

Revolving Investment Fund Committee

Wednesday, 28 June 2017

Attendees: Councillor Mark Cory, Councillor Annie Feltham, Councillor Paul Smith, Councillor Tim Young
Substitutes:
Also Present: Councillor Scott attended as an observer in her capacity as Chairman of the Trading Board.

Publication and Call in Arrangements

Date Published: 29 June 2017

Date when decisions may be implemented (unless called in): 5pm, 6 July 2017

Requests for the scrutiny of relevant decisions by the Scrutiny Panel must be signed by at least one Councillor and four other Councillors to countersign the call inform or indicate support by e-mail. All such requests must be delivered to the Proper Officer by no later than 5pm on 6 July 2017.

62 Appointment of Chairman

RESOLVED that Councillor Cory be appointed as Chairman for the 2017-18 municipal year.

63 Appointment of Deputy Chairman

RESOLVED that Councillor T. Young be appointed as Deputy Chairman for the 2017-18 municipal year.

64 Minutes

RESOLVED that the minutes of the meeting on 29 March 2017 be confirmed as a correct record.

65 Delegation of the Appointment of the Main Contractor for the Redevelopment of 5-6 St Nicholas Street ("Jacks") and Agreement to Dispose of the Building on a Long Leasehold Basis

The Strategic Director, Commercial and Place, submitted a report a copy of which had been circulated to each Member.

Fiona Duhamel, Economic Growth Manager, introduced the report to the Committee and set out the background to the redevelopment of 5-6 St Nicholas Street. The scheme now had planning permission for the change of use to seven flats and for a commercial unit. Invitations to tender for the development had been sent out to contractors in May 2017. However, in view of the timescales and the schedule of Revolving Investment Fund (RIF) Committee meetings, it was requested that authority for the appointment of the main contractor be delegated to either the Strategic Director Commercial and Place or the Assistant Director Policy and Corporate. In addition it was proposed to commence the soft marketing of the residential and commercial units. Once marketing advice had been received and a period of marketing undertaken, the scheme would be reported back to the Committee for decisions on the final disposal of the site.

In discussion members of the Committee highlighted the value of the feasibility study, which had been the subject of some public criticism. This was a complex building with a number of specialist issues and the feasibility study had enabled the Council to bring a popular building back into use whilst delivering housing in the town centre and an income stream to the Council. It was anticipated that the construction phase would take between seven to nine months and that the units would be ready for the spring market. Members were also provided with reassurance that a number of issues, such as sound-proofing, had been addressed through the planning process.

Members also explored whether the development of the units could be transferred to the Housing Development Company, but it was explained that the Company would be established on 1 October 2017 whilst the units were under construction, and it would be very difficult to transfer a project to the Company once building work had commenced.

RESOLVED that:-

- (a) Authority be delegated to the Strategic Director Commercial and Place or Assistant Director Policy and Corporate, in consultation with the Portfolio Holder for Business and Culture, the authority to appoint the main contractor for the conversion of 5 – 6 St Nicholas Street (Jacks) into 7 flats and a commercial unit, subject to the cost of the works not exceeding the budget previously approved by the RIF Committee.
- (b) Soft marketing of the residential and commercial units commence through an agent with the proposal to dispose of the whole building on a freehold or long leasehold basis.
- (c) The requirement to sell the residential element of the building be noted
- (d) The receipt from the sale of the building be reinvested in the provision of new

homes across the Borough to be delivered through the wholly owned housing company.

REASONS

The tender process for this work commenced on 30th May 2017 and will last for 8 weeks. The Council will be ready to appoint a contractor in the early part of August. In order to ensure that there are not delays in the appointment of the contractor officers are asking for the RIF Committee to agree that as long as the successful tender does not exceed the budget previously approved by the RIF Committee and set out in the attached not for publication appendix the appointment of contractor can be delegated as per section 1 of the Strategic Director's report.

The value of the main contract is expected to exceed £500,000 and RIF Committee approval to appoint the main contractor is required.

Until the Housing Wholly Owned Company is established the Council cannot legally rent out residential properties directly on a private basis. It will therefore be necessary to sell the flats. The Council is also considering a disposal of the commercial unit, although this may depend upon the advice received from the marketing agents and the level of interest from occupiers, and an agent will be procured to market the property.

There are various ways to dispose of the property and it is proposed to come back to the RIF Committee to provide detailed options for the disposal of the site, prior to the start of construction, following advice from the appointed agents.

ALTERNATIVE OPTIONS

The tender process could be undertaken and then the RIF Committee could be asked to make a decision regarding the appointment of the contractor which would result in a delay in appointing the contractor.

The Council could consider transferring the asset to the wholly owned Housing Company which could hold the residential units for rent, however the company is unlikely to be established prior to the start of construction.

66 Revolving Investment Fund - Financial Update

The Assistant Chief Executive submitted a report a copy of which had been circulated to each Member.

Steve Heath, Finance Manager, introduced the report to the Committee.

The Committee noted the substantial inward investment that the Revolving Investment Fund provided. The contents of Appendix B were highlighted, and in particular it was highlighted that no projects were at red status. The Northern Gateway Extra Care site had now been considered and approved by Cabinet. Whilst it was noted that there had been an overspend on the Creative Business Centre that would be met from elsewhere in the RIF, this was a valuable scheme and the overspend had been fully justified. Further information about the scheme to alleviate flooding on Distillery Lane and Haven Road was sought, but this could not be provided until the Feasibility Study was completed.

RESOLVED that the latest financial position on the Revolving Investment Fund be noted.

REASONS

Cabinet agreed to create the RIF as a way to recycle capital receipts into profitable high income producing development schemes and regeneration/economic growth projects. This report set out the updated financial position of the RIF and proposes allocations of funding to specific projects.

ALTERNATIVE OPTIONS

It would be possible to consider different allocations to projects. However, the proposals in this report represent a considered view of the cost to deliver a number of projects and income budget targets.

67 Minutes - Part B

The Committee resolved under Section 100A(4) of the Local Government Act 1972 and in accordance with the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 to exclude the public from the meeting for the following item as they involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

RESOLVED that the not for publication extract from the minutes of the meeting held on 29 March 2017 be confirmed as a correct record.

68 Delegation of the Appointment of the Main Contractor for the Redevelopment of 5-6 St Nicholas Street ("Jacks") and Agreement to Dispose of the Building on a

Long Leasehold Basis - Part B

The Committee resolved under Section 100A(4) of the Local Government Act 1972 and in accordance with the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 to exclude the public from the meeting for the following item as they involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

RESOLVED that the appendix to the Strategic Director's report be noted.

REASONS

As set out in minute 65.

ALTERNATIVE OPTIONS

As set out in minute 65.

69 Revolving Investment Fund - Financial Update (Part B)

The Committee resolved under Section 100A(4) of the Local Government Act 1972 and in accordance with the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 to exclude the public from the meeting for the following item as they involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

RESOLVED that the appendices to the Assistant Chief Executive's report be noted.

REASONS

As set out in minute 66.

ALTERNATIVE OPTIONS

As set out in minute 66.

