

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**REPORT OF THE EXECUTIVE MANAGEMENT TEAM TO COUNCIL**

**23 March 2011**

**1. REDUCTION IN SIZE OF AUDIT AND RISK COMMITTEE AND CO-OPTION OF INDEPENDENT MEMBER**

**Submitted by:**            Monitoring Officer – Paul Clisby

**Portfolio:**                Resources and Efficiency

**Ward(s) affected:**      All

**Purpose of the Report**

For Council to agree the resolution of the Audit and Risk Committee at its meeting on 31 January 2011 that it be reduced in size to six members and note that an independent member is to be co-opted on to the Committee.

**Recommendations**

**(a)      That the recommendation of the Audit and Risk Committee that it be reduced in size to six Elected Members for the new Municipal Year be accepted.**

**(b)      That Council notes that an Independent Member is to be co-opted on to the Committee.**

**Reasons**

To strengthen the Committee and to demonstrate best practice and good governance.

**1.      Background**

1.1      At the meeting of the Audit and Risk Committee on 27 September 2010, Members requested a full report to be brought back to its next meeting (15 November 2010) in respect of independent membership of other Audit Committees. At the meeting on 31 January 2011, consideration was given to a report concerning the co-option of independent members on to the Committee and the potential consequences of a reduction in size of the Committee.

1.2      Details of the current membership of the Committee were considered, together with information on the composition of other audit committees throughout the county, and information on proposals to reduce the size of the Committee. Currently, two other authorities included independent members and it was indicated that the Borough Council's Committee was considerably larger than other neighbouring authorities. Best practice guidance suggests membership of an audit committee as being between 3 to 5.

**2.      Issues**

2.1      In order to demonstrate that the Council has good governance and as part of providing evidence to support the Annual Governance Statement, the Council needs to demonstrate that it has an effective Audit Committee. The Committee resolved to appoint an independent

member to bring additional benefits to the Committee by further strengthening its ability to demonstrate continued effectiveness in accordance with best practice guidelines.

- 2.2 Co-opted members are not taken into account for the purposes of political balance, other than that a political group with overall control must have the majority of all seats including seats allocated to unelected Members. Currently, no one group has overall control so this is not an issue.

- 2.3 The Committee resolved to recommend to Full Council the reduction to six members. Seats in the current proportions would be allocated 2 Conservative, 2 Lib Dem, 1 Labour, 1 UKIP and so on.

3. **Options Considered**

1. Retain the existing position.
2. Reduce the size of the Committee.

4. **Proposal**

1. That the recommendation of the Audit and Risk Committee at its meeting on 31 January 2011 that it be reduced in size to six Elected Members for the new Municipal Year be accepted.
2. That an Independent Member be co-opted on to the Committee.

5. **Reasons for Preferred Solution**

- 5.1 To strengthen the Committee and to demonstrate best practice and good governance.

6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

An effective Audit Committee means that the Council can place reliance on the assurances of the systems of internal control. If controls are operating effectively, then potential for fraud and corruption is reduced. There is also an assurance that resources are being used efficiently and effectively as the Council transforms to achieve excellence.

7. **Legal and Statutory Implications**

- 7.1 Under the Accounts and Audit Regulations 2006 the Council is required to undertake an annual assessment of the effectiveness of its Audit Committee.

8. **Equality Impact Assessment**

There are no differential equality impact issues identified from this proposal.

9. **Financial and Resource Implications**

There would be a small reduction in expenses.

10. **Major Risks**

- 10.1 If the Council does not maintain an effective Audit Committee, reliance cannot be placed on the adequacy of the internal controls operating throughout the Authority.

11. **Sustainability and Climate Change Implications**

There are none flowing from this report.

12. **Key Decision Information**

This is not a key decision.

13. **Earlier Cabinet/Committee Resolutions**

Audit & Risk Committee, 27 September 2010 (321/11)

Audit & Risk Committee, 15 November 2010

Audit & Risk Committee, 31 January 2011

14. **List of Appendices**

None attached

15. **Background Papers**

Agendas for meetings listed above.

2. **STRATEGIC SITE ACQUISITION AND TOWN CENTRE REGENERATION PARTNERSHIP**

**Submitted by:** Neale Clifton, Executive Director Regeneration and Development

**Portfolio:** Regeneration and Planning

**Ward(s) affected:** Town

**Purpose of the Report**

To enter into a partnership agreement with Staffordshire County Council for the purposes of land assembly to facilitate the longer term regeneration of the town centre.

**Recommendations**

(a) That the Council re-affirms its resolution that officers continue with the negotiations for the freehold acquisition of a site at Liverpool Road, Newcastle.

(b) That, subject to recommendation 1 being agreed, an arrangement is entered into with Staffordshire County Council which will enable the cost of this purchase (and its associated holding and marketing costs) to be shared by the Borough Council at a level of up to 50% of total costs.

(c) That officers prepare a report setting out both the outcome of the negotiations with the site owner and a project plan summarising the critical tasks to take the project forwards.

## **Reasons**

### **The scheme:**

1. To secure the site to enable the Councils to bring forward a comprehensive redevelopment of this area of the town centre, so helping the Councils to better shape the future development of the town centre (and, in particular, to promote its long term economic prospects as a viable and attractive retail centre).

### **The Partnership:**

2. To enable the Borough Council to share the costs and risks attached to the scheme.

## **1. Background**

At its meeting on 28 July 2010 the Council agreed to acquire land in Newcastle Town Centre (*'Freehold Acquisition of Land & Property, Nos 10-16 Liverpool Road, Newcastle'*).

That report to the Council considered the work which specialist advisors had undertaken in reviewing the commercial development options of the town centre, in particular assessing the viability of a number of scenarios for the redevelopment of key development sites in the town. At the same time members received advice in a site-specific report about the potential acquisition of the specific town centre site which had become available.

Both of these reports were reviewed as part of the decision-making process last July and remain relevant to the consideration of this matter.

## **2. Issues**

Since the Council meeting in July 2010 your officers and specialist advisors have considered a number of key issues in greater depth in order that members can be appraised before deciding whether to proceed:

- Finance and;
- Marketing and the procurement of a development partner.

These are considered in turn below:

**Finance:** after agreeing in principle to purchase the site in July of last year the Government's plans to significantly reduce public sector spending emerged in the autumn. Taken together with previous information from the Council's medium-term financial planning the Council is now in a position to re-appraise the decision in terms of affordability.

Prompted by this, an approach was made to Staffordshire County Council (at both a senior member and officer level) to becoming a partner in the development project therefore sharing in the costs (and prospective rewards). In the first instance this would mean sharing the cost of site acquisition, holding costs (for maybe two years) and costs associated with marketing the development proposal.

Your officers can report that this approach has been successful (the Council Leader is in receipt of a letter from the County Council's Leader confirming their intentions in this matter – see Appendix) and the basis of a partnership agreement has now been agreed in principle (subject to a County Council Cabinet decision at their meeting on 16 March 2011).

Marketing and the procurement of a development partner: assuming that an agreed purchase price can be negotiated with the present land owner, the next step toward bringing forward the redevelopment of the wider Ryecroft area would be to market the development opportunity to the retail development industry and to secure a development partner with the resources, experience and skills to design, fund and develop the scheme. For this, expert advice from suitably experienced retail property advisors will be required and this would be addressed in a future report (referred to at recommendation 3).

### 3. **Options Considered**

- (i) Do nothing or;
- (ii) To proceed with the acquisition through a partnership.

(i) Do nothing – to do nothing would miss the opportunity to secure a strategically important site which specialist advisors have shown could help to unlock a comprehensive retail-led redevelopment scheme for the long term benefit of the town centre economy.

(ii) To proceed with the acquisition through a partnership – as indicated above a potential partner has emerged (Staffordshire County Council) which is willing to share the risks/rewards attached to the scheme meaning that the Borough Council's financial commitment would be capped at a level no greater than 50% of the total costs.

### 4. **Proposal**

In order to meet key economic regeneration objectives relating to the town centre economy, it is proposed that officers be authorised to proceed with the establishment of a partnership with the County Council on the basis and for the purposes set out in this report. More specifically the following recommendations are made:

- (a) That the Council re-affirms its resolution that officers continue with the negotiations of the freehold acquisition of a site at Liverpool Road, Newcastle.
- (b) That, subject to recommendation 1 being agreed, an arrangement is entered into with Staffordshire County Council which will enable the cost of this purchase (and its associated holding and marketing costs) to be shared by the Borough Council at a level of up to 50% of total costs.
- (c) That officers prepare a report setting out both the outcome of the negotiations with the site owner and a project plan summarising the critical tasks to take the project forwards.

### 5. **Reasons for Preferred Option**

The scheme:

The rationale for the proposed acquisition was set out in the report to Council on 28 July 2010 – in summary, to facilitate land assembly to support the preparation of a commercially viable redevelopment scheme for the longer term benefit of the town centre economy – the specific reasons for the preferred option remain and are re-stated as follows:-

- To enhance the long term economic, social and environmental well-being of the town centre;
- To optimise the opportunity of securing the comprehensive mixed use, retail-led redevelopment of the Ryecroft area of the town centre;

- To ensure that future retail development is undertaken in a planned manner to ensure careful integration with the existing retail core in order to protect, strengthen and enhance the existing offer and protect businesses;
- To enable the Council to play a strategic role in shaping the town centre to improve the range of appropriate town centre uses and facilities;
- Other matters of a commercial nature were detailed in the report to the Council meeting last July.

#### The Partnership:

To reduce the Council's financial commitment and risk, and to benefit from the additional capacity/expertise of the County Council in bringing forward such a scheme.

#### 6. **Outcomes Linked to Corporate Priorities**

This scheme is being pursued in support of the Council's regeneration objectives, 'Creating a Borough of Opportunity', specifically in order to promote the investment, growth and jobs in the town centre. It is estimated that if the Council (and Staffordshire County Council) are successful in attracting a private sector development partner to deliver a scheme of the scale and content envisaged, this would lead to an investment in the town of the order of £60 million (estimate provided by Cushman & Wakefield) and the creation of around 700 jobs (estimate based upon the Homes and Community Agency's Employment Densities Guide).

Additionally, the proposed acquisition accords with the Council's underpinning value of making the best use of its resources. Furthermore, the Council's Asset Management Strategy indicates that the acquisition of strategically located parcels of land / property can be supported where it would both align with economic regeneration objectives and be capable of being funded within the Council's available financial resources. With regard to the latter, the Council's up-to-date Capital Strategy and Programme, along with the Council's Medium Term Financial Strategy are key considerations. The proposed partnership with the County Council is consistent with these Strategies and Plans.

#### 7. **Legal and Statutory Implications**

The proposal set out above is consistent with the powers of the Local Authority including those conferred by the Local Government Act 1972 (Sections 111 and 120) in respect of both purchasing land for the purposes of enabling redevelopment and to do so in partnership.

#### 8. **Equality Impact Assessment**

There would be no direct implications arising from the acquisition but clearly any redevelopment would be designed to meet the needs of all sections of the community by complying with the relevant legislation such as the Disability Discrimination Act 1995. Importantly, the site is located in the town centre which is more accessible to all sections of the community than out-of-town shopping centres. As detailed proposals are developed for the redevelopment programme these will be subject to an Equalities Impact Assessment.

#### 9. **Financial and Resource Implications**

By entering into a partnership with the County Council the implications of the potential acquisition for the Borough Council would be no greater than half of the costs previously anticipated.

There would be no significant costs incurred by the Council in the establishment of the Partnership with the County Council (other than the associated officer time in the preparation and execution of the Agreement and the operation of the Partnership – these would be met by re-prioritising officer work programmes).

10. **Major Risks**

The Scheme:

The key strategic risk at this stage would be our failure to reach agreement with Sainsbury's over the acquisition / purchase price. Of course a full risk assessment was undertaken in support of the report considered by Council last July in which the substantive decision to acquire the site was taken. In the usual manner the risk log set out a range of control measures and planned actions to mitigate the identified risks.

The Partnership:

In the expectation of the partnership being established, the primary risk would lie in the potential for either party to want to change course before the partnership fulfilled its aims and objectives. The main control measure to mitigate this risk is the completion of an Agreement between the two parties which clearly sets out the said aims and objectives. A draft 'Heads of Terms' has been prepared at this stage to guide the form and content of such an Agreement.

11. **Key Decision Information**

This decision will involve significant Council expenditure albeit on a shared basis.

12. **Earlier Council Resolutions**

Confidential report to the Council, 28 July 2010, item 2 'Freehold acquisition of land and property, nos 10-16 Liverpool Road, Newcastle.

13. **List of Appendices**

Appendix A (gold paper) – Letter from the Leader of Staffordshire County Council dated 18 February 2011.

14. **Background Papers**

Strategic Investment Framework for Newcastle Town Centre (2010)  
Prevailing national and local planning policies including the Joint Core Spatial Strategy  
The Council's Asset Management Strategies 2010/11 and 2011/12

15. **Other Key Documents**

\*Commercial Options Appraisal prepared by Broadway Malyan/Cushman & Wakefield (Jan 2010)

\*Strategic acquisition report prepared by C& W dated May 2010

\*These two reports are exempt from the provisions of the Freedom of Information Act because they contain advice and information of a commercial nature.

## **STATEMENT OF THE LEADER OF THE COUNCIL TO FULL COUNCIL – 23 MARCH 2011**

**Submitted by:** Councillor Simon Tagg

**Portfolio:** All

**Wards affected:** All

### **Purpose of the Report**

To provide an update to Members on the activities and decisions of Cabinet together with the Forward Plan.

### **Recommendation**

**That the statement of the Leader of the Council be received and noted.**

### **Reasons**

To update Council Members on the activities and decisions of the Cabinet and to allow questions and comments on the Statement to the relevant Portfolio Holders.

#### **1. Background**

Cabinet is due to meet on 23 March 2011. Below is a summary of the items due to be discussed along with a link to the Forward Plan covering the next 3 month period. (For further background to the Cabinets Decisions please refer to the Cabinet agenda of 23 March 2011).

#### **2. Transformation Programme**

The Council launched its Transformation Programme in February 2010. Some of the key projects in the Programme included a review of office accommodation; an examination of home and mobile working for staff and preparing for the introduction of a new electronic document management system. The Programme was designed to improve the way the Council works as well as seeking to save on costs and enhance levels of performance. A number of projects have now been delivered, but the key ones mentioned above have been incorporated into a Sub-Programme entitled 'The Way We Work', as agreed by Cabinet and the new Chief Executive in January 2011.

Work is now ongoing to deliver the key parts of 'The Way We Work' around making better use of our buildings; optimising staff performance and producing cost savings, as well as generating increased income through letting available space in our buildings to other interested parties. This will play an important part in how the Council develops over the next few years and builds on what the Council has already achieved to date by way of savings and efficiencies.

#### **3. Revenue and Benefits IT System Software**

Cabinet will receive a report about the successful implementation of the replacement Revenue and Benefits IT System. £240,000 was invested in a new Software System to administer the collection of local taxation in the form of Council Tax and National Non-Domestic Rates and administration and payment of housing and Council Tax benefit, which are a statutory functions and major areas of work for the Council.

Compared to operating the previous IT System, Pericles, the new system will provide cost savings over the life of the contract as detailed in the Cabinet report.

4. **Jubilee 2 Update**

Construction of Jubilee 2 is now over one third through the 62 week contract period with completion still anticipated for December 2011, as planned.

Members will have noted that the steel frame has been in place for several weeks and work has begun on the roof and brickwork. Additionally, work has commenced on the two swimming pools. The project's budget forecast remains within the approved £10.5 million budget, with a substantial proportion of the contingency budget remaining.

In terms of the building's environmental credentials, the BREEAM co-ordination and assessment is ongoing and a "Very Good" rating is still anticipated.

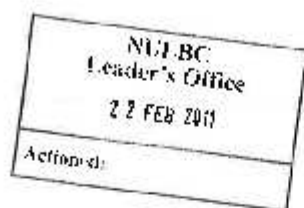
With regard to Health and Safety matters, there have been no reportable incidents to date.

5. **Forward Plan**

The Forward Plan covering the period 1 April 2011 to 31 July 2011 can be found at:

<http://www.newcastle-staffs.gov.uk/forwardplan>

**Councillor S. Tagg**  
**Leader of the Council**



**Mr Philip Atkins**  
**Leader of the Council**  
Councillor for Uttoxeter Rural  
County Electoral Division

Wedgwood Building  
Tipping Street, Stafford, ST16 2DH  
Telephone: (01785) 276121  
Fax: (01785) 276213  
E-mail: [philip.atkins@staffordshire.gov.uk](mailto:philip.atkins@staffordshire.gov.uk)  
Website: [www.staffordshire.gov.uk](http://www.staffordshire.gov.uk)

Cllr Simon Tagg  
Leader of the Council  
Newcastle under Lyme Borough Council  
Civic Offices  
Memorial Street  
Newcastle under Lyme  
ST5 2AG

My ref: PA/ER 312

18<sup>th</sup> February 2011

Dear Simon

**Former Sainsbury's Supermarket, Liverpool Road, Newcastle-under-Lyme**

Thank you for your letter of the 9<sup>th</sup> February 2011.

Firstly, the County Council is very keen to work in partnership with your authority and others to ensure that the public estate is used efficiently. I can assure you that we would very much welcome opportunities for co-location and in this regard I can confirm that in principle the County Council will work with you to achieve this end.

With regard to the above site and your request for the County Council to assist you and the authority in your aim of regenerating the town centre, I am aware that meetings have taken place between senior members and officers of both Councils.

It has been clear that the Borough Council has over the last few years been developing a masterplan to regenerate and improve the retail offer within the town centre.





Given the Borough Council's current ownership I can fully appreciate the importance of the acquisition of the land on which the former Sainsbury's supermarket sits, as this will enable you to assemble a significant site that could potentially attract a major developer and anchor to the town.

Given our experience of undertaking major mixed use developments there is potentially much that we can bring to the table. In this regard I have consulted with my Cabinet colleagues who are in agreement that we should receive a report at the County Council's Cabinet meeting on the 16<sup>th</sup> March. This report will recommend that the County and the Borough Councils will jointly and equally acquire the Sainsbury's site.

Clearly there is still much to be done in respect of due diligence and governance arrangements before the Cabinet can make its final decision, but I trust that this letter gives you a level of comfort that the County Council will seek to work with you in your plans to regenerate the town centre.

Yours Sincerely

Mr Philip Atkins  
Leader of the Council

the knot unites

