



# Delegated Decision Report

29 October 2020

**Subject: Investment Fund Project Approval - Newcastle City Centre Transformation Programme**  
**Report of: Robert Hamilton, Chief Economist**  
**Decision maker: Paul Hanson, Interim Head of Paid Service**  
**Portfolio: Economic Growth**

## Report Summary

The purpose of this report is to seek approval to allocate £150,000 of funding from the NTCA's Business Case Development Fund to Newcastle City Council, to support development work related to the city centre.

The Investment Plan agreed by NTCA's Cabinet in April 2019 allocated £4.5m to support business case development work. Responsibility for the approval of funding requests of £150,000 or under are delegated to the Interim Head of Paid Service, in consultation with the NTCA Investment Panel.

Following a full business case submission and appraisal in line with the NTCA's Assurance Framework, the Newcastle City Centre Transformation Programme project was considered and recommended for approval by Investment Panel on 14<sup>th</sup> July 2020, subject to the conditions set out in the report.

This report sets out details of the decision being taken and the proposed award of £150,000 of funding to Newcastle City Council to support this activity.

## Recommendations

Subject to the conditions set out in paragraph 1.8 of this report, the Interim Head of Paid Service is recommended to approve the following funding request from the North of Tyne Investment Fund:

- £150,000 of funding from the North of Tyne Investment Fund to be awarded to Newcastle City Council for the purpose of business case development work related to the city centre;
- Funding awarded is 70% of the total cost of delivering the project

Funding is to be allocated from the Business Case Development Fund allocation of £4.5m, within the Investment Plan agreed by Cabinet in April 2019.

## 1. Background Information, Proposals and Timetable for Implementation

Programme:	Business Case Development Fund.
Proposal name:	City Centre Transformation Plan
Applicant Organisation:	Newcastle City Council
Legal Status of the applicant:	Local Authority
Location:	Newcastle Upon Tyne
Timescales	Sept 2020-March 2021
Total expenditure	£214,300
NTCA Investment Fund contribution	£150,000 (70%)

- 1.1 The purpose of the proposed study is to develop materials to prepare future business cases for projects which will support the economic recovery of the city centre.
- 1.2 This is against the context of the Covid-19 crisis, which has exacerbated some of the challenges facing city centres and has already led to a number of business closures. The number of empty properties has increased, and this has led to concern about the balance of demand for different types of property use going forward – including the overall need for retail space.
- 1.3 There is also expected to be a significant decline in city-centre employment within the retail/leisure/hospitality sector and this project also considers two opportunities to increase employment – attracting civil servant jobs from London and by making more of the economic opportunities provided by Northumbria University’s renown around fashion and design, together with an emerging cluster of associated small businesses. The project directly aligns with the proposed ‘shovel ready scheme’ [Get Britain Building fund] for investment in public realm and infrastructure in Newcastle City Centre.
- 1.4 The study includes the following main elements:
1. Sustainable City Centre Plan: consideration of the impacts, further risks and barriers to recovery in the city centre and what actions are required to address them. This will include mapping existing assets; future land uses including green space; carbon emissions; the role of culture and tourism; digital connections; and economic, employment and retail forecasting. The work will lead to recommendations for future interventions, providing the evidence necessary for funding applications.
  2. Retail Core/Under-utilised Properties: there are a high number of empty or under-utilised properties in the retail core, and this is expected to get worse. This part of the study will investigate the balance of retail versus non-retail uses, which properties are already under-utilised, and which are vulnerable – and seek to understand the reasons why. The study will identify interventions (capital or revenue based) with the aim that they will secure occupation, activity and footfall in the retail core.
  3. New opportunities to increase employment: this part of the study will consider opportunities to bring additional employment into the area, including evidence to make the case for the relocation of Government departments out of London, as part of Government’s levelling-up agenda. The study will also look at the feasibility of creating an independent fashion district / building, to better realise the economic potential from the success of Northumbria University’s Design School and the growing cluster of independent businesses in the city.
- 1.5 The project directly aligns with a proposal put forward as part of Government’s ‘Shovel Ready Schemes’ initiative for a range of investment in infrastructure and public realm in the city centre.
- 1.6 A full appraisal was undertaken on this proposal and it identified that the project has a strong strategic fit with the Combined Authority’s Vision and is also relevant to post-Covid recovery plans. The project scored well for outputs and outcomes achieved. The overall risk rating of the business case is green.

1.7 The NTCA Investment Panel considered this project on the 14<sup>th</sup> July 2020 and recommended to the Interim Head of Paid Service that Funding of £150,000 (70% of overall project costs) is approved.

1.8 The funding approval is subject to the following conditions:

1. the applicant to provide actual salary costs for the work to be carried out on the project.
2. clarification regarding staff costs will have to be confirmed to ensure the 30% match funding is achievable.

## **2. Potential Impact on Objectives**

2.1 This project relates to supporting economic activities which are highlighted in the Devolution Deal and Economic Vision agreed by Cabinet in March 2020. As with all business case development projects, there are no direct outcomes associated with the feasibility study alone, however, the application highlights that subsequent projects are expected to achieve an:

- Increase in employment
- Increase in private sector investment
- Increase in visitor trips and associated spend
- Empty city centre floorspace brought back into active use
- Percentage shift in sectoral land use and employment within the city centre
- Business start-ups and associated jobs
- Sustained levels of footfall

## **3. Key Risks**

3.1 Individual programme risks have been included in the application form and mitigated through funding conditions where appropriate.

3.2 Risks highlighted in the project specific risk log will be managed by the NTCA programme team in line with the claims and monitoring work instruction. Risk is reported to the Investment Panel as part of the monthly performance report.

## **4. Financial and Other Resources Implications**

4.1 All funding provided will be revenue.

4.2 In line with our agreed claim process, grants will be paid at the agreed intervention rate quarterly in arrears and upon verification of costs.

4.3 All funding is expected to be claimed in 2020/21.

## **5. Legal Implications**

5.1 The comments of the Interim Monitoring Officer are included in the report.

## **6. Equalities Implications**

6.1 The Inclusive Economy impact of this project was considered as part of the Appraisal process. Any project proposals which are developed following the business case development fund work will be considered for any negative impact on any groups with protected characteristics, consistent with the NTCA equalities policy.

## **7. Inclusive Economy Implications**

7.1 The applicant has considered ways in which the proposed project aligns with the NTCA Inclusive Economy Objectives. The key outcome associated with the project is employment, with many of the job opportunities expected to be available at entry-level.

## **8. Climate Change Implications**

8.1 This work will support the development of a sustainable city centre plan, which will include consideration of carbon reduction and green space issues.

## **9. Consultation and Engagement**

9.1 The project has been discussed at Technical Officers Group meeting, Investment Panel, at Officer level in NTCA and Newcastle City Council.

## **10. Appendices**

None.

## **11. Background Papers**

None

## **12. Contact Officers**

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## **13. Glossary**

NTCA	North of Tyne Combined Authority
LEP	Local Enterprise Partnership
SME	Small and Medium Size Enterprise