

# COUNCIL MEETING

26 JUNE 2018

## PRESENT:

R. J. Awty (Chairman)  
Bacon, Mrs N (Vice Chairman)

Bamborough, R. A. J.	Leytham, D. J.	Spruce, C. J.
Banevicius, Mrs S. W.	Little, Mrs E. A.	Stanhope MBE, Mrs M.
Barnett, Mrs S. A.	Mosson, R. C.	Strachan, R. W.
Boyle, Mrs M. G.	Marshall, T.	Tittley, M. C.
Constable, Mrs B. L.	O'Hagan, J. P.	Tranter, Mrs E. H.
Cox, R. E.	Pullen, D. R.	M. A. Warfield
Drinkwater, E. N.	Pullen, Mrs N. I	White, A. G.
Eagland, Mrs J. M.	Ray, P.	Wilcox, M. J.
Evans, Mrs C. D.	Rayner, B. L	Woodward, Mrs S. E.
Greatorex, C.	Salter, D. F.	Yeates, B. W.
Humphreys, K. P.	Shepherd, Miss O. J.	

## APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Mrs Baker, Constable, Eadie, Miss Fisher, Mrs Fisher, Ms Grange, Hoult, Matthews, Powell, Pritchard, Smith and A Yeates.

## 19 DECLARATIONS OF INTEREST

There were no declarations of interest.

## 20 CHAIRMEN AND VICE-CHAIRMEN OF COMMITTEES

Councillor Wilcox said he would first like to acknowledge the contribution of the three Members of Cabinet who had recently decided to stand down, and whilst regretting their decision understood their reasons for doing so.

He said he was delighted to welcome three new cabinet members: Councillor Mrs Little as Cabinet Member for Corporate and Customer Services, Revenues and Benefits, Councillor Leytham as Cabinet Member for Operational Services, Leisure & Waste and Councillor A Yeates as Cabinet Member for Regulatory Services, Housing & Wellbeing.

Councillor Mrs Woodward thanked the former Cabinet Members for their contribution to the District and said she felt it was unfortunate that they found themselves in a position where they felt they had to resign. She hoped the current Cabinet Members would continue to work alongside the Labour opposition group.

She welcomed Councillor Mrs Little as a female Member of Cabinet noting it was important to have a female perspective on decisions taken, not least in relation to the future of the Friarsgate project given that 90% of retail decisions were taken by women and 75% of the retail workforce was female yet less than 6% of women were in positions

where they could take decisions about retail. She hoped Mrs Little’s contributions would be listened to and valued.

It was proposed by Councillor Wilcox “that the changes to the Chairmen and Vice-Chairmen of Committees as submitted be approved.”

**RESOLVED:** That the changes to the Chairmen and Vice Chairmen of Committees as submitted be approved.

## 21 MEMBERSHIP OF COMMITTEES

It was proposed by Councillor Wilcox “that the changes to the membership of Committees as submitted be approved.”

Councillor Mrs Woodward said it was regrettable that Councillor A Yeates had been removed from Strategic (Overview and Scrutiny) Committee without any replacement. She said this was an extremely important committee that would have an increased workload overseeing some of the impacts of the evening’s decisions.

Councillor Wilcox said he would have a conversation with the Chairmen of Strategic (Overview & Scrutiny) Committee and agreed that it was a very important Committee.

**RESOLVED:** That the Membership of Committees as submitted be approved.

## 22 QUESTIONS

### Q1. Question from Councillor Mrs Woodward to the Leader of the Council:

“Can the Leader tell me please what has been the capital spend by Lichfield District Council from its own resources in the Burntwood wards since May 2015 and on what projects?”

### Response from Councillor Wilcox:

“The capital spend is set out in the table provided.”

	2015/16	2016/17	2017/18	Total
Burntwood Leisure Centre Enhancement Work	£34,393.73	£62,560.79	£11,838.00	£108,792.52
Play Area at Cherry Close, Burntwood		£1,360.85		£1,360.85
Replacement Treadmills - Burntwood Leisure Centre		£39,975.00		£39,975.00
Burntwood Leisure Centre Synthetic Pitch		£143,246.38		£143,246.38
Bin Storage Area Resurfacing			£19,932.00	£19,932.00
	£34,393.73	£247,143.02	£31,770.00	£313,306.75

(Figures relating to district wide spend such as disabled facilities grants have not been included).

Councillor Mrs Woodward thanked the Leader for the opportunity to ask questions at an extraordinary meeting, which she had been told was not allowed on previous occasions, she then asked the following supplementary question:

'Much of the spending in Burntwood was about maintaining the Council's own assets particularly in preparation for the transfer of the leisure centre to Freedom Leisure, and also spend on the bin storage area resurfacing which was internal maintenance. The only external capital expenditure on Burntwood was £1360.85 spend on the play area at Cherry Close, does the leader think this has been a fair and equitable use of the Council's resources?'

Councillor Wilcox responded:

'the spend had been directed to those areas that received most usage, and therefore the Council needed to make sure the leisure centre facilities were kept up to standard. Money had been spent at the play area at Cherry Orchard and if Members identified other areas where spend was required these should be brought forward and would be considered and scrutinised in the same way as spend for all areas of the District.'

**Q2. Question from Councillor Drinkwater to the Leader of the Council:**

"How many homes have been built in Lichfield District since May 2015, how many of these are "affordable" homes and how many are social housing for rent?"

**Response from Councillor Wilcox:**

"The number of homes built for the financial years 2015/16 and 2016/17 totalled 522. The number of affordable homes built for the same financial years totalled 77. Of these 50 are social housing for rent (comprising social rent and affordable rent).

The figures for 2017/18 are not yet published in the Authority Monitoring Report but it is anticipated that over 500 houses will be delivered and provisional figures for affordable housing (supplied by the Housing Strategy team) are 135 of which 99 are social housing for rent.

Councillor Drinkwater then asked the following supplementary question:

'the figures are abysmal bearing in mind the number of people crying out for social housing often living in bedsits or even on the street, can the leader therefore give assurance that greater effort will be made in future to ensure the figures vastly improve?'

Councillor Wilcox responded:

'the figures for 2017/18 show that there has been an improvement in the number of affordable homes and social homes for rent and the Council will always do all it can to increase the availability of all types of housing.'

**Q3. Question from Councillor Mrs Woodward to the Leader of the Council:**

"The local independent news website, Lichfield Live, has published five questions on Friarsgate on behalf of local residents which they would like the Leader to answer. I appreciate that parts of the answers to these questions are still considered to be confidential but I should like to put them directly to the Leader under Procedure 11.2 and ask that, in the interests of transparency and accountability, he responds as fully as possible:

- (i) What is the bill for the Friarsgate project to date?
- (ii) What are the future liabilities the council now has as a result of the scheme not going ahead?
- (iii) Why was land cleared and businesses closed when no finance for a replacement was in place or in real prospect of being in place?
- (iv) How was the Friarsgate project allowed to drift to a point where a last-ditch bid to save it was required?
- (v) Is the prospect of a major retail development in Lichfield now dead?"

**Response from Councillor Wilcox:**

(i) The Council has invested £4.35million in the scheme to date and the Council is due to spend a further £2.5million on land acquisition and outstanding commitments. Of this £4.5 million has been invested in land and reclamation of which the Council retains the value.

(ii) The existing multi storey car park will need replacing in due course and a sinking fund has been created to help fund any replacement. The Council has been proactive in securing other land holdings such as the Police Station to ensure a cohesive redevelopment can take place on the site and there will be management responsibilities relating thereto.

(iii) Notice was served on the Tempest Ford business on the understanding that the development was set to progress to funding and construction imminently. Tempest Ford only ever had a temporary lease of the Birmingham Road site. The management team were made aware that the site was earmarked for development when they took the lease. As the lease was temporary, the team knew they would need to relocate their business as some point, and that we would have released them from their lease with no penalty.

As the plans for Friarsgate developed, a team at the Council worked closely with the team at Tempest Ford to help them find a new site. As part of this the Council granted planning consent for a new car dealership and showroom on the former Naturana site at Eastern Avenue in 2017.

The other two tenants on the site approached the Council asking to terminate their tenancies.

(iv) It is usual that development schemes of this nature are designed, planning permission obtained and lettings are secured before approaching the funding market. This is because it makes such schemes more attractive as they are more immediately deliverable. Usually securing funding is the last piece in the development jigsaw. Following a disappointing Christmas/New Year trading period for retailers nationwide it was only in spring 2018 that the Council was asked to consider funding the Scheme.

(v) If Friarsgate does not happen the Council plans to carry out consultation on future plans for the site and will involve local people and businesses in determining the most appropriate use for the site."

Councillor Mrs Woodward then asked the following supplementary question:

'I am grateful to Lichfield Live for the coverage it has provided and the opportunity it has given for residents to express their views. On the issue of spend it seems there are £7 million of costs, around half a million per annum over the life of project at a time of severe cuts to budgets and a black hole in the finances of £2 million for 2020/2021, all in the face of cuts to services and the introduction of charges such as brown bin collection charges, and a cut of £7,000 to stop locking park gates in Burntwood, illustrating a lack of leadership and equity across the District. Will the leader agree to publish as soon as possible after the meeting far more information than the public have had access to so far?'

Councillor Wilcox responded:

'of the money spent £4.5 million had actually been invested in property and land which will provide a greater return in the future. The commercialisation strategy is in place to meet future issues relating to cuts from central government and the negative Revenue Support Grant. We need to do all we can to properly invest in assets, and use land to our advantage; the value of the assets acquired will go up and it represents good leadership decisions and the right thing to do given the need to create and replace income wherever possible.'

**Q4. Question from Councillor Mrs Evans to the Leader of the Council:**

"When the Burntwood Leisure Centre was remodelled, the community lost the Brendewood Suite, which was a much used community venue. At the time Lichfield District Council promised residents a replacement Community and Arts facility until capital funding was withdrawn with the Council's capital budget diverted elsewhere. Can the Leader please explain why the funding was withdrawn and will he now commit to investigating the situation with a view to restoring this funding allocation, so that the Council finally fulfils its promise for the benefit of Burntwood residents?"

**Response from Councillor Wilcox:**

"The funding was withdrawn following a review of the Capital Programme in 2009/10 given the reducing capital resources available to the Council and increasing demands on the capital resource.

I can make no promises to Councillor Mrs Evans but I am happy to sit down and discuss any provision of this type for Burntwood in the future."

Councillor Mrs Evans then responded:

'This is an issue that has been ignored and I welcome that fact that there will be a conversation with the Leader since the promise made was not made to me but was made to the Community of Burntwood and nothing has happened yet.'

**Q5 Question from Councillor Mrs Evans to the Cabinet Member for Leisure, Parks and Waste Management:**

"In September 2011, following years of anti-social behaviour in Redwood Park in my ward, gates were installed at a cost of over £22,000 which greatly alleviated these problems. On the 1st April this year, the Council stopped closing the gates at this and other Burntwood Parks, with the consequence that the number of incidents of anti-social behaviour and drug activity have gone through the roof. Can Councillor Leytham tell me what actions he has taken so far on this issue, since his appointment as a Cabinet Member and what he intends to do in the future?"

**Response from Councillor Leytham:**

“The decision to remove the park gate locking service was formally conveyed to Burntwood Town Council in October 2017 and subsequently implemented on 1<sup>st</sup> April 2018, this situation now ensures a consistent approach throughout Lichfield District. Since implementation the parks and grounds staff have monitored the situation as part of their routine inspection regime and have not identified any increase in incidents of Anti-Social Behaviour (ASB). However feedback from local members and the community has suggested that such incidents have increased and Leisure and Operational Services are currently awaiting data and evidence to confirm that situation. In terms of specific actions taken thus far:

- Ongoing liaison with the police.
- Close monitoring by parks & grounds staff.
- Ongoing liaison with local members.
- Response to two direct contacts by members of the public.
- Implemented the locking of the vehicle access gate to Redwood Park.
- Clarification of the Public Rights of Way (PROW) access requirements.
- Focus on gaining evidence to confirm an increase in ASB.

It is concerning that the suggested increase in ASB has been a result of the removal of the gate locking service, although Leisure and Operational Services will continue to monitor this situation it is hoped that the police will continue to address these issues and take appropriate action”

Councillor Mrs Evans then asked the following supplementary question:

‘The Cabinet Member uses the words ‘formally conveyed to Burntwood Town Council’ but I understand it was a phone call that was not passed on and Councillor Mrs Woodward has now raised the issue for the relevant work programme. The police are very concerned about the issue and ongoing liaison with local Members has not taken place. The locking of the vehicle access into Redwood Park has caused mayhem including blocking people’s properties. In the light of the incorrect responses could these issues be addressed properly?’

Councillor Leytham responded:

‘I will take steps to ensure the information provided is correct and the actions referred to have been implemented.’

**Q6. Question from Councillor Mrs Banevicius to the Leader of the Council:**

“Can the Leader tell me what discussions he, his Cabinet members and Council officers had with the Office of the Police and Crime Commissioner about the future of Chasetown police Station before it was closed and then sold?”

**Response from Councillor Wilcox:**

A prospective purchaser enquired who was dealing with Chasetown Police Station and they were advised to contact the Estates Manager at the Office of the Police and Crime Commissioner.

Councillor Mrs Banevicius then asked the following supplementary question:

'Does the leader agree that this was an important asset for Chasetown and the opportunity to use the building for the benefit of the local community has been lost forever?'

Councillor Wilcox responded:

I cannot answer for the Office of the Police and Crime Commissioner, but I am aware that policing cover will be increased in the District in the future and hope the closure will not unduly affect policing in the area. The Police and Crime Commissioner has conveyed to me that the police station was surplus to requirements as part of the new policing model. I will however put the concerns raised to the Commissioner when we meet at an upcoming seminar on reducing knife crime.'

## **23 EXCLUSION OF PUBLIC AND PRESS**

**RESOLVED:** That as publicity would be prejudicial to the public interest by reason of the confidential nature of the business to be transacted, the public and press be excluded from the meeting for the following items of business which would involve the likely disclosure of exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

### **IN PRIVATE**

## **24 FRIARSGATE**

Consideration was given to a report on Friarsgate that sought approval for the District Council to terminate the Development Agreement between (1) Lichfield District Council, (2) Development Securities (Lichfield) Limited and (3) U and I Group PLC, if by 30<sup>th</sup> June 2018 (the Unconditional End Date), the Unconditional Date has not been achieved by virtue of the provisions contained in section 32 of the Development Agreement.

Authority was also sought to increase the budget for the acquisition of the Police Station site from £1.8m to £1.913m to allow for one payment for the site and clean title to be obtained.

Councillor Wilcox outlined the history of the scheme and noted that over time various changes had been agreed to the development agreement including extending the unconditional end date to its final position of 30 June 2018.

He said Members would be well aware that many milestones been reached by the developers to bring the scheme to the current point. Ongoing deliberations between U&I and Railpen had taken considerable time to resolve and as a result it had taken longer to approach the market.

In total 12 companies had been invited to fund the commercial element of the scheme, but unfortunately none came forward. Prior to this Railpen had been offered the opportunity to provide funding and the Council also supported dialogue between U&I and the Staffordshire Pension Fund.

The developers then asked whether the Council would be interested in funding the scheme which would have required borrowing of £56 million although as residential units were sold this borrowing would have reduced to some £49 million.

This proposal was examined by the Joint Economic Growth, Environment and Development and Strategic (Overview and Scrutiny) Committee which submitted its recommendation to Cabinet. Additionally, a number of briefing sessions had been arranged to ensure everyone had the opportunity to comment.

The Cabinet then examined the proposal and agreed with the recommendation of the Joint Overview and Scrutiny committee and voted to terminate the development agreement on 30 June if the developer did not meet the required milestones.

Councillor Wilcox advised that the Council was therefore being asked to consider agreeing the Cabinet recommendations as set out in the report, given that the development agreement had already been extended on four occasions.

He said if the developer was not in a position to secure funding by 30 June or was not able to secure other pre-conditions in the development agreement by this date either party would be able to terminate the agreement.

Councillor Wilcox said on a positive note, the Council would be able to progress an alternative development and consider it in the context of a Master Plan for Lichfield city centre. He said the site that had been assembled had the potential to deliver a gateway project for the city in line with existing market trends.

Councillor Mrs Woodward said the project has been going on for 13 to 15 years depending on the source, noting that the Labour Group had not opposed the scheme over its many manifestations since it was a conservative manifesto pledge and they respected the democratic mandate. However she and the Group had opposed the idea of a loan from the outset.

Councillor Mrs Woodward said she had been invited to a briefing on 10 May where the Leader, Deputy Leader and senior officers presented the possibility of a loan for Friarsgate and she made it clear at that point that she would oppose the idea and contrasted it to the lack of investment in Burntwood.

Councillor Mrs Woodward said commitments to deliver Friarsgate that had been made in a conservative leaflet for the Chasetown area and the Conservative Manifesto now conflicted with their commitments to look after council tax money and to strive to remain a debt free authority. She said it was little wonder that there was so much concern over the levels of debt that were being proposed.

Councillor Mrs Woodward recalled that that when Labour lost control of the Authority in 1999 the Council was debt free with £24.5 million for future development. She asked where the money had gone.

Councillor Mrs Woodward noted that further confidential briefings had taken place and by 22 May, although the idea of a loan was still being pushed, it was clear that members of the controlling group were concerned about putting the authority in so much debt over such a long period of time. This led to the unanimous decision of the confidential Joint Overview & Scrutiny Committee not to proceed with the scheme. She said even Cabinet Members at Cabinet had serious doubts, noting that Councillor Pritchard referred to the scheme possibly being out of date and Councillor Spruce said taking out the loan would be madness.

Councillor Mrs Woodward said she was sad to say it since she had worked well with the Leader over the last few years but this was a failure of leadership; failure of leadership of the project, leadership of the controlling group and leadership of the Cabinet.



With regard to communications Councillor Mrs Woodward said concerns had been raised by Councillor Pullen about the lack of communication which she said had been appalling, with all information being confidential despite repeated calls for as much information as possible to be in the public domain. She questioned how residents' voices could be heard if they didn't have the information.

Councillor Mrs Woodward noted that the requirement for confidentiality did not seem to apply to everyone equally, given that a relative of a friend of a conservative Member had been commenting about the details of a confidential report on Facebook. She said there had also been a statement from the Leader effectively saying the scheme would not be proceeding, before the decision had been made by Council. She said this was not leadership but more about following the public mood.

Councillor Mrs Woodward said the press statement blamed Brexit which was two years ago and the credit crunch which was 10 years ago. Given the widely predicted problems in retail she questioned why it had taken the leadership so long to catch up. She said she had been assured a press statement would follow the meeting and asked how detailed this would be.

Referring to the abortive costs, Councillor Mrs Woodward said these did not include meetings, paperwork and officer time, not to mention Members' time and the loss of businesses including the garage and station kiosk that had been built up over ten years. She said all these costs had fallen on tax payers and asked whether the leader would publish a full statement on abortive costs.

Listing the risks identified in the report, Councillor Mrs Woodward asked if the Leader would accept any responsibility and commit to a detailed progress report on each issue coming to the relevant Overview and Scrutiny Committee and a review of investment across the whole District to ensure every area of the District would get a fair and equitable share.

Councillor Wilcox responded that the Cabinet had never made any recommendations, they simply sought to give Members the opportunity to see if they would like to fund the scheme. He said briefing sessions had been arranged to ensure everyone was involved and had an opportunity to have a say so the final decision could be taken collectively.

Councillor Wilcox said there had of course been a downturn in retail, but in 2015 when the manifesto was produced there were great hopes of delivering the scheme, however the world had changed, and many new challenges had been met since then.

He said the leader of the opposition was fully aware that sensitive information could not be published in public given the risk of a legal challenge, and he had pledged not to speak to Lichfield Live until Full Council had made a decision, following which a press release would be made available.

Councillor Wilcox said at no time had anyone been dictated to about what they should do. He said the Council had stuck to its side of the bargain, having been tasked with putting together strategic sites which it had done. Although the Council was never originally expected to fund the development the developers came at the 11<sup>th</sup> hour asked if the Council would be interested in providing funding. He said he would have been criticised if he had not put this proposal to Members.

Councillor Wilcox said his leadership has been completely open. There had been costs but it was an exercise that the Council needed to go through for such an important decision. He said he would reply to Cllr Mrs Woodward if he hadn't answered all her questions and a report would be going to Overview and Scrutiny. He said he felt the electorate would agree that the right decision has been made in not proceeding with the

scheme and the opportunity would be given to the public to help steer the new direction going forward.

Councillor Drinkwater said it was a fiasco, and only when the developers couldn't get funding were some Members involved in discussions and even then the information was hidden in piles of documents that only consultants could understand. He criticised the Leader for following the course set by the former Leader when he decided the capital budget for the whole District should be spent in the City, despite the needs in Burntwood.

Councillor Drinkwater said it was a great pity that three Members of the Cabinet felt they had to resign. He was not aware of the full details but thought perhaps one or two other people should consider their records and search their consciences about whether they should also resign. He thought there must have been warnings along the way which were disregarded in the hope everything would come right, but it hadn't come right and that was bad leadership.

Cllr Mrs Evans asked why the scheme was not reconsidered when the retail sector started experiencing problems. She said if the loan had been agreed it would have been a noose around the necks of tax payers for 35 years. She asked how anyone could agree to such a loan and questioned why the Council had pushed ahead with compulsory purchase orders and demolitions without ensuring funding was in place.

Councillor Mrs Evans asked how long the site would remain dormant creating an eyesore and what the hidden costs were in trying to make the scheme viable. She questioned a number of consequences of not proceeding with the scheme and referring to the Medium Term Financial Strategy she said Burntwood had been desperate for infrastructure for many years.

Councillor Mrs Evans said the issue had been handled badly and felt the Leader and his team had let the Council down. She said the financial stability of the Council would be at risk if the Council proceeded with funding and if the private sector did not want to provide funding then nor should the Council.

Councillor Wilcox said there was no recommendation to fund anything, it was about terminating the agreement. He noted Pinsent Mason had been providing advice through the process and the Council's commercial advisors had been advising until February that lettings were being agreed and formalised and there was no reason to believe scheme was not moving forward.

Councillor Wilcox advised that the scheme would have benefited the whole District and the Council was working hard to bring forward investment in Burntwood, together with London and Cambridge Properties and the Burntwood Town Deal Partnership. With regard to the Friarsgate scheme, he said the Council had reached the end of the road and needed to make a decision about terminating the agreement.

Councillor Rayner thanked the Friarsgate Project Director and her team for their work and indeed U&I for bringing the scheme forward. He said hopefully the Council could move forward with a modern scheme ready for the 2020's.

Councillor Rayner expressed disappointment that there was no funding available from private investors, noting he was often approached over the timescale for delivering shops, a cinema and restaurants. However, he was even more disappointed over the briefing sessions which he said lacked information and appeared to be a case of hearts over minds, with Members being asked to go down an avenue without the information necessary to make an informed decision. He said the second briefing session still lacked facts including how interest payments would be met. Councillor Rayner said it appeared

to be an attempt to sell a dream, with a hope for Friarsgate and a hope for a cinema, without financial backing or sufficient information. He said it could have been possible to deliver Friarsgate but to what end, noting that there may have been no Council House to run it.

Councillor Rayner said he was disappointed that additional funding for the Police station had been included with the recommendations. He recalled that the original sums were questioned at a recent meeting and he now had to ask if £1.9 million was the correct amount.

Councillor Rayner said he had an expectation for a new application to be submitted and approved that by May 2019 featuring an investable master plan that someone could buy into and deliver quickly. He said during the process Members had been portrayed negatively and persecuted in the media and online. He said the reason Members were not investing in the scheme was because they believed in the Council and could not support adding millions more to the Council's debt each year. Councillor Rayner said the Council must be prepared to move forward, develop and succeed. He said the scheme put forward was shown to have failed but it continued to be pushed forward and at no point was it put forward as anything other than hearts over minds. He hoped the Executive had learned from this case of misadventure and the Council would put together a great scheme that he could be proud of as a Lichfield Councillor.

Councillor Rayner said he fully supported Invest to Save as a means of preventing cuts to services, but if this was an example of prudent borrowing to achieve financial benefits he had significant concerns regarding the Asset Strategy Group. Concluding, he quoted Churchill, that to this end success is not final, failure is not final, it is the courage to continue that counts.

Councillor Wilcox commented that the investment in the Police Station was a sound and good investment; it was a key strategic site on prime land and an acquisition to be proud of. He explained that the Police had been due to take a unit in the new development and the change to the figures reflected that this would not now be happening

Councillor Wilcox said the land had now been assembled and he agreed with Councillor Rayner that the Council now need to move forward and deliver for Lichfield City, the District and its residents.

Councillor Strachan said the Council was not assembled to play political party games but to discuss perhaps the biggest decision Members had been asked to make. He said it was a specific question with a broad history, and reminded Members that there had been a specific request to the Joint Overview and Scrutiny Committee to consider funding the scheme and recommendations were made to Cabinet, noting that there had also been a change in the position of the Cabinet Member. He said the deliberation of the Committee focused primarily on the procurement risk and it was a risk that while small was potentially fatal to the project and thus by virtue of the borrowing potentially fatal to the authority. He said it had been dealt with extensively at scrutiny but it was pertinent to make the point.

Councillor Strachan said there were other matters relating to the project that were not aired fully at Scrutiny and it was proper, as the decision making body, that these were aired at Council.

Firstly the project did nothing to close the financial gap of the Council. The approved Medium Term Financial Strategy had provision for up to £45 million prudential borrowing to help fund investments to close that gap. The Friarsgate proposal did not do so, potentially leaving the Authority liable for £49 million borrowing and a further £45 million

to close the gap, which for him was entirely unacceptable. He said he could never support such a proposal which was perhaps a case of madness averted.

Councillor Strachan said the developer profit clauses effectively meant that while making no return for the Council, at least a £9.3 million return would be provided for the developer, effectively transferring £9.3 million from the tax payer to a private entity. As guardians of the public purse he said it could never have been appropriate, and if this clause was not altered with the change of the Authority's role from partner to funder it must fail on that point alone.

Councillor Strachan spoke about a recently determined case concerning the Haringey Development Vehicle which only narrowly survived a legal challenge in the High Court because it was judged to benefit the whole of Haringey. He said he could not see how the Friarsgate scheme could survive the same test since it principally benefited the city and its immediate surroundings.

Councillor Strachan said the developer has not secured funding whether due to problems in the retail sector or historic factors, but the private sector did not feel it was appropriate so the Council was turned to as lender of last resort. He said if funding could not be secured outside the Authority the agreement must be allowed to lapse and he was pleased to see the support of the Labour group in this.

Turning to the future, Councillor Strachan said he hoped appropriate and aspirational use could be found for the land, and a proper route to fund investment development across the District not just Lichfield. He said a use was required for the site that benefited the maximum number of people as soon as possible, and confirmed his support for the recommendations.

Councillor Marshall said the Council was in an invidious position, if the scheme had gone ahead the Council would have been vilified and pilloried in the press as irresponsible for being prepared to borrow and risk large amounts of public money. If the plug was pulled then, as already experienced, it would also be vilified.

Councillor Marshall said if the decision was taken not to go ahead it could be meat and drink to the opposition in the upcoming election but the electorate was extremely intelligent and would weigh up the pros and cons. He felt that they would come to the same decision, that the Council is not in position to play fast and loose with public money. He said it would be a balanced decision, and in 9 or 10 months people will understand what was done and the reason for it.

Councillor Marshall said the scheme certainly had merits when first proposed but it was a rapidly changing world and the original concept risked looking extinct. Sad as it was to say goodbye to the scheme the Council now had an asset with potential. He cautioned against proceeding when all professional investors saw too much risk, and in terms of damage limitation he said it was now the right to say no to Friarsgate.

Councillor Ray said in principle he supported the concept but the numbers did not stack up. He felt a criticism could be made of the Leader and officers that the question of alternative funding was left far too late down the track. He said Councillor Wilcox now had responsibility for taking the site forward, which he said was an eyesore that must not be allowed to become mothballed for years, and he noted that the bus station was in urgent need of refurbishment.

Councillor Ray highlighted two elements that he said were particularly important in a new scheme, housing and leisure. He urged a higher percentage of affordable housing to ensure the city centre was vibrant with young people and young families. And secondly, he said young people in the District needed better leisure facilities.

Councillor Ray said as part of funding package there was £5 million LEP funding and £1 million Homes England funding, and he requested that the leader should try to secure the funding for Lichfield.

Councillor Mrs Banevicius said the aim of regeneration in Lichfield was good but asked what was being done to encourage regeneration in other areas of the District, she questioned if it was a case of all eggs being put in one basket.

Councillor Mrs Woodward asked for the leader to commit to a transparent review of the Medium Term Financial Strategy involving Overview and Scrutiny. She then advised that she would oppose recommendation 2.3. of the report regarding the purchase of the former Police Station. Councillor Mrs Woodward said Members had been told there was no plan B but additional council tax money was now being committed, and figures throughout the report were unclear. She said there was reference to £153,000 revenue costs, acquisition costs of £1.647 million and £1.7 million being agreed for the sale, yet there was an overall commitment of £1.913 million.

Councillor Mrs Woodward said in contrast there was nothing for a potential community building for Chase Terrace, not even a discussion with the Office of the Police and Crime Commissioner. She requested that there should be a review of all capital projects, and this should go in front of the relevant Overview and Scrutiny Committees.

Councillor Spruce said the development was never intended to be funded by the Council and until end of March 2018 the Council was being told by U&I that no problems were anticipated in securing funding.

In the first week of April the bombshell was dropped that U&I could not find a funder. The Council was faced with the choice of scrapping scheme or considering, at the developer's request, whether the Council would become the funder. Under the development agreement there was a clause that the Authority would always use its best endeavours, so there was no alternative but to consider the option. Councillor Spruce said efforts were then made to prepare a report for the first briefing. He said it was a piece of work that would usually take three or four months, so of course the figure were incomplete not least because they were subject to frequent changes by U&I. He noted that it was unfortunate that the timing had coincided with the end of the financial year when work was already underway preparing the accounts for audit.

Councillor Spruce noted the scheme was being branded as a city centre retail scheme whereas in reality it was 1/3 residential 1/3 retail and 1/3 leisure. He said an attempt had been made through social media to portray the situation as a failure of the leader and Cabinet which was nonsense. With regard to transparency he said information in the reports was commercially sensitive and it was a strong recommendation of the Council's legal advisors and officers that it should remain confidential.

Councillor Spruce said following the funding bombshell there was suddenly no shortage of experts, but he could not remember any of the questions being asked in April or May. He said it was a lovely scheme but a bad deal and once the figures became available it was obvious that there was no support for it in the Council and it would have been madness to consider taking on the level of borrowing required.

Councillor Wilcox said Members were rightly concerned about the future, this was a key gateway site for the city which would play a significant role in making the city sustainable and attractive to shoppers and businesses. He said the Council would be considering its liabilities and responsibilities as landowners of the site and taking any necessary action to reduce risks and costs to the public purse. Councillor Wilcox advised that the Council would need to consider how the site could be best utilised in the short to medium term and consider the range of developments that could take place on the site

as part of a new plan. Learning from recent experience he said this work was already underway and further communications would come forward in due course.

Councillor Wilcox then moved each of the three recommendations:

- (1) 'That the council approves and ratifies the termination of the Development Agreement dated 26 October 2005 (as subsequently varied) between (1) Lichfield District Council, (2) Development Securities (Lichfield) Limited and (3) U and I Group PLC, if, by 30<sup>th</sup> June 2018 (the Unconditional End Date) the Unconditional Date has not been achieved by virtue of the provisions contained in section 32 of the Development Agreement'

The recommendation was duly seconded and a named vote was taken and recorded as follows:

<b>FOR (33)</b>	<b>AGAINST (0)</b>	<b>ABSTAIN (0)</b>
Bacon, Mrs N.		
Bamborough, R. A. J.		
Banevicius Mrs S. W.		
Barnett, Mrs S. A.		
Boyle, Mrs M. G.		
Constable, Mrs. B. L.		
Cox, R. E.		
Drinkwater, E. N.		
Eagland, Mrs J. M.		
Evans, Mrs C. D		
Greatorex, C.		
Humphreys, K. P.		
Leytham, D. J.		
Little Mrs E. A.		
Marshall, T.		
Mosson, R.C.		
O'Hagan, J. P.		
Pullen, D. R.		
Pullen, Mrs N. I.		
Ray, P. W. W.		
Rayner, B. L.		
Salter, D. F.		
Shepherd, Miss O. J.		
Spruce, C. J.		
Stanhope, Mrs M.		
Strachan, R. W.		
Tittley, M. C.		
Tranter, Mrs E. H.		
Warfield, M. A.		
White, A. G.		
Wilcox, M. J.		
Woodward, Mrs S. E		
Yeates, B. W.		

- (2) 'That the Medium Term Financial Strategy (MTFS) be updated to reflect the financial implications included in the report'

The recommendation was duly seconded and a named vote was taken and recorded as follows:

<b>FOR (33)</b>	<b>AGAINST (0)</b>	<b>ABSTAIN (0)</b>
Bacon, Mrs N.		
Bamborough, R. A. J.		
Banevicius Mrs S. W.		
Barnett, Mrs S. A.		
Boyle, Mrs M. G.		
Constable, Mrs. B. L.		
Cox, R. E.		
Drinkwater, E. N.		
Eagland, Mrs J. M.		
Evans, Mrs C. D		
Greatorex, C.		
Humphreys, K. P.		
Leytham, D. J.		
Little Mrs E. A.		
Marshall, T.		
Mosson, R.C.		
O'Hagan, J. P.		
Pullen, D. R.		
Pullen, Mrs N. I.		
Ray, P. W. W.		
Rayner, B. L.		
Salter, D. F.		
Shepherd, Miss O. J.		
Spruce, C. J.		
Stanhope, Mrs M.		
Strachan, R. W.		
Tittley, M. C.		
Tranter, Mrs E. H.		
Warfield, M. A.		
White, A. G.		
Wilcox, M. J.		
Woodward, Mrs S. E		
Yeates, B. W.		

- (3) 'That the principle of purchasing the former Police Station, Frog Lane, Lichfield from the Office of the Police and Crime Commissioner for Staffordshire for a budget of up to £1.913m be approved. This budget is for the land acquisition, associated stamp duty, and associated legal fees, demolition costs and site investigations, insurance and security and project management.'

The recommendation was duly seconded and a named vote was taken and recorded as follows:

<b>FOR (29)</b>	<b>AGAINST (4)</b>	<b>ABSTAIN (0)</b>
Bacon, Mrs N.	Banevicius Mrs S. W.	
Bamborough, R. A. J.	Drinkwater, E. N.	

Barnett, Mrs S. A.	Evans, Mrs C. D	
Boyle, Mrs M. G.	Woodward, Mrs S. E	
Constable, Mrs. B. L.		
Cox, R. E.		
Eagland, Mrs J. M.		
Greatorex, C.		
Humphreys, K. P.		
Leytham, D. J.		
Little Mrs E. A.		
Marshall, T.		
Mosson, R.C.		
O'Hagan, J. P.		
Pullen, D. R.		
Pullen, Mrs N. I.		
Ray, P. W. W.		
Rayner, B. L.		
Salter, D. F.		
Shepherd, Miss O. J.		
Spruce, C. J.		
Stanhope, Mrs M.		
Strachan, R. W.		
Tittley, M. C.		
Tranter, Mrs E. H.		
Warfield, M. A.		
White, A. G.		
Wilcox, M. J.		
Yeates, B. W.		

It was therefore duly

**RESOLVED: (1)** 'That the Council approves and ratifies the termination of the Development Agreement dated 26 October 2005 (as subsequently varied) between (1) Lichfield District Council, (2) Development Securities (Lichfield) Limited and (3) U and I Group PLC, if, by 30th June 2018 (the Unconditional End Date) the Unconditional Date has not been achieved by virtue of the provisions contained in section 32 of the Development Agreement'

**(2)** 'That the Medium Term Financial Strategy be updated to reflect the financial implications included in the report'

**(3)** That the principle of purchasing the former Police Station, Frog Lane, Lichfield from the Office of the Police and Crime Commissioner for Staffordshire for a budget up to £1.913m be approved. This budget is for the land acquisition, associated stamp duty, and associated legal fees, demolition costs and site investigations, insurance and security and project management.'

The Chairman then thanked officers, many of whom he noted had worked on the project for a number of years, for their efforts.

(The Meeting closed at 7.22 p.m.)

CHAIRMAN