

WRITTEN STATEMENT OF A KEY DECISION CABINET

ITEM:	ESG RETAIL QUARTER DEVELOPMENT AGREEMENT
Members Present:	Councillors: RJ Phillips (Leader), LO Barnett, AJM Blackshaw, H Bramer, JP French (Deputy Leader), JA Hyde, JG Jarvis, PD Price, DB Wilcox.
Date of Decision:	25 June 2009
Exempt:	No
Confidential	No
This is a key decision because It is likely to result in the Council incurring expenditure above agreed budgets for the service or function (shown as a line in the budget book) to which the decision relates but allowing for virements between budget heads and savings within budget heads of up to £500,000	
The item was included in the Forward Plan.	
Urgency/Special Urgency: (As defined in Constitution)	No
Purpose:	To seek approval to proceed to conclude negotiations and enter into the Edgar Street Grid (ESG) Retail Quarter Development Agreement between Herefordshire Council, ESG Herefordshire Ltd, and Stanhope following an initial European procurement process and subsequent detailed financial and programming negotiations.
Decision:	THAT: (a) the substantive terms of the Development Agreement so far negotiated as described in this report be approved; and (b) approval be given for negotiations to be finalised on the basis of those substantive terms and for the finalised Development Agreement to be signed under the authority of the Director of Regeneration.
Reasons for the Decision:	The Retail Quarter is one of the principal elements of the Edgar Street Grid (ESG) redevelopment. Signature of the Development Agreement will tie both parties into the development process and give greater certainty that this mixed-use scheme will progress within a structured timeframe. The signature of the Development Agreement represents the conclusion of an open market process that started with a developer selection procedure that recommended Stanhope as

	<p>the preferred developer.</p> <p>The ESG Herefordshire Ltd (ESG) Board and Advantage West Midlands (AWM) have been involved in the selection process alongside senior Herefordshire Council Officers. This report summarises the terms of the Development Agreement and the financial implications for the Council.</p>
<p>Options Considered:</p>	<ol style="list-style-type: none"> 1 To not sign, or to delay the signing of, the Development Agreement with Stanhope. 2 Not signing the Development Agreement has direct implications for the rest of the ESG development in terms of delivery and financing. In the current economic climate, government agencies and private developers require confidence that redevelopment schemes are progressing to programme. Non signature of the Development Agreement may cause both Stanhope and AWM to review their investment in the Retail Quarter, and, should this be delayed, the whole of the ESG scheme including the essential investment in local infrastructure. 3 Additionally either alternative option would have implications for the role and integrity of the ESG Herefordshire Ltd Board and Company. A decision not to progress the proposal would result both in damage to the reputation of the authority and loss of significant resources to support the regeneration of the city.
<p>Declaration of Interest:</p>	
<p>Date the key decision is due to take effect:</p>	<p>3 July 2009</p>

<p>COUNCILLOR RJ PHILLIPS</p> <p>LEADER OF THE COUNCIL</p>	<p>Date: 25 June 2009</p>
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To be completed by officer:	
Date consent received from Chairman of Community Services Scrutiny Committee:	N/A
Subject to Call-in:	This Decision was called in on 1 July 2009 by Councillors GFM Dawe, DJ Benjamin and MAF Hubbard The call in meeting of the Community Services Scrutiny Committee will be held on 13 July 2009
Was the decision modified?	No
If yes Cabinet Member (.....) decision reference:	
If no any comment(s) to be noted	<p>Based on the evidence submitted to the Community Services Scrutiny Committee it was resolved that:</p> <ul style="list-style-type: none"> a) The Cabinet decision 2009.CAB.036 should be endorsed and supported; b) Cabinet was invited by the Committee to consider periodic update briefings for all Members on the programme and progress of the project; <p style="text-align: center;"><i>and;</i></p> <ul style="list-style-type: none"> c) Cabinet’s assurance was sought that all Members would be given the opportunity to question and be satisfied as to the financial and operational viability of the project before irrevocable decisions are taken.
Date original decision took effect:	14 July 2009