</b>	<b>£256,051</b>

- 1.7 The award of HLF funding will not only enable the delivery of a fully detailed and costed scheme to the highest quality it will also fund community and heritage activities essential to the project.

- 1.7.1 Core Activities undertaken during the development stage will include:

- Procurement of all Professional Services – Conservation Architects Team/Client QS/Heritage Consultants/Surveys etc
- Delivery of Heritage Documentation – Conservation Area Management Plan/Interpretation Plan/Characterisation Study
- Delivery of Detailed Project Plan – including drawings, delivery programme, costings and cash flow.
- Securing of relevant statutory consents.

- Baseline data assembly and monitoring
- Development of 'Delivery Stage' Grant Documentation – Approach/Detail/Intervention rates and Application Process
- Establishment and coordination of Management, Stakeholder and Project Groups
- Close liaison with owners on eligibility, grant criteria and future management options
- Community engagement and activity plan (memories/heritage event, schools programme etc)
- Development of a comprehensive Business Support Plan.
- Establishment of a project website and implementation of a comprehensive consultation strategy
- Compilation of Stage 2 application

- 1.8 A 'first round' pass means that the HLF has recognised that the scheme has potential to deliver high quality outcomes and value for money that are consistent with the aims of the Programme.
- 1.9 It also means that, in addition to an award of 'Development Stage' funding, the HLF has set aside £1,102,300 for the delivery of any developed scheme (the full costs of which have been estimated to total £1,620,815).
- 1.10 'Delivery Stage' funding is not guaranteed and is subject to receipt and approval of a 'second stage' application by 17th January 2018.
- 1.11 It is also subject to the identification and confirmation of an additional £451,707 match funding, including an indicative figure of £280,089 to be requested from NCC capital.

Market Arcade Townscape Heritage Scheme – Indicative** Delivery Stage Funding	
NCC	£280,089
Cadw	£40,000
Non Cash Contributions	£50,808
Volunteer Time	£6,000
Trust/Charity -	£2,000
Commercial/Business	£129,618
HLF Grant **	£1,102,300
<b>Total</b>	<b>£1,610,815</b>

\*\* Whilst all match funding is 'indicative' at this stage, HLF will not consider increasing its funding beyond the figure of £1,102,300.00 specified at 'first pass' approval.

- 1.12 'Development Stage' and indicative 'Delivery Stage' funding allows for the appointment of a full time Townscape Heritage Project Manager for 10 months and 2 years respectively. It is recommended to appoint the position on a 3 year basis c/w a 2 month break clause and subject to 'Delivery Stage' funding being confirmed from April 2018.
- 1.13 Failure to submit a satisfactory second stage application by 17<sup>th</sup> January 2018 will mean that delivery funding, that has been set aside, will be lost and the project will be required to resubmit a first stage application.
- 1.14 Match funding for the 'Development Stage' has been approved by NCC Capital Strategic Assent Management Group and will feature in the capital programme in 2017/18.
- 1.15 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'.
- 1.16 Acceptance of the Award will provide added incentive for owners to maintain progress on outstanding Health Safety and Welfare matters that require separate resolution to grant funded

activity, i.e. replacement of missing canopy panes, removal of pigeons, maintenance of guttering and drainage.

## 2. Financial Summary

2.1 Acceptance of the Award will require the establishment of budget allocations for 2016/17 and 2017/18 as follows:

	Year 1 2016/17 £	Year 2 2017/18 £	Year 3 2018/19 £ (indicative)	Year 4 2019/20 £ (indicative)	Notes including budgets heads affected
<b>Costs: Capital</b>	11,996	179,040	608,968	608,968	* VVP and NCC match funding commitments for Yrs 1 & 2 already confirmed.
<b>Costs: Revenue</b>		38,260	168,036	168,035	
<b>Total Costs</b>	11,996	217,300	777,004	777,003	
<b>Funding</b>					Figures for Yrs 3 & 4 are included for forward planning purposes. They are indicative only and subject to Member approval of second stage application and match funding contribution.
<b>WG VVP Funding</b>	*11,996				
<b>NCC Capital</b>		*40,000	140,045	140,044	
<b>HLF</b>		177,300	551,150	551,150	
<b>Cadw</b>			20,000	20,000	
<b>Owner/ Business Trust/Charitable/ Other</b>			64,809	64,809	
<b>Total Funding</b>	11,996	217,300	777,004	777,003	

2.2 Acceptance of 'Development Funding' will allow the appointment of a full time Townscape Heritage Project Manager for 10 months. Mindful of the potential for additional 'Delivery Stage' funding and continuation of the post for a further two years, it is recommended to appoint the position on a 3 year basis c/w a 2 month break clause and conditional on 'Delivery Stage' funding being confirmed from April 2018.

2.3 'Non-cash' contributions to a total of £23,755 will be committed during the Development Stage to assist with delivery and approve the match potential during the application process. This will be in the form of officer time expended on the project.

## 3. Risks

3.1 The following key risks are identified in relation to accepting the Award and progressing the Development Stage.

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Lack of Owner interest	H	M	The council has secured all ten owners support for the bid. Agreement of owners to continued support and 'buy in' to final scheme will require continued partnership working and the preparation of a viable and attractive grant opportunity.	Townscape Heritage Project Manager

Inability to secure adequate Match Funding	H	M	Positive indications already obtained from Cadw for the purpose of application and owners are aware of 10% principle of contribution if not the exact individual amounts at this point. Scope Project support in emerging WG funding programmes from 2018/19 and seek underwriting of NCC funds at the earliest.	Townscape Heritage Project Manager /European Officer
Inability of owners to agree to long term Management & Maintenance	H	M	In parallel with the HLF application, owners have begun to work collaboratively to address immediate Health, Safety and Welfare matters. Maintain support via APT and establish commitment to longer term Trust/Management Cttee arrangements	Townscape Heritage Project Manager
Delivery costs too high	H	M	Current cost estimates based upon known costs on similar schemes. Additional 10% contingency (£134,320.00) built into delivery phase. Employment of Client QS to ensure close scrutiny of costs during Development Stage and vfm procurement strategy.	Townscape Heritage Project Manager
Insufficient resources to deliver the 'Development Stage' and/or credible Stage 2 application	H	L	Award includes funding for Townscape Heritage Project Manager post. THPM will have additional access to key Officer resources and support. THPM managed by the VVP Regeneration Manager will ensure early warning process to identify and resolve and risk of non-delivery	VVP Regeneration Manager

#### 4. Links to Council Policies and Priorities

- 4.1 The 'Market Arcade Townscape Heritage Scheme' will dovetail and add value to the Council's strategic Priorities and Policies for continued regeneration of the City Centre.
- 4.2 The project supports Newport City's Economic Growth Strategy, which sets out a ten year programme for delivering growth across the city centre through capital redevelopment, upskilling, training and business support. The Strategy particularly identifies Heritage and Cultural assets seeking to 'work with partners to look at alternative uses for landmark buildings.....to ensure their sustainability and heritage.'
- 4.3 Funded by the Welsh Government's Vibrant and Viable Places Programme for Town Centre Regeneration, a number of key projects are underway or have been completed in the immediate vicinity, including: the Yates Hotel development to provide a 60 bed Premier Inn and Kings Hotel development creating 34 City Living Apartments for sale. Approval of grant to support the



redevelopment of the former Argus Printing works at 4-5 Market Street has just been confirmed and will run parallel with the 'Development Stage' of the Market Arcade Townscape Heritage Scheme

## **5. Options Available and considered**

- 5.1.1 Two options are available. To accept the award, or not accept the award.
- 5.1.1 Should the award be accepted there is the opportunity to progress a comprehensive restoration plan for the Market Arcade. Although set aside, 'Delivery Stage' funding is not guaranteed and significant development work will be required not only to satisfy HLF requirements but also to provide an attractive and viable grant opportunity for owners.
- 5.1.2 Should the Award not be accepted, the Arcade would continue in its spiral of decline with unique heritage detail being lost and the Arcade becoming increasingly derelict. Further deterioration would make any future scheme more expensive and less viable, with the Council being pulled into a repetitious and unproductive cycle of enforcement and possible closure. Alternative funding for project development would need to be identified and secured, and owner interest and appetite for change in the future would be significantly impaired.

## **6. Preferred Option and Why**

- 6.1 The Council has attempted to work with owners on at least 4 occasions in the past 15 years to harness interest and identify funding opportunities. This is the first occasion that the authority has been successful and presents a significant opportunity to move progress.
- 6.2 Despite uncertainty, at this stage, regarding final match funding commitment from all identified parties there is reasonable confidence to assume that a credible costed and attractive package of works and grant opportunity can be delivered by accepting the Award and proceeding with the 'Development Stage'
- 6.3 The recommendation is to accept the 'Development Stage' Award

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

- 7.1 The availability of grant funding enables NCC to undertake necessary development work at a lower net cost to the Authority. The £40k capital borrowing committed is affordable within current revenue budgets. In undertaking this development stage, officers will be better informed of the viability and budget requirements for the delivery phase, at which point a further capital bid for the required match funding, will be considered.

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

- 8.1 There are no specific legal issues arising from the Report as Cabinet Member approval is only required at this stage to accept the HLF award of Townscape Heritage grant funding of £ 177,300 to undertake the Development Stage appraisal work in connection with the proposed restoration of the Market Arcade. A second round application would then need to be submitted by January 2018, in connection with the costs of the restoration work. The Council's match funding contributions towards the development appraisal work and any subsequent project implementation costs are in accordance with its general powers of social, economic and environmental well-being under Section 2 of the Local Government Act 2000. Because the Council does not own any of the properties comprising the Arcade, then the delivery of this project will be dependent on the landowners being fully engaged and committed, particularly if the final grant funding contains conditions that will run with the properties.

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

- 9.1 The Heritage Lottery Funding submission is an opportunity to reverse the long term deterioration and marginalisation of this historic city centre site. This has resulted in significant economic, 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 Act 2015, 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. It is noted that the bid is based on collaboration between the council.

## **10. Comments of Cabinet Member**

- 10.1 Cabinet Member has approved the report.

## **11. Local issues – Ward Member Comments**

- 11.1 Cllr Miqdad Al-Nuaimi  
I'm pleased to express my support for the Proposal as set out on Page 2 of the report. Market Arcade is indeed a very important part of the Victorian fabric of Newport city centre. The arcade has over the years deteriorated badly due to various economic reasons, shops' owners' neglect and Council's lack of resources to maintain the basic infrastructure, especially the roof, leading to pigeon infestation. We now have a good opportunity with the award of the HLF grant to start the process of renovation and the bringing back to use of the arcade at an important location in the centre of Newport. I am pleased to support the acceptance of the HLF award and to prepare for the next stage.

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

### **Councillor Delahaye**

I would like to express my full support for this development. Having volunteered for many years at a premises in the arcade I know how badly it has deteriorated and would love to see it restored to its former glory. I wish the proposal every success.

## **13. Scrutiny Committees**

- 13.1 None

## **14. Equalities Impact Assessment and the Equalities Act 2010**

- 14.1 Full account of the Act will be taken during the Development Stage, but it is highlighted that there are often significant challenges when restoring heritage structures of this type.

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

- 15.1 The programme of Community Activities will provide significant opportunity for young people and children to connect with the project – providing opportunity to informed by, and contribute to, a project of historical significance that will help change perceptions and behaviour towards the site and city's broader heritage. Three schools and the Pupil Referral Unit have already indicated that they are keen to take part in the project

## 16. Wellbeing of Future Generations (Wales) Act 2015

16.1 The project has been developed in accordance with the requirements of the Act, addressing the following key points:

- Long term: The project will include working with owners to address the long term management & maintenance of the Arcade. Providing support for sustainable organisational arrangements via the Association of Preservation Trusts, and underpinned by NCC Business Support advice beyond the 'Development Stage'
- Prevention: Development Stage activity will enable the authority to develop further partnership arrangements with owners, to understand heritage obligations and identify opportunities to break the cycle of decline, preventing further deterioration of a key heritage asset.
- Integration: The Development Stage will explore opportunities for improved safety and security in the arcade, reducing anti-social behaviour and improving the wellbeing of those working and living in the Arcade
- Collaboration: The project has the co-operation of heritage peers – Cadw, APT, Civic Society, etc who have agreed to take part in a Steering Group to oversee project development. The Civic Society has further agreed to collaborate with NCC in the delivery of the Characterisation Study element of the 'Development Stage'
- Involvement: There has been close consultation with owners and leaseholders (resi and commercial) to date. This will be continued and extended to involve the wider community as part of the planned Community Activity programme, as the project progresses. A programme of involvement of young people and school pupils including the Pupil Referral Unit is planned throughout.

## 17. Crime and Disorder Act 1998

17.1 The Project has already identified a number of opportunities to improve safety and security. A focal point of the 'Development Stage', and priority request from owners, will be to investigate the potential for lockable security gates in line with Newport Arcade and many Arcades across the UK – greatly improving the safety security and wellbeing of those working and living in and around the Arcade

## 18. Background Papers

18.1 Appendix 1 - Cabinet Member Report – 'Market Arcade - HLF 'Townscape Heritage' Application' August 2017  
Appendix 2 - HLF Award Letter

Appendix 2



Offer letter.pdf

Dated – 20 March 2017



# Report

## Cabinet Member for Regeneration and Investment

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### Part 1

Date: 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 Regulations (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. Other Relevant Consultation**

15.1 N/A

### **16. Background Papers**

16.1 N/A

Dated: 8 August 2016