

Public Document Pack

Date of meeting Thursday, 9th November, 2023
Time 7.00 pm
Venue Astley Room - Castle
Contact Geoff Durham 742222



**NEWCASTLE
UNDER LYME**
BOROUGH COUNCIL

Castle House
Barracks Road
Newcastle-under-Lyme
Staffordshire
ST5 1BL

Finance, Assets & Performance Scrutiny Committee

AGENDA

PART 1 – OPEN AGENDA

- 1 APOLOGIES**
- 2 DECLARATIONS OF INTEREST**
- 3 MINUTES OF A PREVIOUS MEETING** **(Pages 3 - 10)**
To consider the Minutes of a previous meeting.
- 4 RYECROFT REDEVELOPMENT - CALL IN** **(Pages 11 - 26)**
- 5 PUBLIC QUESTION TIME**
Any member of the public wishing to submit a question must serve two clear days' notice, in writing, of any such question to the Borough Council
- 6 URGENT BUSINESS**
To consider any business which is urgent within the meaning of Section 100B (4) of the Local Government Act 1972
- 7 DISCLOSURE OF EXEMPT INFORMATION**
To resolve that the public be excluded from the meeting during consideration of the attached report, because it is likely that there will be disclosure of exempt information as defined in paragraphs contained within Part 1 of Schedule 12A of the Local Government Act 1972.
- 8 CONFIDENTIAL APPENDICES** **(Pages 27 - 60)**

Members: Councillors Holland (Chair), Bryan (Vice-Chair), Parker, J Tagg, P Waring, Bettley-Smith, Stubbs, Brockie, Allport, Lawley and Grocott

Members of the Council: If you identify any personal training/development requirements from any of the items included in this agenda or through issues raised during the meeting, please bring them to the attention of the Democratic Services Officer at the close of the meeting.

Meeting Quorums :- Where the total membership of a committee is 12 Members or less, the quorum will be 3 members....Where the total membership is more than 12 Members, the quorum will be one quarter of the total membership.

SUBSTITUTE MEMBER SCHEME (Section B5 – Rule 2 of Constitution)

The Constitution provides for the appointment of Substitute members to attend Committees. The named Substitutes for this meeting are listed below:-

Substitute Members:	Whieldon	Adcock
	Panter	D Jones
	Skelding	Fox-Hewitt
	Wilkes	Wright
	Crisp	Gorton

If you are unable to attend this meeting and wish to appoint a Substitute to attend in your place you need to:

- Identify a Substitute member from the list above who is able to attend on your behalf
- Notify the Chairman of the Committee (at least 24 hours before the meeting is due to take place)

Officers will be in attendance prior to the meeting for informal discussions on agenda items.

NOTE: THERE ARE NO FIRE DRILLS PLANNED FOR THIS EVENING SO IF THE FIRE ALARM DOES SOUND, PLEASE LEAVE THE BUILDING IMMEDIATELY THROUGH THE FIRE EXIT DOORS.

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Public Document Pack Agenda Item 3

Finance, Assets & Performance Scrutiny Committee - 25/09/23

FINANCE, ASSETS & PERFORMANCE SCRUTINY COMMITTEE

Monday, 25th September, 2023
Time of Commencement: 7.00 pm

[View the agenda here](#)

[Watch the meeting here](#)

Present: Councillor Mark Holland (Chair)

Councillors: Bryan Parker J Tagg P Waring Brockie Lawley Grocott

Apologies: Councillor(s) Bettley-Smith, Stubbs and Allport

Substitutes: Deputy Mayor - Councillor Barry Panter (In place of Councillor Robert Bettley-Smith)
Councillor Andrew Fox-Hewitt (In place of Councillor Mike Stubbs)

Officers: Sarah Wilkes Service Director - Finance / S151 Officer
Simon McEneny Deputy Chief Executive
Georgina Evans-Stadward Service Director - Strategy, People and Performance

Also in attendance: Councillor Simon Tagg Leader of the Council and Portfolio Holder - One Council, People and Partnerships

1. **APOLOGIES**

Apologies were received from Councillors' Allport, Bettley-Smith and Stubbs

2. **DECLARATIONS OF INTEREST**

There were no declarations of interest stated.

3. **MINUTES OF A PREVIOUS MEETING**

Resolved: That the minutes of the previous meeting held on 26th June 2023 be approved as true and accurate record.

4. **FINANCIAL & PERFORMANCE REVIEW REPORT - FIRST QUARTER 2023/24**

The Leader introduced the Financial and Performance Review report for the first quarter of 2023-24 for which the new performance data had been used and which he commended for the quality of details provided.

The Chairman briefly presented the performance indicators.

Resolved: That the contents of the report and appendices be noted, and members continue to monitor and challenge the Council's service and financial performance for this period.

[Watch the debate here](#)

5. **SICKNESS ABSENCE UPDATE REPORT**

The Leader introduced the Sickness Absence report which showed that stress, depression and anxiety along with musculoskeletal problems were the main reasons reported by employees.

The Service Director for Strategy, People and Performance went through the report, highlighting the main concern which was long term absence i.e. more than four weeks. There had been some improvement in the mental health figures showing the efforts undertaken through various wellbeing initiatives in that area had been helpful. Adjustments had notably be made to keep people in work in office-based environments. The situation was more difficult for manual workers sustaining similar injuries or illnesses.

Data had been benchmarked both locally and nationally, showing that similar organisations were facing the same concerns. An action plan had been developed using conversations, support and further adjustments.

Members asked questions and responses were provided as follows:

- Cllr Brockie asked about changes in neighbourhood delivery. – While there had been some changes in the purpose and focus of the work of the team there hadn't been any changes in the headcount in those areas. The Leader commented that future quarters would bring further information. Cllr Brockie expressed her fear that the restructuring may not be saving as much money it otherwise would as well as suspicion about the targets being appropriate as these didn't seem to be affected by sickness absences. The Leader clarified that the problem was across sectors and efforts were being put I to rectify the situation and have people back to work as soon as possible.
- Cllr Fox-Hewitt asked about the possible outcomes referred to in the report and the opportunity of a staff survey for which numerous templates were available along with preventive measures. – The Leader supported the suggestion of a staff survey and the Service Director for Strategy, People and Performance confirmed that this was in the pipeline. Preventative initiatives were already in place and notably around mental health.
- Cllr Panter asked about professional services available to people suffering from stress, anxiety and depression as well as if causes had been identified in the work place such as excess work and bullying. – External counselling services were available to employees, as for causes these were unfortunately difficult to identify. Most people would not mention work related stress in their footnotes and a dignity at work policy was in place to tackle bullying.
- Cllr Waring wondered if older people in the organisation and potential support to medical treatments. – Allowing for the ageing workforce to move on to roles that are less challenging physically was part of the attendance management strategy.

- Cllr Lawley asked about subsidized gym memberships and safe working practices for operational workers. – Health and safety was taken seriously with information shared on posters among other supports. Subsidized gym memberships were available to all employees and the gym could be used free of charge to help recover from injuries.
- Cllr Fox-Hewitt asked about the turnover of agency staff. – This was common in most councils especially in relation to recycling and waste collection and agency workers were encouraged to join as permanent members of staff.
- Cllr Parker asked about skills matrices showing the names of employees along with their skills. – This was something being used to facilitate rotation although there wasn't a unified system.

Resolved: That the content of the report be acknowledged and debated.

[Watch the debate here](#)

6. MEDIUM TERM FINANCIAL STRATEGY 2024/25 TO 2028/29

The Leader introduced a report updating Members on financial pressures facing the Council for the period 2024/25 to 2028/29 in respect of the Medium Term Financial Strategy.

This had been debated at Full Council last week. An Efficiency Board Savings Committee would be held and its findings brought to this Committee at a later date.

Some of the challenges included inflationary costs, Temporary accommodation and the national pay award. The Portfolio Holder for Finance, Town Centres and Growth would be writing to the local MP's and the Government emphasising the challenges with temporary accommodation and the pay award.

Councillor Brockie said that it was stated that the shortfall in view of the outlined costs would be offset in full by favourable variances – one being the interest on the Town Deal and Future High Streets Fund noting the recent interest hikes as a potentially transient means of offsetting the risks along with the cost of living reserve which, it was suggested would fully offset the forecast pay award. How sustainable was this and did the Council have reserves to contend with the major risks that were involved with meeting obligations. A lot of projects were escalating in cost and none of the construction costs were likely to reduce. Some projects were essential to the economic wellbeing of the town. Could the Council be open minded about what would bring about the regeneration that the Government funds were received for. Some carefully managed asset disposal would be helpful but assurance was required that the Council would realise enough to proceed with its plans safely.

The Leader stated that he was proud of the reserves that this Council had built up over the last few years and had managed to maintain them, despite the legal action taken over Walleys Quarry. With regard to delivering the regeneration programme, it had been looked into to deliver it in a different way, bringing in Capital and Centric on the York Place and Midway developments. This approach could also be looked at for the Ryecroft site. Regarding the bringing in of money from assets, £6.1 million had been brought in from key services over the last few years

Finance, Assets & Performance Scrutiny Committee - 25/09/23

Councillor Waring stated that one of the large pressures this Council had was the temporary accommodation for vulnerable residents. Had any outside funding been received for this.

The Leader confirmed that there was a funding stream from the Government but it was not enough to pay for the entire cost of the accommodation. There was a gap that had continued to grow which was the reason for the letter to the Government that had been mentioned earlier. The Council needed to get full reimbursement, otherwise it would put stress onto the Council budgets

The Chair requested that any letter of response from the Prime Minister/Government be brought to this Committee for comment.

- Resolved:**
- (i) That the funding pressures of £2.751m in 2024/25 and £5.082m over the 5-year period covered by the Medium-Term Financial Strategy (MTFS) be noted.
 - (ii) That the approach regarding the development of savings and income generation proposals in the medium-term be noted.
 - (iii) That the continued uncertainty regarding the medium-term impact of local government funding and the Cost-of-Living crisis be noted.
 - (iv) That the Portfolio Holder for Finance, Town Centres and Growth would be writing to Central Government and Local MP's to lobby for funding to assist with the additional pressures in respect of the national pay award and temporary accommodation be noted.

[Watch the debate here](#)

7. ASSET MANAGEMENT STRATEGY

The Leader introduced a report seeking approval for the new Asset Management Strategy.

The Asset Management Strategy had been in place since 2018, refreshed from the previous administration and items contained within the Strategy had been delivered. Taking it forward took into account all other works going on in the town centre and members were referred to paragraph 2.5.1 of the report which outlined the planned capital works and projects and 2.5.2 which outlined asset disposals. Paragraph 2.5.3 outlined other projects at Chatterley Valley, Kidsgrove and the Circus Heritage Centre.

Councillor Fox-Hewitt asked for absolute clarity on the proposed terms for the Joint Venture Redevelopment in terms of the end purchasing agreement. Councillor Fox-Hewitt's understanding was that the costs would be redevelopment of the site or the value of the land at that time – whichever was the greater. Hypothetically, if York Place cost £900,000 to redevelop and it was valued at £1.5 million, the Council would receive £1.5 million but would that include the purchase of the site. For example, if the purchase cost £1 million and £900,000 was spent redeveloping it, that would leave a shortfall of £400,000. Therefore clarity was required that the purchase cost of the land and site was included in the package of payments.

The Leader believed that was the case and would bring in the Deputy Chief Executive. With regard to the borrowing, all Council's did this. Newcastle had not borrowed significantly for a number of years because of the sale of the housing stock in the 1990's. From a financial point of view, that money would pay off the interest and loan. The Deputy Chief Executive advised that the cost of creating the York Place asset would include land, construction cost, development fees, interest payments on the construction period etc so there would be a budget code and every cost put against that budget code would be the cost of creating the asset. At the time of completion the Council would receive a valuation of that asset and that would include the land and the development – whichever was the greater would be the cost that the Council would receive.

Councillor Fox-Hewitt asked, in terms of the partnership and any of the developments in the town centre, would the procurement of materials and trades be sourced locally. The Leader confirmed that would be the case. Capital and Centric were also keen on sourcing locally.

Councillor Brockie stated that built into each stage of the journey with Capital and Centric was the provision that if things did not work out the Council was under no legal responsibility to continue with it. Preliminary work would be undertaken by Capital and Centric at a cost of up to £256,500 to be available for scrutiny within six months. Could the Committee be kept apprised of who would be responsible for carrying out regular risk assessments, how risks would be quantified and qualified and what would be in place to bring about the necessary interventions.

The Leader stated that it was key that it was done properly and done in such a way that it could be delivered. This Scrutiny Committee would be kept informed. The Deputy Chief Executive explained the PAGABO framework and process, stating that its use had become increasingly popular as they had saved local authorities in time and cost.

Councillor Brockie stated that it should be remembered that this was a market town and not a metropolitan borough and thinks needed to be kept as local as possible.

Councillor Bryan stated that she had worked on a project that had used the PAGABO framework and it had gone really well and cost effective way of working.

Councillor Grocott asked if any of the areas were taken out of the equation, were there any other areas that would be looked at. The Leader stated that the Council was in the hands of Planning Inspectors and other things. Biodiversity and net gain had now come along, which was a planning obligation and the Council could use its land assets to offer these at a price to a developer so there were other income options but the local plan needed to run its course.

The Deputy Chief Executive advised that if the Council did not deliver on what had been listed out there would be two consequences. Firstly, the Council would not get the capital receipts but in the case of car parks and some of the sites where the Council had gone for housing, if they are not agreed through the local plan process or they were not sold, somewhere else would have to be found for those houses to go.

Resolved: That the report be received and the comments noted.

[Watch the debate here](#)

8. COMMERCIAL STRATEGY UPDATE

The Leader introduced a report updating the Committee on the plans to review the delivery of the Commercial Strategy as projects developed.

This Strategy suggested a lot of the same sites as the Asset Strategy. The proposed car park on the Ryecroft would be a profit making one and there would be a hotel on that site. The solar array up at Keele Cemetery would also be used as an income source providing energy for the cemetery. The Council was waiting for Aspire to bring forward their development on the former Zanzibar site.

Councillor Waring asked what payback period there was on the solar installation. The Leader advised that this would be reported at the October Cabinet meeting. The Deputy Chief Executive advised that payback would depend upon the level of investment put in which would be based on two things, whether the equipment was bought or leased. Buying would involve a longer pay back. The Council was trying to work out a business model with a provider that gives the best installation with the most flexibility that gives the most cost. The Leader stated that they were hoping to take the solar array paper to September's Cabinet but due to working through the details and talking with Keele it needed to be right before being taken to Cabinet.

The Chair asked that this be added to the next FAPS agenda under the Update from Cabinet heading.

Councillor Lawley asked if the hotel would be a prime spot for temporary accommodation and therefore not make the anticipated profit. The Deputy Chief Executive stated that if the Government wished to, through its agents, seek the permission of the hotel owner and it was within the rights of the owner to say no. If bookings were taken at the hotel they would be at market rate.

Councillor Brockie asked for an update on the status of the Sky building.

The Leader advised that it was not part of the current Commercial Strategy because it had been sold by the previous administration to a newly set up company. It was immediately sold on to someone in the Liverpool area who eventually left local and foreign investors out of pocket. All that the Council could do was to ensure that the structure was safe and any issues reported to the Health and Safety Executive. Owners were regularly contacted to see whether any development would take place.

Resolved: That the Scrutiny Committee receive a further report on the delivery of the Commercial Strategy in early 2024.

[Watch the debate here](#)

9. WORK PROGRAMME

The December meeting would be looking at the Quarter Two – Finance and Performance Report, Draft Savings proposals and a copy of the Council's Annual Report.

Councillor Fox–Hewitt asked that the Staff Health and Wellbeing survey be added to the January meeting.

10. PUBLIC QUESTION TIME

There were no public questions.

11. **URGENT BUSINESS**

There was no urgent business.

12. **DATE OF NEXT MEETING**

Resolved: That the next meeting be held on 13 December, 2023.

**Councillor Mark Holland
Chair**

Meeting concluded at 8.20 pm

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NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

CORPORATE LEADERSHIP TEAM'S
REPORT TO

FINANCE, ASSETS AND PERFORMANCE SCRUTINY COMMITTEE

09 November 2023

Report Title: Ryecroft Redevelopment – Call In of Cabinet Decision

Submitted by: Chief Executive

Portfolios: Finance, Town Centres & Growth; One Council, People & Performance

Ward(s) affected: Town

Purpose of the Report

This report has been drafted to facilitate the Scrutiny Committee’s consideration of the Cabinet decision relating to the Ryecroft Redevelopment taken on 17th October 2023.

Recommendation

That Committee consider the Call In of the Ryecroft Redevelopment decision and determine:

1. Whether the original Cabinet decision stands;

Or

2. Whether to make a recommendation(s) which change the substantive decision and refer the matter back to Cabinet for consideration;

Or

3. Whether to offer advice or make recommendations which do not change the substantive decision;

Reasons

To ensure that this matter is addressed in accordance with the Council’s constitution.

1. **Background**

- 3.1 At its meeting on 17th October 2023 Cabinet considered a report regarding the Ryecroft Redevelopment prepared by the Deputy Chief Executive. A copy of the report and the two confidential appendix are appended to this report, with the two confidential appendix remaining confidential. The decision taken by Cabinet was as per the recommendations in the report.
- 3.2 Subsequent to the Cabinet decision a Call In notice was submitted in line with the Council's constitution. This Call In notice is appended to this report (Appendix 1).
- 3.3 Calling in an executive decision has the effect of suspending action to give effect to the Cabinet decision until the relevant scrutiny committee has had an opportunity to consider the call in. The actions open to the scrutiny committee are set out in section 16.5 of the Scrutiny Procedure Rules in the Council's constitution and are summarised below:
- Decide that the original Cabinet decision stands;
 - Make a recommendation(s) which change the substantive decision which will be referred back to Cabinet for consideration;
 - Offer advice or make recommendations which do not change the substantive decision;

4. **Issues**

- 4.1 The process to be followed when considering a call in of a Cabinet decision is set out in the Council's constitution but is subject to the Chair's discretion. In summary, the process is as follows;
- a. The Lead Call In Member will address the meeting outlining the reasons for the call in and the desired outcomes. The Call In Members as a group will be allocated 30 minutes speaking time in total;
 - b. Visiting Members, who have given notice of a wish to address the Committee will collectively be allocated 15 minutes to speak (maximum of 5 minutes each);
 - c. Cabinet Member(s) will respond to the Call In and may call witnesses. A maximum of 30 minutes is allocated to the Cabinet Member and witnesses in total.
 - d. The Call In Members may ask questions of the Cabinet Members, with a maximum of 15 minutes allocated to this part of the meeting;
 - e. The Committee may ask questions of the Cabinet Member(s) and Call In Members and debate what is heard – maximum of 30 minutes is allocated;
 - f. Concluding remarks from the Lead Call In Member – 15 minutes
 - g. Concluding remarks from the Cabinet Member(s) – 15 minutes
 - h. Committee discuss what it has heard and reach a conclusion – 15 minutes;

5. **Recommendation**

That Committee consider the Call In of the Ryecroft Redevelopment decision and determine

- Whether the original Cabinet decision stands;

Or

- Whether to make a recommendation(s) which change the substantive decision and refer the matter back to Cabinet for consideration;

Or

- Whether to offer advice or make recommendations which do not change the substantive decision;

6. **Reasons**

6.1 To ensure that this matter is addressed in accordance with the Council's constitution.

7. **Options Considered**

7.1 No options are available which are consistent with the Council's constitution.

8. **Legal and Statutory Implications**

6.1 The Monitoring Officer has advised that the decision subject of the Call In is within the Council's Budget and Policy Framework. The proposals once complete will be presented to Full Council in accordance with Financial Regulations as part of the budget setting process. Should Members wish any further advice in this regard the Section 151 Officer will be present at the Call In meeting to assist Members in this regard.

9. **Equality Impact Assessment**

9.1 None directly arising from this report.

10. **Financial and Resource Implications**

10.1 The Council's Budget and Policy Framework requires key decisions to be taken via a process as set out in the Financial Procedure Rules. This process sets capital spend approval limits for Cabinet at £250k to £2m and Full Council at £2m and above.

10.2 The Ryecroft Development is currently in the option appraisal phase which involves Officers of the Council working with Developers, Architects and Legal Advisors to draw up and evaluate possible scheme which may be financially viable and deliverable within the Future High Street and Town Deal Regeneration guidelines.

- 10.3 A number of reports have previously been taken to Cabinet seeking approval to spend Future High Street and Town Deal Funding in order to engage specialist to draw up workable plans. These works ensure that the most viable schemes can be developed both from a financial aspect, a regeneration aspect, and a sustainable aspect. The most recent example of a revised scheme as a result of these appraisals has been around the option to retain the existing structure of York Place, building around it rather than demolishing it and building from scratch. This would enable the Council to deliver the project in a more sustainable way whilst being more cost effective.
- 10.4 The report taken to Cabinet on the 6th June gave authority to commence the procurement of initial design and costing works through a design and build contractor for the development of a new hotel on the Ryecroft site and commence the selection of a hotel brand to be associated with the development. The costs associated with these works are around £50k and will be financed through the Councils Project Feasibility Budget within the Council Capital Programme.
- 10.5 Once all the option appraisal work on all of the regeneration projects has been completed, Full Council will be asked to approve the necessary funding, either as part of the budget process or as a separate report, depending on timing.
- 10.6 It should be noted that the Council is the Accountable Body for the Future High Street Funding and the Town Deals Funding, therefore as always it is the Councils priority and duty to ensure value for money is achieved, governance arrangements are met and the regeneration schemes are suitable for the Town Centre.

11. **Major Risks & Mitigation**

- 11.1 There are no risks directly arising from this report.

12. **UN Sustainable Development Goals (UNSDG)**

- 10.1 The Ryecroft Redevelopment supports UNSG and Climate Change objectives in a number of ways. Principally, through partnership working and supporting sustainable cities and communities via the correct use of public monies. The following UNSGs are supported.



13. **Key Decision Information**

- 11.1 This report deals with the Call In to scrutiny of a Key Decision taken by Cabinet.

14. **Earlier Cabinet/Committee Resolutions**

14.1 Cabinet decision 17th October 2023.

15. **List of Appendices**

15.1 Appendix 1 – Call In Notice

13.2 Appendix 2 – Ryecroft Redevelopment; Cabinet decision report, including two confidential appendix.

16. **Background Papers**

16.1 n/a

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CALL-IN REQUEST FORM

Decision reference/minute no.	Ryecroft Redevelopment
Date of publication of decision:	18 th October 2023
Decision taken by:	Cabinet
This form must be returned to the Chief Executive within 7 working days of the decision being published with at least 5 signatures	
Decision called-in:	
That:	
1. Note the interests from developers to secure portions of the site for residential development and delegate 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 authority to finalise a masterplan for the hotel and residential developments and agree terms with developers to enable these developments to progress.	
A call-in should satisfy one or more of the following criteria.	
Which of the following criteria supports the call-in of this decision? (please tick)	
<input checked="" type="checkbox"/>	The decision may be contrary to the budget or policy framework set by the Council and the Monitoring Officer has advised accordingly
<input type="checkbox"/>	The decision is inconsistent with another Council policy
<input type="checkbox"/>	The decision is inconsistent with a previous Overview and Scrutiny recommendation, which has been accepted by the Council or the Cabinet
<input type="checkbox"/>	The decision maker has not taken into account relevant considerations and this can be demonstrated by reference to the documents supporting the decision
<input type="checkbox"/>	The decision maker has failed to consult relevant people or bodies in contravention of defined Council policies or procedures
<input type="checkbox"/>	The decision has or will demonstrate a significant adverse public reaction
<input checked="" type="checkbox"/>	The decision gives rise to significant legal, financial or propriety issues

Please explain how the relevant criteria above are met by this call-in:

In accordance with the council constitution, we hereby call in the decisions by Cabinet, published on 18th October 2023, specifically the associated financial matters relating to York Place, Midway Car Park, Rycroft development and the Hotel.

The decision to do so is in the Labour groups view necessary under our responsibility for Governance, Risk and Control of the council finances – a legal and fiduciary duty.

Section 5 (r) of the council constitution sets out that the adoption, approval or amendment of an annual budget, any supplementary estimates and any plan or strategy for the control of the Council's borrowing or expenditure should be agreed by full council.

The Labour Group is alarmed and concerned that each month Cabinet is changing the financing of key redevelopment projects within the borough, approving consultancy fees and business case development costs without any scrutiny or cognisance to the Budget and Policy Framework.

The Labour group supports a long-term vision for the Town Centre to deliver capital projects to improve the estate. However, council has not been given the opportunity to thoroughly understand, scrutinise and debate the plans to partner with Capital and Centric.

The Labour group assert that the administration has now sought to fundamentally change the financial modelling of the asset management plan and the council property portfolio without due oversight.

Suggested proposal you would like to be voted on at the call-in meeting (*this should be an evidence-based proposal and you should provide evidence to support the proposal*)

That council receive a presentation from Capital and Centric outlining their vision for the developments within the Town Centre.

That prior to approval to delegate agreement of terms. Council receive a paper, for approval, outlining the financial plans, risks and timeframes of the York Place, Midway, Rycroft and Castle Car Park projects.

Members requesting call-in of the decision:

	Name	Signature	Date
1.	Dave Jones	Please see email to Chief Exec	23 rd October 2023
2.	Andrew Fox-Hewitt	Please see email to Chief Exec	23 rd October 2023
3.	Richard Gorton	Please see email to Chief Exec	23 rd October 2023
4.	John Williams	Please see email to Chief Exec	23 rd October 2023

5.	Wendy Brockie	Please see email to Chief Exec	23 rd October 2023
6.	Mike Stubbs	Please see email to Chief Exec	23 rd October 2023

THIS PART OF THE FORM IS TO BE COMPLETED BY THE CHIEF EXECUTIVE OR HIS/HER REPRESENTATIVE

Date and time form received:	23/10/23
Form processed by (name):	M Hamilton
Date of publication of decision:	18/10/23
Was the call-in request received within 7 working days of publication?	YES
Are there at least 5 appropriate Members' signatures on the call-in notice?	YES
Which Overview and Scrutiny Committee will this call-in be referred to?	Finance & Performance Scrutiny Committee

Signature of Chair / Vice-Chair of relevant Overview and Scrutiny Committee		Date:
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The appropriate decision making body, Members requesting call-in, the Monitoring Officer, the Licensing and Democratic Services Manager and the Scrutiny Officer need to be informed of receipt of call-in form.

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NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**CORPORATE LEADERSHIP TEAM'S
REPORT TO**

Cabinet
17 October 2023

Report Title: Ryecroft Redevelopment
Submitted by: Deputy Chief Executive
Portfolios: Finance, Town Centres and Growth and One Council, People and Partnerships
Ward(s) affected: Town

Purpose of the Report

To provide Cabinet with an update on progress made with the Ryecroft Development in Newcastle Town Centre and to enable decisions to be taken to move the development forward.

Recommendation

Key Decision: Yes

That Cabinet:-

1. **Note the interests from developers to secure portions of the site for residential development and delegate 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 authority to finalise a masterplan for the hotel and residential developments and agree terms with developers to enable these developments to progress.**
2. **Consider the outcome of the procurement for a Hotel brand for the site, 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;**
3. **Receive further update reports on progress of the various elements as and when further details have been developed.**

Reasons

The Council has been developing plans for several key sites across the Town Centre of Newcastle-under-Lyme as part of the Future High Street Fund and Town Deal Fund, these include the redevelopment of the Council owned Ryecroft site – subject of this Cabinet Report, and the redevelopment of York Place, and the redevelopment of the Midway Multi Storey Car Park – which were subject to a separate Cabinet Report on the 19 September 2023.

As with the previous report's this report enables progress to be made on the Ryecroft site.

1. **Background**

- 1.1 As reported to previous Cabinets, the Council has secured finance from Future High Street Fund and Town Deal Fund for the redevelopment of several key regeneration sites

across the Town Centre. Work has been continuing in the development of the schemes for the past couple of years, and the current position regarding each is as follows:

- Castle Car Park (Ryecroft)– Planning consent was secured in June 2023 and a contract for delivery has been let to Morgan Sindall.
- New Hotel (Ryecroft) - A procurement exercise has been completed for the brand that the hotel will operate under.
- Housing (Ryecroft) – three parties have come forward with interest in developing housing on part of the site, as detailed later in this report.
- York Place – The Council purchased this site in March 2022 and secured planning consent in June 2023 for the demolition of the current building and rebuilding of a mixed-use development. Capital and Centric are now working up plans for the redevelopment of the site, as per the Cabinet approval on the 19 September 2023.
- Midway Car Park – as with York Place, Capital and Centric are now working up plans for the redevelopment of the site, as per the Cabinet approval on the 19 September 2023.

2 Update

Ryecroft - Update on Current Position

2.1 The Blueprint for Ryecroft essentially identifies four distinct elements for the site:

- Multi-story Carpark to serve the Town Centre and release Midway and selected surface car parks for re-development;
- Midrange Hotel, responding to identified market demand;
- Public Open Space/Urban Park, providing linkage between the Brampton area and the Town Centre, and a new activity space for the town;
- Housing developments with an element of commercial space on the remainder of the site.

2.2 The site is jointly owned by the Borough Council and the County Council, and under the delegation provided by Cabinet in June 2023, terms have been agreed with Staffordshire County Council for the Borough Council to secure full ownership of the site.

2.3 The Council has secured planning consent for the construction of the Castle Car Park, with Morgan Sindall commencing construction in early October 2023, with the new facility being open in the summer of 2024. This is funded in part from Future High Street Funding programme and in part through the Council's capital programme.

Residential Development

2.4 Currently there are three parties who have entered into discussions for the development of residential units on the site as summarised below:

- **Aspire** – Seeking space for circa 50 social housing residential units; Aspire are prioritising residential development over office accommodation, but are considering relocation to a town centre office base, potentially in the York Place development; Details of the Aspire Proposal is set out in Confidential Appendix B
- **McCarthy and Stone** – Seeking space for 51 residential units specifically for the over 55 year old aged community. Detail of the McCarthy Stone proposal is set out in Confidential Appendix B
- **Capital & Centric** – Seeking space for a mixed residential and commercial scheme

- 2.5 The opportunity exists to accommodate all of these within the site, enabling a mix of early capital receipts and deferred receipts and the next step regarding the residential development is to work up a masterplan for this aspect of the site, with a view to settling on a scheme which delivers both the Council's financial and place making aspirations. In addition to the master planning it will be necessary to negotiate final terms with each party to ensure "best consideration" is achieved.
- 2.6 In order to ensure that the site is developed in a cohesive manner, the business case and design work for the hotel will be undertaken as part of this master plan. This will be accommodated within the budget approved at the September Cabinet to progress the York Place and Midway designs, with the design works undertaken by Capital and Centric under the Pagabo framework.

Hotel Development

- 2.7 The development of the Hotel will involve a series of sequential steps, as outlined in the report to Cabinet in June 2023. In summary this involves:
- Agreement of a Hotel brand under which the Hotel would operate;
 - Secure cost certainty on the build and fit out, which will be influenced by the selected brand;
 - Development of a clear business case based on the build costs and terms negotiated with the selected brand;
 - Decision point to proceed to secure planning consent, financing, and commit to the investment
- 2.8 Council has conducted a procurement exercise for a hotel brand as the first step in this process.
- 2.9 In identifying the route to market for a suitable Hotel Branding Partner/Franchise, Officers undertook a broad market engagement identifying four organisations who collectively deliver a wide brand range of both national and international hotel and franchising solutions. Each of the four organisations expressed an early interest in exploring the potential hotel development on the Ryecroft site.
- 2.10 This work was further supported by a combined feasibility study undertaken and produced by Genr8 Kajima Regeneration Limited and Avison Young which was made available to prospective bidders at the commencement of the procurement process. All four organisations were invited to submit their recommended branding solution and income share proposal.
- 2.11 At the closing date for submissions, three proposals were received, these are summarised in the Confidential Appendix to this report (Appendix A). These proposals were reviewed by a panel of four Officers, the outcome of this evaluation process can be found below:

Bidder	Quality score	Adjusted Quality Score	Commercials Score	40% x Quality	60% x Commercials	Total score
Bidder 'A'	390	100.00	98.34	40.00	59.00	99.00
Bidder 'B'	380	97.44	100.00	38.98	60.00	98.98
Bidder 'C'	180	46.15	No submission	18.46	0	18.46

2.12 From this evaluation, Bidder A was selected as the successful bid. This is Accor Hotels group, with their Ibis Styles brand. Through this report, Cabinet is invited to endorse this selection and the £50,000 cost of Accor developing the business case with the Council.

Next Steps

2.15 As outlined above the next steps for this development are:

- Preparation of designs and full business case for the Hotel on Ryecroft, based on the Ibis Styles brand;
- Finalisation of the master plan for the residential element of the site;
- Finalisation of terms for residential developments, and exchange of contracts;
- Further reports to Cabinet at key decision points.

3. Proposal

3.1 That Cabinet

1. Note the interests from developers to secure portions of the site for residential development and delegate 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 authority to finalise a masterplan for the hotel and residential developments and agree terms with developers to enable these developments to progress.
2. Consider the outcome of the procurement for a Hotel brand for the site, 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;
3. Receive further update reports on progress of the various elements as and when further details have been developed.

4. Reasons for Proposed Solution

4.1 The decision will enable the project to progress, with the associated uplift the status of Newcastle Town Centre as the heart of economic, social and community life in the Borough.

5. Options Considered

5.1 Throughout the gestation of this development, over a number of years, a range of options have been considered as detailed in earlier Cabinet reports.

6. Legal and Statutory Implications

6.1 Section 2(1) of the Local Government Act 2000 permits local authorities to do anything they consider likely to promote or improve the economic, social and environmental well-being of their area. That would include actions to deliver the Future High Street Fund programme for Newcastle Town Centre.

6.2 Should Cabinet approve Accor as the proposed hotel branding partner, Officers will commence the process of establishing and agreeing an appropriate franchise agreement with Accor.

- 6.3 Should Cabinet approve Capital and Centric as a development partner the pre contract services agreement being developed for the York Place and Midway projects (subject of the September Cabinet approval) can be extended to include the Ryecroft works.
- 6.4 Land purchase agreements with Aspire Housing and McCarthy and Stone will be developed up in accordance with the land required for each scheme.

7. **Equality Impact Assessment**

- 7.1 The nature of the project is intended to seek benefits for all people who use the town centre and to support the economic and social health of Newcastle Town Centre as a destination.

8. **Financial and Resource Implications**

Ryecroft Hotel

- 8.1 The proposed Hotel development in the centre of the Ryecroft site is estimated to cost £15m if built as a stand-alone facility. At this stage it is necessary to develop up designs and a business case based on the selected brand. This development work will be led by Capital and Centric, in partnership with the Council, through their work on the Ryecroft masterplan, which will include an initial design and costings for the Hotel, incorporating contributions, advice and standard setting by the Accor, Ibis Styles, design engagement team, at a cost of £50,000. The £50,000 to fund the Accor business case will be funded from the feasibility plan budget within the Council's capital programme.
- 8.2 The funding of the Hotel development will be via borrowing over the life of the asset. The cost of borrowing will be covered by the net income from the hotel after taking into account the costs of operation over the useful life of the development, but will require a budget pressure of circa £0.332m in year 1 of operation which reduces to nil in year 12 of operation. Should the developer be interested in taking ownership of the completed development then the proceeds from the sale will be used to repay the development loan in full (interest costs up to the completion date relating to the loan would amount to circa £0.574m, which would form part of the completion costs and be paid by the developer).

Further Developments

- 8.3 As stated in paragraph 2.4, Aspire Housing and McCarthy and Stone are both seeking to secure part of the Ryecroft site in order to provide a total of 51 residential units. It is currently anticipated that they will purchase the land for these units and develop the space themselves, therefore a capital receipt would be received from both interested developers.
- 8.4 Further developments on the Ryecroft site via Capital and Centric could involve the Council financing the project through the construction phase and then subsequent purchase of the sites by Capital and Centric, as per York Place and Midway Car Park (September 19 2023 Cabinet Report).
- 8.5 Should the developer take on the ownership of the completed developments then the proceeds from the sale will be used to repay the development loan (interest costs up to the completion date relating to the loan would amount to circa £1.127m for the Ryecroft which would be paid by the developer).
- 8.6 In determining the development mix to proceed with the Council will need to ensure that the overall scheme delivers best consideration.

9. **Major Risks**

9.1 Making all elements of the Ryecroft scheme work for each partner and ensuring a coherent site will require robust and timely management of the master planning process and effective stakeholder management.

9.3 The inflationary pressures and the cost of borrowing is a risk to the delivery of all of the schemes and each needs to be planned carefully to minimise the effects of each prior to the start or award of any contract.

10. **UN Sustainable Development Goals (UNSDG)**

10.1 Newcastle Town Centre is a highly accessible location, encouraging greater use of its land and assets enhances its role as a centre for services, leisure, retail and living and its connection to local residents. Further this project is intended to provide redevelopment that sustainable improvements, regeneration and economic benefits and the project supports the realisation of the following UNSDG objectives:-



11. **Key Decision Information**

11.1 This is a Key Decision

12. **Earlier Cabinet/Committee Resolutions**

12.1 October 2019, Cabinet concerning development of the second stage FHSF bid and procurement of consultancy support.

12.2 December 2019, Economy Environment & Place Overview and Scrutiny Committee Town Centre Funding Update (information item).

12.3 July 2020, Cabinet concerning approval for submission of bid into MHCLG (now DLUHC).

12.4 April 2021 Cabinet accepting FHSF Grant monies and grant conditions.

12.5 December 2021 Cabinet purchase of York place Newcastle under Lyme.

12.6 March 2022 Cabinet award of contract for design and build contractor

12.7 January 2023 Cabinet progress report on the York Place project

12.8 June 2023 Cabinet award of contract for the demolition of York Place

12.9 September 2023 Cabinet approval of work on York Place and Midway Car Park

13. **List of Appendices**

13.1 Confidential Appendix A – Hotel Procurement Proposals.

13.2 Confidential Appendix B – Residential Proposals

14. **Background Papers**

14.1 None

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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