

SCARBOROUGH BOROUGH COUNCIL

OVERVIEW AND SCRUTINY BOARD

At a meeting to be held at **2.00 pm** on **Wednesday, 8th July, 2020**,
<https://www.youtube.com/ScarboroughCouncil>

Because of public health risks associated with the current COVID-19 pandemic, this meeting will be conducted remotely with the participants accessing the meeting through videoconference. The meeting will be available to view online on the Council's website.

If you have any queries regarding this, please contact the Democratic Services Manager.

AGENDA

- 1. DECLARATIONS OF INTEREST (Pages 1 - 2)**
Members are reminded of the need to consider whether they have a personal or prejudicial interest to declare in any of the items on this agenda. If so, the nature of the interest must be declared at the start of the meeting. In addition, the attached form must be completed and passed to the Committee Administrator. The Officers will be pleased to advise, if necessary, and any request for assistance should be made, in the first instance, to the Committee Administrator whose name appears at the end of this agenda. Ideally, such advice should be sought before the day of the meeting so that time is available to consider any uncertainty that might arise.
- 2. PUBLIC QUESTIONS**
To consider any public questions submitted, of which due notice has been given, and which are relevant to the business of the Overview and Scrutiny Board.
- 3. EXCLUSION OF THE PUBLIC**
To consider the following motion:-
“that in accordance with Section 100A(4) of the Local Government Act 1972 (and subject to consideration of the public interest under Paragraph 10 of Part 2 of Schedule 12A of the Act) the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information (as defined in Part 1 of Schedule 12A of the Act), namely information;
(a) relating to any individual;
(b) which is likely to reveal the identity of an individual; and/or
(c) relating to the financial or business affairs of any particular person (including the authority holding that information)”.

4. CALL-IN - CABINET DECISION - SCARBOROUGH TOWN CENTRE REGENERATION (STUDENT ACCOMMODATION SCHEME) (REFERENCE 20/114) (Pages 3 - 70)

To consider the report of the Director (RB) (reference 20/114) in respect of the Cabinet's decision dated 16 June 2020 concerning the development of the former Argos Building and wider regeneration of the area, and to determine whether to recommend that the Cabinet amends its decision to: approve entry into the conditional contract for sale and the funding agreement with Buccleuch Property (Scarborough) Limited to purchase and facilitate the development of the former Argos building (50-59 Newborough and 46-49 Queen Street and 18-20 Market Street, Scarborough) as student, NHS key worker accommodation and associated ground floor retail space on terms principally contained within the report.

The Cabinet's decision has been called in for scrutiny pursuant to Section 4.6 of the Constitution, additional Overview and Scrutiny Board Procedure Rules, paragraph 10.

Call-In Forms, Cabinet Extract Minute and report of the Director (RB) (reference 20/114) are all attached.

(N.B. If you have any questions, need further information about the meeting or require special facilities in order to attend, please contact St John Harris, Democratic Services Manager, Town Hall, St. Nicholas Street, Scarborough – Tel: 01723 383556 or email stjohn.harris@scarborough.gov.uk)

MEMBERS' DECLARATIONS OF INTERESTS

| | |
|-------|--|
| Name: | |
|-------|--|

| | |
|----------|--|
| Meeting: | |
|----------|--|

| | |
|-------|--|
| Date: | |
|-------|--|

| | |
|------------------|--|
| Agenda No & Item | |
|------------------|--|

| | |
|---------------------|--|
| Nature of Interest: | |
|---------------------|--|

If you are uncertain whether you have an interest, please seek officer advice before the meeting.

Is the interest:

a disclosable pecuniary interest?

personal and non-prejudicial?

personal and prejudicial?

(Please put an X against the appropriate interest and email to the Clerk for the meeting)

NOTES

CALL-IN FORM

SCARBOROUGH BOROUGH COUNCIL

CALL-IN OF EXECUTIVE DECISIONS

We, the undersigned non-executive members of the Council, require that the following executive decision be called in for scrutiny by the Overview and Scrutiny Board.

Details of decision called in

| |
|--|
| <p>Decision title (<i>ie title of report</i>)</p> <p>Scarborough Town Centre Regeneration (student accommodation scheme)</p> <p>Decision reference number (<i>ie reference number of report</i>)</p> <p>20/114</p> <p>Name and date of meeting/decision Cabinet 16th June 2020</p> |
|--|

Names and signatures of Members

ORIGINATOR

1. Signature Derek Bastiman **Date** 18-6-2020
Name (*block letters*) **D J BASTIMAN**

SUPPORTERS

2. Signature Heather Phillips **Date** 18-6-2020
Name (*block letters*) **H P S PHILLIPS**

3. Signature Glenn Goodberry **Date** 19-6-2020
Name (*block letters*) **G GOODBERRY**

4. Signature Phil Trumper **Date** 18-6-2020
Name (*block letters*) **P TRUMPER**

5. Signature Marion Watson **Date** 18-6-2020
Name (*block letters*) **M WATSON**

Note

This form must be signed by five non-executive members of the Council. The Chairman of the Overview and Scrutiny Board should be consulted about the call-in and asked to countersign the form below.

Cabinet Executive Decision

The form should be returned to Democratic Services to arrive by 5.00pm on the **fifth clear working day*** after publication of the decision.

Individual Cabinet Member Decision

The form should be returned to Democratic Services to arrive by 5.00pm on the **third clear working day*** after publication of the decision.

(* 'clear working days' does not include the date of publication of decisions or any Saturday, Sunday or any day on which the Town Hall is closed by reason of public or other holiday.)

Reason for call-in of the item above

1. The decision reached by the Cabinet on 16-6-2020 was taken without due regard to the massive change in the economic outlook for SBC. KPMG have conducted a review of Coventry University's financial resilience Has there been a similar review for SBC?
2. A promised cross-party working group agreed upon in July 2019 has never been set up – no non-executive member outside the O & S committee have been able to put their views forward. There has been no open and transparent discussion of the whole issue. Elected members from all over the Borough should have the opportunity to re-examine the decision taken in July in 2019, for many Councillors this was the first major vote they had taken part in and the basis for agreeing to the project have changed.
3. Pre-decision scrutiny relied upon at the Cabinet meeting was in fact a tied vote with the Chairman's casting vote being material. This is not the ringing endorsement the Cabinet were maybe expecting, this emphasises the concerns of other members. The presence of the relevant portfolio holder Cllr Colling during the meeting was unusual, it could lead to accusations that undue pressure was applied to members who sit on the committee to come to the "correct decision".
4. The current economic climate is so uncertain it would be incredibly risky to commit every man, woman and children who lives in our Borough to spending over £200 per person. It is difficult to support a project on this scale when it is not readily apparent how it will benefit the whole Borough.

Empty rectangular box at the top of the page.

Signature of the Chairman of the Overview and Scrutiny Board to confirm s/he has been consulted

Signature: ...G Coulson..... **Date:** 19/6/2020
Name (block letters) ...CLLR G COULSON.....
Comments (if any):

FOR OFFICE USE

Date received:22/6/20..... **Time:**

Signature: ...S Harris, Democratic Services Manager.....

NOTES

Note

This form must be signed by five non-executive members of the Council. The Chairman of the Overview and Scrutiny Board should be consulted about the call-in and asked to countersign the form below.

Cabinet Executive Decision

The form should be returned to Democratic Services to arrive by 5.00pm on the **fifth clear working day*** after publication of the decision.

Individual Cabinet Member Decision

The form should be returned to Democratic Services to arrive by 5.00pm on the **third clear working day*** after publication of the decision.

(* 'clear working days' does not include the date of publication of decisions or any Saturday, Sunday or any day on which the Town Hall is closed by reason of public or other holiday.)

Reason for call-in of the item above

1. The overall situation in which the Council currently finds itself, together with the likely consequences following Covid 19, the significant expenditure and loss of income, warrants re-evaluation at a meeting of the full Council.
2. The financial implications for SBC at the time of the decision by Cabinet, 16 June 2020, were so different to that presented to Council, 12 July 2019 that the whole project should be referred back to full Council for re-evaluation, discussion and decision.

Signature of the Chairman of the Overview and Scrutiny Board to confirm s/he has been consulted

Signature: ...G Coulson..... **Date:** 20 June 2020

Name (block letters) ...**CLLR GUY COULSON**.....

Comments (if any):

FOR OFFICE USE

Date received: **Time:**

Signature:

NOTES

CABINET – 16 JUNE 2020

EXTRACT MINUTE

12. **SCARBOROUGH TOWN CENTRE REGENERATION (STUDENT ACCOMMODATION SCHEME)**

The Cabinet considered a report by the Director (RB) (Reference 20/114) in respect of the development of the former Argos Building and wider regeneration of the area. Introducing the report, the Commercial Director, Richard Bradley advised that the report recommended to Cabinet to approve entry into a conditional contract for sale and a conditional funding agreement that would deliver the regeneration of the former Argos building and to achieve urban renewal and social benefits throughout the borough by facilitating the regeneration of a key strategic site within Scarborough Town Centre, supporting the valued growth of higher education in the town, supporting the hospital trust's urgent need for key health worker accommodation, and acting as a catalyst for further development in the town centre. A comprehensive presentation was provided to Members at the meeting of the Overview and Scrutiny Board on 3 June that explained the Strategic, Commercial, Economic, Financial and Management cases underpinning the development project, which were outlined in much more detail in the private and confidential report. Critically, the student accommodation scheme would act as a clear catalyst for wider regeneration in the Town Centre and Scarborough Borough through demonstrable civic leadership. The Council's investment could unlock a further £10m of external funding through central government's Future High Street Fund. The student accommodation scheme and the proposed town square proposals would also form cornerstone investments in Scarborough's Town Deal Fund investment plan, which if successful, could deliver up to £25m of further investment from central government.

Both the Contract for Sale relating to the Council's acquisition of the former Argos site from the Developer and a Funding Agreement relating to the Council's funding and acquisition of the new building on the site were conditional. When all four of the conditions in the Contract for Sale were satisfied, then Council was obligated to purchase the former Argos site.

At the same time as entering into the Contract for Sale with the Developer the Council would also enter into the Funding Agreement. The Funding Agreement facilitated the construction of the scheme by the Developer and the stage payment to the Developer from the Council of the costs of development. The Funding Agreement was conditional upon five conditions, including a financial viability condition.

Mr Bradley acknowledged that there had been the obvious economic impact of the COVID-19 pandemic, which now needed to be considered in terms of the deliverability of this project. This was especially important given the intention that this scheme would be the catalyst for leveraging in external funding to take forward the Council's regeneration aspirations for Scarborough Town Centre. On that basis the Council had engaged KPMG to undertake an independent review of Coventry University's financial standing and the potential impact of COVID-19 on their business model and future operations. The draft report of KPMG's findings was attached to the P&C report. The review had not highlighted any significant financial

concerns that need to be specifically brought to the attention of members at this time.

He added that should Members be minded to approve the recommendations, immediate conversations would be held with relevant parties to ensure the Borough maximised the full potential from this development opportunity. Maximising social value – as explained in the report through wherever possible the use of local labour, apprentices, local supply chains and living wage employers will play an important part of how we rebuild our local economy post COVID. The Portfolio Holder and other Cabinet Members welcomed the scheme for the many opportunities it provided: kickstart strategic investments, improve the offer for young people, attract professionals in the NHS, increase the Borough's economic resilience and tackle inequality, make a step change in the Borough to build back better post-COVID. It was noted that the Borough had waited 18 years since the publication of the Kissing Sleeping Beauty document to regenerate this part of the town, and the Borough was going to need all the help it could obtain through such government schemes as the Future High Street Fund and Towns Fund to support the post-COVID economic recovery. Councillor Donohue-Moncrieff who had voted against the scheme in July 2019, now voiced her support, to a large extent because of COVID, since here was a scheme designed to attract considerable amounts of external funding, to aid the Borough's economic recovery whilst providing a key development project to attract local labour and create local jobs.

With the permission of the Chairman, Councillor David Jeffels addressed the meeting. He noted how much the world had changed since the Council's decision in July 2019 to approve the proposals for the redevelopment of the Argos site. Given the significant impact of COVID-19 on the local economy, he felt the Council should change its focus to the town centre as a whole. A complete rethink would be needed if the town centre saw long term shop closures and the Council's role would be crucial in terms of planning, regeneration, working with business leaders, conservation groups and trading organisations to enable the town to recover and thrive as a regional shopping centre. He felt there were too many uncertainties to warrant the Argos site scheme as envisaged by Council last summer going ahead for the foreseeable future. His question therefore was:

'Does the Cabinet agree that a delay of a decision for a few months will provide the Council with the clarification which I believe is needed on the financial position of the authority and its potential involvement with the Argos building?

Further, the deferring of a decision would also enable the NHS Trust and the University of Coventry to ascertain its funding abilities.

Would the Cabinet agree that without such assurances, the redevelopment of the Argos building could be a millstone for the Borough Council at a time when we need to focus on the environmental enhancement and regeneration of the town centre area of Westborough and upper Newborough?'

In reply, Councillor Colling understood Councillor Jeffels' concerns, but this scheme had already encountered delay. To be clear, the decision before the Cabinet was to accept the progression of the scheme in principle subject to the fulfilment of certain key criteria. For example, the agreement for lease with FutureLets, with Coventry University as guarantor, would ensure the Council's rental income stream. There were tight timescales to be met around the Government funding bids, and for this reason, the go ahead was needed now. Councillor Jeffels then queried that if the conditions were not met and circumstances changed, would a report come back to

full Council. The Monitoring Officer confirmed that full Council had agreed the budget and financial parameters of this scheme. Should these no longer hold, then yes, a report would have to be submitted to full Council.

RESOLVED that the Cabinet approve entry into the conditional contract for sale and the funding agreement with Buccleuch Property (Scarborough) Limited to purchase and facilitate the development of the former Argos building (50-59 Newborough and 46-49 Queen Street and 18-20 Market Street, Scarborough) as student, NHS key worker accommodation and associated ground floor retail space on terms principally contained within this report.

Reasons

To provide the necessary authorisations to allow the Council to move forward with the former Argos Building development and wider regeneration of the area.

To achieve regeneration and social benefits throughout the borough by facilitating the regeneration of a key strategic site within Scarborough Town Centre, supporting the growth of higher education in the town, supporting the hospital trust's urgent need for key health worker accommodation, and acting as a catalyst for further development in the town centre; and

As identified within the Scarborough Town Centre Strategy:

- To make the Town a mixed use environment
- To facilitate Scarborough becoming a Student Town
- To enable and increase residential living within Scarborough Town Centre
- To develop our night time (transitional) Economy
- Build our identity, image and brand
- Create an inviting public realm we can be proud of and meet our identified economic challenges to retain and grow our population of young people and provide infrastructure required to accommodate key sector workers within the town.

NOTES

Document is Restricted

NOTES

Document is Restricted

NOTES