

ENVIRONMENT AND ECONOMY OVERVIEW AND SCRUTINY PANEL

THURSDAY 23 APRIL 2015 AT 10.00 AM

PRESENT: Councillor Nedved (Chairman), Bowditch (as substitute for Councillor Watson)(until 12.30pm), Mrs Bowman, Caig, Dodd, Mitchelson and Wilson

ALSO

PRESENT: Councillor Glover – Leader of the Council
Councillor Mrs Martlew – Environment and Transport Portfolio Holder
Councillor J Mallinson – Observer (for part of the meeting)
Councillor Mrs Prest – Observer (for part of the meeting)
Councillor Burns – Observer (for part of the meeting)

OFFICERS: Town Clerk and Chief Executive
Deputy Chief Executive
Director of Economic Development
Director of Local Environment
Strategic Property Manager
City Engineer
Overview and Scrutiny Officer

EEOSP.17/15 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Graham, Watson and Councillor Mrs Bradley, Economy, Enterprise and Housing Portfolio Holder.

EEOSP.18/15 DECLARATIONS OF INTEREST

There were no declarations of interest in respect of the business to be transacted at the meeting.

EEOSP.19/15 MINUTES OF PREVIOUS MEETINGS

The Panel asked for an update on the Memorandum of Understanding with regard to the Claimed Rights. They also asked for a progress update on the Section 106 briefing note.

The Environment and Transport Portfolio Holder reported that there had been no further progress with regard to the Memorandum of Understanding due to delays from Cumbria County Council; she assured the Panel that she would continue to try and move the matter forward. She reminded the Panel that officers from Cumbria County Council had been invited to attend a meeting but had submitted apologies. The Panel felt strongly that officers from the County Council should be invited to attend a Scrutiny meeting early in the next municipal year to try and find a way to work together. The Portfolio Holder suggested that the Panel invite Jonathan Smith.

The Director of Economic Development responded that the Section 106 briefing note was being prepared.

RESOLVED – 1. That the minutes of the meeting held on 12 March be noted.

2. That Jonathan Smith be invited to attend a future meeting of the Panel to discuss the Memorandum of Understanding in respect of Claimed Rights.

EEOSP.20/15 AGENDA

RESOLVED - That Agenda Item A.2 – Overview Report and Work Programme be considered after Agenda Item A.5.

EEOSP.21/15 CALL IN OF DECISIONS

Councillor Nedved reported that he had called in Executive Decision EX.028/15 Public Realm from the Executive on 7 April 2015 in his capacity as Chairman of the Environment and Economy Overview and Scrutiny Panel.

The Executive had decided:

“That the Executive:

1. Approved the proposed programme of public realm projects, as detailed within Report ED.15/15.
2. Approved the release of £225,000 identified within the Capital Programme to fund the proposed works.
3. Authorised the Director of Governance to amend any of the Car park Orders as appropriate.”

The reason for the decision by the Executive was:

“The projects outlined would significantly enhance public realm in the City and improve the Carlisle Welcome. They would significantly improve visitor navigation and help drive the visitor economy.”

The reasons given by the Chairman for the call-in were:

- “Lack of consultation, a report should have been to Scrutiny as part of the process before Executive Decision.
- Concern regarding some of the proposed items requiring expenditure and providing value for money.
- Whether the overall total expenditure will deliver value and achieve the overall aim of de-cluttering the city centre whilst improving natural environment of the city centre
- Concern regarding whether the design of the items fits with the ambience of the city centre”.

The Chairman commented that he was personally in favour of many of the aspects of the Public Realm agenda but felt that the Panel had not been given the opportunity to discuss the details and that some elements had not been adequately consulted upon.

The Chairman expanded on the reasons for the call in:

Bandstand – The Chairman had concerns with regard to the cost of the bandstand. The bandstand had been well used to start with but the use had diminished and he felt that the money could be used elsewhere. He agreed that the concept was good but felt it had a significant cost and people would not want it.

Car Park Renaming – He questioned if this was a necessary cost for the Council. He felt that residents understood the naming arrangements for the car parks and asked if the re branding exercise and associated costs were necessary.

Gateway Signage – He agreed that the signage was pivotal to the City but asked if a more modest scheme would achieve the same results.

Decluttering – He asked how successful the de-cluttering exercise within the City had been and if it was possible for the City Council to work in tandem with the County Council's Decluttering Task Group.

Information Points – Was there any indication of the costs so far with regard to the surveyor and the signage suite? Had the work been carried out in house?

He summed up by stating that the main reasons for the call in were the lack of consultation and the value for money of the project.

The Leader of the Council responded to each of the Chairman's reasons in turn:

Lack of Consultation – The Leader welcomed the input of Scrutiny as the Public Realm was important and would be in place for decades to come. He reminded the Panel that Overview and Scrutiny had considered the matter several times over the last year including a briefing and presentation in October 2014. The matter had been included in performance update reports and the Budget Capital Programme. The next stage was how the project would be delivered and how it would achieve value for money.

He added that the recent LGA Peer Review and the CfPS facilitated discussions both highlighted the need to improve the speed of decision making and this would need to be looked at in the future.

Bandstand – The installation of the bandstand in the City Centre had been the result of a significant campaign. The existing bandstand was in poor repair and needed replaced. Future use was tied in with the events in the City Centre. Events such as Music City were growing and the number of performers in the City Centre was also increasing. Entertainment in the City Centre impacted on business and tourism within the City. He added that Carlisle was the only City in Cumbria and more needed to be done to increase visitors and make Carlisle a place worth visiting.

Car Park Renaming – The renaming of the car parks came out of the budget consultation with businesses. The businesses had no issue with the price of the car parking but had concerns that people could not find the car parks. The new names of the car parks reflected the location of the car parks. Work was also being undertaken to make them easier to find by giving them a postcode that could be used on literature. He stressed that the Council had to make it easier for visitors to park in the City.

Gateway – The Leader stated that the initial scheme had been in stone and had been very striking but it would not deliver value for money. The second design incorporated the design of the original but using different materials with the proviso that the original stone signs would be put in place of sponsorship could be achieved.

Signposts in City – He informed the Panel that steam trains come into Carlisle Station on a regular basis and bring 600 people into the City, the problem was the lack of direction from

the station to the attractions. Interpretation boards would be introduced into the City and businesses were keen for this to happen. He reminded the Panel that the existing fingerposts were in poor repair and could not be adapted. The new signs would include the time it took to reach the destination and there would be an opportunity to colour code them to specific routes. The overall goal of the new signs was to move people around the City in a more effective way.

Decluttering – The Leader assured the Panel that officers were working closely with the County Council to ensure that all old signs were removed.

Cost – The budget for the project had been included in the Capital Programme and the report was about drawing down the money and deciding how to use it. The scheme would go through the tender process to ensure value for money and businesses were very keen on the project and were prepared to contribute.

The Environment and Transport Portfolio Holder reiterated many of the Leader's comments as detailed above in addition, she commented that the bandstand was exceptionally well used and entertainment on the bandstand drew visitors into the City. She also added that the Public Realm gave both the City Council and County Council the opportunity to deliver their aspirations with regard to decluttering.

The Strategic Property Manager gave a presentation on Public Realm project. He outlined the key projects, explained the design of the gateway signage and the signage suite for the City. He also gave details of the planned improvements to Court Square in partnership with Newtwork Rail and Virgin Trains to make the area easier to navigate for pedestrians.

It was agreed that Members would discuss each proposal in turn:

Gateway Signage

- Had there been confirmed offers of sponsorship?

The Leader responded that offers had been made and it was hoped that the stone gateway signage would be achieved at the main routes into the City.

- A Member commented that they were keen for Carlisle to move on but had some issues with the lack of consultation. She asked why Scrutiny had not been invited to the presentation to the Ambassadors Group which had taken place in March. She felt that the people of Carlisle deserved to be consulted on the scheme.
- A Member added that it would have been useful to have an exhibition to allow the people of Carlisle to view the proposals and to gauge their feedback.

City Centre Orientation

- The new street furniture was very modern for such an historic city, was this design appropriate?

The Leader informed the Panel that he had visited other historic cities such as York and Chester to look at their signage suite and found that they had modern suites despite being historic cities and they worked very well.

Car Park Renaming

The Panel sought clarification with regard to the renaming of West Walls Car Park to Marks and Spencer Car Park. Members did not think it was appropriate for the Council to be promoting an individual business within the City.

The City Engineer clarified that the change in name was for administrative purposes. The car park was owned by Marks and Spencers and had been called West Walls (Marks and Spencers) Car Park. The Council had asked that they rename the car park so that the Council could use the name West Walls car park.

The Environment and Transport Portfolio Holder understood concerns regarding the promotion of one business and agreed to look into the matter further.

Court Square

Members agreed that Court Square needed to be updated and asked for assurance that any space created would not be taken up by car parking.

The Director of Economic Development responded that Court Square was owned by Network Rail and leased to Virgin Rail. They had reached the maximum for car parking in their area of ownership, she added that Network Rail would prefer the car park to be moved to the rear of the station.

Bandstand

- Members asked for an explanation of a 'demountable' bandstand.

The Director of Economic Development that there was bandstand designs available to buy 'off the peg' which could be taken down, it would leave a plinth which could be used to locate the Christmas tree. It would mean that the space was much more flexible but the design of the actual bandstand would be similar to the current one.

RESOLVED: 1) That the matter shall not be referred back and the decision shall take effect from the date of this meeting.

2) That the Executive be asked to consider the comments and concerns of the Panel as set out above giving specific consideration to the concerns regarding the promotion of an individual business' car park.

EEOSP.22/15 RE-THINKING WASTE

The Director of Local Environment submitted Report LE.11/15 that updated the Panel on progress on the Re-Thinking Waste Project since September 2014.

The Director of Local Environment drew members' attention to 1.1 of the report which detailed the activities that had been undertaken since the last update. She highlighted the new interim contract for Green Box kerbside collection and the review of the sale of recycled materials.

The Director of Local Environment advised that the service suffered from a high turnover of staff and at times a high level of sickness. Whilst attendance and capability were being addressed the service still relied heavily on agency staff. A decision had been taken to

introduce four pool staff to supplement the current establishment. Recruitment to vacant posts and the pool team had been undertaken meaning that the use of agency staff could be reduced to more reasonable levels. That would increase the robustness of the service and increase the quality of service delivery as staff continuity meant that crews got to know the rounds and mistakes were minimised.

The Director reported on emerging issues from Cumbria County Council. She explained that the County Council had included savings of £2million per year from 2016/17 from recycling. Discussions had taken place between the County Council and all the Districts as the County sought to achieve the saving by working with the District Authorities. There were opportunities to reduce spend by working together on a number of issues; however they had been identified previously and had proved difficult to achieve. The recent study by Eunomia showed that Carlisle was very efficient and the number of households on each collection round was at a high level, and a higher level than other authorities in Cumbria. If the savings were not achieved then the County Council could take other steps to achieve the savings which could impact on the District's ability to continue with the current level of recycling service.

She explained that the County Council were reviewing the current Cumbria Waste Strategy 2008-2020 and was working with the Districts to reflect changes and identify the aims and objectives of the strategy going forward. It was a key piece of work and would impact on all Districts.

The Director of Local Environment advised that WRAP provided support in the procurement and funding of consultancy support to carry out a modelling exercise for 16 options in recycling collection design. That work was carried out and reported in Summer 2014. Since that time changes had taken place and Eunomia were asked to carry out some further modelling focussing on a smaller number of options and to update modelling assumptions to reflect the current situation and additional work was requested on modelling of a further two options. Sensitivity modelling was also requested to the level of recycling credit. Consideration was being given to the reports and the consultants would be making a presentation to the Executive on those findings.

It was proposed, as part of the evaluation that a cross part working group be established as soon as possible.

With regard to food waste the Director of Local Environment explained that food waste collection was one of the options considered in the Eunomia modelling. However the County Council did not provide any disposal facilities for food waste and had not given any indication that they intend to do so in the future. Work was progressing to support home composting of food waste and Carlisle was currently in the position of procuring a partner to deliver the County wide food waste digester project.

The Director of Local Environment advised that the project was moving into a critical phase in the next few months and that the authority would be required to make decisions on its preferred recycling collection design. Once the preferred option was identified further work on depot design and costing, consultation and TEEP (Technical, Environment, Economic, Practicable) assessments would be required. The City Council would also consider how to fund vehicle replacement in the future and how refuse and recycling services would be delivered, in-house or out-sourced.

The Director of Local Environment gave a presentation to Members which detailed the outcome of the public consultation, the priorities and other consideration for an ideal recycling and waste service and the two main options available.

In considering the update Members raised the following comments and questions:

- The Neighbourhood Services Manager had not been appointed, without the post who would drive the project forward?

The Director of Local Environment explained that it had been difficult to recruit to the post. There had been two interim managers to support the project and service delivery. Work was being undertaken to try and attract good quality candidates to apply for the position.

The Environment and Transport Portfolio Holder added that the Council could not afford to wait for the appointment of the Neighbourhood Services Manager to move ahead with the scheme.

- The Panel had previously passed a resolution to set up a cross part working group made up of Members who were interested and had relevant expertise, not just Members of the Panel.

The Director of Local Environment explained that there had been a delay to the establishment of the working group as the draft report had only been received from the consultants in March.

- The Chairman asked that some background preparation work be undertaken so that the cross party working group could move forward quickly.

The Director of Local Environment agreed to pull together the background reports that were available and prepare a briefing note for Members.

- Was the County food waste scheme fully operational?

The Director of Local Environment responded that the scheme had been approved and that the Council was in the process of procuring a partner to ensure value for money.

The Leader stressed that it was a priority to establish the cross party working group as soon after the election as possible.

The Director of Local Environment requested 6 nominations from across the Council and it was agreed that the nominations would come from the Group Leaders as soon after the election as possible.

RESOLVED: 1. That report LE.11/15 – Re-Thinking Waste – be welcomed.

2. That a Cross Party Working Group be established as a priority following the elections. Each Group Leader will be asked to make nominations to the Group which will be made up of six Members including representation from the Environment and Economy Overview and Scrutiny Panel.

EEOSP.23/15 CARLISLE STORY AND CARLISLE AMBASSADORS PROGRAMME

The Director of Economic Development submitted Report ED.19/15 which provided Members with an update on the Carlisle Story and further details on the Carlisle Ambassadors Programme 2015.

The Director of Economic Development gave a presentation which detailed the background to the Carlisle Story and the outcome of the steering groups and workshops. She detailed the actions which had been achieved including the Carlisle Story, the image library, branding/toolkit, DVD video slide show and the Carlisle Ambassadors.

She explained the purpose of the Carlisle Ambassadors and drew Members attention to Appendix A of the report which showed the attendees to events and the minutes of the Carlisle Ambassadors meetings.

The presentation also detailed the outcomes which included Government interest and over 7000 views of the Carlisle Ambassador website. There were now 50 paying members of the group and 180 people attended the last meeting.

The Carlisle Ambassadors had been established by the City Council and officers had supported it as part of their role. This had proved difficult with the resources available and two part time appointments had been made to support the programme. Funding had been sourced for the appointments and the City Council had made a contribution.

In considering the report and presentation Members raised the following comments and questions:

- If a business did not sign up as a paying member were they allowed to attend the events?

The Town Clerk and Chief Executive responded that businesses could attend three free meetings then a discussion would be required regarding membership. There was also a discussion to be had regarding the contribution of very small businesses and charitable organisations.

- Members felt it was important to involve businesses in the promotion of Carlisle and suggested that some members of the Carlisle Ambassador programme be invited to attend the Panel to gain their views.
- Who funded the projects and the hoardings and banners?

The Director of Economic Development explained that the funding depended on the project or advertiser. Some funding would come from subscriptions and contributions but it depended on the lead and benefactor of the project.

The adverts on the lampposts were separate to the Ambassadors programme and any income the Council received went back into promoting events within the City.

RESOLVED: 1. That Report ED.19/15 – Carlisle Story and Carlisle Ambassadors Programme be noted.

2. That members of the Carlisle Ambassadors Group be invited to attend a future meeting of the Panel to give their views on the programme.

EEOSP.24/15 CARLISLE OLD TOWN HALL PHASE 2 WORKS UPDATE

The Director of Economic Development presented report ED.21/15 which provided Members with an update on work at the Old Town Hall. The matter had been considered by the Executive at their meeting on 7 April 2015 when it was decided that the Executive (EX.30/15 refers):

1. Noted the recent Portfolio Holder Decision (PF.002/15) to approve an additional draw down, of £90k, from the allocated capital budget, required to address unforeseen structural problems which required immediate emergency repair to stabilise the building, protect its future usage and which were critical to the project being able to proceed.
2. Approved an additional draw down, of £52k, from the allocated capital budget for progression of optional 'fit-out' improvements to the Assembly Room and Tourist Information Centre in order to maximise future usage of the building."

The Director of Economic Development had circulated a letter summarising the issues in respect of the Phase 2 works to the Old Town Hall. The Director of Economic Development advised that following the appointment of Cubby Construction Ltd, Phase 2 of the works started on site on 7 January 2015. Those works involved the strip out and demolition works to accommodate the new street level access, lift shaft and access. Inspection of the exposed structure identified a number of significant unforeseen problems which required immediate repair to stabilise and safeguard the building. The works also revealed that the Assembly Room floor needed additional structural repairs to increase the permitted floor loading in line with its proposed use. It was currently forecast that progression of the additional works would add four weeks to the contract programme resulting in a revised completion date of 7 August 2015.

The cost of the emergency repairs and contract extension, which were estimated at around £73,200, was in excess of the remaining contract contingency which was estimated at £11,361. Further reductions in specification elsewhere within the project to potentially generate savings to offset the unforeseen costs, were discounted on the basis that they would have a visible impact on the quality of the Tourist Information Centre interior and visitor experience, and thus compromise the overriding objectives of the project.

The Director of Economic Development advised that it could be seen that there was a clear need to address the problem(s) by draw down of additional money from the balance of allocated overall capital budget to cover the additional works whilst retaining a small contingency balance under the contract.

Owing to the emergency need to undertake the majority of the above repairs without delay, on 3 March 2015 the Economy, Enterprise and Housing Portfolio Holder exercised delegated authority, in consultation with the Leader of the Council, to approve the draw down of an additional £90,000 from the overall capital budget. Doing so had covered the costs of the emergency repairs and had left a balance contingency of £28,161 for progression of remaining works under the contract on the basis that the risk of further emergency repairs were considered unlikely.

The revised capital budget of £888,000, when combined with existing commitments related to the Greenmarket public realm works, was still within the originally allocated £1.5million.

The Director of Economic Development provided a summary of the required work.

At their meeting on 7 April 2015 the Executive were advised that in addition to critical repairs, the strip out works to the first floor had identified a number of inconsistencies in structure and detail which related to previous configurations and historical use(s) of the building. Whilst careful consideration must be given to conservation priorities, a number of optional 'fit-out' improvements requiring an additional draw down of £52k from the allocated capital budget would help to better unify presented spaces and ultimately support increased usage of the Assembly Room and Tourist Information Centre. A summary of those proposed additional works, with details of the revised budget position were included in the report.

The Project Steering Group would continue to monitor progress against the key activities.

In considering the report Members raised the following comments and questions:

- Had assessment of the impact of the temporary re-location of the Tourist Information Centre been carried out?

The Director of Economic Development explained that an assessment of the impact would be carried out. She felt that the relocated Tourist Information Centre was in a better location compared to the location for the Phase 1 repairs as it had a shop front this time. The Tourist Information Centre staff were being more proactive in the way they reached visitors and an example of this was staff going to the train station on days when steam trains arrived to guide welcome and visitors. It was too early in the season to know if the relocation had affected the bookings service.

- Considerable investment had been made at the Old Town Hall had any consideration been given to the promotion and marketing of the building to increase income?

The Director of Economic Development confirmed that a marketing strategy was being prepared as the offer in the building would be different. The strategy would market the assembly rooms and encourage residents and visitors to use the Centre as a resource. There would also be buying strategy to ensure there products available which reflected Carlisle and Cumbria.

RESOLVED: That report ED.21/15 – Carlisle Old Town Hall Phase 2 Works Update – be noted.

EEOSP.25/15 OVERVIEW REPORT AND WORK PROGRAMME

The Overview and Scrutiny Officer presented report OS.09/15 which provided an overview of matters relating to the work of the Environment and Economy Overview and Scrutiny Panel and included the latest version of the work programme and Key Decisions of the Executive which related to the Panel.

The Overview and Scrutiny Officer reported that the Notice of Key Executive Decisions, published on 9 March 2015, included the following items which fell within the remit of the Panel:

- KD.06/15 – Release of capital for Vehicle Replacement 2015/16 – the Executive will be asked to release Capital budget provision for 2015/16 of £1,109,000 to provide vehicles and plant in accordance with the five year plan.
- KD.07/15 – Public Realm – the item had subject to a call in.
- KD.08/15 – Durranshill Industrial Estate – the item had been included on the agenda
- KD.09/15 – Carlisle Old Town Hall Phase 2 – Contract Variations and Emergency Repairs – the item had been included on the agenda

The following items had been considered by the Executive on 7 April 2015 and the following item fell within the remit of this Panel:

EX.36/15 – Litter Bin Task and Finish Group – the initial responses to the Task Group report and recommendations were attached to the report as an appendix. Members of the Panel were requested to consider monitoring the implementation of the recommendations.

The draft Overview and Scrutiny Annual Report had been e-mailed twice to Members of the Panel for comment and a hard copy had been circulated with the agenda. The draft report had been agreed, via email, by the Scrutiny Chairs Group and would be considered by Council on 28 April. A copy of the final report had been circulated to all Members as part of their Council document pack.

The Overview and Scrutiny Officer reminded the Panel that the Peer Review had identified areas where Scrutiny had been effective and areas where it had not been effective. They recommended that the Scrutiny arrangements be reviewed with the possibility of restructure in the future. The Scrutiny Chairs Group had requested that a facilitated session by the Centre for Public Scrutiny take place for all Scrutiny Members to discuss the future of scrutiny and to identify areas which Members felt Scrutiny was doing well and areas that needed improvement. The facilitator left a set of questions for the Scrutiny Chairs Group to consider and this would take place in the next municipal year.

The Scrutiny Chairs Group met on 12 March to discuss the session and, although there were no structural changes recommended, they did agree that each Panel focused more on their work programmes and identify real, achievable actions. The first meeting of each Panel would be dedicated to the consideration and preparation of the Work Programme for the year. The Overview and Scrutiny Officer would meet with each Director prior to the first meetings to consider how they could help inform the work programmes.

The Overview and Scrutiny Officer drew Members attention to the number of call-ins which had been received and to some recommendations from the Scrutiny Chairs Group to some changes to the call-in process. The recommended changes were to allow substitute Members to exercise call-in powers and to change the deadline for holding a call-in meeting from 7 clear working days to 10 clear working days or, if deemed appropriate and with the agreement of all parties, the call-in could be heard at the next scheduled meeting of the relevant Overview and Scrutiny Panel.

The draft Annual Report included details of the training sessions which had been held for Scrutiny Members in 2014/15 and the attendance details. The Overview and Scrutiny Officer asked Members to consider any training or development that they would like in 2015/16.

RESOLVED – 1) That the Overview Report incorporating the Work Programme and Key Decision items relevant to this Panel (OS.09/15) be noted.

2) That the Panel receive an update on the progress made against the recommendations made by the Litter Bin Task and Finish Group in six months' time.

3) That the recommendations of the Scrutiny Chairs Group as set out in the Draft Scrutiny Annual Report 2014/15 be agreed for recommendation to Council.

EEOSP.26/15 DURRANHILL INDUSTRIAL ESTATE

The Director of Economic Development presented Report ED.20/15 which provided Members with an update on work at Durranhill Industrial Estate. A report on the matter had been considered by the Executive at their meeting on 7 April 2015 when it was decided that the Executive:

1. Accepted the offer to vary the existing funding agreement from the HCA on final terms to be agreed by the Director of Governance and Director of Resources following consultation with the Director of Economic Development and the Portfolio Holder for Economic Development.
2. Accepted the offer of grant funding from Cumbria LEP on final terms to be agreed by the Director of Governance and Director of Resources following consultation with the Director of Economic Development and the Portfolio Holder for Economic Development.
3. Authorised the Director of Governance to complete the associated Grant Funding Agreements.
4. Supported the proposals to restructure the current leasing arrangements with existing tenants.
5. Approved the disposal of the former Border TV site on final terms to be agreed by the Property Services Manager.
6. Approved the addition of the grant funding from Cumbria LEP to the Capital Programme as outlined in the report.”

The Director of Economic Development informed Members that, in reality, the estate had come to the end of its current life cycle, the estate infrastructure was poor (poor road layout, lack of landscaping and parking, inadequate signage), many of the buildings had reached the end of their life expectancy and were not fit for purpose, as evidenced by long term voids. The current lease structures, with restrictive user clauses and short unexpired lease terms, restricted redevelopment opportunities.

In 2008 the site was included in the NWDA's Cumbria Sub Regional Employment Sites Programme (SCRES) and the City Council was given a grant of £1.8m to acquire and demolish the former Border TV and part of the Hewden's frontage sites, with the intention of providing employment sites. In January 2014 the Executive accepted £265,000 additional funding from the HCA to allow environmental improvements to be undertaken to the estate to assist in the disposal of the Border TV site (Report ED.02/14 referred).

A scheme was subsequently developed to undertake various improvements, the intention being that they would not only assist the disposal process, but also enhance the visual appearance of the estate. By working up proposals for the second access road the Council hoped to be in a position to maximise future funding opportunities and that had

proved to be the case with an offer of £2m from Cumbria LEP to fund the proposed road improvements.

The report also provided an overview of the proposals before Members, namely:

HCA funding

Initially it was anticipated that the HCA funded improvements would have been completed by December 2014 with the Border TV site sold by March 2015 and the £250,000 repaid to the HCA. However, following the offer of LEP funding, an approach had been made to the HCA to seek agreement to vary the timescale of the current funding agreement. Had the Council proceeded with the original timescale and programme of works it ran the risk of duplicating work and it was concluded that a better scheme could be developed by merging the two projects.

In addition to the environmental improvements the marketing of the former Border TV site had failed to generate a purchaser for the whole, however, interest had been received in a number of smaller plots. Consequently a scheme was developed to split the site into four along with a new access road.

The HCA had agreed with the Council's proposals and to vary the existing funding agreement by extending the long-stop date from 31 March 2015 to 31 March 2018 along with the following key milestones:

- Access road to Border TV site to be complete by March 2016
- Complete disposal of Border TV site by March 2018
- Complete phase 2 delivery plan March 2016

Cumbria LEP funding

Cumbria LEP had offered £2m funding additional to the HCA funding to undertake road improvements and comprise a new access road from Eastern Way linking with Stevenson Road and linking into the land to the rear of Cavaghan & Gray's Riverbank site; and widen the existing Brunel Way entrance. The road improvements would significantly improve access to the estate and unlock 8 acres of additional employment land at the Riverbank site.

Design work on the proposals was complete, planning permission had been secured and a procurement exercise undertaken to appoint a contractor and concluding legal agreements with the associated parties with land interests. It was anticipated that the works would commence in July 2015 and be completed within 12 months.

The LEP funding was conditional on having planning permission and land agreements in place. At this stage it was anticipated that the funding would be spread over the two financial years of the project, with £1m allocated per year. The existing spend profile indicated that the Council's actual spend may exceed £1m in this financial year. That may necessitate the City Council having to finance the additional spending during the current financial year which would be recovered in 2016/17.

In terms of risk Central Government only released funding to the LEP's on an annual basis and the LEP would not guarantee that the second instalment of funding would be available in 2016/17. Although the likelihood was considered low, the impact would be significant and would result in the City Council having to fund the £1m required to complete the project. However that risk needed to be weighed up against failure to complete the project

which would result in the Phase 2 Delivery plan not being delivered and leave the Council at risk of default to the HCA who could demand repayment of the original £1.8m grant.

Discussions were ongoing with the LEP and the HCA to look at mitigation measures. Subject to HCA agreement the surplus sale proceeds from both the Border TV site and Hewden's site could be used to reduce the City Council's net liability.

Phase 2 Delivery plan

It was a condition of the HCA funding agreement that the City Council prepared a Phase 2 Delivery plan. As discussed previously, failure to complete the delivery plan could result in the City Council being in breach of the GFA and potentially the HCA could ask for repayment of the original £1.8m investment.

The road improvements would form part of the plan along with the disposal of the remaining site acquired as part of the original SCRES programme, the former Hewden plant hire site, which would be brought to the market in due course.

Another key component was the redevelopment and enhancement of the remaining estate. The proposed improvements would remove major impediments to the redevelopment of the estate. However one remained – the existing lease structure. The vast majority of the estate was still leased on the original fixed ground leases with no rent review provisions and strict user clauses. Those leases now had unexpired terms of less than 50 years which was not acceptable to most lenders.

It was therefore proposed to offer tenants the opportunity to surrender their existing ground leases and grant new ground leases at current market value on the following key terms:

- Lease Term: 125 years
- Rent Review pattern: 5 yearly upward only
- User Clause: B1, B2, B8 – Town and Country Planning (Use Classes) Order 1987 (as amended).

Consideration had been given to including service charge provisions, but discounted on the basis that all roads were adopted; the additional landscaping proposed would be the responsibility of the tenants to maintain. The only ongoing maintenance for the City Council would be the entrance signage and tenants signboards.

Lease renewals would not only allow sites to be redeveloped but also unlock significant value within the asset generating additional rental income for the City Council.

Border TV site disposal

It was a condition of the HCA funding agreement that the former Border TV site was sold and the proceeds used to repay the £250,000 grant with any surplus being held in the ring-fenced account to be used to further enhance the estate as part of the phase 2 Delivery plan.

Marketing of the former Border TV site had indicated demand for smaller plots rather than the whole. A scheme had been designed to accommodate that market demand. It was proposed to dispose of the plots by way of building agreement / premium lease arrangement to ensure that the sites were developed within a fixed timescale. The financial details were contained within the Part B report to be considered later in the meeting.

In considering the report Members raised the following comments and questions:

- How big was the risk that the Council would not receive the second £1m from the LEP funding?

The Director of Economic Development responded that the risk was small and the way the project was established would mitigate the risk.

The Leader of the Council informed the Panel that following discussion it was understood that the LEP would carry the risk if the second £1m was not released. The LEP chair had stated that it was 'unthinkable' to stop the funding during a project.

- When the HCA funding had been repaid would the rest of the money be invested in the infrastructure on the site?

The Strategic Property Manager confirmed that the money would be reinvested in the site.

- Would planning permission be required to change the use of the leases?

The Strategic Property Manager stated that any changes would be required to apply for planning permission and the proposed uses were generally acceptable to the estate.

- A Member asked that the vacant sites be kept litter free and in good repair until new tenants arrived to attract businesses.

The Strategic Property Manager agreed to pass the message on to the waste team. He added that as relationships between the Council and tenants had developed tenants had begun to maintain the estate. Some businesses had already organised for litter collections and other tenants were following suit. When the development was completed by the Council work would be undertaken to ask tenants to update their units.

RESOLVED: 1. That report ED.20/15 – Durranhill Industrial Estate – be noted.

PUBLIC AND PRESS

RESOLVED – That in accordance with Section 100A(4) of the Local Government Act 1972 the Public and Press were excluded from the meeting during consideration of the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in the paragraph number (as indicated in brackets against the minute) of Part 1 of Schedule 12A of the 1972 Local Government Act.

EEOSP.27/15 DURRANHILL INDUSTRIAL ESTATE

(Public and Press excluded by virtue of Paragraph 3)

The Strategic Property Manager submitted report ED.20/15 outlining the commercially sensitive and financial aspects of the proposals set out in Part A to dispose of the former Border TV site at Durranhill industrial Estate.

The matter had been considered by the Executive at their meeting on 7 April 2015 when it was decided that the Executive noted and endorsed the financial aspects of the proposals

to dispose of the former Border TV site at Durranhill Industrial Estate, set out in public report ED.14/15.

The Officer summarised in some detail the background position, together with the proposals before Members for consideration.

RESOLVED: That Report ED.20/15 be noted.

EEOSP.28/15 CHAIRMAN'S COMMENTS

The Chairman thanked Members, Portfolio Holders and Officers for their input and contribution to the work of the Panel during the last year.

(The meeting ended at 12.57pm)