

General Overview & Scrutiny Committee

Held at 10.00am Friday 9 November 2012

Agenda Item 6 – Questions from the Public.

Agenda Item 6 invited the public to submit questions for consideration at the meeting so long as the question is directly related to an item on the agenda.

The Following questions have been received. Officers have provided written response.

From: Mrs Wegg-Prosser

I understand the Cabinet recommendation regarding the ESG Retail Quarter Development Scheme has been called in for Scrutiny. On the assumption that this matter will appear on the Agenda for the next General Overview and Scrutiny Committee Meeting to be held on 9th November 2012, I should be grateful if you could submit the following question and let me have the answer as soon as possible:- What has happened to the commitment to provide affordable housing and a civic quarter within the ESG development scheme?

Signed Victoria Wegg-Prosser, Hereford.

Response - The question in relation to the provision of affordable housing in the civic quarter on the ESG scheme is not relevant to the Call-in but a written response will be provided separately to Mrs Wegg-Prosser on this matter.

From: Mr N Jones

Uncorroborated reports suggest that the costs of the demolition of the old cattle market buildings (which has been going on since early October) together with the cost of the site's perimeter hoarding, have so far been borne by Herefordshire Council.

If true, this is highly irregular. In effect, public funds are being diverted to start work on a private property consortium's commercial development, before that development had been authorised by Herefordshire Council.

On 31 October 2012, Hereford Future's Chief Executive Jonathan Bretherton told the Emergency Cabinet Meeting that "the deal" (ie: the required Variation to the Retail Quarter (Old Livestock Market) Development Agreement) had to be signed by midnight that day. Yet Councillors were not informed that for at least three weeks Herefordshire Council had effectively been "underwriting" this demolition work in expectation of Cabinet approval.

The chairman of the meeting made no reference to this highly unusual circumstance; neither did the Acting Chief Executive nor the Director of Places & Communities, both of whom were in attendance. It would appear that due process was not followed.

Q: Can the Scrutiny Committee:-

- i) Ascertain whether Herefordshire Council has been “underwriting” the site demolition costs since early October?
- ii) If so, what is the total expenditure up to 31 October 2012?
- iii) Who authorised such an arrangement?
- iv) Why was the Emergency Cabinet Meeting not informed, since it might well have affected the decision taken?

In my view, all of the four elements of the above question relate to the Cabinet decision of 31 October 2012.

Submitted by:

Mr N Jones
Hereford

Response - These questions are not directly relevant to the Call-In, a separate written response will be provided which will confirm that there has been no underwriting of the demolition costs by Herefordshire Council.

From: Mrs E Morawiecka

Question 1

Six months ago I requested information regarding the calculation of the business rate income at the 13th April meeting of Overview & scrutiny. The questions and answers provided were:-

"5.2. What has been the loss to date of business rates on the sites in Widemarsh Street, Station Approach, the Cattle Market site, etc since businesses were required to relocate for the “Link Road” to support the Grid Development?

This is not relevant to the call-in but we will provide a written response to this question at a future date. It should be noted that the national business rates pool picks up any reduction in income and not the council.

5.3 What is the expected annual loss in business rates arising from the anticipated city centre attrition rate of retail businesses arising from the revised terms from businesses closing or relocating as a result of the new ESG development competing with the existing City Centre, including business rates that will be lost on the existing Odeon cinema site?

See answer to 5.2 above"

1a) As this information would surely be required for the senior officer to calculate value for money for the local taxpayer, what is the answer to these questions, now that officers have had 6 months to prepare?

Response - This question is not relevant to the current call-in, a written response has now been provided.

1b) Montague Evans were apparently being prudent estimating that the retail development would generate business rates of £2.5million. I understand that the latest estimate for

business rates will now be just £1.25million. How prudent are Montague Evans being 6 months later with this estimate and what is the risk attached to their latest detailed calculation, bearing in mind the level of error before?

Response - This question is not relevant to the call-in but a written response will be provided at a future date.

Question 2.

The minutes of the Gateway Committee, which includes Cllr Jarvis, Cllr R Phillips, the Chief Executive of Herefordshire Council and Mr Geoff Hughes, of 18th July 2012, states under 5. Old Market Site/Stanhope:-

"5.2 The committee was made aware of Stanhope's proposals regarding project funding.

5.3 "redacted"

5.4 The Committee discussed the final steps required to conclude the agreed contracts. Geoff Hughes had delegated authority to proceed".

2a) What were Stanhope's proposals regarding project funding in July?

Response - Stanhope made the proposal that they would put in place the project funding with British land PLC based upon the cabinet approval from April. They enquired as to the likely timescale regarding putting the delegated officer approval in place.

Stanhope also mentioned contingency plans in the event that they failed to secure satisfactory agreement with British land and how they were considering approaching the investment market in future.

2b) What were the final steps agreed by this committee for Mr Geoff Hughes to conclude the agreed contracts under delegated authority?

Response - The Gateway Committee agreed no final steps, the delegated authority referred to was the delegated authority given to Mr Hughes at the cabinet decision meeting in April.

The gateway committee have no executive authority to make decisions, this was purely a reference to the delegated authority given by cabinet.

All that was discussed was the timetable for completed that work as agreed by cabinet.

Question 3.

There is still considerable potential for the Old Livestock Market site to compliment the historic city centre of Hereford and to provide much needed housing; educational resources; etc. Now that the future income/capital receipts on this deal have fallen as a result of :-

i) the estimate of business rates dropping from £2.5million to £1.25million p.a.in the last 6 months;

ii) the future capital receipt has fallen from £1.5m to £1million;

iii) Herefordshire Council has already overspent by £1.5 million on purchasing land for the link road to support the Stanhope Development;

at what point does the deal with Stanhope/British Land cease to be value for money for the local taxpayer?

Response - The council has taken independent advice from Montagu Evans about the revision to the development agreement and has received assurance that this remains value for money for the local taxpayer.

3b) Please confirm the net present value and the return on investment local taxpayers can expect on their money being invested in the Old Livestock Market retail scheme, showing the calculation and total costs incurred by way of legal and professional fees; capital costs of the Link Road; the New Livestock Market; etc to date, and clearly identifying the current estimated capital and income receipts this project will deliver.

Response - This is not relevant to the call-in, but a written response will be provided at a future date.

Yours sincerely,

Mrs E Morawiecka