

FINANCE, ASSETS & PERFORMANCE SCRUTINY COMMITTEE

Thursday, 9th November, 2023
Time of Commencement: 7.00 pm

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Present: Councillor Mark Holland (Chair)

Councillors:	Bryan Parker J Tagg	P Waring Bettley-Smith Stubbs	Brockie Lawley Grocott
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Apologies: Councillor(s) Allport

Substitutes: Cllr Lewis

Officers:	Sarah Wilkes Simon McEneny Geoff Durham Martin Hamilton	Service Director - Finance / S151 Officer Deputy Chief Executive Civic & Member Support Officer Chief Executive
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Also in attendance:	Councillor Dave Jones Councillor Andrew Fox-Hewitt Councillor Richard Gorton Councillor Stephen Sweeney Councillor Simon Tagg Councillor John Williams	Group Leader Deputy Leader of the Council and Portfolio Holder - Finance, Town Centres and Growth Leader of the Council and Portfolio Holder - One Council, People and Partnerships
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1. DECLARATIONS OF INTEREST

There were no declarations of interest stated.

2. MINUTES OF A PREVIOUS MEETING

Resolved: That the Minutes of the meeting held on 25 September, 2023 be agreed as a correct record.

3. RYECROFT REDEVELOPMENT - CALL IN

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The committee had been convened to consider a Call-In made in relation to the decision of Cabinet on 17 October, 2023. Cabinet had resolved:

“That:

- (i) The interests from developers to secure portions of the site for residential development be noted and that delegated authority be given to the Deputy Chief Executive, in consultation with the Portfolio Holder for Finance, Town Centres and Growth, and Portfolio Holder for One Council, People and Partnerships to finalise a masterplan for the hotel and residential developments and agree terms with developers to enable these developments to progress.*
- (ii) The outcome of the procurement for a Hotel brand for the site be considered, and agree to the selection of Accor Hotels, with their Ibis Styles brand, for the development of the next stage of business case development, at a cost of £50,000;*
- (iii) Further update reports on progress of the various elements be received as and when further details have been developed. “*

The Chair outlined the procedure that would be followed at the meeting, in accordance with the constitution.

The Call-in was introduced by Councillor Stubbs as lead Call-In member stating that the reason for the Call-In was to discuss and deliberate upon a recent Cabinet decision that had raised concerns amongst residents. The decision in question that had prompted the Call-In was number (i) as written above.

Councillor Stubbs outlined the reasons for the Call-In:

- Lack of Scrutiny. The decision in question was made without sufficient consultation of either Full Council or the Finance, Assets and Performance Scrutiny Committee.
- Lack of transparency. Concerns had been raised about the transparency of the decision making process.
- Significant change in the in-year budget was clearly reportable. For full transparency, Full Council should have been reported to as per the Financial Regulations.

The Call-In aimed to achieve the following outcomes:

- To re-evaluate the decision, taking into account the concerns raised by Councillors and to consider alternative solutions that could serve the community.
- Enhance transparency, seeking to establish a more transparent and accountable decision making process where the rationale for decisions was clearly communicated to residents.
- That the Council receives a presentation from Capital and Centric outlining their vision for the developments within the town centre.

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- Prior to approval, to delegate agreement of terms. That Council receive a paper for approval outlining the financial plans, risks and timeframes of the York Place, Midway, Ryecroft and Castle Car Park Projects.

Councillor Stubbs expanded on the points, stating that there had been a lack of formal reports to scrutiny and Full Council meetings. In addition, reference was made to the blueprint for the Ryecroft redevelopment which, Councillor Stubbs said that nobody had seen.

More information was requested regarding Capital and Centric as it was felt that not enough was known about them. Councillor Stubbs also stated that delivering the Capital Programme for 2023/24 would require prudential borrowing to be undertaken.

Councillor Gorton as one of the Call-In Members addressed the committee, explaining that he signed the Call-In because he felt that the decisions taken by Cabinet on the 17th of October, concerning the redevelopment of the Ryecroft site had not received adequate scrutiny and stated that the proposal had not been made available and therefore no examination had taken place. As Capital and Centric would shape the future of the borough, Councillor Gorton asked what safeguards had been built in to ensure it was an equal partnership.

Councillor Brockie, as one of the Call-In members addressed the committee stating that changes to the Capital Budget would have a significant impact on the Medium Term Financial Strategy. Councillor Brockie sought reassurance that Members would have the opportunity to see a detailed outline of the proposals and the risks involved.

The Chair then called the Leader and Portfolio Holder for One Council, People and Partnerships Councillor Simon Tagg to respond to the Call-In. Councillor Tagg stated that he was disappointed with the political nature of the Call-In and addressed the points raised, firstly the claim that part of the decision was contrary to the Budget and Policy Framework. The Leader stated that the Framework process was set out in the Financial Procurement Rules and everything was voted on at the February Council meeting each year.

The Leader stated that the proposals coming forward were open and transparent, bringing forward those regeneration plans which had been made possible by the investments through the Future High Streets Fund and the Newcastle Town Deal Fund.

With reference to the comment raised about the blueprint, the Leader stated that it had been to several meetings and since the summer, almost every Cabinet meeting had a report on the regeneration plans and it had also gone to both scrutiny committees. Similarly, the Capital and Centric Partnership model had been discussed at several meetings. The Council was expecting to have Capital and Centric's proposals in January at which point the Cabinet,

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scrutiny and Full Council would get to debate them before any budget implication being signed off by Full Council.

There had been no changes to the financial models in modelling of the asset management plan. It was the same as when it was taken to Cabinet and through to scrutiny.

A request had also been made for Council to receive a report on the financial plans. Those would come through the Council meeting process for all Members to view, debate and vote on.

Councillor Sweeney, Portfolio Holder for Finance, Town Centres and Growth stated that the Call-In was unnecessary as the points listed had not happened yet. The only finance item on the Cabinet report being Called-In was £50,000, which was already in the Capital Strategy.

Councillor John Williams, as one of the Call-in Members also felt that there had not been enough scrutiny undertaken and Capital and Centric had not made any presentation to Full Council. Councillor Williams asked if it was just the Cabinet or the Conservative group that had discussed the development and been introduced to the developer.

The Leader stated that the Conservative Group had not met Capital and Centric but at group meetings they did review Cabinet decisions, the details about them would be outlined by the Leader and the Portfolio Holder for Finance, Town Centres and Growth.

Councillor Jones asked the Leader if he was confident and had steps been taken to ensure that, upon completion, the developer would be in a position to purchase the buildings.

The Leader confirmed stated that checks were being done as part of a feasibility study as to whether they were meeting their deadlines and whether they were financially viable. All of the information should be included in future reports.

Councillor Jones asked for confirmation that Capital and Centric would be able to purchase the buildings upon completion.

The Service Director – Finance / Section 151 Officer confirmed that it was at the appraisal stage but Capital and Centric were being looked into and looking at their investments elsewhere.

The Deputy Chief Executive confirmed that, in discussions with Capital and Centric they had been detailing funds and the equity companies that they worked with and were working to create a new fund and third party equity fund, which they would be able to draw upon to purchase the properties. Details would hopefully be received before Christmas.

Councillor Jones asked what, in total, the Council would commit to paying Capital and Centric up to the onset and completion of development. The Leader referred to the pagabo process whereby at various levels the Council could evaluate and use that work to date if it was decided to go with another developer to finish the project. To date £256,000 had been committed to Capital and Centric to draw up a feasibility study. After any required amendments had been made a decision could be made to move to the next level – a commitment for the planning permission through to development. A decision at Full Council would be required to commit to the bigger funds.

The Deputy Chief Executive stated that the £256,500 was for the feasibility/business cases for three schemes: York Place, the Midway and the Ryecroft. If it was then decided to go to the next level, Capital and Centric would have to submit new proposals and set of fees which should then lead to a full planning application and full building cost. It was too soon to say how much would actually be spent with Capital and Centric at this point in time.

Councillor Jones asked for a rough estimation on the costs. The Deputy Chief Executive stated that he could give an estimation of costs on getting the contract for the car park to this point, which was when the contract had been awarded; this was between £400,000 and £450,000 which included the planning permissions, surveys and licenses that had to be paid for.

The Leader added that the Capital and Centric model was just a different approach to financing the development instead of taking on a forty year borrowing requirement and the building would then be managed by them upon completion.

Councillor Fox Hewitt asked why no financial supports or Medium Term Financial Strategy revisions had not accompanied any reports or been undertaken, given that the proposals would impact upon future income generation and revenue streams for the Council.

The Leader stated that the Council was in the process of bringing about the much needed redevelopment of the remainder of the Ryecroft site. Work was about to begin on the car park in January, 2024. Scrutiny had been kept up to date at every stage, it had been discussed at Cabinet meetings and included in the Leader's Statement at Full Council meetings.

The Portfolio Holder for Finance Town Centre's and Growth stated that the car park would belong to the Council as would the income from it. There would be the Council Tax from the development and people spending money in the town. There would also be income from the Midway car park once it had been redeveloped and sold.

Councillor Grocott asked if, as the hotel would come under the Council's jurisdiction once completed, did the Council have contingency plans, staffing and maintenance costs as there was nothing shown in the budget. In

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addition, Councillor Grocott stated that a number of residents had raised concerns regarding the impact on Council Tax.

The Leader stated that under the Capital and Centric model, they would take responsibility for the hotel and there would be no liability on the Council. However, if a different model was chosen the Council could potentially be in charge of it.

Councillor Waring stated that the Call in was based on false premise because a lot of decisions were yet to be made. Confirmation was sought that once a decision was required, it would be brought to scrutiny.

The Portfolio Holder for Finance, Town Centres and Growth confirmed that that was the case.

Councillor Stubbs, responding to Councillor Waring stated that there had regularly been information sent to scrutiny regarding the redevelopment. Changes had been made to the plans which had not had any opportunity to go through scrutiny.

The Chair stated that he gave members the opportunity to add to the work programme or call for reports at every meeting.

Councillor Waring stated that his point was that the timing of the Call-In was premature. The time to call-In would be when the Cabinet had a plan to do something.

Councillor Lewis queried if members were able to ask questions before large amounts of money were spent. The Leader confirmed that questions could be asked but Councillor Lewis was talking about a decision taken at the September meeting of the Cabinet which then went to scrutiny and Full Council.

Councillor Bettley-Smith asked for clarity on why the item had been called-in.

Councillor Jones stated that it had been called in as it was felt that the Council should receive a presentation from Capital and Centric outlining their vision. The Call-In also asked for Council to be furnished with the information regarding the Ryecroft development. Previously asked questions had still not been answered.

The Leader agreed that the Call-In was too soon as everything being asked for was in train to come.

Councillor Bettley-Smith queried whether Call-In's stopped the clock in terms of progressing with a development. The Chair confirmed this as being the case.

The Chair asked for clarification on an item on the form – that *the decision may be contrary to the Budget and Policy Framework set by the Council and*

the Monitoring Officer had advised accordingly. Confirmation was sought that they had been advised as stated. Councillor Jones stated that the box had been ticked accidentally and was to be removed. The Chief Executive and Monitoring Officer had accepted it as a valid Call-in.

The Chief Executive confirmed that it did fall to himself and the Monitoring Officer to review Call-In requests. Although there had been issues with the first box being wrongly ticked, the final box where *the decision gave rise to significant legal, financial and propriety issues* fulfilled the democratic process for a Call-In.

The Leader asked the Chief Executive to confirm when he knew that the first part was ticked in error as the Leader had asked that him to go back to the Labour group to ask if it was correct.

The Chief Executive stated that he had spoken to Councillor Jones but the form had not been amended.

Councillor Lawley asked if assurance of the proposals had been gained, for example had town centre businesses, Market Traders, Business Improvement District or the Chamber of Commerce been consulted.

The Leader confirmed that an extensive consultation took place.

Councillor Brockie asked when Members would be receiving a presentation from Capital and Centric with the costings and risks.

In concluding remarks, Councillor Stubbs stated that the Call-In concerned the financial scrutiny, asset management and overall performance of the Council. It was a call for transparency, accountability and adherence to scrutiny. Regulations.

In concluding, the Leader stated, in respect of the blueprint, it had gone through the Council's various procedures in Spring 2022 and it was now beginning to be delivered upon with the car park commencing early next year. Other proposals would be coming forward to the relevant decision making committees of the Council.

There had been scrutiny of the Capital and Centric model with opportunities for all Members to comment upon and there would be further opportunity in the coming months as proposals were firmed up and budgetary decisions brought to a future Full Council meeting.

Referring to the point raised about 'changing financial modelling of the Asset Management Plan and the Council's Portfolio', the Leader stated that that was not the case and urged Members to read the Asset Management Plan

The recommendations from the Call-In sheet were voted upon but fell

Resolved: (i) That the decision of Cabinet stand.

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- (ii) That the Committee endorse the Cabinet's decision and congratulates the administration on their important progress.
- (iii) That the Committee admonish the Labour group for their politically motivated posturing.

[Watch the debate here](#)

4. PUBLIC QUESTION TIME

There were no public questions.

5. URGENT BUSINESS

There was no urgent business.

6. DISCLOSURE OF EXEMPT INFORMATION

There was no requirement for the meeting to go into closed session.

7. CONFIDENTIAL APPENDICES

Consideration was given to the confidential appendices, attached to the report.

Resolved: That the confidential appendices be received and noted.

**Councillor Mark Holland
Chair**

Meeting concluded at 8.59 pm