

THE EXECUTIVE

A meeting of the Executive was held on 1 August 2018 at 1:00 p.m. in Mandela Room, Town Hall, Middlesbrough.

PRESENT: Mayor D Budd (Chair), Councillors J Brunton Dobson, M Carr, C Rooney, D Rooney, M Thompson, N Walker and L Young.

OFFICIALS: J Bromiley, L Henman, D Johnson, K Parkes, B Roberts and I Wright.

APOLOGIES FOR ABSENCE: Councillors J Rostron and J Sharrocks.

DECLARATIONS OF INTERESTS

There were no declarations of interest.

18/18 **GRESHAM REDEVELOPMENT**

The Deputy Mayor and Executive Member for City Centre Strategy, the Executive Member for Finance and Governance, the Executive Director for Growth and Place, and the Strategic Director of Finance, Governance and Support submitted a report, the purpose of which was to update the Executive on the current position regarding the Gresham Student Village, and to seek approval to bring forward housing development on the wider site.

The Council had been acquiring properties in Gresham to facilitate redevelopment since 2005. The site was excellently located, in close proximity to the city centre and Teesside University's campus, and presented an opportunity to create a new gateway into the town from the A66/A19.

On 1 November 2016, the Executive approved the 'Gresham - Masterplan and Regeneration' report, which highlighted that Teesside University had experienced a period of unprecedented growth that had seen an investment of £250m to develop the city centre campus, and were committed to investing in growth and enhancing the experiences of their students, businesses they worked with and the local community. Gresham was identified by the Council and Teesside University as an ideal location for a high quality Student Village development with modern accommodation that offered everything a student needed for University life. The approved recommendations of this report were subsequently actioned and work had progressed to secure the Compulsory Purchase Order (CPO) and bring forward the proposed development.

The Middlesbrough Investment Prospectus 2017 recognised that the demand for student amenities presented further opportunities to bring forward development in Gresham, underpinned by the presence of a new Student Village. The development of the University Quarter was one of the key commitments for the transformational improvement of the city centre and would enhance Linthorpe Road as a centre for independent retail and the night time economy.

The submitted report provided details regarding the objectives of the Student Village scheme; the discussions that had been held between the Council, Teesside University and two developers regarding the Student Village proposals; and the offers made by Developer A, Developer B and Teesside University and the implications/outcomes of these. The report highlighted that, following assessment of the bids from Developer A and Developer B, the University's offer was considered to be the only bid that could realistically be delivered.

Members were advised that, following the preparation of the report, a revised offer had been received from Developer B, with a substantially increased financial offer, but an associated increase in lease payments. This resulted in increased risk for the Council, which made it even less affordable for the Council.

An Asset Disposal Business Case had been completed and was attached to the report.

The submitted report provided details regarding the Housing Masterplan, Public Open Space and Housing Development Proposals, together with a CPO Update. A High Level Masterplan (Plan 1), Development Phasing Plan (Plan 2), Revised Masterplan (Plan 3), and an Impact Assessment (Appendix 1) were also attached to the report.

It was commented that there was a need to ensure, through the planning process, that open space provision for the new scheme would not be eroded through the development process. This would be part of the master planning.

Reasons for recommendations

The Executive report of 1 November 2016 stated that the Council had held discussions with Teesside University regarding their expansion plans and had identified Gresham as an ideal location for a high quality off campus development. The University had subsequently made an offer to acquire the site in order to develop the Student Village themselves. The offer met the Council's expectations in terms of land value so it was recommended that terms were agreed that would achieve the objectives of both organisations.

The inclusion of the public open space in the housing masterplan would allow it to be framed with buildings/development. The development would provide an increased level of surveillance and security and make it much more attractive as usable public space.

The new housing development in Phase 1 would set the bar for the quality of new homes across the rest of the site and would generate Council Tax and New Homes Bonus that would support the Council's Medium Term Financial Plan.

Stakeholder consultation had not been carried out during the preparation of the submitted report, but would be undertaken as part of the statutory planning process for both the Student Village and housing development. Consultation would also be undertaken on the Development Guidance as part of the pre-planning consultation.

The Economic Regeneration and Transport Scrutiny Panel investigated the Gresham Regeneration between July and October 2012. The Panel had subsequently received regular updates on the progress of the project.

Other potential decisions and why these had not been recommended

The Council could undertake a formal procurement exercise to bring forward the Student Village development, but the offer from the University met the Council's valuation of the land and the University had a strong track record of delivering high quality development, as evidenced by their recent campus improvements. The University's covenant was also considered key to attracting students and de-risking the development.

The Council could undertake an OJEU Competitive Procedure with Negotiation, rather than a traditional land sale to bring forward housing development in Phase 1. However, by adopting Development Guidance, the Council was able to exert control over the quality of the development via the statutory planning process.

ORDERED

- 1. That the sale of the Council's land to Teesside University for £2m to facilitate the Student Village development, subject to the conditions set out in Paragraph 20, be approved.**
- 2. That delegated authority for the Strategic Director of Finance, Governance and Support and Executive Director for Growth and Place, following consultation with the Executive Member for Finance and Governance and the Deputy Mayor and Executive Member for City Centre Strategy, to agree terms with Teesside University, within the scheme of delegation, for the sale of the Student Village site, be approved.**
- 3. That amendments to the Gresham masterplan to incorporate public open space in the housing development be approved.**

4. **That the disposal and marketing of Phase 1 of the housing land for development be approved.**
5. **That the future disposal and marketing of Phase 2, once the remaining properties had been cleared, be approved.**

REASONS

The decisions were supported by the following reason:

The decision would amend the Gresham masterplan that was approved by Executive in November 2016 and would facilitate the development of a Student Village and new housing on the site, which would generate income via Capital Receipts, Council Tax and New Homes Bonus.

18/19

REVIEW OF THE STRATEGIC PARTNERSHIP

The Executive Member for Finance and Governance and the Strategic Director of Finance, Governance and Support submitted a report, the purpose of which was to provide the Executive with an update in respect of the Strategic Partnership with Kier Business Services Ltd, and propose options for the future delivery of the Revenues and Benefits services, Pensions Administration and Payroll Services.

The Revenues and Benefits service had been part of the Strategic Partnership with Kier Business Services Ltd (formerly HBS / Mouchel) since June 2001. Overall the service had been working well during the past 17 years with the contract previously being extended on two separate occasions. Although there had been a number of service improvements, the collection of Council Tax in particular, and to a lesser degree Business Rates, had continued to be challenging, especially since April 2013 when the Government introduced a number of welfare reforms. These reforms directly reduced residents' ability to pay their Council Tax. A variety of initiatives to improve collection had been undertaken with varying degrees of success.

The report indicated that the next biggest change that would be rolled out by Central Government was the full Universal Credit service, of which the Council had no choice, and would happen from 3 October 2018. From this date, a large number of working age residents would gradually move onto this new benefit, which merged six state benefits into one monthly payment. This had been in place in Middlesbrough since February 2016 for single residents who made a new claim for benefit, but would have a far greater impact once the service was rolled out to the majority of working age residents.

In light of this upcoming change, both parties agreed that it was the right time for the Revenues and Benefits services to return to the control of the Council, who would be better placed to shape the direction of services for current and future years. This was especially important given the uncertainty of Local Government grant funding from April 2020. From this point, it was likely that Council funding would rely heavily on Council Tax and Business Rates collection. Steps therefore needed to be taken now to ensure collection was maximised at the earliest opportunity.

The removal of Revenues and Benefits services and the selling of their Pensions Administration Business would leave only the Payroll services within the Strategic Partnership contract. The selling of Pension Services by Kier Business Services Ltd would require written consent from the Council. As this would leave only the Payroll Service being delivered by Kier Business Services Ltd, there was the potential for this service to also be transferred back to the Council.

An Impact Assessment in respect of the Review of the Strategic Partnership was shown at Appendix A.

Reasons for recommendations

The Revenues and Benefits services would be subject to significant pressures due to the

impact of the full Universal Credit service from October 2018 onwards. The Council was looking to provide clear direction for the services and was better placed to implement these if the services were delivered 'in house' rather than by an external partner organisation. In addition, the current contract with Kier Business Services Ltd was for a set price which only altered due to inflation. This therefore did not allow for much flexibility within the service. If both services were brought back to the Council, officers would be able to cover areas of specific need as and when required or concentrate on identified areas of work with a greater degree of flexibility, which was not currently achievable.

The Council would rely heavily on Council Tax and Business Rate collection in future years due to the uncertainty around Central Government funding from April 2020 onwards. The current contract for the Revenues and Benefits services ran until 31 May 2021. If the Council did not choose to alter the current contract, the Council could be left in a position of both services returning to the Council, with grant funding ending, and having to make immediate improvements to collection in order to maintain the finances of the Council. This risk was significant and could be alleviated by the return of both services as soon as possible.

Details regarding the consultation work undertaken were provided in the submitted report.

Other potential decisions and why these had not been recommended

The Council did have the opportunity to keep the delivery of the Revenues and Benefits services with Kier Business Services Ltd. However, this option could negatively impact on the Council's future financial resources and also did not allow the Council the flexibility to deliver the right services for residents, especially with the impending Universal Credit changes. It was therefore felt that this option was not feasible.

ORDERED

- 1. That the intention to return Revenues and Benefits services to the Council from 1 December 2018, or earlier if possible, and the proposed sale by Kier Business Services Ltd of their Pensions Administration Business to a third party, be approved.**
- 2. That, should the proposals for Revenues and Benefits and Pensions Administration be approved, the only other service provided by Kier to the Council under the partnership agreement would be Payroll Services. The transfer back of the Payroll Services to the Council, if the costs were within delegated financial thresholds and agreement could be negotiated with Kier, be approved.**
- 3. That application of the Council's voluntary redundancy policy, if this benefitted the Council, be approved.**
- 4. That work commence to transfer the Revenues and Benefits services back to the Council within this timescale, and the final terms of this contract be delegated to the Director of Finance, Governance and Support, in consultation with the Executive Member for Finance and Governance.**

REASONS

The Council would have direct control of delivery for Revenues and Benefits services, which would achieve increased performance and ensure least impact following the introduction of the Universal Credit service in Middlesbrough from October 2018. Pensions Administration services would transfer to a new third party provider for the remainder of the contract to 31 May 2021 under the existing contractual arrangements. Payroll Services may also transfer back to the Council, subject to satisfactory negotiation.

The decision(s) will come into force after five working days following the day the decision(s) was published unless the decision becomes subject to the call in procedures.