

TITLE OF REPORT: CHURCHGATE AREA, HITCHIN: NEXT STEPS

REPORT OF THE PROJECT EXECUTIVE FOR THE CHURCHGATE PROJECT BOARD

1. SUMMARY

1.1 The purpose of the report is to:

- (i) Update Members on progress regarding the Churchgate Project following the completion of the exclusivity period granted to Hammersmatch until 31 December 2015 by Full Council at its meeting of 16 July 2015.
- (ii) To consider options outlined in Section 8 of this report and advise on the next steps in the Project.

2. RECOMMENDATIONS

2.1 That work on the Churchgate Project cease, pending consideration of the Council's strategic view of the site as part of the Local Plan work.

2.2 That the Council explore the possibility of acquiring the Churchgate centre, subject to further consideration of the commercial case for so doing at a future meeting of the Council.

3. REASONS FOR RECOMMENDATIONS

3.1 Following repeated unsuccessful attempts to find a viable and acceptable solution for the Churchgate Centre and surrounding area, it is considered that the Council should review its strategic approach to the site. If the Council is able to secure ownership of the Churchgate Centre it will improve the chances of success of any future redevelopment and will provide a revenue stream in the short term.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 Three options were considered by the Project Executive in consultation with the Churchgate Project Board Members and two have been included in the recommendations. The third option, of continuing discussions, has been discounted for the various reasons set out within the report.

5. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

5.1 The members of the Churchgate Project Board have discussed and noted the content of this report.

5.2 Members are reminded that in accordance with the Terms of Reference of the Churchgate Project Board

“1.1 To act on behalf of the Council in respect of all functions required under the Development Agreement and the delivery of the Churchgate project generally,”

any submission would be presented and discussed with the Members of the Churchgate Project Board, prior to any report being presented to Full Council.

5.3 Information notes have been provided to Hitchin Area Committee and published in MIS at appropriate stages through the project to keep members updated on progress.

6. FORWARD PLAN

6.1 The report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on 22 January 2013.

7. BACKGROUND

7.1 Full Council on 27 November 2014 considered options on the way forward, including legal advice from Eversheds, and concluded that it wished to discontinue the approach based on the Churchgate Planning Brief and instead to consider alternative approaches for a smaller scheme in the short term. Full Council on 12 February 2015 considered a report on the Churchgate area including the next steps in the project relating to officers continuing ‘to investigate the Council’s preferred approach for a smaller scheme in the short term’.

7.2 Leading up to the 12 February 2015 meeting, officers of the Churchgate Project team were in discussion with Hammersmatch regarding their Churchgate Extension Scheme (CES) proposal and also with another interested party. Some weeks after the Council resolution, the other interested party confirmed that they would not be pursuing their interest as they would be unable to produce a viable smaller scheme and indicated that if circumstances should change, they remained interested in working with the Council.

7.3 Only one developer, i.e. Hammersmatch, continued to express an interest in the project. Following numerous meetings with Hammersmatch and in understanding their hesitance to commit further resources to move their CES proposal forward being based on their concern as to lack of certainty from the Council regarding exclusivity, the option of granting Hammersmatch exclusivity was outlined in a report to Full Council at its meeting on 16 July 2015.

7.4 Full Council on 16 July considered a report on the Churchgate area in respect of an interim option proposal for the Churchgate Area. This proposal included granting Hammersmatch exclusivity for a limited period, until 31 December 2015, as a means of seeking to move the project forward and to find a viable option that met the Council’s resolution of 12 February 2015.

7.5 This offer was subject to a number of requirements and conditions as set out in the agreed resolution below (16 July 2015 meeting):

RESOLVED:

- (1) *That in seeking to satisfy the Council resolution of 12 February 2015 'to investigate the Council's preferred approach for a smaller scheme in the short term', the Council grants Hammersmatch exclusivity until the end of the year (i.e. 31 December 2015), and during that period Hammersmatch will:*
 - (i) *Seek a solution for the market based on the outcome of their consultant's feasibility study;*
 - (ii) *Provide an updated design that is acceptable to the Council as landowner based on the market solution;*
 - (iii) *Provide an updated financial appraisal to reflect the updated design, including a review of all elements of the appraisal to take account of current market conditions;*
 - (iv) *Provide evidence of discussions regarding potential pre-lets with a cinema operator and retailers; and;*
 - (v) *Undertake this work wholly at their own risk and cost;*
- (2) *That the exclusivity offer is on the basis that no Heads of Terms could be agreed without a further report to Full Council, and is subject to being able to satisfy procurement and best consideration requirements;*
- (3) *That the Project Executive be instructed to write to Hammersmatch setting out the terms of the exclusivity period;*
- (4) *That officers continue further discussions on the Draft Heads of Terms with Hammersmatch during that period; and*
- (5) *That an additional budget of £30,000 be committed to undertake any commercial and legal advice as may be required with regard to the draft Heads of Terms and in giving further consideration of the potential ways forward in respect of procurement requirements.*

REASON FOR DECISION: *To allow the Council to continue with its investigations for a smaller scheme in the short term, whilst allowing Hammersmatch a limited period in which to meet the requirements set out in resolution (1) and for officers to be able to fully inform Council on the next steps in the project post-December 2015.*

7.6 Further to the *Resolution item (3)* above, Hammersmatch on 27 July 2015 acknowledged receipt of the letter from the Project Executive and agreed to the requirements and conditions of the exclusivity offer as set out under items (1) and (2) of the Full Council resolution.

7.7 During this period Hammersmatch appointed market consultants, Michael Felton Associates, to undertake the initial feasibility study in seeking to find a solution for the Market and structural engineers to review the option to build residential above the existing shops. Officers of the Churchgate Project Team continued their discussions with Hammersmatch regarding their draft Heads of Terms. Hammersmatch continued their discussions with relevant cinema and retail operators and also sought a funder. Council as landowner, has made it very clear that an acceptable solution has to be found to preserve a market in Hitchin before they will agree to recommend any development proposal on the current site that would impact on the current market. The Council also undertook an independent valuation of the Churchgate site and summary details are contained in the Part 2 report. All discussions and information has been on a confidential basis both at Hammersmatch and the Council's request.

- 7.8 The exclusivity period lapsed on 31 December 2015 and Hammersmatch requested a further meeting with the Churchgate Project Board to discuss their proposals and introduce a proposed Joint Venture (JV) partner. This meeting took place on 20 January 2016 with Hammersmatch and their proposed JV partner, UCG. At that meeting, Hammersmatch advised that the proposed Churchgate Extension Scheme (CES) which was first presented to the public in January 2013 and to Full Council in July 2013 was not viable.
- 7.9 The following reasons for not progressing with the CES have been prepared in consultation with Hammersmatch. Members will recall that the proposal comprised a mixed scheme with refurbishment of the existing centre, a proposed cinema and restaurant block encroaching into the current market area with residential above the existing centre and the requirement to relocate the market to an alternative site. An additional 80 parking spaces would be provided in the location of the current market. Hammersmatch advised:
- that they could not secure an operator for the cinema without agreeing an incentive package in excess of £2m;
 - the refurbishment of the building would not be economically viable as the configuration of the shop units does not suit current retailer/commercial demand;
 - it was not viable or practical to convert existing upper parts to provide quality residential apartments. Any infill or conversion of existing buildings would be very piecemeal and the accommodation compromised; and
 - seeking appropriate funders interested in the CES proposal was proving challenging and they had found only one potential JV partner they would wish to work with.
- 7.10 Despite best efforts, both by Hammersmatch and by the Project Board in continuing its open dialogue with Hammersmatch to reach a solution, the Project Board has expressed its disappointment that a viable solution cannot be found to progress the smaller scheme for which the Council previously agreed to grant exclusivity. This means that the requirements of the exclusivity period with Hammersmatch as set out in the Full Council's resolution of 16 July 2015 have not been met and the resolution falls away.

Therefore in summary

Council resolution 16 July 2015	Achieved	Not achieved	Comments
Market solution		x	Options for location proposed, but no detailed solution provided
Updated design		x	Not provided
Financial appraisal		x	Not provided
Pre-lets	?	x	No cinema operator, retailer progress unclear
At own risk and cost		x	Design and appraisal not undertaken. To progress JV partner, or Council funding, required

- 7.11 In light of paragraphs 7.8 and 7.9 above the Council needs to consider the approach it wishes to take as to the future of the Churchgate project. Three options have been discussed with the Churchgate Project Board and these are presented in Section 8.

8. NEXT STEPS - OPTIONS

8.1 The following are the three options proposed:

Option 1: Cease work on the Churchgate project pending consideration of the Council's strategic view of the site as part of the Local Plan work

Option 2: Continue discussions with Hammersmatch and their proposed JV partner regarding their thoughts presented to the Churchgate Project Board on 20 January.

Option 3: Consider acquiring the existing Churchgate centre

8.2 Option 1: Cease work on the Churchgate project pending consideration of a more strategic view linked to the Local Plan

8.2.1 Simply put the Council, with the best of intentions for the District, has invested a considerable amount of money and officer and Member time in pursuing the strategy set out in the planning policy work of the early 2000's. To date there has been no tangible return on this investment. Full Council in November 2014 agreed to set aside the Churchgate Planning Brief and look at solutions for smaller schemes in the short term, however, that too has proved unsuccessful. The Project Board therefore consider that it is the right time to cease all work on the Churchgate project pending reconsideration of the Council's strategic requirements for the site.

8.2.2 The progression of the Local Plan and the requirement for the Council to set its retail strategy and review its retail policies as set out in the NPPF has been outlined in previous reports to Full Council on the Churchgate Project. (Reports of 18 July 2013, 24 July 2014 and 24 November 2014). Part of this work includes understanding the changing role and function of town centres and considering a more strategic view to ensure that our town centres continue to retain their market share in the future. Included in this work is the assessment of retail needs and making provision for suitable development sites that will contribute to the continued economic viability of the town centres while seeking to address the District's growth strategy up to 2031. It is proposed that work commences on reviewing the town centre strategies once the Local Plan has been adopted. This would enable the Council to take a more strategic view of the Churchgate site and how it relates to the wider town centre in the future, irrespective of whether the Council were to acquire the Churchgate centre in the interim or not.

8.2.3 The Revised Local Development Scheme setting out the timetable for the production of the Local Plan was agreed by Full Council on 21 January 2015. The Local Plan will be submitted to Full Council for approval in July 2016. Work on the town centre strategies would commence following adoption of the Local Plan.

8.3 Option 2: Continue discussions with Hammersmatch and their proposed JV partner regarding their thoughts presented to the Churchgate Project Board on 20 January.

8.3.1 At the meeting on 20 January Hammersmatch together with their proposed Joint Venture (JV) partner UCG (who Hammersmatch have been in discussion with since the summer) did present embryonic thoughts for a potential option on a similar footprint to the proposed unviable CES. This idea suggests demolition of the existing shopping centre and replacing it with a new building incorporating larger retail/commercial units with residential above. There would be no cinema, but the proposed 80 car park spaces would remain. The idea would also encroach into part of the market area, and as with

the CES it would require the market to be relocated and the current ground lease to be restructured to a new 150 year lease. A new timescale would be required which would mean that, assuming no hiccups along the way, any new scheme would first become operational in 2020 at the earliest.

8.3.2 The embryonic thoughts presented by Hammersmatch for a scheme on a similar footprint to the CES had no costings, viability appraisal or detail on scale and massing of the development and offered no solution for the market. The Project Board therefore has no confidence to continue discussions as effectively the project is back to square one.

8.3.3 If the Council were to consider this option, there are a number of concerns that the Project Board would require Hammersmatch and their proposed JV partner to address. These are by no means new and have been raised previously:

- The legal basis on which a deal could be justified with respect to procurement law and best value considerations
- Demonstrate how this new proposal could be financially viable.
- Maintain the Council's revenue stream as a minimum during and after construction
- Provide more detail on the size, scale and massing of the proposal and address its relationship to surrounding buildings
- Address servicing requirements to the proposed and surrounding existing buildings
- Find a solution for the market, although Hammersmatch's JV partner made clear that this would be for the Council to resolve
- Ensure current level of car parking is retained
- Provide a realistic timeframe for delivery

8.3.4 It is the view of the Project Board that this option would leave the Council no further forward to where it was in February 2015.

8.3.5 Past history has demonstrated that deliverability on a similar footprint is both highly challenging and very unlikely to be viable at least without considerable investment from the Council. Detailed discussions on development proposals, design, layout, landownership, revenue income to the Council, financial appraisals, heads of terms for a Development Agreement (completion of development agreement involving external legal advice) and relocation of the market would need to be re-instigated from scratch. A new scheme will require submission of a new planning application and assuming all the issues above could be overcome (which past experience would show to be difficult), the likely earliest date a new scheme would be operational would be early 2020. Moreover, based on previous experience it is unlikely that Hammersmatch and their JV partner would undertake tasks in parallel. In order to de-risk the project it is highly likely that Architects and planning consultants would not be employed to do much substantive work until a development agreement has been finalised for example, which adds further delay to the project timeline.

8.3.6 Officers have fed back the above points to Hammersmatch, who expressed their disappointment indicating that UCG have experience in investing in schemes of this nature and they would have liked more time to work up the embryonic thoughts into something more substantive. They indicated that they appreciated the financial position the Council is in and the concern to protect the revenue income stream. It is to be noted that this report is about bringing the current discussions to an end as Hammersmatch have not met the requirements of the exclusivity period set by Full Council. It does not preclude Hammersmatch, or indeed any other developer, approaching the Local Planning Authority should it wish to pursue a scheme on the site in the future.

- 8.3.7 The Council has already spent approximately £1 million on the Churchgate project over the last 15 years, plus a considerable amount of officer and Member time. This option will result in the need for further investment both in cash terms, in respect of independent expertise on commercial and legal advice, and on internal staff resources. The Council has a number of key projects to be delivered in the next 2 years, one of which is the delivery of the Local Plan which is a statutory requirement. The Council needs to be clear about how it wishes to direct its revenue and staff resources in light of the Government's recent spending review, the New Homes Bonus consultation and the challenges facing the Council over the next 4 years.
- 8.3.8 The Council's strategic priorities and future planning of the Churchgate area and Hitchin town centre are likely to be best served by taking a longer term view of any potential enhancement scheme. This is best achieved by channelling future decisions on any development opportunities on this site through the Local Plan process and subsequent Town Centre Strategies. It is for these reasons that both officers and the Project Board believe that this option must be discounted.

8.4 Option 3: Consider acquiring the existing Churchgate centre

- 8.4.1 There are essentially two reasons to pursue this option. Firstly, in order to place the entire site into single ownership as this would increase the chances of success of any future proposals by removing one of the obstacles which developers have been unable to overcome. Secondly, as an investment to help address the Council's short term challenges following the Government's review of its revenue funding.
- 8.4.2 This option was previously raised, amongst others, in the Full Council Report following the termination of the contract with Simons (31 January 2013) and was considered again in the Officers' report to Full Council on 18 July 2013 on Options for the Future of Churchgate and Surrounding Area, Hitchin. See extract from the 18 July 2013 report below which as that stage focussed solely on the land assembly issue:

8.15 The Council could consider seeking to acquire the Hammersmatch interest in order to simplify land assembly for any future scheme.

8.15.1 Senior officers met with Hammersmatch in April 2013 who clearly stated that they were not interested in selling their asset. However, should things change in the future, the option could be pursued as a standalone investment, or in conjunction with some of the other options explored above (such as the planning policy work and further procurement). If pursued it would make a future procurement exercise more attractive and less risky to bidders as all the land ownership would be within the Council's control which would shorten timescales for a development.

8.15.2 Should the Council acquire the asset, in the interim it would receive the full rental income (less management costs) which could improve the Council's revenue position and, depending on purchase cost, it could provide a greater return on investment than what may be achievable from interest rates at the time. However, NHDC has little or no experience in managing assets within the retail market and therefore would have to consider the additional resources it would require to manage the shopping centre which would reduce the revenue return. A further consideration is that the Council would likely be subject to pressure to invest in improvements in the Churchgate Centre in the short term following its acquisition, as well as in finding an acceptable solution for displacement of retailers in the event of a future redevelopment and may have to part fund costs of displacement for existing tenants.

8.15.3 No timescale is provided for this option given Hammersmatch's current position not to sell their interest, plus the Council has previously stated that it would not invest any more funds. Thus this option is unlikely to be pursued unless circumstances changed.

- 8.4.3 Clearly circumstances have changed since July 2013. It is unlikely that a viable solution can be found for a smaller scheme as outlined above. The Council's financial position will substantially change over the next 4 years following the recent government announcement on the spending review, where the Council has to make £2.8m savings. (See Budget Report at Item 6 on this Agenda). Acquisition of the centre could be viewed as an Invest to Save Capital project to assist in bridging the funding gap and potentially substantially increase the Council's revenue stream in the short term whilst making redevelopment of the site possible in the medium/long term following submission of the Local Plan.
- 8.4.4 Acquisition of the asset would mean that the Council receives the full rental income (less management costs) which would greatly improve the Council's revenue position and, depending on purchase cost, it could provide a greater return on investment than may be achievable from interest rates at the present time. The Council currently receives around £143k pa, roughly 40% of the rent received, less certain expenses. This ultimately equates to the Council receiving approximately 33% of total rent. If the Hammersmatch interest were acquired, the Council would receive 100%, less managing agent fees. Therefore the Council could receive in the region of £400k per annum.
- 8.4.5 Consideration could be given to contract with the current managing agent to represent the Council in dealings with tenants. A full business case would need to be prepared clearly setting out the case for acquisition and how the Council would manage the asset in the short term pending consideration of the longer term strategic requirements for the site. This option is dependent on the existing owner being willing to sell their interest and a mutually acceptable purchase price being negotiated that made it a good investment for the Council.

8.5 CONCLUDING COMMENTS

- 8.5.1 Hammersmatch have advised the Council that delivery of the CES is not viable and therefore they have not met the requirements of the exclusivity period as set out in the Full Council resolution of 16 July 2015.
- 8.5.2 Hammersmatch presented some alternative thoughts for the Council to consider. This is an embryonic idea with insufficient information available to enable the Council to make any informed decision. This option has been considered and discounted by the Churchgate Project Board for reasons discussed in paragraphs under 8.3 above.
- 8.5.3 Two further options have been considered, these being to cease further work on the Churchgate project pending production of the Local Plan to enable a more strategic view of the site to be taken and/or consider acquisition of the Churchgate centre in light of changed circumstances.
- 8.5.4 If the Council were to acquire the Churchgate centre in the short term, it could continue to receive a rental income on the site whilst waiting for the adoption of the Local Plan and could then decide as part of any future work on preparing town centre strategies how it may wish to promote the site for future development or more limited improvements. Thinking more strategically would also allow consideration on future options once greater clarity is known on the extent of changes to the retail/town centre environment.

8.5.5 It is therefore recommended that:

- (i) The Council as landowner does not progress any further work on the Churchgate Centre and its surrounding area until the Local Plan has been adopted. This does not preclude the Council from pursuing acquisition of the centre subject to the outcome of 8.5.5 (ii) below, interested parties approaching the LPA or the Council renegotiating its contract for the market in the interim;
- (ii) Officers approach Hammersmatch to enquire if they would be interested in selling the centre and depending on their response officers prepare a business case for the acquisition of the Churchgate Centre to be presented at a future meeting of Full Council.

9. LEGAL IMPLICATIONS

9.1 Full Council made the original decision to award the contract to Simons on 25 February 2010. The reason Council was asked to make the decision as to whether to award the contract or not was that the likely land values of the Council land being used for the project fell within Council's terms of reference.

9.2 Full Council adopted the Hitchin Town Centre Strategy on 18 November 2004 and the Churchgate Development Area Planning Brief on 3 November 2005. On 27 November 2014 Full Council decided that *"having considered its aspirations for the future of the Churchgate site and its surrounding area, the Council discontinues the current approach based on the Churchgate Planning Brief and considers alternative approaches for a smaller scheme in the short term"*.

9.3 As Full Council has made these previous strategic decisions, Full Council should make the decision as to the future strategy for the Churchgate Area.

9.4 If the Council decides to explore the embryonic thoughts of Hammersmatch and their proposed JV partner, the legal implications will need to be considered in the light of the specific proposals. The legal implications would likely include procurement, contract, governance and property considerations. Further specific external legal advice (in addition to the general advice previously received) will be required to provide advice on the procurement options and any heads of terms.

9.5 In accordance with previous reports to Full Council, Members are advised that taking part in Council decisions on the strategy to adopt for the Churchgate Area was unlikely to create a valid perception of predetermination in relation to a Member of the Planning Committee who takes part in the decision relating to any future planning application.

10. FINANCIAL IMPLICATIONS

10.1 Under Section 123 of the Local Government Act 1972, the Council is required to get best consideration reasonably obtainable for all of its assets, and with regard to Churchgate this potentially includes the freehold of the Churchgate Centre, the market and the adjoining car parks (St Mary's; Portmill East & West and Biggin Lane).

10.2 In this period of ongoing Government funding reductions the Council's alternative (i.e. non Government) sources of income are particularly important. Gross direct annual income in total from the Churchgate car parks amounts to over £500k which contributes to the Council's costs of parking provision and the Council also receives an annual rental

income for the Churchgate Centre that is reviewed every 14 years, as well as income from the market operation. Therefore any proposal that adversely impacts on these income streams would at least need to provide sufficient return overall to the Council from other sources to compensate fully for this impact.

- 10.3 The Council has incurred external costs of almost £1 million in total over the past ten years or so in respect of pursuing development opportunities for the larger Churchgate development area. Since the end of the Simon's scheme the Council has incurred, up to a further £10,000 for Eversheds legal advice and also up to £20,000 for the valuation work. The Churchgate area does not currently feature in the Council's capital programme for major investment, although funding for some works to the car parks and related areas for resurfacing, replacement and repairs has been allocated, with some works completed.
- 10.4 The contract previously signed with Simons Developments did not require Council financial resources to be allocated to the development of this scheme. The Council's contribution was to make its land holdings available for the development. Enquiries subsequently made by Simons in 2012 regarding the possibility to vary the terms of the Development Agreement, including whether the Council could consider making further financial contributions to the scheme, were declined. It remains the position that Council financial resources should not be required to contribute to a development scheme and a Full Council decision would be required if this position was to change, taking full account of whether this was permissible in State Aid terms.
- 10.5 The Council currently receives 40% of the rent received, less certain expenses. This ultimately equates to the Council receiving approximately 33% of total rent, i.e. at present around £143k pa. If the Hammersmatch interest were acquired, the Council would receive 100%, less managing agent fees. Therefore the Council could receive in the region of £400k per annum.
- 10.6 It is clear that in order to progress any scheme as landowner, be it with Hammersmatch, or any other interested party, will require further investment by the Council in seeking the necessary property, legal and financial advice. There is then a risk that if the scheme does not proceed the costs incurred will have to be written off. A budget of £80k was made available for the current phase of the project and £50 remains unspent.
- 10.7 If the Council were minded to instruct officers to proceed with the necessary investigatory work required to explore the embryonic suggestions, there will be additional costs which are not currently in budget and would need Council approval. It should also be noted that if a viable solution is proposed by a developer the Council will also require further specialist advice at that time, on legal, valuation, markets and development issues and that further funding would be required. The Council may seek to recover some or all of these as development costs, although there is no guarantee this would be successful.

11. RISK IMPLICATIONS

- 11.1 The Council has identified Churchgate and Surrounding Area as a Cabinet Risk. This risk is monitored and updated regularly as part of the Council's risk management procedures.

11.2 The Top Risk has been amended to include the Council's resolution of 27th November 2014 and 12 February 2015 and then subsequently on 16 July 2015 following NHDC offering exclusivity for a limited period to one potential developer, Hammersmatch, until 31 December 2015 subject to meeting certain requirements as set out in the Council resolution of 16 July 2015. The risk currently has the following description:

- impact on available resources in continuing a dialogue
- public perception that developers proposals in terms of planning permission are at a more advanced stage than is the case
- proposals that are developed may not be in adherence to the final Local Plan
- proposals are developed that fail to make the best use of Council assets
- proposals that are developed might not meet the expectation of all stakeholders
- proposals that are developed for a smaller scheme in the short term might hinder ability to fulfil longer term needs for the District
- a phased approach to development may impact on financial viability of any future development of the site and the development value of the rest of the area
- possible challenge from other parties
- Hammersmatch not meeting the requirements of the Council resolution of 16 July 2015 impacting on costs, resources and time.

11.3 The above risk will need to be reviewed in light of the Council decision.

11.4 The Council's Risk and Opportunities Management Strategy refers to Contractors and Partners as follows: *"Contractors and Partners are included in the Risk & Opportunities Management Strategy for NHDC. The risk appetite for both contractors and partners should be considered prior to engaging into contracts or partnerships. Ideally a joint Risk Register should be in place for significant contracts and partnerships. In order to achieve the Council's priorities, Client Officers/relationship managers should implement an ongoing review of risks jointly with appropriate contractors/partners. Contractors and Partners should be able to demonstrate that they have resilient business continuity plans in place."*

11.5 In accordance with this Strategy the Churchgate Development Project with Simons Developments had its own Risk Register. Such a document would also be considered should the Council decide to proceed with a development of any size on this overall site in the future.

12. EQUALITIES IMPLICATIONS

12.1 The Equality Act 2010 came into force on the 1st October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5th April 2011. There is a General duty, described in the next paragraph, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.

12.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

- 12.3 Depending on what may be considered, any future development proposals for the site, detailed proposals surrounding thoroughfares, access, surface treatments etc. and needs of any users for any resulting development will be considered and recorded under separate equality analysis at the time of such application.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 The recommendations made in this report do not in themselves constitute a public service contract, subject to the measurement of 'social value' as required by the Public Services (Social Value) Act 2012, although potential equalities implications and opportunities are identified in the relevant section at paragraphs 12.3. However, any decision Council may make with regard to Churchgate which could, either in whole or part, constitute a public service contract would need to report on the social value implications of each/any option at the time of consideration. This would, in brief, consider how every £1 spent could best be spent to benefit the local community, which may include award of some aspects of redevelopment or management of the centre etc. by local social enterprises, a contractor offering an apprentice scheme or similar.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 In terms of human resource implications the preparation of the Local Plan and the delivery of the other identified corporate priorities and key projects have been factored into work plans as identified at paragraph 8.3.6. If the Council sought to pursue a strategy for the Churchgate Area in the interim this would impact on the Council's current staff and financial resources and would result in the need to review existing work plans and objectives and/or the need for employing external expertise.

15. APPENDICES

- 15.1 None.

16. CONTACT OFFICERS

Norma Atlay, Strategic Director of Finance, Policy and Governance. Telephone: 01462 474297. E-mail address: norma.atlay@north-herts.gov.uk (Project Executive on Churchgate Project Board)

Louise Symes, Strategic Planning & Projects Manager. Telephone 01462 474359. E-mail address louise.symes@north-herts.gov.uk (Project Manager on Churchgate Project Board)

Anthony Roche, Corporate Legal Manager and Monitoring Officer. Telephone 01462 474588. E-mail address anthony.roche@north-herts.gov.uk (Legal Advisor on Churchgate Project Board)

Simon Ellis, Acting Development and Conservation Manager. Telephone 01462 474264. E-mail address simon.ellis@north-herts.gov.uk (Planning advisor on Churchgate Project Board)

Fiona Timms, Performance & Risk Manager. Telephone: 01462 474251. Email address fiona.timms@north-herts.gov.uk

Antonio Ciampa, Accountancy Manager, Telephone 01462 474566. Email address antonio.ciampa@north-herts.gov.uk

Liz Green, Head of Policy and Community Services Telephone 01642 474230 E-mail address liz.green@north-herts.gov.uk (contributor: Equalities and Social Value Implications)

Kerry Shorrocks, Corporate Human Resources Manager. Telephone 01462 474224
Email address kerry.shorrocks@north-herts.gov.uk

17. BACKGROUND PAPERS

- 17.1 Full Council Report 31st January 2013 – Churchgate and surrounding area redevelopment project, Hitchin
- 17.2 Report to Finance, Audit and Risk Committee 13th June 2013 – External costs incurred by NHDC during the Churchgate Report.
- 17.3 Full Council Report 18th July 2013 – Options for the future of Churchgate and Surrounding Area, Hitchin
- 17.4 Full Council addendum Report 18th July 2013 – Options for the future of Churchgate and Surrounding Area, Hitchin
- 17.5 Full Council Report 24th July 2014 – Update on Churchgate and Surrounding Area, Hitchin
- 17.6 Full Council Report 27th November 2014 – Churchgate and Surrounding Area, Hitchin: Legal Advice
- 17.7 Full Council Report 12th February 2015 – Churchgate Area, Hitchin: Next Steps
- 17.8 Full Council Report 16th July 2015 – Churchgate Area, Hitchin: Interim Option Proposal