NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

REPORT OF THE EXECUTIVE MANAGEMENT TEAM TO COUNCIL

29 June 2011

1. TREASURY MANAGEMENT ANNUAL REPORT 2010/11

Submitted by: **Head of Finance**

Portfolio: **Resources and Efficiency**

Ward(s) affected: **All indirectly**

Purpose of the Report

To receive the Treasury Management Annual Report for 2010/11

Recommendations

(a) That the Treasury Management Annual Report for 2010/11 be received.

(b) That the Actual Prudential Indicators contained within the report be approved.

Reasons

It is a requirement of the CIPFA Treasury Management Code of Practice and its Prudential Code for Capital Finance that an Annual Report is made to the Council in respect of each year's Treasury Management activities.

1. Background

1.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice. This requires an Annual Report to be made to the Council concerning Treasury Management activities after the end of each year. In addition the Prudential Code for Capital Finance requires that the Actual Prudential Indicators for the year be reported to and approved by the Council.

1.2 Treasury Management operations are carried out by your Officers in accordance with policies laid down in the currently approved Treasury Policy Statement, backed up by approved Treasury Management Practices and Schedules thereto, and the Annual Treasury Management Strategy Report.

2. Issues

2.1 The Annual Report for 2010/11 is attached as Appendix 'A' (cream paper). This contains information supplied by the Council's Treasury Management advisors, Sector, augmented by data provided by your Officers. As well as giving a summary of the Council's Treasury Management activities during 2010/11, the report provides an analysis of the economic markets and trends. It also details the Actual Prudential Indicators for 2010/11.

3. Proposal

3.1 That the Treasury Management Annual Report 2010/11 be received.

4. **Legal and Statutory Implications**

4.1 The Local Government Act 2003 and Regulations thereto require Local Authorities to comply with the Prudential Code.

5. **Equality Impact Assessment**

5.1 There are no equality issues arising from the Annual Report.

6. **Financial and Resource Implications**

6.1 There are no specific financial implications arising from the Annual Report.

7. **Major Risks**

7.1 Treasury Management is a major area of risk for the Council in that large amounts of money are dealt with on a daily basis and there are a number of limits and indicators, which must be complied with.

7.2 The overriding consideration in determining where to place the Council's surplus funds is to safeguard the Council's capital. Within this constraint the aim is to maximise the return on capital.

8. **Key Decision Information**

8.1 All wards are indirectly affected.

9. **Earlier Cabinet/Committee Resolutions**

9.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2009 was adopted by this Council on 24 February 2010. This updated the previous code produced in 2001 that had been adopted by the Council on 27 February 2002.

10. **List of Appendices**

10.1 Appendix 'A' (cream paper), Treasury Management Annual Report.

11. **Background Papers**

11.1 CIPFA Treasury Management Code of Practice; Council's Treasury Management Strategy Statement 2010/11, CIPFA Prudential Code for Capital Finance in Local Authorities and guidance notes thereto, Local Government Act 2003, Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, Sector's Model Report for 2010/11 and Guidance on Local Authority Investments issued by ODPM in March 2004.

2. THE FREEHOLD ACQUISITION OF THE FORMER SAINSBURY'S SITE AT 10-16 LIVERPOOL ROAD, NEWCASTLE

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

Portfolio: **Regeneration and Planning**

Ward(s) affected: **Town**

Purpose of the Report

To update Members with further information regarding the proposed acquisition of the above property and to seek a decision as to whether members wish to proceed.

Recommendations

(a) That, following the resolutions made at the Council meeting on 23 March 2011 (in principle, to proceed with both the acquisition of the property and the establishment of an enabling partnership with the County Council), that this Council commits its funding contribution towards this acquisition on the basis set out in this report, in the context of the Council's current and future capital programmes.

(b) That subject to members agreeing recommendation (a), that officers be authorised to take the necessary steps, in conjunction with representatives of the County Council, to complete the acquisition as soon as possible on the terms set out in this report.

(c) That officers be authorised to complete the Joint Venture agreement 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 on the terms summarised both within the report and at Appendix A (green paper – Confidential).

(d) That officers be authorised to take the necessary steps, in conjunction with representatives of the County Council, to procure specialist advisers to assist the local authority partnership in finding a development partner with a view to securing the comprehensive retail-led redevelopment of the wider area as described in the report.

(e) Notwithstanding recommendation (d) that officers be authorised to take the necessary steps to market the site as soon as practically possible with a view to securing short term tenancies.

(f) That officers be authorised to take the necessary steps to facilitate the use of the surface car parks and ground floor of the multi-storey car park as soon as practically possible, including any necessary civil engineering works and installation of equipment, along with the legal procedures relating to the designation of such use.

(g) That the Council agrees, in principle, to utilise its powers of compulsory purchase to facilitate the comprehensive redevelopment of the wider Ryecroft area.

Reasons

The scheme:

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

The Partnership:

2. To demonstrate the affordability of the acquisition to the Borough Council on the basis of sharing the costs and risks of the scheme through the proposed partnership with the County Council.

1. **Background**

1.1 At its meeting on 28 July 2010 the Council agreed to acquire the former Sainsbury's site in Newcastle Town Centre *('Freehold Acquisition of Land & Property, Nos 10-16 Liverpool Road, Newcastle';* see Confidential Agenda of that meeting). At that time it was intended to fund the acquisition, in part, from future capital receipts arising from a programme of disposals of other surplus council-owned land.

1.2 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 extracted from a report about the potential acquisition of this specific site which had become available.

1.3 Your officers, supported by specialist commercial agents/advisers, have been in detailed discussions with Sainsbury's representatives, and, subject to your approval, a purchase price has been agreed, subject to contract. It is intended to proceed to completion on the basis of the latter as soon as practically possible. Your officers can confirm that the County Council has already secured the necessary approval to proceed with this matter within the confines of the partnership with this Council (referred to at the Council meeting on 23 March 2011).

1.4 For the avoidance of doubt your specialist commercial agents/advisers state that the proposed purchase price represents market value for the site. Furthermore due diligence checks have been undertaken both of the structure of the property and of the underlying ground conditions. These have identified matters which have been reflected in the purchase price negotiated with the vendor.

1.5 Finally at the Council meeting on 23 March 2011 members received an update report which focused upon the emergent partnership with the County Council and the following resolutions were made:

(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.

2. **Issues**

2.1 Since the previous resolutions of Council your officers and specialist advisers have considered a number of key issues in further depth in order that members can be appraised before deciding to proceed:

- finance,
- marketing and the procurement of a development partner,
- the ‘fall-back’ break-up and let option,
- the potential implications for the Civic Offices.

These are considered in turn below:

- <u>Finance:</u>

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 must re-appraise the decision in terms of affordability.

Prompted by this you will recall, from your meeting in March 2011, that Staffordshire County Council had agreed to become 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.

The terms of the Joint Venture Agreement for the partnership with the County Council are summarised at confidential Appendix A; the key point to note is that the partnership would be framed by a 75:25 split of all costs (capital and revenue) with this Council contributing the 25% share. You will recall that the report considered at your meeting in March indicated that the Council would contribute <u>up to</u> a 50% share of all costs; your officers feel that the proposal in this report reflects the balance of responsibility between the two parties (as first and second tier Councils respectively) as well as taking cognisance of this Authority’s current financial position.

The detailed financial implications relating to the site acquisition are addressed in both section 9 and the confidential Appendix B (which contains any commercially sensitive information and advice). At a summary level it is evident that the Council’s contribution to the acquisition is affordable from both a capital and revenue perspective.

Importantly the partnership with the County Council will mitigate, significantly, both the actual costs and risks arising from the acquisition.

- <u>Marketing and the procurement of a development partner</u>:

If members agree to proceed with the acquisition, the next step toward bringing forward redevelopment would be to market the development opportunity to the retail development industry; the objective being 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 advisers will be required.

- <u>The fall-back option</u>:

The purpose of acquiring the former Sainsbury’s site is to bring forward a retail-led redevelopment of this part of the town centre. However, as discussed above, in the event that a development partner cannot be secured and the intended scheme cannot be achieved within a reasonable timescale, there is the option of letting the building in the short term to medium term to both mitigate the Council’s holding costs and to secure occupiers that might generate additional footfall for the wider benefit of the town centre.

- <u>The potential implications for the Civic Offices</u>:

In order to make available the wider ‘Ryecroft’ site for redevelopment, the existing Civic

Offices building / site may need to be included within the marketing arrangements (consistent with one of the resolutions made at the Council meeting on 28 July 2010).

In the first instance the views of potential development partners will be sought to explore the full range of options available in this regard (and their enthusiasm/interest in its inclusion). The relative financial advantages of each option for the Council and its partner will also be an important factor. In simple terms the site of the current offices may be required in order to create a more viable development site – however there is no explicit and separate objective to relocate the Civic Offices per se. This matter would have to be the subject of a later report which would consider different options for the replacement of the Civic Offices, including a detailed business case.

Further to the resolutions made at the Council meeting on 23 March 2011 your officers have prepared a summary level project plan (see below) which highlights the critical tasks that are necessary to drive the broader project forwards (once the acquisition has been made and based upon the preferred scenario that the Councils are successful in procuring a development partner on acceptable terms):

1.	Completion of acquisition	30 June 2011
2.	Procurement of specialist adviser	30 Sep 2011
3.	Design and procure improvements to car park	31 Oct 2011
4.	Market to secure temporary letting(s)	31 Dec 2011
5.	Procurement of developer partner	31 Mar 2012
6.	Agree scheme design with developer	30 Sep 2012
7.	Prepare and consider business case re Offices	30 Sep 2012
8.	Dispose of Council's interest (freehold/leasehold)	30 Jun 2013

3. Options Considered

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

(i) Do nothing – to do nothing (i.e. to not proceed with the acquisition) would miss the opportunity to secure a strategically important site which specialist advisers have shown could help to unlock a comprehensive retail-led redevelopment scheme for the long term benefit of the town centre economy.

On the other hand, to adopt this course of action would reduce the Council's immediate financial exposure.

(ii) To proceed with the acquisition through a partnership – in view of the advice and guidance provided by specialist advisers the acquisition remains in the public interest because of the potential scope for enhancing the retail sector of the town centre economy. Staffordshire County Council has committed itself to a partnership with a view to the potential financial risks/rewards of acquisition being shared with the Borough Council. Clearly the latter improves the affordability from the Council's perspective and helps in sharing the risks proportionately, provided the Council is satisfied that an affordable funding strategy can be agreed for our investment in the venture (both capital and revenue).

4. Proposal

4.1 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 acquisition on the basis of the partnership option referred to above. More specifically the following recommendations are made, in light of the Council resolutions made at the meeting on 23 March 2011:

(a) That, following the resolutions made at the Council meeting on 23 March 2011 (in principle, to proceed with both the acquisition of the property and the establishment of an enabling partnership with the County Council), that this Council commits its funding contribution towards this acquisition on the basis set out in this report, in the context of the Council's current and future capital programmes.

(b) That subject to members agreeing the above recommendation, that officers be authorised to take the necessary steps, in conjunction with representatives of the County Council, to complete the acquisition as soon as possible on the terms set out in this report.

(c) That officers be authorised to complete the Joint Venture agreement 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 on the terms summarised both within the report and at Appendix A (green paper – Confidential).

(d) That officers be authorised to take the necessary steps, in conjunction with representatives of the County Council, to procure specialist advisers to assist the local authority partnership in finding a development partner with a view to securing the comprehensive retail-led redevelopment of the wider area as described in the report.

(e) Notwithstanding recommendation (d) that officers be authorised to take the necessary steps to market the site as soon as practically possible with a view to securing short term tenancies.

(f) That officers be authorised to take the necessary steps to facilitate the use of the surface car parks and ground floor of the multi-storey car park as soon as practically possible, including any necessary civil engineering works and installation of equipment, along with the legal procedures relating to the designation of such use.

(g) That the Council agrees, in principle, to utilise its powers of compulsory purchase to facilitate the comprehensive redevelopment of the wider Ryecroft area.

5. Reasons for Preferred Option

5.1 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 and are reflected at Appendix B.

5.2 The Partnership:

The partnership proposals referred to in this report (and approved, in principle, at the Council meeting on 23 March 2011) would reduce significantly the Council's financial commitment and risk going forwards with the scheme. In purely financial terms the proposed arrangement means this Council would be contributing a quarter of the total costs of the scheme (capital and revenue). Additionally it is anticipated that this Authority would benefit from the additional capacity/expertise of the County Council in bringing forward such a scheme.

6. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities

6.1 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 its' partner) 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 specialist advisers) and the creation of around 700 jobs (estimate based upon the Homes and Communities Agency's Employment Densities Guide).

6.2 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 supportive of the aims and objectives of these Strategies and Plans.

7. Legal and Statutory Implications

7.1 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.

7.2 The Council has a responsibility to operate and manage its budgets prudently and legally.

8. Equality Impact Assessment

8.1 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

9.1 By entering into a partnership with the County Council the implications of the potential acquisition for the Borough Council would be greatly reduced compared to the costs previously anticipated (with this Council contributing a quarter of all costs); for reasons of commercial sensitivity these are detailed at Appendix B.

9.2 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).

9.3 On the basis of the information set out at Appendix B provision can now be made within the Council's current capital programme to enable the joint purchase to proceed.

9.4 Assuming that members wish to proceed with the acquisition your officers are satisfied that the purchase price represents market value (based upon expert advice from C&W) thereby providing both Councils with the necessary reassurance that the acquisition represents value for money.

9.5 The proposed Joint Venture agreement proposed with the County Council (a summary of which is included at Appendix A) also brings with it certain financial implications (in order to protect the interests of both parties):

- As well as sharing the capital and revenue costs of the scheme the land receipt for the later disposal of the subject land to a developer will also need to be shared with the County Council on the basis of the partnership terms (i.e. 75:25 split).

- Further, under the terms of the agreement, a 'long-stop' clause has been inserted in which, if, after five years, a legal agreement has not been signed to dispose of the site to a developer then either party will have the right to purchase the other's interest (in this land) from the other party or the site will be disposed of on the open market and the net proceeds shared on the basis of the partnership terms.

9.6 In respect of the holding costs, no provision has been made within the 2011/12 revenue estimates so any 'new' costs would have to be met from the General Fund Contingency Reserve. In a worst case this might amount to about £50, 000 for the balance of this financial year and in future years this 'contingency' would have to be built into the base revenue budget (at a cost of up to about £70, 000 p.a.). However, it is intended to mitigate these costs by generating income from short term letting (say, up to 2 years) whilst a development partner is sought (probably on a low rental basis, with little or no investment from the Councils into the fabric of the building whereby the tenant(s) would cover all holding costs). Additionally it is anticipated that income from operating and managing the car park would provide some income.

9.7 Of course officers would seek a re-valuation of the property with the Valuation Office to reflect its intended use (to ensure that the National Non-Domestic Rates liability is appropriate).

10. **Major Risks**

10.1 <u>The scheme:</u>

The key strategic risk at this stage would be our failure to reach agreement with Sainsbury's over the acquisition. 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; this has been updated to take account of the passage of time and is available to view on request.

10.2 <u>The Partnership:</u>

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.

11. **Key Decision Information**

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

12. **Earlier Council Resolutions**

Council meeting 28 July 2010 - Confidential report; item 2 'Freehold acquisition of land and property, nos 10-16 Liverpool Road, Newcastle (Sainsbury's).

Council meeting 23 March 2011 - Strategic site acquisition and town centre regeneration partnership

13. **Appendices (Confidential)**

Appendix 'A' – Summary of the key points covered by the proposed Joint Venture Agreement with the County Council.
Appendix 'B' – Confidential paper relating to commercially sensitive supporting information.

14. **Background Papers**

- Strategic Investment Framework for Newcastle Town Centre (2010) and refreshed June 2011.
- Prevailing national and local planning policies including the Joint Core Spatial Strategy.
- The Council's Asset Management Strategies 2010/11 and 2011/12.
- The Council's Capital Strategy for 2011/12 to 2013/14.
- The Council's capital programme and revenue budget for 2011/12.

3. MIDWAY MULTI-STOREY CAR PARK – REFURBISHMENT AND REPAIRS

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

Portfolio: **Regeneration and Planning**

Ward(s) affected: **Town**

Purpose of Report

To update members on progress with the repair works to the Midway Multi-Storey Car Park and to seek approval for additional funds necessary to complete the works in accordance with contractual obligations.

Recommendation

That Members note the progress made to date and approve the allocation of necessary additional funds, such funding being made from the current Capital Programme contingency.

Reasons for Recommendations

To enable satisfactory completion of the previously approved works; to ensure that the Council meets its contractual obligations and; to ensure compliance with the Council's Standing Orders and Financial Regulations.

1. **Background**

1.1 The Midway Multi-Storey Car Park was constructed using reinforced concrete in 1964/5.

1.2 Due to some visible deterioration of the structure the Council commissioned independent experts (W S Atkins) to undertake a structural investigation in 2009.

1.3 The latter investigatory report clarified the structure's condition and identified a number of repair solutions, with associated budgets costs, to provide the building with various service lives.

1.4 Taking account of the importance of the car park to both the town centre economy and the Council's income, Members agreed the option which would extend the service life of the car park for 25 years.

1.5 Tenders were invited and, following assessment by W S Atkins, the contract was awarded in the sum of £1,474,411.92

1.6 The main elements of the contract are:

- the repair of the concrete structure;
- installation of a cathodic protection system (to minimise corrosion of the steel reinforcement bars and the associated impact upon the concrete) and;
- applying coatings to the floors, walls and ceilings.

2. **Issues**

2.1 During implementation of the works on site a number of unforeseen issues arose with consequent financial implications.

2.2 The main additional work has arisen due to the following:

(a) Whilst the structural survey indicated the areas of the de-laminated concrete, the precise extent of corrosion of the steel reinforcement could not be identified until the concrete had been broken out on site. In order to achieve a satisfactory standard of repair it is necessary to break out the concrete until a length of non corroded steel reinforcement is exposed, allowing new reinforcement to be lapped against the existing. The result of this, along with the additional corrosion which has taken place since the survey was undertaken, has been an increase in the area of concrete to be repaired.

(b) Due to the protection by the mastic asphalt on the top of levels 9 and 10 the amount of chloride penetration (from de-icing salts carried by the cars using the car park) is low; these areas do not require additional protection. The surface preparation to the underside of these floors was specified as scraping off any loose coatings and jet wash to clean before applying the new coating. When the new paint was applied to the ceiling, an unexpected reaction took place with the old coating beneath, causing some 'flaking' of the new paint. The paint manufacturer took samples from site and confirmed that the new paint complies with the relevant standards. The contractor tried alternative products, but the conclusion was that the original coating needed to be removed to guarantee adhesion of any new applied paint. This caused the contractor to reprogram the sequencing of the works.

(c) One key element of the project is to install “cathodic protection” to the areas of high chloride content in the concrete to arrest further corrosion of the steel reinforcement and the associated de-lamination of the concrete. The areas identified are the floor levels 1 to 8. The most economical solution is to coat the underside of the floors with a conducting paint (which forms the anode) and to connect the reinforcement together which becomes the cathode.

The coating of the underside required the removal of all previous coating, which was undertaken by grit blasting. Whilst this method could be used for levels 3 to 8, due to access restrictions to the underside of levels 1 and 2 an alternative system was specified. The anode in this method was provided by a grid of metal tape embedded in the top of the slab. The metal tape was embedded in grooves cut into the top of the concrete floor slab (approximately 30mm wide, 15mm deep, 400mm centres along the entire floor).

The individual metal tapes were spot-welded together forming the anode grid. During the cutting of the grooves it was discovered that in some areas the depth to the steel reinforcement was too close to the surface of the concrete to allow the tape to be installed. The consequence of this would be to cause an electrical 'short circuit' between the metal tape and the steel reinforcement, thereby rendering the cathodic protection system inoperative.

Accordingly a revised design was introduced, where possible, using a thin layer of epoxy resin to insulate the two elements. Where the cover to the steel reinforcement was too small to allow this technique to be used, the direction of the metal tape was altered. This re-design of the cathodic protection system was more labour intensive and additional materials were required. This caused delay and disruption compared with the contractor's original method of work.

(d) The removal of the coatings to the underside of floors 3 to 8 revealed a large number of “objects detrimental” in the bottom of the down-stand concrete beams. These objects are small pieces of 'off-cuts' of tying wire used to hold the steel reinforcement in place whilst the concrete was poured during the original construction of the car park. These could provide a short circuit between the anode coating and the steel reinforcement. A re-design was produced which negated the removal of these on other floors.

(e) It became apparent that there were a significant number of unforeseen hair line cracks in level 1. This caused undue water ingress to the car show room below. The contractor had to revise his method of operations to minimise any adverse impacts upon the said business.

(f) The noise transmission through the building was considerably higher than expected. To enable the car showroom business to continue operating, the contractor changed his method of working and the hours of work.

These have caused additional work to the contract and have changed the contractor’s method of working compared with their original programme. The original completion date for the works was mid November 2010. Due to the impending cold and damp conditions in the car park (which is not suitable for the application of coatings) and to maximise the number of car parking spaces leading up to Christmas, the contract was suspended towards the end of November.

2.3 As a result of the above the contractor has given notices of “compensation events” for the additional work and the delay and disruption which they have experienced. In view of the fact that the Council remains in a contractual situation it would be inappropriate to incorporate the detail of these matters in this report so the potential financial implications will be explained at your meeting. Nevertheless, a summary of the 'headline' events is attached at Appendix 'B' (salmon paper).

2.4 The key issues for the Council now are:

- To secure satisfactory completion of the works specified in the original contract;
- To ensure that any additional works (mainly the "compensation events") outside of the contract can be demonstrated to be both justified and necessary and;
- To make provision for the necessary funds for the additional work.

3. **Options Considered**

3.1 Do nothing – given the current position, clearly this is not an option.

3.2 Continue with the works and await final claims from contractor – given that the unexpected break in on-site works has enabled officers to secure provisional out-turn estimates, which indicate a likely final contract sum that exceeds the budgetary provision for the project, and in view of the provisions made in the Council's Standing Orders and Financial Regulations, it would be wholly inappropriate to proceed without a further authorisation from Council.

3.3 Intervene and seek to agree compensation events and the costs associated therewith for consideration by the Council to ensure satisfactory completion of the scheme.

4. **Proposal**

4.1 The latter option is preferred. Consequently this report ensures that members are appraised of the progress made to date; that Members understand the technical considerations that have come to light and; enables members to approve the allocation of necessary additional funds, such funding being made from the current Capital Programme contingency.

5. **Reason for Preferred Option**

5.1 The latter option is preferred to enable satisfactory completion of the previously approved works; to ensure that the Council meets its contractual obligations and; to ensure compliance with the Council's Standing Orders and Financial Regulations.

6. **Equality and Diversity Issues**

6.1 There are no such issues arising directly from this report but members should be aware that the improvement works to the car park should improve accessibility for users because of the improved colour-coating of key surfaces as well as improved lighting.

7. **Legal Implications**

7.1 The Council and its contractors are bound by the terms of lawfully made contracts between us. The contracts make provision for compensation for additional works and for the resolution of disputes between the parties without resort to legal action. The terms of contracts are ultimately enforceable through the courts which may lead to additional costs and damages which will be measured so as to put the winning party in the position they would have been in if the contract had been performed as it ought to. This may be predicted in the contract by way of an estimate of such damages. The Council is required to make appropriate budgetary provision for its liabilities.

8. Financial and Resource Implications

8.1 Whilst the Council, with support from specialist advisers, managed a robust tendering exercise that enabled selection of the chosen contractor with a tendered value of £1,474,411.92, it is evident that, even with the inclusion of a 'standard contingency sum' of 10% (i.e. £150,000 - thereby providing a total contract sum of up to £1,624,211.92), the likely out-turn cost of the scheme will exceed that amount and provision will have to be made for the cost of additional works (mainly the "compensation events").

8.2 At the time of writing, a meeting had been scheduled with the contractor in order that the potential extent of the financial implications could be fully explored and justified. The outcome of the said meeting will be reported verbally at your meeting. As stated above, officers have sufficient information to highlight the likelihood of additional costs but it would be wholly inappropriate to incorporate such information in this report at this stage (both for reasons of commercial sensitivity and because it could prejudice the Council's interests in any settlement with the contractor).

8.3 Your officers can confirm that the likely additional costs of the Council meeting its contractual obligations can be met from the current Capital Programme contingency.

9. Major Risks

9.1 That these issues are not appropriately managed to minimise the cost to the Council in terms of finance and reputation.

10. Key Decision Information

10.1 The report requires a decision relating to the capital financing of this scheme.

11. Previous Council resolutions

- Cabinet meeting – 29 July 2009
- Council meeting – 29 July 2009
- Cabinet meeting – 10 March 2010

12. List of Appendices

Appendix 'B' (salmon paper) – summary of compensation events

13. Background Papers

Two technical reports by W S Atkins dated June 2009.

4. PETITION FROM RESIDENT AGAINST A PROPOSAL TO RUN AN INTERNET PHARMACY FROM A PROPERTY IN SHERBORNE DRIVE, WESTLANDS, NEWCASTLE-UNDER-LYME

Submitted by: **Head of Central Services**

Portfolio: **Customer Service and Transformation**

Ward(s) affected: **Westlands**

Purpose of the Report

Petitions with 200 names must be reported to the Council for debate in accordance with the adopted Petition Scheme.

Recommendations

(a) That the petition be received.

(b) That the advice of the Head of Planning and Development be noted.

(c) That the issue of the possible covenant be referred to the Head of Regeneration and Assets with authority to take such steps as he considers appropriate.

Reasons

To comply with the Council's adopted Petition Scheme.

1. **Background**

1.1 Under the Council's Petition Scheme, where a petition (i) relates to a local issue affecting no more than two electoral wards within the Council area; and (ii) contains more than 200 signatures, it may be debated by Full Council. The petition organiser is given the opportunity to speak for up to five minutes to present the petition at the Council meeting and it will then be discussed by Members for a maximum of 15 minutes. Council will discuss how to respond to the petition at this meeting and may decide to:

- take the action the petition requests
- not to take the action requested for reasons put forward in the debate; or
- to commission further investigation into the matter (for example, by a relevant committee).

1.2 The petition organiser will then receive written confirmation of this decision.

2. **Issues**

2.1 A petition containing 226 signatures has been received by the Council which states:

"We the undersigned residents of Sherborne Drive and surrounding area with to object to the allowing of a retail pharmacy business (wholly mail order or internet based (distance selling)) to trade at ….. Sherborne Drive.

Sherborne Drive is a residential road in a residential area and we wish it to remain so. If a business is allowed to open, we believe there will be:

- *a risk to the security of the area and our properties (once it becomes known or assumed that drugs are stored in the house)*

- *an increase in the existing traffic congestion (during school term-time) resulting from delivery vans and couriers*

- *a possibility of danger to children at the nearby primary school (less than 50 metres gate to gate)*

- *a decrease in the value and saleability of our properties*

- *a potential for an influx of such businesses in residential areas.*

The deeds of properties in the area state:

"……. no trade or business shall be carried on thereon" and
"Not to do or permit to be done …… on any building ….. any act which may be or become a nuisance annoyance or damage to ……. or owners for the time being of any adjoining or neighbouring lands or property ……"

We believe these directions were imposed by Newcastle Borough Council when they sold the land for housing.

We ask the Council to:

1. Enforce the above requirements of the deeds at ... Sherborne Drive
2. Review their policy of allowing businesses to trade from domestic properties without applying for change of use (residential to business)
3. Refuse any such application which may subsequently be made."

2.2 A letter from the Head of Planning and Development has been sent to the petition organisers in response, which states:

"A resident has made an enquiry of the Council as to whether he would require planning permission for the running of an internet pharmacy from his property in Sherborne Drive. This resident has also made an application to NHS North Staffordshire for a contract to open a wholly internet/mail order based retail pharmacy business.

The enquiry to the Borough Council was of an informal nature as no formal application for a lawful development certificate under Section 192 of the Town and Country Planning Act has been made to the Council. The advice that has been given is also informal and cannot bind or 'estopp' the Council from subsequently taking enforcement action if there is a breach of planning control.

Planning permission is required for the making of any material change in the use of a building. Whether or not a material change of use has occurred is always a matter of fact and degree, and thus a matter of judgment. The owner of the property wrote to the Council as local planning authority specifying how he intended to operate the business. The Planning case officer in coming to a view on the matter took account of case law on similar cases and published guidance, including Circular 03/2005 which advises that 'planning permission for working at home is not usually needed where the use of part of a dwelling house for business purposes does not change the overall character of its use as a residence'.

The case officer concluded that a material change of use would not take place at the property if the business were to be operated in the manner specified by the owner. The case officer confirmed also that this opinion was based on the information provided to him and that if there was a change in a number of factors, then the advice would need to be reviewed and it might well be that it would be held that a material change of use had occurred at the property. Due to the location of the premises within a residential area, the *case officer further advised that it was unlikely that a change of use of this nature would receive planning permission."*

2.3 Following receipt of the petition, the Head of Planning and Development reviewed the case law and guidance on this issue and concurs with the advice given by the case officer.

2.4 The petitioner has also raised the possibility that the Council is the beneficiary of a restrictive covenant which may be used to restrict the property to residential use only.

3. **Proposal**

(a) That the petition be received.
(b) That the advice of the Head of Planning and Development be noted
(c) That the issue of the possible covenant be referred to the Head of Regeneration and Assets with authority to take such steps as he considers appropriate.

4. **Reasons for Preferred Solution**

4.1 To ensure that the Council acts in a lawful, effective, efficient and accountable manner.

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

5.1 The Petition Scheme strengthens the accountability of the Council to the people.

6. **Legal and Statutory Implications**

6.1 The Council is required by statute to have a Petition Scheme. Planning is delegated to the Planning Committee and Officers under the Council's Scheme of Delegations. The Council has various powers to own and control property rights, principally the Local Government Act 1972.

7. **Equality Impact Assessment**

7.1 There are no specific implications contained in this report. The Council's Petition Scheme allows all residents of the Borough to submit a petition, requiring the Council to consider and take appropriate actions on the request, whether in paper or electronic form. As paper petitions are acceptable, persons without access to the internet are not precluded from organising, signing or submitting a petition.

8. **Financial and Resource Implications**

None at this stage.

9. **Major Risks**

9.1 If the Council does not comply with its Petition Scheme and use its powers properly it may be guilty of maladministration with consequential damage to its reputation and call on its resources

10. **Key Decision Information**

This is not an Executive decision.

11. **Earlier Cabinet/Committee Resolutions**

There are none.

12. **List of Appendices**

Letter from the petition organisers in support of their petition – Appendix ‘C’ (yellow paper).

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

SUPPLEMENTARY REPORT OF THE EXECUTIVE MANAGEMENT TEAM TO COUNCIL

29 June 2011

5. CHANGE IN THE POLITICAL BALANCE OF THE COUNCIL AND THE ENTITLEMENT TO SEATS ON COMMITTEES

Submitted by: **Head of Central Services**

Portfolio: **Customer Service and Transformation**

Ward(s) affected: **Non-specific**

Purpose of the Report

To advise Members of a change in the political balance of the Council and the entitlement of political groups to seats on committees following the Seabridge by-election.

Recommendations

(a) That the revised political balance of the Council be noted.

(b) That the Conservative Group nominate Members to fill those seats to be vacated on the undermentioned Committees in accordance with the requirement for political balance:

Public Protection Committee
Overview and Scrutiny Co-ordinating Committee
Active and Cohesive Overview and Scrutiny Committee
Cleaner, Greener and Safer Overview and Scrutiny Committee
Economic Development and Enterprise Overview and Scrutiny Committee
Transformation and Resources Overview and Scrutiny Committee
Planning Committee

1. Background

1.1 The size of the political groups following the recent by-election is now as follows:

- Conservative Group – 21 Members
- Labour Group – 25 Members
- Liberal Democrat Group – 12 Members
- UKIP Group – 2 Members

1.2 In accordance with the Local Government (Political Groups and Committees) Regulations 1990, the Council is required to have proportional representation from the political groups on the various committees of the authority. The effect of the change in the political balance is as follows:

- The Conservative Group gain one seat on the following committees:

  Public Protection Committee
  Overview and Scrutiny Co-ordinating Committee
  Active and Cohesive Overview and Scrutiny Committee
  Cleaner, Greener and Safer Overview and Scrutiny Committee
  Economic Development and Enterprise Overview and Scrutiny Committee

Transformation and Resources Overview and Scrutiny Committees
Planning Committee

- The Labour Group lose one seat on the following committees:
  Public Protection Committee
  Overview and Scrutiny Co-ordinating Committee
  Active and Cohesive Overview and Scrutiny Committee
  Cleaner, Greener and Safer Overview and Scrutiny Committee
  Economic Development and Enterprise Overview and Scrutiny Committee
  Transformation and Resources Overview and Scrutiny Committees

- UKIP lose one seat on the Planning Committee.

PROPOSED AMENDMENT TO ITEM OF THE EXECUTIVE MANAGEMENT TEAM'S REPORT TO COUNCIL

29 June 2011

PETITION FROM RESIDENT AGAINST A PROPOSAL TO RUN AN INTERNET PHARMACY FROM A PROPERTY IN SHERBORNE DRIVE, WESTLANDS, NEWCASTLE-UNDER-LYME
(item 4 – main agenda)

Proposed by: **Councillor Jones**

Seconded by: **Councillor Mrs Shenton**

Deletion of existing recommendations (b) and (c) and substitution of the following:-

(b) That the entire matter be referred to the Planning Committee for a decision.

APPENDIX 'A'
(Cream Paper)

ANNUAL TREASURY REPORT 2010/11

1. INTRODUCTION AND BACKGROUND

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2009 was adopted by this Council on 24 February 2010. This updated the previous code produced in 2001 that had been adopted by the Council on 27 February 2002.

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the Full Council of an annual treasury management strategy report (including the annual investment strategy*)* for the year ahead and an annual review report of the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of the treasury management strategy to a specific named body which in this Council is the Transformation and Resources Overview and Scrutiny Committee.
6. Delegation by the Council of the role of scrutiny of treasury management performance to a specific named body which in this Council is the Audit and Risk Committee, a midyear review report is received by this Committee.

Treasury management in this context is defined as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. "

The purpose of this report is to meet one of the above requirements of the CIPFA Code, namely the annual review report of treasury management activities, for the financial year 2010/11.

2. THIS ANNUAL TREASURY REPORT COVERS

- The Council's treasury position as at 31 March 2011;
- The strategy for 2010/11;
- The economy in 2010/11;
- Investment rates in 2010/11;
- Compliance with treasury limits and Prudential Indicators;
- Investment outturn for 2010/11;
- Involvement of Elected Members;
- Other issues.

3. TREASURY POSITION AS AT 31 MARCH 2011

The Council's investment position at the beginning and the end of the year was as follows:

	At 31/3/11	Return	Average Life (Days)	At 31/3/10	Return	Average Life (Days)
Total Debt	***£0m***	***N/A***	***N/A***	***£0m***	***N/A***	***N/A***
Total Investments	***£17.7m***	***1.13%***	***181***	***£23.5m***	***2.46%***	***179***

The decline in total investments has been due to a combination of few capital receipts being received due to the economic downturn and capital expenditure being incurred on large projects including:

- Midway car park
- Jubilee 2
- New cremators
- Stock condition survey repairs

4. THE STRATEGY FOR 2010/11

The strategy agreed by Council was that:

- There would be no long term borrowing for capital purposes;

- Short term borrowing would be required to cover any temporary shortfalls in revenue income and to temporarily fund capital expenditure during the interim period before a permanent means of finance became available;

- All borrowing would be kept absolutely within the Authorised Limit of £15m and would not normally exceed the Operational Boundary of £5m (although it could for short periods of time be permitted to rise to a figure between £5m and £15m due to variations in cash flow);

- Temporary surpluses which might arise would be invested, either in short term deposits with the Council's bankers or in money market investments (cash deposits) if the size warranted this and for an appropriate period in order that these sums would be available for use when required;

- The proportions of loans and investments to be at fixed or variable rates were: fixed rate loans to be between 0% and 100% of the total and fixed rate investments to be between 0% and 100% of the total;

- Long term investments to be permitted as follows: maturing beyond 31/03/11 £10m, maturing beyond 31/03/12 £10m, maturing beyond 31/03/13, £10m;

- The overriding consideration in determining where to place the Council's surplus funds was to safeguard the Council's capital. Within this constraint the aim was to maximise the return on capital; and,

- Forward commitment of funds for investment is permitted in respect of in house investments.

Changes in strategy and credit Policy during the year

There have been no changes to the Treasury Management Strategy during the year. As approved by Council on 30th July 2008 we continue to use the lowest common denominator methodology in respect of determining suitable counterparties. This methodology is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

This, and the downgrading of numerous Banks and Building Societies, has led to a severely restricted counterparty listing remaining. Consequently, difficulty has been found in placing investments with counterparties that meet our criteria.

5. THE ECONOMY AND INTEREST RATES

2010/11 proved to be another watershed year for financial markets. Rather than a focus on individual institutions, market fears moved to sovereign debt issues, particularly in the Euro zone countries.

UK growth proved mixed over the year, the first half of the year saw the economy outperform expectations, although the economy slipped into negative territory in the final quarter of 2010 due to poor weather conditions. The year finished with prospects for the UK economy being decidedly downbeat over the short to medium term while the Japanese disasters in March, and the Arab Spring, especially the crisis in Libya, caused an increase in world oil prices, which all combined to dampen international economic growth prospects.

The change in the UK political background was a major factor behind weaker domestic growth expectations. The new coalition Government struck an aggressive fiscal policy stance, evidenced through heavy spending cuts announced in the October Comprehensive Spending Review, and the lack of any "giveaway" in the March 2011 Budget. Although the main aim was to reduce the national debt burden to a sustainable level, the measures are also expected to act as a significant drag on growth.

Deposit rates picked up modestly in the second half of the year as rising inflationary concerns, and strong first half growth, fed through to prospects of an earlier start to increases in Bank Rate. However, in March 2011, slowing actual growth, together with weak growth prospects, saw consensus expectations of the first UK rate rise move back from May to August 2011 despite high inflation. However, the disparity of expectations on domestic economic growth and inflation encouraged a wide range of views on the timing of the start of increases in Bank Rate in a band from May 2011 through to early 2013. This sharp disparity was also seen in Monetary Policy Committee (MPC) voting which, by year-end, had three members voting for a rise while others preferred to continue maintaining rates at ultra low levels.

Risk premiums were also a constant factor in raising money market deposit rates beyond 3 months. Although market sentiment has improved, continued Euro zone concerns, and the significant funding issues still faced by many financial institutions, mean that investors remain cautious of longer-term commitment.

6. INVESTMENT RATES IN 2010/11

The tight monetary conditions following the 2008 financial crisis continued through 2010/11 with little material movement in the shorter term deposit rates. Bank Rate remained at its historical low of 0.5% throughout the year, although growing market expectations of the imminence of the start of monetary tightening saw 6 and 12 month rates picking up.

Overlaying the relatively poor investment returns was the continued counterparty concerns, most evident in the Euro zone sovereign debt crisis which resulted in rescue packages for Greece, Ireland and latterly Portugal. Concerns extended to the European banking industry with an initial stress testing of banks failing to calm counterparty fears, resulting in a second round of testing currently in train. This highlighted the ongoing need for caution in treasury investment activity.

7. COMPLIANCE WITH TREASURY LIMITS

During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the Council's annual Treasury Strategy Statement. The outturn for the Prudential Indicators is shown in Annex 1.

8. INVESTMENT OUTTURN FOR 2010/11

Internally Managed Investments
The Council manages its investments in-house and invests with the institutions listed in the Council's approved lending list. The Council invests for a range of periods from overnight to 3 years, dependent on the Council's cash flows, its interest rate view and the interest rates on offer. The investments made in 2010/11 in practice were generally for a period of less than one year.

Investment Outturn for 2010/11
During 2010/11 an average rate of return of 1.13% was achieved on an average individual investment of £1.9m. This exceeded the target average rate of return by 0.63% (target of 0.5%).

9 .INVOLVEMENT OF ELECTED MEMBERS

Elected members have been involved in the treasury management process during 2010/11 including:

- Scrutiny of the treasury management strategy by the Transformation and Resources Overview and Scrutiny Committee prior to being submitted for approval by the Full Council.
- Scrutiny of treasury management performance by the Audit and Risk Committee through the

receipt of a half yearly treasury management report.

- The Portfolio Holder for Resources and Efficiency attends a quarterly liaison meeting with the Council's Treasury Management advisors, Sector.
- The Portfolio Holder for Resources and Efficiency receives a monthly budget monitoring report which contains details of Treasury Management activity undertaken during the month; this is forwarded to all Members.
- A quarterly budget monitoring and performance report is reported to Cabinet, this contains details of Treasury Management activity undertaken during the quarter.

10. ICELANDIC BANK DEFAULTS

This authority currently has the following investment frozen in the Heritable Bank:

- Investment 5092, £2.5m, maturity date 14 September 2009.

Payments of £403,250, £317,649, £155,396, £157,437, £103,815, £118,358 were received prior to and during 2010/11 from the Heritable Bank administrators on 30/7/09, 18/12/09, 30/3/10, 16/7/10, 18/10/10, 14/1/11 respectively. A payment of £156,863 has since been received (19/4/11) and a further payment is due to be received during July 2011, it is forecast that all payments will have been made to the Council by October 2012.

ANNEX 1: PRUDENTIAL INDICATORS

Position/Prudential Indicator		2009/10 Actual	2010/11 Original Indicator	2010/11 Actual
1	Capital Expenditure	£9.498m	N/A	£9.682m
2	Capital Financing Requirement at 31st March 2011	(£0.894m)	(£0.894m)	*
3	Treasury Position at 31st March 2011 Borrowing Other long term liabilities **Total Debt** **Investments** **Net Borrowing**	 £0.0m £0.0m **(£0.0m)** **(£23.5m)** **(£23.5m)**	 N/A N/A **N/A** **N/A** **N/A**	 £0.0m £0.0m **(£0.0m)** **(£17.7m)** **(£17.7m)**
4	Authorised Limit (against maximum position)	£0.0m	£15.0m	£0.0m
5	Operational Boundary (against maximum position)	£0.0m	£5.0m	£0.0m
6	Ratio of Financing Costs to Net Revenue Stream	(5.74%)	(2.71%)	*
7	Upper Limits on Variable Interest Rates (against maximum position) Loans Investments	 0% 0%	 100% 100%	 0% 0%
8	Actual External Debt	£0.0m	N/A	£0.0m
9	Principal Funds Invested for Periods Longer than 364 days (against maximum position)	£4.0m	£10.0m	£0.0m

**Calculation of these figures will be undertaken following the closure of the Council's accounts*

GLOSSARY

CPI – Consumer Price Index
The Consumer Price Index (CPI) is the main UK measure of inflation for macroeconomic purposes and forms the basis for the Government's inflation target. It is also used for international comparisons.

LIBID – London Interbank Bid Rate
Banks in the City of London tend to lend and borrow money from one another in the wholesale money markets. The rate at which a bank is willing to borrow money is called the London Interbank Bid Rate (LIBID).

LIBOR – London Interbank Offered Rate
This is the benchmark used by banks, securities houses and investors to gauge the cost of unsecured borrowing in the money markets. It is calculated each day by asking a panel of major banks what it would cost them to borrow funds for various periods of time and in various currencies, and then creating an average of the individual bank's figures.

MPC – Monetary Policy Committee
Interest rates are set by the Bank's Monetary Policy Committee (MPC). The MPC sets an interest rate it judges will enable the inflation target to be met. The Bank's MPC is made up of nine members – the Governor, the two Deputy Governors, the Bank's Chief Economist, the Executive Director for Markets and four external members appointed directly by the Chancellor. The appointment of external members is designed to ensure that the MPC benefits from thinking and expertise in addition to that gained inside the Bank of England.

PWLB – Public Works Loan Board
The Public Works Loan Board (PWLB) is a statutory body operating within the Debt Management Office and is responsible for lending money to local authorities and other prescribed bodies, as well as for collecting the repayments

MIDWAY CAR PARK – "COMPENSATION EVENTS"

Agreed Compensation Events

Reference	Title
2	Drainage
3	Asphalt Repairs
9	Cathodic Protection design
13	Deck Cantilever Repairs
19	Investigation of void below level 2
31	Soffit Coating (suspension of works)
46	Resin insulation to Cathodic Protection
50	Concrete Repairs
51	Reduced CP design
53	Reinforcement
56	Fire protection works
61	Police incident
69	Level 1 levelling epoxy

Compensation Events under Discussion

Reference	Title
37	Extension of time
45	Objects Detrimental
58	Zoning of Car Park Lighting
62	Christmas Suspension of works
63	Delay and Disruption
64	Further additional works
70	Joints on levels 9 and 10

Optional Work

Reference	Title
28	Soffit Coating (levels 9 and 10)
58	Zoning of Car Park Lighting