

## Council

A meeting of Council was held on Wednesday, 22nd February, 2017.

**Present:** The Worshipful the Mayor (Cllr Ken Dixon); Cllr Helen Atkinson, Cllr Sonia Bailey, Cllr Paul Baker, Cllr Chris Barlow, Cllr Jim Beall, Cllr Derrick Brown, Cllr Julia Cherrett, Cllr Carol Clark, Cllr Chris Clough, Cllr Robert Cook, Cllr Nigel Cooke, Cllr Gillian Corr, Cllr Evaline Cunningham, Cllr Ian Dalgarno, Cllr Philip Dennis, Cllr Kevin Faulks, Cllr John Gardner, Cllr Lisa Grainge, Cllr Lynn Hall, Cllr David Harrington, Cllr Ben Houchen, Cllr Stefan Houghton, Cllr Barbara Inman, Cllr Mohammed Javed, Cllr Eileen Johnson, Cllr Paul Kirton, Cllr Mrs Ann McCoy, Cllr Allan Mitchell, Cllr Mrs Kathryn Nelson, Cllr Steve Nelson, Cllr Mrs Jean O'Donnell, Cllr Ross Patterson, Cllr Maurice Perry, Cllr Lauriane Povey, Cllr Rachael Proud, Cllr Paul Rowling, Cllr Michael Smith, Cllr Norma Stephenson O.B.E, Cllr Mick Stoker, Cllr Tracey Stott, Cllr Laura Tunney, Cllr Sally Ann Watson, Cllr Julia Whitehill, Cllr David Wilburn, Cllr Norma Wilburn, Cllr Bill Woodhead MBE and Cllr Barry Woodhouse.

**Officers:** Neil Schneider (CE) Julie Danks, Peter Bell, Jenna McDonald (DCE), Garry Cummings, Tony Montague (F&BS), Martin Gray (CHS), Beccy Brown, Jonathan Nertney (HR, L&C) Jamie McCann (CS), Ann Workman (AH); David Bond (Proper Officer), Richard McGuckin (EGDS), Reuben Kench (CL&E).

**Also in attendance:** Members of the public.

**Apologies:** Cllr Elsie Hampton, Cllr Dianne Hewitt, Cllr Mick Moore, Cllr Stephen Parry, Cllr Stephen Richardson, Cllr Andrew Stephenson, Cllr Matthew Vickers and Cllr Sylvia Walmsley.

### **C       Declarations of Interest** **100/16**

Each of the Members present had a non-prejudicial interest in relation to setting the Council Tax and Members Allowances and a dispensation regarding any disclosable pecuniary interests in respect of agenda item 5 - Medium Term Financial Plan Update and Strategy due to having beneficial interests in properties in the borough / being Council Tax Payers.

Councillor Ben Houchen declared a personal non prejudicial interest in respect of agenda item 3 - Appointment of the Returning Officer - The Election of a Mayor for the Tees Valley Combined Authority as he was the Conservative Party candidate for the election of a Mayor for the Tees Valley Combined Authority.

Councillor Nigel Cooke declared a personal non prejudicial interest in respect of agenda item 5 - Medium Term Financial Plan Update and Strategy as he was a non-remunerated Board Member of Tees Music Alliance.

Councillor Steve Nelson declared a personal non prejudicial interest in respect of agenda item 5 - Medium Term Financial Plan Update and Strategy as he was a Board Member of Tristar Board.

Councillor Paul Rowling declared a personal non prejudicial interest in respect of agenda item 5 - Medium Term Financial Plan Update and Strategy as he was a Board Member of Tristar Board.

### **C       Appointment of the Returning Officer - The Election of a Mayor for the** **101/16   Tees Valley Combined Authority**

Consideration was given to a report on the Appointment of the Returning Officer for the election of a Mayor for the Tees Valley Combined Authority.

A Returning Officer was required to be appointed by the Council specifically for

the purposes of the election of a Mayor for the Tees Valley Combined Authority.

The report therefore requested Council to reaffirm its previous decisions regarding the appointment of David Bond as the Council's Returning Officer, but with particular reference to the Tees Valley Mayoral election to be held on 4 May 2017.

The Combined Authorities (Mayoral Elections) Order 2017, made on 30 January 2017 required a constituent council to appoint a Returning Officer in connection with a combined authority mayoral election.

This was an explicit requirement in the legislation. Guidance subsequently issued by the Electoral Commission emphasised this, and that a formal appointment needed to be made for the purpose of a combined authority mayoral election.

Whilst previous decisions by the Council had implicitly appointed David Bond as Returning Officer for the 4 May Mayoral election, for the avoidance of any doubt, Council was asked to make an explicit decision to that effect.

Each of the other Tees Valley Combined Authority constituent councils were taking similar action to appoint their Returning Officer.

RESOLVED that the Council reaffirms its appointment of David Bond as its Returning Officer in relation to the election of a Mayor for the Tees Valley Combined Authority.

**C**  
**102/16**      **North Shore Hotel**

Consideration was given to a report on the progress that had been made on the development of the North Shore Hotel since reports to both Cabinet and Council in May and June 2016 and provided detail on the delivery programme and sought approval for prudential borrowing to meet development costs, fees and capital expenditure.

The Council had a strong track record of successful delivery in the challenging financial climate. The Council was facing the importance of making the best use of both its own assets and exploiting new opportunities. As previously reported the proposed hotel development was built on a rock solid business case that had been independently verified by two industry experts. At a recent Cabinet meeting the Council's external auditors, Mazars had emphasised that the Council should continue to look for new opportunities to make the most of its investments and seek new opportunities where appropriate. The hotel was no exception to this and in fact since the technical work to establish the business case there had been an overwhelming positive response particularly from the business community who saw the real need for an improved hotel accommodation offer in the middle market.

The recent announcement of Durham University's International Foundation College was welcome news and it was anticipated that this would be a catalyst for the privately owned former Swallow Hotel to be brought back into use as high end student accommodation, which had been a long standing ambition of its owners with a view to completion for student intake in September 2018.

The Council remained absolutely clear that investment in the hotel would provide an essential strong catalyst to support the Council's ambition for regeneration and growth across the Borough. The Council's recently adopted economic strategy and growth plan set out the clear growth ambition that needed to be achieved set clear priorities to grow job opportunities through investment. Its town centre location added significant value to the amenities and growing leisure economy within the town centre area. The river remained a key asset that the Council would continue to build on and not only was the hotel proposed in an excellent location it would actively support the growing leisure economy.

The response from the business community had been overwhelmingly positive as the need for a mid-range hotel was long overdue. In recent dialogue the extent of the problem with both business and leisure groups finding suitable accommodation in a single location had become apparent. Events such as the cycling festival, Duathlon, SIF, recent National jet ski championships and the many rowing winter training camps that visited the river as well as the international white water course had provided live examples of this very issue.

The business community's enthusiasm for the Council's ambition to provide the very facilities they needed to support their business had been overwhelming. An example of some of the feedback the Council had received was detailed within the report.

Since June 2016, detailed work on the design and function of the hotel had been undertaken. This process explored a range of options for the location of the hotel on the NSGS, taking into consideration the topography of the site, views of the hotel to and from the riverside, access to the town centre and North Shore as well as parking and servicing.

A preferred location for the hotel had quickly emerged and detailed design on the built form and interior layout had followed. A key part of the design process was ensuring that the hotel conformed with the brand standard requirements of Hampton by Hilton, enabled efficient operation and servicing as required by Interstate whilst delivering a high quality building on a prominent gateway to the town centre.

Design of the hotel had progressed to the point where a reserved matters planning application for a 128 bed hotel, hotel car parking and improvements to the existing dairy car park to ensure a high quality setting for the building was submitted in January 2017. The application had been validated and was scheduled to be considered at Planning Committee in April 2017.

Following approval of the selection of Interstate United Kingdom Management Ltd as the preferred management company, along with selection of the brand franchise Hampton by Hilton as the preferred brand for the hotel, work had been underway on agreeing the contractual details of the management agreement and brand franchise agreement.

This was a detailed process with rigorous scrutiny of operating terms, fees and performance measures undertaken to ensure a secure and robust contractual position for the Council. Final versions of both the management agreement

and franchise agreement were completed in December 2016 with the franchise agreement signed in late December 2016 and management agreement signed in early January 2017.

Alongside contractual negotiations, detailed discussions were concluded in respect of securing a long lease from the landowner of the site, the Homes and Communities Agency as well as progressing through the process of the compulsory purchase of the former Kwik Fit garage on Church Road which occupied a key location within the proposed development.

Having initially objected to the Compulsory Purchase Order (CPO) on the former Kwik Fit garage, the owner subsequently withdrew their objection, removing the requirement for an Inquiry and therefore enabling the land to come under the ownership of the Council circa April 2017.

As set out in the report to Cabinet in May 2016, in order for the Council to have the power to trade, in the form of a hotel, there was a requirement to establish a Local Authority Trading Company (LATCo) wholly owned by the Council in line with requirements of the Local Government Act 2003 and the Localism Act 2011. The trading company was established under the name Stockton Hotels Company Limited.

A key element of the underpinning rationale for investment in a hotel development of this type was the forecast benefit to the local economy, supply chain and creation of employment opportunities. An Economic Impact Assessment (EIA) estimated that the hotel development would provide £6.7million Gross Value Added per annum to the local economy through direct and indirect employment, spend from visitors and use of local supply chain. As previously reported to Cabinet and full Council the number of jobs created by the hotel would be around 100 with 30 of those being directly employed within the hotel itself.

If these figures were achieved there would be significant impact on the local economy, helping to stimulate and support local businesses as well as attract new business to the Borough. The anticipated positive impact of the hotel development had been reinforced by comments received from prominent local businesses who had spoken out in support of the hotel and how it would support them to do business and accommodate a relatively high number of visitors close to their offices or facilities.

Furthermore, the recent announcement of the partnership between Durham University and the Study Group to transition Queens Campus into an International Foundation College (IFC) had provided a greater level of confidence as to the future use of the Queens Campus and would also provide additional benefit to the town centre and surrounding areas as students within an IFC attended courses on a year round basis as opposed to the current three, ten-week semester model, therefore providing a 'year round' presence of circa 800 students in the town centre area.

It was anticipated that this announcement would act as the catalyst for work to begin on the refurbishment of the Swallow Hotel for student accommodation. As previously reported, there had been no appetite from hotel operators or investors to refurbish the Swallow Hotel for hotel use due to the large size of the

building and the costs associated with all of the additional facilities in a hotel of the Swallows size and age. Modern, mid-range hotels such as the proposed Hampton by Hilton were smaller and more efficient to run, therefore maximising income and minimising operating costs which ultimately enabled the operation to be competitive in the current hotel market.

As reported to both Cabinet and Council in May and June 2016, the anticipated total cost for delivering a hotel on the NSGS was estimated at circa £17million. A final figure for construction would not be known until the contract was tendered in Spring 2017. However, detailed cost estimates across all elements of the scheme had been undertaken as the design had evolved with estimates showing that the total cost of the scheme including all design costs, construction costs, associated works and fees would not exceed the original £17million cost estimate.

In order to meet the required capital investment, approval for the use of prudential borrowing of up to £17million was required which was reflected in recommendation within the report and was covered within the Medium Term Financial Plan report to Cabinet and Council in February 2017.

Work would continue on the detailed design of the hotel and subject to gaining planning consent at Planning Committee in April 2017, procurement of the construction contractor would begin the same month, beginning work on site by the end of June 2017 with an estimated completion date in early autumn 2018.

Cabinet had considered this matter at its meeting held on 16 February 2017 and a copy of the relevant minute extract had been circulated to Members.

RESOLVED that:-

1. The progress on the development of the hotel scheme be noted.
2. The use of prudential borrowing up to £17million to meet all development costs, fees and capital expenditure be approved.

## **C Medium Term Financial Plan Update and Strategy**

**103/16**

Consideration was given to a report on the Medium Term Financial Plan Update and Strategy.

This was the final report in setting the Council's 2017/18 budget and Council Tax and outlining the Medium Term Financial Plan (MTFP) position to 2021.

The MTFP report for 2017/18 to 2020/21 was attached and outlined the Council Tax proposals and budget for 2017/18 and the indicative MTFP for the next three years.

The report updated the position from that reported to Cabinet and Council in February 2016 and in particular reflected implications arising from the Autumn Statement and the Local Government Finance Settlement for 2017/18.

The Provisional Financial Settlement had provided indicative funding allocations for the next three years which outlined further funding reductions which would

make the difficult financial position faced by the Council even more challenging.

The Council had a strong track record of prudent financial management and delivering savings early. This had enabled the use of reserves to support a planned and managed approach to addressing the financial challenges and this would continue.

The report also outlined future changes to Local Government Finance, most noticeably the proposal to move to 100% of business rates retained by Local Authorities. These were potentially major changes which were likely to have an impact on council funding. This meant that the position for 2020/21 onwards outlined in the report needed to be treated with some caution.

Cabinet had considered this matter at its meeting held on 16 February 2017 and a copy of the relevant minute extract had been circulated to Members.

Moved by Councillor Bob Cook, seconded by Councillor Jim Beall:-

1. That in accordance with the Local Government Act 2003, Members note that the Section 151 Officer confirms that the following recommendations:
  - a. represent a robust budget which has been prepared in line with best practice;
  - b. provide adequate working balances; and
  - c. that the controlled reserves and provisions are adequate for their purpose.

#### General Fund Budget

2. A 2017/18 Council Tax requirement for Stockton-on-Tees Borough Council of £79,210,742 be approved.
3. A 2017/18 Council Tax requirement for Stockton-on-Tees Borough Council inclusive of Parish Precepts (£744,264) of £79,955,006 be approved.
4. The 2017/18 budget and indicative 2017/21 MTFP as outlined in paragraph 85 and the use of balances and reserves as outlined in paragraph 99 be approved.

#### Business Rate Relief System

5. The changes introduced in the 2016 Autumn Statement be noted.

#### Taxation

#### SBC

6. The Council Tax for Stockton-on-Tees Borough Council prior to Parish, Fire and Police Precepts be increased by 4.9%, which includes the Government Levy of 3% in respect of Social Care, i.e. to £1,457.87 at Band D (£971.92 at Band A) be approved.

#### Fire, Police & Parish

7. The Police precept of £11,656,645 which equates to a Council Tax of £214.54 at Band D (£143.03 at Band A) be noted.

8. The Fire precept of £3,969,586 which equates to a Council Tax of £73.06 at Band D (£48.71 at Band A) be noted.

9. The Parish precepts as set out in paragraph 125 of the budget report be noted.

#### Capital

10. The Capital Programme attached at Appendix A & B be approved.

#### Appointment of External Auditors

11. That Public Sector Appointments Ltd be appointed and engaged to make the external audit appointment for the Council.

#### Attendance at Court

12. The members of the Revenues and Benefits Service outlined in paragraph 108, be authorised for attendance at Court under Section 223 of the Local Government Act 1972.

#### Organisational and HR

13. The Pay Policy Statement attached at Appendix D to the report be approved.

#### Members Allowances

14. Members allowances be frozen for 2017/18.

#### Council Tax - Statutory Requirements

15. The statutory requirements for Council Tax as shown in Appendix E be approved.

#### Treasury Management/Prudential Code

16. The Treasury Management Strategy, Minimum Revenue Provision Statement, Investment Strategy and Prudential Indicators for 2016/17 – 2019/20 as set out in Appendix F to the report be approved.

Moved by Councillor Ben Houchen, seconded by Councillor Phil Dennis that the motion be amended as follows:-

#### Alternative Recommendations

2. Approve a 2017/18 Council Tax requirement for Stockton-on-Tees Borough Council of £77,775,802.

3. Approve a 2017/18 Council Tax requirement for Stockton-on-Tees Borough

Council inclusive of Parish Precepts (£744,264) of £78,520,066.

4. Approve the 2017/18 budget and indicative 2017/21 MTFP as outlined in paragraph 85 and the use of balances and reserves as outlined in paragraph 99.

6. Approve the Council Tax for Stockton-on-Tees Borough Council prior to Parish, Fire and Police Precepts be increased by the Government Levy of 3% in respect of Social Care, i.e. to £1,431.46 at Band D (£954.31 at Band A).

Changes to Body of Report and Impact of Alternative Recommendations

Paragraph 53 – SIRF

This paragraph be removed.

Paragraph 59 - Hotel

This paragraph be removed.

New Paragraph – Members Allowances

Members Special Responsibility Allowances be ceased with effect from 1st April 2017, leading to an annual saving of £180,000.

New Paragraph – Salary Cap

A staff Salary Cap of £70,000 to be applied leading to a saving of £485,000 in 2017/18 and £650,000 per year thereafter.

New Paragraph – Press and Communications

A 50% reduction in the Press and Communications Budget, saving £401,000 in 2017/18 and onwards.

Paragraph 60 – As a Table

The above pressures and changes were summarised in a table within the amendment and needed to be incorporated into the plan.

Paragraph 64 – Infrastructure Investment

Add a sentence – “This to be implemented with effect from 2018/19”.

Paragraph 81

The changes to the MTFP were summarised within a table in the amendment.

Paragraph 82

The table demonstrates that the budget gap would be £18.4m rising to £26.2m by 2020/21. By implementing the actions outlined above, this would result in a pressure of £2.518m in 2017/18, a balanced position in 2018/19 with the surplus



being available to manage the estimated pressure in 2019/20 and 2020/21. The current Medium Term Financial Plan already included provision of £2.574m use of reserves in 2017/18 which would fund the 2017/18 budget gap.

Paragraph 85

The updated Medium Term Financial Plan was represented as a table.

Paragraph 123

A revised table was presented for Band A and Band D.

Paragraph 127

Stockton Borough Council was required to collect tax on behalf of 4 independent organisations:

The Council  
Police  
Fire  
Parishes

The position assuming Stockton Borough Council set its Council Tax requirement at £77,775,802 was detailed in a table within the amendment.

All other recommendations remained the same as the substantive motion.

A recorded vote then took place on the amendment to the motion.

For the amendment:-

Councillors Phil Dennis, John Gardener, Lynn Hall, Ben Houchen, Stefan Houghton, Maurice Perry, Laura Tunney, Sally Ann Watson, Julia Whitehill and Bill Woodhead.

Against the amendment:-

Councillors Helen Atkinson, Sonia Bailey, Paul Baker, Chris Barlow, Jim Beall, Derrick Brown, Julia Cherrett, Mrs Carol Clark, Chris Clough, Bob Cook, Nigel Cooke, Gillian Corr, Evaline Cunningham, Ian Dalgarno, Ken Dixon, Kevin Faulks, Lisa Grainge, David Harrington, Barbara Inman, Mohammed Javed, Eileen Johnson, Paul Kirton, Mrs Ann McCoy, Alan Mitchell, Steve Nelson, Mrs Kathryn Nelson, Mrs Jean O'Donnell, Ross Patterson, Lauriane Povey, Rachael Proud, Paul Rowling, Michael Smith, Norma Stephenson, Mick Stoker, Tracey Stott, David Wilburn, Mrs Norma Wilburn, and Barry Woodhouse.

The amendment was not carried.

A recorded vote then took place on the substantive motion.

For the substantive motion:-

Councillors Helen Atkinson, Sonia Bailey, Paul Baker, Chris Barlow, Jim Beall,

Derrick Brown, Julia Cherrett, Mrs Carol Clark, Chris Clough, Bob Cook, Nigel Cooke, Gillian Corr, Evaline Cunningham, Ian Dalgarno, Ken Dixon, Kevin Faulks, Lisa Grainge, David Harrington, Barbara Inman, Mohammed Javed, Eileen Johnson, Paul Kirton, Mrs Ann McCoy, Alan Mitchell, Steve Nelson, Mrs Kathryn Nelson, Mrs Jean O'Donnell, Ross Patterson, Lauriane Povey, Rachael Proud, Paul Rowling, Michael Smith, Norma Stephenson, Mick Stoker, Tracey Stott, David Wilburn, Mrs Norma Wilburn, and Barry Woodhouse.

Against the substantive motion:-

Councillors Phil Dennis, John Gardener, Lynn Hall, Ben Houchen, Stefan Houghton, Maurice Perry, Laura Tunney, Sally Ann Watson, Julia Whitehill and Bill Woodhead.

The motion was carried.

**RESOLVED:-**

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16. The Treasury Management Strategy, Minimum Revenue Provision Statement, Investment Strategy and Prudential Indicators for 2016/17 – 2019/20 as set out in Appendix F to the report be approved.

At its meeting on 16th February 2017 Cabinet RESOLVED that:-

17. The Officer Appointments to Outside bodies and governing bodies at Appendix D (1) be noted and approved.