

# North Tyneside Council

## Report to Cabinet

### Date: 10 December 2012

#### ITEM 8 (c)

Title: Wallsend Customer  
First Centre and Library

Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

**Portfolio(s): Elected Mayor**

**Community and Regulatory  
Services**

**Cabinet Member(s): Mrs Linda Arkley**

**Cllr G Westwater**

**Report from Directorate: Chief Executive's Office**

**Report Author: Ken Wilson, Head of Regeneration,  
Development and Regulatory Services**      **Tel: 6436091**

**Paul Gowans, Head of Cultural Services**      **Tel: 6437401**

**Wards affected: Wallsend**

## PART 1

### 1.1 Purpose:

The purpose of this report is to seek authority to progress the delivery of the Wallsend Customer First Centre as previously agreed by Cabinet on 13 December 2010 as part of the Council's commitment to the regeneration of our town centres and River Tyne North Bank within which Wallsend town centre falls. It also helps to deliver the North Tyneside Libraries Vision (as detailed in Appendix 1).

### 1.2 Recommendations:

It is recommended that Cabinet:-

1. Note the progress made to date in developing a preferred option for the delivery of the Wallsend Customer First Centre.
2. Authorise the Client Manager - Property, in consultation with the Head of Regeneration, Development and Regulatory Services, the Head of Cultural Services, the Strategic Director of Finance and Resources, the Head of Legal, Governance and Commercial Services and the Elected Mayor, to negotiate and agree Heads of Terms and any subsequent lease for the delivery of the Wallsend Customer First Centre within the former Co-op building in the town centre, ensuring best consideration is achieved for the Council, subject to approval of the revenue growth required of £0.125m in 2013/14 and a further £0.375m in 2014/15

through the Financial Planning and Budget process and compliance with all relevant legal and budgetary requirements identified in the report.

3. Authorise the Head of Legal, Governance and Commercial Services, in consultation with the Head of Regeneration, Development and Regulatory Services, the Client Manager – Property, the Head of Cultural and Customer Services, the Strategic Director of Finance and Resources and the Elected Mayor, to enter into an appropriate legal agreement to show commitment by the Council for the progress of initial works for the Customer First Centre, with potential abortive cost payment of up to a maximum of £0.150m for these works should the Council withdraw from the project which will be met from Central budgets in 2012/13, if required.

### **1.3 Forward Plan:**

This report appears on the Forward Plan for the period 7 November 2012 to 31 March 2013.

### **1.4 Council Plan and Policy Framework**

**The Council Plan 2012/2015 relates to the improvement of our town centres in the following way:**

Priority 4: Introducing new income streams to maximise the benefits of our assets, not dispose of them forever

Objective 2: We will look for opportunities to expand our service delivery into the public and private sectors.

Priority 5: Work in Partnership to realise the Full Potential of the North Bank of the Tyne Regeneration

Objective 9: The Council will work collectively to improve the viability of all our Town and Local Shopping Centres

#### **North Tyneside Sustainable Community Strategy 2010/13**

North Tyneside Strategic Partnership has an ambitious vision for the Borough, which is that the Borough is a place of opportunity, prosperity and vibrancy; a place where people are happy, healthy, safe and able to participate in a flourishing economy and achieve their full potential.

The Partnership states it will work together to see that amongst other things:

- Our town centres are renewed, easily accessible and provide a wide range of shops and services;
- Opportunities to engage and participate in sport, culture and the arts are available to all
- Neighbourhoods are friendly, inclusive, safe and connected, offering a range of quality housing options and local facilities.

## **Council's Policy Framework**

The Council's Policy Framework includes the statutory Development Plan for the borough. North Tyneside's current Unitary Development Plan provides a policy framework to encourage the viability and vitality of our existing local centres. This will be continued through the emerging Local Development Framework Core Strategy and Area Action Plans, which cover the three older town centres in the borough.

In July 2010 Cabinet approved a Strategic Development Framework for the River Tyne North Bank that includes Wallsend town centre.

Proposals for the regeneration of Wallsend town centre are directly linked to the adjacent riverside zone and have therefore been included in the River Tyne North Bank Strategic Development Framework.

### **1.5 Information:**

#### **1.5.1 Background Information**

In November 2007 Cabinet agreed a Customer Service Centres Delivery Plan for the period 2007-2011, which outlined the approach to be taken to develop a network of Customer Service Centres delivering high quality, good value, integrated services based in localities close to where people live. This followed an independent review of office accommodation where Council agreed to adopt a 'Hub and Spoke' model for civic accommodation in September 2004. Each Service Centre would bring together a range of services under one roof to give customers more convenient access to Council services and provide improved value for money. Some centres would offer broader facilities from partner organisations such as the PCT.

The Delivery Plan agreed in November 2007 included the provision of a Customer Service Centre in North Shields with full library and customer service facilities together with community space supported by a network of smaller community facilities and libraries.

In December 2010 Cabinet agreed a new Customer First Strategy for the period 2011-15 that built upon the 2007 Customer Service Delivery Plan by positioning Council Customer Services within the changing local and national context. In particular, the new strategy took account of a nationwide move toward digital technology including on line services via the web, and a rise in customer expectations set against a balance of improving service delivery within affordability. The 2011-15 Strategy highlights six key theme areas: Customer Experience, Technology, Process, Accommodation, Brand and Staff Experience, delivered through having 'one point of access' for customers, the right accommodation, and placing the customer at the centre of the process.

In October 2008, consultants were appointed to develop a Strategic Development Framework Plan (SDFP) and masterplans for the River Tyne North Bank (RTNB) area. In September 2009 Cabinet approved the SDFP as the strategy for the economic and social regeneration of this important riverside corridor. The SDFP highlights the importance of key sites to the economic regeneration of the river corridor and the adjacent Wallsend town centre; as well as the need to provide local training facilities to train and upskill local residents to meet the requirements of the advanced manufacturing industries that are essential to securing the Plan's economic regeneration objective. The

SDFP has now become a top priority for the new North East Local Enterprise Partnership (NELEP) and the Homes and Communities Agency (HCA).

Cabinet received reports in July 2010, February and December 2011 and September and November 2012 regarding the delivery of key projects in the RTNB area, particularly the re-development of the Swan Hunter site and the town centre. Cabinet considered a progress report in June 2012 regarding the improvement of the viability of town and local shopping centres. This report highlighted the temporary relocation of the Wallsend Customer Service Centre into The Forum Shopping Centre whilst options were being explored to relocate the Wallsend library into the same location.

### **1.5.2 Wallsend Customer First Centre**

The Customer First Programme agreed by Cabinet on 13 December 2010 reaffirmed the objective of the Council to provide a Customer First Centre (CFC) in each of the four main town centre locations of Wallsend, Whitley Bay, North Shields and Killingworth. The White Swan Centre is fully operational at Killingworth and North Shields and Whitley Bay Centres are currently underway and due for completion in the spring of 2013. The progress of the Wallsend CFC has been delayed by the changes of ownership affecting The Forum Shopping Centre and the former Co-op building. The Customer Service element from Park House has been relocated into the Forum Shopping Centre as a matter of urgency due to health and safety concerns for staff and visitors associated with Park House. Although this is a smaller facility than required, the move was acceptable as a temporary facility pending a longer term option for the Wallsend CFC. In addition, the owners of the shopping centre, NewRiver, agreed to terminate the lease for this facility once a new joint facility including library was delivered outside of the agreed break clause.

Following discussions with Council officers, NewRiver have been preparing plans to relocate the Customer Services team and the library into parts of the former Co-op building, freeing up the current library site for a potential residential development site which is also included within the SDFP and Area Action Plan for Wallsend.

The Council had previously made substantial progress with Morrisons to provide this facility in the former Co-op building but Morrisons decided not to open the store in Wallsend. The building has therefore stood empty for a number of years, contributing to the perception of further decline and decay in Wallsend town centre. Morrisons recently sold the store to NewRiver who were granted planning permission in September 2012 to refurbish it and return the ground floor into retail use based upon sub-division into smaller units. NewRiver have also undertaken substantial design work at risk on proposals to include a CFC on part of the ground floor, all of the first floor and part of the second floor as shown in Appendix 2.

### **1.5.3 Wallsend Town Centre**

Of the three older town centres within North Tyneside, Wallsend town centre has consistently been most adversely affected by the economic downturn and the impact upon the High Street. However, the acquisition by NewRiver of The Forum Shopping Centre and their investment plans, aligned with the work by the Council and its partners to bring major new business development to the River Tyne North Bank area, will provide the Town Centre with a basis for long term stability. The recent relocation of the customer facing services from Park House into The Forum Shopping Centre has been a significant success, with satisfaction figures increasing substantially and NewRiver indicating that

the increased footfall has benefited the shopping centre. It is clear that relocating the library into The Forum Shopping Centre to provide a CFC will generate even more footfall and give the town centre a more sustainable long term future. The Council will therefore make a significant positive statement both to NewRiver in support of their own major investment, but equally importantly to the traders and the local community that the Council is committed to supporting the town centre through the current economic downturn and beyond.

#### **1.5.4 Funding**

The full financial implications of the new CFC are set out in paragraph 2.1 of the report.

The current proposals are based upon NewRiver carrying out all of the building and fit out works to a full turn key standard in accordance with the Council's requirements, including furniture and fittings, resulting in an annual revenue charge of £0.363m for rent and £0.017m service charge. Taking into account existing budget provision for the Wallsend Library this will require additional revenue growth of £0.125m in 2013/14 and £0.375m in 2014/15 as already detailed in the initial budget proposals presented to Cabinet on 26<sup>th</sup> November 2012 to cover these rental and service charges and also the rates that will be payable on the centre. There is also the option for the Council to purchase the furniture and fittings itself. This will be examined further to see which option offers best value for money.

In order for NewRiver to borrow sufficient funds to carry out the works to deliver this facility for the Council they will require a lease of 30 years without a break clause. However, the Council will have the right to sub-let part or all of the premises should it so wish. It is the intention that the Council premises will include an element of retail within its leasehold interest to help offset some of the additional revenue costs. For example, on an area of 75sqm, initial estimates have gauged an income potential of around £11,250 per annum based on a rate of £150 per sqm.

There is also a significant timing issue. NewRiver must have the ground floor retail area completed for retailers to take occupation of the premises ready to trade in time for Christmas 2013. NewRiver will therefore have to tender the contract for the works immediately after New Year 2012/13 and commence works soon after. NewRiver are not able to undertake the retail on the ground floor and subsequently refurbish the upper floors, due to the disruption this would cause to the retailers at ground level.

NewRiver are prepared to tender the works contract showing two options: one to include the CFC, and one for just the retail element, and to phase the works so that a full strip out of the ground floor is carried out and only a partial strip out of the upper floors. This will allow minimal works to take place but would still have a significant abortive cost impact upon NewRiver.

NewRiver have carried out significant design work including virtual 3D modelling, design and preparatory work for the Council at risk, as they see the benefit of the positive impact the CFC will have upon the footfall to the shopping centre and therefore its long term sustainability. They also feel having the Council as a core tenant in the shopping centre will help to move the supermarket operator from the current heads of terms stage to full board approval. The provision of a supermarket in the town centre is a high priority for residents, local businesses and the Council and essential to the long term sustainability of the overall town centre.

Bearing in mind that the Council cannot fully commit to taking a lease for the CFC until the 2013/4 budget is approved, in order that the new retail element of the former Co-op building refurbishment is not jeopardised, NewRiver will have to carry out some of the work for the CFC which may be abortive if the Council decided not to proceed with the lease. In view of the need to keep this opportunity open, it is therefore proposed that the Council enter into an appropriate form of agreement with NewRiver to pay their abortive costs of up to a maximum cost of £0.150m if the Council is subsequently unable to enter into the lease for the CFC. The abortive costs will be funded by Central budgets if approval to proceed with this project is not achieved.

## **1.6 Decision options:**

The following decision options are available for consideration by Cabinet:

### Option 1

Cabinet may approve the recommendations as set out in paragraph 1.2 of this report.

### Option 2

Cabinet may choose not to agree the recommendations as set out in paragraph 1.2 of this report. As the timing is critical to the delivery of the project, if Cabinet consider the recommendations to be unacceptable then the Council will have to withdraw from the negotiations with NewRiver for the provision of the CFC within the former Co-op building and look at an alternative site for the facility.

Option 1 is the recommended option

## **1.7 Reasons for recommended option:**

Option 1 is recommended for the following reasons:

It provides evidence of the Council's commitment to deliver a CFC within Wallsend town centre, which would complete the provision of CFC facilities across all our town centres. It will assist the regeneration of Wallsend town centre and the long term sustainability by increasing the footfall and providing a first class facility for staff and residents.

## **1.8 Appendices:**

Appendix 1 North Tyneside Libraries Vision

Appendix 2 NewRiver proposals for the new Wallsend CFC.

## **1.9 Contact officers:**

Francis Lowes, Senior Manager, Regeneration, tel. (0191) 643 6421

Kate Lovelock, Project Manager, Regeneration, tel (0191) 643 6426

Vicki Dixon, Senior Manager, Financial Strategy and Planning, tel (0191) 643 5723

Alison Campbell, Finance Business Manager, tel (0191) 643 7038

## 1.10 Background information:

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

- a. River Tyne North Bank Strategic Development Framework Plan  
[http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=516659](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=516659)
- b. North Bank Strategic Development Framework Plan: North Tyneside Council Cabinet report September 2009  
[http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=508773](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=508773)
- c. River Tyne North Bank Regeneration: North Tyneside Council Cabinet report 12 July 2010  
[http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=516230](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=516230)
- d. River Tyne North Bank Regeneration, Wallsend Town Centre Regeneration Scheme Cabinet report 12 September 2011 (pink paper report)
- e. Customer Service Centres Delivery Plan. Cabinet report November 2007
- f. A Customer Service Programme. Cabinet report 13<sup>th</sup> December 2010  
[http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=520158](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=520158)
- g. North Shields Customer Service Centre and Library Service Cabinet report February 2010
- h. North Shields Customer First Centre, Council report 24<sup>th</sup> November 2011  
[http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=530707](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=530707)
- i. Improving the Viability of Town and local Shopping Centres Progress report to Cabinet 11 June 2012  
[http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=535153](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=535153)

## PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

### 2.1 Finance and other resources

There are estimated additional costs associated with the project due to Rent and Service Charges. To reflect this and the rates liability, additional growth of £0.125m in 2013/14 and £0.375m in 2014/15 is included in the initial budget proposals which were presented to Cabinet on 26 November 2012.

In addition, any other costs arising which cannot be contained within existing budgets will be reported to Cabinet or Council, as appropriate, for a decision before costs are incurred.

Any changes to the 2013-15 Financial Plan and 2013-23 Capital Plan which would be required should the option to purchase the furniture and fittings prove to offer best value for money, will be built into the 2013-15 Financial Planning and Budget Process or reported back to Cabinet, as required, in line with the Council's Financial Regulations.

The potential cost of up to £0.150m for abortive works, should the Council withdraw from the project, can be met through Central budgets should they become payable. These costs will not be abortive if the project proceeds.

## **2.2 Legal**

Heads of Terms will be developed between the Council and NewRiver for the development of the building, under which it is proposed that the Council take an underlease of parts of the first and second floor of the Co-op Building. Authority is sought pursuant to this report for officers to finalise and agree these Heads of Terms. The Heads of Terms will form the basis of one or more detailed agreements that will give legal effect to the principles set out in the Heads of Terms. It is proposed that the Terms will require the NewRiver to provide the Council with a lease of the development site, with responsibility upon NewRiver to carry out the development works to an agreed specification. The Heads of Terms contemplate a lease of the building to the Council on completion of the development works, for a period of 30 years. The lease of the current customer service centre will be surrendered one month after occupation of the building. The Heads of Terms will provide agreement as to the main negotiation points of the lease such as rent payable and repairing obligations. In addition to the rent payable a service charge will be payable by the Council, this will be used by the landlord to service the building and communal areas.

In the meantime, a separate agreement is proposed to be entered into with NewRiver to pay their abortive costs of up to £0.150m to carry out essential works prior to the outcome of the Council's budget setting process in relation to this project. All agreements entered into will be on terms agreed by the Head of Legal, Governance and Commercial Services and will be in compliance with Contract Standing Orders and the Council's Financial Regulations.

## **2.3 Consultation/community engagement**

### **2.3.1 Internal Consultation**

The regeneration of Wallsend town centre has been the subject of extensive internal consultation as part of the preparation of the River Tyne North Bank Strategic Development Framework. Officers from Regeneration, Economy and Employment, Financial Strategy and Planning, Legal, Governance and Commercial Services, Strategic Property and Planning have been involved extensively in developing the projects. Briefings have been provided to Elected Members, including meetings of the Economic Prosperity and Housing Sub-Committee.



### 2.3.2 External Consultation/Engagement

Extensive engagement has taken place with businesses, partners and the community regarding the future of Wallsend town centre as part of the preparation of the River Tyne North Bank Strategic Development Framework.

Extensive public consultation was also undertaken in connection with the proposal to put the library and Customer Service centre within the former Co-op store, as part of the planning application submitted by Morrisons, which received substantial support from residents and the business community.

## 2.4 Human rights

There are no human rights implications directly arising from this report.

## 2.5 Equalities and diversity

Equality and diversity issues will be fully considered and addressed as part of the development of the project. It is considered that the development will have a significant positive effect upon equality of access and the improved vibrancy of the town centre will increase the opportunity for new jobs for residents of local communities.

## 2.6 Risk management

There are no significant risk factors associated with the development other than the financial risk as detailed in paragraph 2.1 should the Council withdraw from the project.

Should Cabinet not approve the recommendations as set out in paragraph 1.2, there is a risk that the Council will be unable to bring forward an alternative site and therefore will be unable to deliver a Wallsend town centre CFC.

A full project risk register will be established and taken forward as and when the outline project proposals are formally approved.

## 2.7 Crime and disorder

It is anticipated that the redevelopment of the town centre and increased footfall that it will bring will have significant positive implications for crime and disorder. NewRiver have security staff on site and Northumbria Police will be able to utilise the CFC facility.

## 2.8 Environment and sustainability

The former Co-op building will be brought back into use and as part of the refurbishment the building will benefit from a new render system. This will increase the energy efficiency of the building and reduce the carbon footprint from its former use which was in a state of disrepair for a number of years. The energy consumption and resulting carbon emissions of the CFC will be managed through the Council's carbon budget process.

The town centre is located close to Wallsend Metro Station and Bus Interchange, making it highly accessible by public transport, and is immediately alongside a major east-west cycleway, providing for healthy and low carbon alternative transport. The town centre is also close enough to a substantial number of our local Wallsend and Riverside

communities to walk into for shopping or indeed to work. Businesses requiring riverside access for the transport of products will be prioritised, reducing the number of vehicles using the adjacent roads.

### **PART 3 - SIGN OFF**

- Chief Executive  X
- Strategic Director(s)  X
- Mayor/Cabinet Member(s)  X
- Chief Finance Officer  X
- Monitoring Officer  X
- Strategic Manager Policy and Partnerships  X