

Cheltenham Borough Council

Council

Minutes

Meeting date: 28 September 2023

Meeting time: 7.00 pm - 7.45 pm

In attendance:

Councillors:

Matt Babbage (Chair), Paul Baker (Vice-Chair), Glenn Andrews, Victoria Atherstone, Adrian Bamford, Angie Boyes, Nigel Britter, Jackie Chelin, Ed Chidley, Mike Collins, Bernard Fisher, Wendy Flynn, Tim Harman, Steve Harvey, Rowena Hay, Sandra Holliday, Martin Horwood, Peter Jeffries, Tabi Joy, Alisha Lewis, Richard Pineger, Julie Sankey, Diggory Seacome, Izaac Tailford, Julian Tooke, Simon Wheeler, Max Wilkinson and Suzanne Williams

Also in attendance:

Paul Jones (Executive Director of Finance, Assets and Regeneration), Claire Hughes (Corporate Director and Monitoring Officer), Gareth Edmundson (Chief Executive), Martin Chastney (Head of Developments, Major Developments & Regeneration), Richard King (Head of Construction, Major Developments & Regeneration) and Paul Minnis (Director of Major Development & Regeneration)

1 Apologies

Apologies were received from Councillors Barnes, Beale, Chidley, Clark, Clucas, Dobie, Fifield, McCloskey, Nelson, Oliver.

2 Declarations of interest

There were none.

3 Minutes of the last meeting

The minutes of the meeting held on 24 July will be considered at the next meeting on 16 October.

4 Communications by the Mayor

The Mayor said he was lucky to attend many events, but wanted to highlight a recent visit to Gottingen. He thanked the Mayor and international relations team for hosting the party from Cheltenham.

5 Communications by the Leader of the Council

The Leader of the Council had no communications to share with Members on this occasion.

6 Public Questions

There were none.

7 Member Questions

There were none.

8 Entering into the Development Finance Agreement

The Cabinet Member for Cyber, Regeneration and Commercial Income began by thanking all officers who have worked so hard on this extremely important report, which he hoped everyone had read in detail. He said the council has been working on the Golden Valley project for a number of years and there is still a long way to go – it is anticipated that it will be 10-15 years before the project is complete – but this report is an important step in the journey.

He made clear to Members that they are not being asked to sign a cheque for £95m – this is the current estimate of what will be needed to complete the Innovation Centre and Hub at the heart of the Golden Valley development. It is the biggest project and will be the second biggest financial commitment CBC has ever undertaken, and we need to make sure that every single facet is right. The legal agreement includes a series of conditions, including a viability test which must be passed before the Council commits to the funding, and we are lucky to have a fantastic team of officers guiding us along every step of the way.

He concluded by saying it is important that all Members feel they can get behind this hugely important project, and hoped that it would receive unanimous support

Member questions

A Member asked about the role that people working in the Innovation Centre and associated buildings will play in contributing towards a cyber-security agenda, enabling energy sources to remain safe in the face of hostile threats and helping the council's net zero aspirations as well as national sustainability goals. Officers confirmed that while the broader occupier strategy for the Golden Valley development is still in progress, the focus of the Innovation Centre is about bringing

together academia, social activities, prime or large corporate entities, smaller entities and public bodies to provide the economic centrepiece and to drive innovation. There is every expectation that, out of that, the new technologies and businesses will go on to build and support the local and national economy, protecting our sustainability requirements and energy infrastructure.

Member debate

In debate, Members made the following comments:

- this is very important and secures the future of the buildings, people and areas we need to look after and support in Cheltenham. There will inevitably be some setbacks as with all projects of this size, but now is the time to support this intriguing plan with such magnificent potential for Cheltenham. We should grasp the opportunity with both hands;
- this is too large a sum of money, and the risks and unknowns are too great at this point. A number of councils around the country are facing bankruptcy as a result of vast borrowing to deliver projects, and then leaving future generations to pay off the debt if it all goes wrong. Most councillors won't be alive in 50 years to see the project through;
- the project was conceived as a partnership with the developer, but now it appears that CBC will pay the developer fees and shoulder all the risks - this is not a comfortable position;
- the council is selling Regent Arcade and changing its plans for the Municipal Offices – once considered a jewel in its crown to be retained at all costs for future generations. Is this being done to fund the Golden Valley project and if so, where will it end? It is too much of a financial commitment for something outside the council's normal business;
- the Golden Valley project will be a fantastic flagship for Cheltenham as it moves towards its Net Zero aspirations, ensuring it can pay for vital services in the future, in particular in relation to climate change. By leading on the project, CBC has the opportunity to create jobs and ensure that young people will have the opportunity to take advantage of exciting technology and innovation jobs it offers;
- this project has been discussed since 2016, and the council took by far the biggest risk in 2019 when it purchased the land as an empty site. Now there are constant conversations on and around the potential risks which, together with the talented team, provides a feeling of confidence in this great sustainable development;
- the project will provide Cheltenham with many 'jobs of the future' in technology and innovation, not only attracting young talent to the town but also providing opportunities for people across the town, currently at school, starting their careers or looking for a change, keeping Cheltenham vibrant, exciting and clearly on the map. We would be letting ourselves down not to progress with the project;

- not only will provide jobs and services but also many houses for families and people of all ages, currently on the housing waiting list;
- it is not right to imply that the council is taking all the risk – the team has taken great care to put together a strategy which specifically and carefully sets out a maximum commitment from the council and limits its risk, requiring any costs over and above that to be borne by the developer and any obligations to be underwritten by the developer's parent company;
- this scheme offers a massive opportunity for a cyber-security development of international importance, and demonstrates both the commitment of the local ecosystem to the project and the commitment of CBC and the town to GCHQ to help meet its needs. This is a fantastically important partnership for the future of Cheltenham, and with investment from so many important parties, we can take it forward with confidence;
- this impressive project shows why CBC is different from other councils, choosing to invest in its own project within the borough, attracting new businesses and people, providing job opportunities, houses, and income which can be re-invested in services throughout the town;
- this exciting project has constructive alignment with local and national priorities – in particular cyber-tech and housing – and provides great opportunities for the town's future. The risk management and mitigation measures set out in the papers are reassuring;
- the news cycle has recently focussed on councils around the country in financial trouble and needing to be rescued by central government, but what CBC is committing to here is a very small loan in comparison;
- the risk of CBC not buying the land in 2019 was far greater than the risk of buying it; in doing so, the council has been able to develop and keep control of a highly-sustainable project. This is a great milestone;
- at the start of the council's commercial strategy journey, it was clear that in order to survive, CBC could no longer be risk-averse but must remain risk-aware. The biggest risk was the lack of necessary skills to bring the development forward, but we now have in-house skills for Golden Valley and future major projects. We need to embrace these opportunities, and 'Team Cheltenham' – Members, officers, residents, communities – continue on this journey together;
- the decision tonight will support Cheltenham's largest employer, the defender of critical national infrastructure, and many different industries which rely on cyber communication and security;

- it should be remembered that not everyone working in the cyber security centre will be a cyber expert. All sorts of auxiliary and unskilled jobs will be created, and we are lucky to have and be part of a forward-thinking and progressive council which is making this happen.

The Cabinet Member for Cyber, Regeneration and Commercial Income thanked Members for their positive and informed comments. He said the sale of assets was not related to the financing of this project; the council is simply taking responsibility to maximise the value of its assets for the benefit of the people of Cheltenham today and in the future. He also reaffirmed a Member's comment that many different types of jobs will be created, not just cyber jobs. He thanked officers again, and hoped that Members would give the recommendations their full support.

The Leader requested a recorded vote on this item.

Members resolved to:

- 1. approve entry into the conditional Development Funding Agreement with HBD X Factory with the conditions set out in Appendix ii – Commercial Detail;**
- 2. approve provision of a funding envelope of up to £95m;**
- 3. delegate authority to the Director of Finance, Assets and Regeneration, in consultation with the Cabinet Member for Cyber, Regeneration and Commercial Income and the Cabinet Member for Finance and Assets, to manage the process and ultimate discharge of the funding conditions, referring back to Cabinet or Council for decisions where constitutionally appropriate. These Conditions are:**
 - meeting the Viability Test
 - defining the Maximum Commitment
 - agreeing and obtaining acceptable Pre-let Agreements
 - agreeing detailed designs for the Innovation Centre and the Mobility Hub
 - obtaining an Acceptable Planning permission
 - agreeing an acceptable building contract with a construction contractor
 - discharging any Third Party Rights on the land
 - agreeing plans that define the various Plots for development
- 4. note the protection that the Council is afforded on construction cost over-runs through the provision of a Maximum Commitment;**
- 5. note the investment opportunities outlined in Appendix iii that will provide a better return to the Council;**
- 6. delegate authority to the Director of Finance, Assets and Regeneration, in consultation with the Cabinet Member for Cyber, Regeneration and**

Commercial Income and the Cabinet Member for Finance and Assets, to manage and approve expenditure of the Council Variations Budget;

- 7. delegate authority to the Director of Finance, Assets and Regeneration, in consultation with the Cabinet Member for Cyber, Regeneration and Commercial Income and the Cabinet Member for Finance and Assets, to negotiate commercial terms on a Management Agreement for the Innovation Centre and, if appropriate, the Mobility Hub. Approval from Full Council will be sought prior to entering into any Management Agreement.**

The votes were cast as follows:

FOR: Councillors Babbage, Baker, Andrews, Atherstone, Bamford, Boyes, Britter, Chelin, Collins, Fisher, Fifield, Harman, Harvey, Hay, Holliday, Horwood, Jeffries, Lewis, Pineger, Sankey, Seacome, Tailford, Tooke, Wheeler, Wilkinson, Williams (26)

AGAINST: None

ABSTAIN: Councillors Flynn and Joy (2)

9 Any other item the Mayor determines as urgent and which requires a decision

There were none.