

You are requested to attend a meeting of the Executive to be held in The Brittons Ash Community Centre, Bridgwater Road, Bathpool, Taunton, (Activity Room). on 5 April 2018 at 18:15.

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## **Agenda**

- 1 Apologies.
- 2 Minutes of the meeting of the Executive held on 7 March 2018 and the special meeting of the Executive held on 19 March 2018 (attached).
- 3 Public Question Time.
- 4 Declaration of Interests  
To receive declarations of Disclosable Pecuniary Interests or personal or prejudicial interests, in accordance with the Code of Conduct, in relation to items on the agenda. Such interests need to be declared even if they have already been recorded in the Register of Interests. The personal interests of Councillors who are County Councillors or Town or Parish Councillors will automatically be recorded in the minutes.
- 5 Development of an Hotel at Firepool, Taunton. Report of the Assistant Director - Asset Development Projects (Interim) (attached).

See also the Confidential Appendices A - F at agenda item No. 7.

Reporting Officer: Tom Gillham

- 6 Executive Forward Plan - details of forthcoming items to be considered by the Executive and the opportunity for Members to suggest further items (attached)

The following items are likely to be considered after the exclusion of the press and public because of the likelihood that exempt information would otherwise be disclosed relating to the Clause set out below of Schedule 12A of the Local Government Act 1972.

- 7 Development of an Hotel at Firepool, Taunton - Confidential Appendices A - F (attached). See also agenda item No. 5. Paragraph 3 - Financial or business affairs of any particular person.

Bruce Lang  
Assistant Chief Executive

07 August 2018

Members of the public are welcome to attend the meeting and listen to the discussions.

There is time set aside at the beginning of most meetings to allow the public to ask questions.

Speaking under “Public Question Time” is limited to 4 minutes per person in an overall period of 15 minutes. The Committee Administrator will keep a close watch on the time and the Chairman will be responsible for ensuring the time permitted does not overrun. The speaker will be allowed to address the Committee once only and will not be allowed to participate further in any debate.

Except at meetings of Full Council, where public participation will be restricted to Public Question Time only, if a member of the public wishes to address the Committee on any matter appearing on the agenda, the Chairman will normally permit this to occur when that item is reached and before the Councillors begin to debate the item.

This is more usual at meetings of the Council’s Planning Committee and details of the “rules” which apply at these meetings can be found in the leaflet “Having Your Say on Planning Applications”. A copy can be obtained free of charge from the Planning Reception Desk at The Deane House or by contacting the telephone number or e-mail address below.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

These arrangements do not apply to exempt (confidential) items on the agenda where any members of the press or public present will be asked to leave the Committee Room.

Full Council, Executive, Committees and Task and Finish Review agendas, reports and minutes are available on our website: [www.tauntondeane.gov.uk](http://www.tauntondeane.gov.uk)



The meeting rooms at both the Brittons Ash Community Centre and West Monkton Primary School are on the ground floor and are fully accessible. Toilet facilities, with wheelchair access, are available.

Lift access to the Council Chamber on the first floor of Shire Hall, is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are available through the door to the right hand side of the dais.



An induction loop operates at Shire Hall to enhance sound for anyone wearing a hearing aid or using a transmitter.

**For further information about the meeting, please contact Democratic Services on 01823 219736 or email [r.bryant@tauntondeane.gov.uk](mailto:r.bryant@tauntondeane.gov.uk)**

If you would like an agenda, a report or the minutes of a meeting translated into another language or into Braille, large print, audio tape or CD, please telephone us on 01823 356356 or email: [enquiries@tauntondeane.gov.uk](mailto:enquiries@tauntondeane.gov.uk)

**Executive Members:-**

Councillor J Warmington	(Community Leadership)
Councillor A Sully	(Corporate Resources)
Councillor M Edwards	(Economic Development, Asset Management, Arts and Culture, Tourism and Communications (Deputy Leader))
Councillor P Berry	(Environmental Services & Climate Change)
Councillor T Beale	(Housing Services)
Councillor J Williams - Leader of the Council	(Leader of the Council )
Councillor R Parrish	(Planning Policy and Transportation)
Councillor V Stock-Williams	(Sports, Parks and Leisure)

## **Executive – 7 March 2018**

Present: Councillor Williams (Chairman)  
Councillors Beale, Berry, Parrish, Mrs Stock-Williams and Mrs Warmington

Officers: Paul Carter (Assistant Director – Corporate Services), Tim Burton (Assistant Director – Planning and Environment), Joanne O’Hara (Wellington Heritage at Risk Project Manager) and Richard Bryant (Democratic Services Manager)

Also present: Councillors Aldridge and Coles

(The meeting commenced at 6.15 p.m.)

### **16. Apologies**

Councillors Edwards and Habgood.

### **17. Minutes**

The minutes of the meeting of the Executive held on 8 February 2018, copies of which had been circulated, were taken as read and were signed.

### **18. Declaration of Interests**

Councillors Mrs Stock-Williams and Mrs Warmington declared personal interests as Members of Wellington Town Council and Bishops Lydeard and Cothelstone Parish Council respectively.

### **19. Executive Forward Plan**

Submitted for information the Forward Plan of the Executive over the next few months.

**Resolved** that the Forward Plan be noted.

### **20. Exclusion of the Press and Public**

**Resolved** that the press and public be excluded from the meeting for the following item because of the likelihood that exempt information would otherwise be disclosed relating to Clauses 1 and 3 of Schedule 12A to the Local Government Act 1972 and the public interest in withholding the information outweighed the public interest in disclosing the information to the public.

### **21. Proposed Acquisition of Land at Norton Fitzwarren**

Considered report previously circulated, relating to the proposed acquisition of an area of land at Norton Fitzwarren.

The Council had been working with the South West Heritage Trust (SWHT), Norton

Fitzwarren Parish Council (NFPC) and Historic England (HE) to secure the site which was a Scheduled Ancient Monument, currently on the HE Risk Register.

The site had important archaeological remains which were at risk due to the legal invasive farming techniques that had occurred in the past and was likely to take place again in the near future. The Council's aim was to acquire the site and remove it from intensive farming.

Further reported that the site also formed part of the Green Infrastructure Strategy and would provide open space to the community. There would also be education opportunities taking account of the ecological and archaeological interests on the site.

The total cost of site acquisition would be in the region of the figure included within the report. The funding for the purchase would largely be met by HE (80%) with the SWHT and the NFPC each making a small contribution. It was proposed that the remainder should be funded from the Council's general reserves.

The SWHT had indicated that they would be prepared to take on a 30-year lease on the site and help to find funding for a Conservation and Management Plan with applications to the Heritage Lottery Fund, Viridor Credits and other such bodies.

The Council would need to work with HE, SWHT and NFPC to work up an agreed management plan for the site. This would mean that the continuing maintenance of the site would not be the responsibility of the Council, thereby removing any continuing impact on Taunton Deane's Revenue Budget.

**Resolved** that Full Council be recommended to approve a supplementary estimate of the sum identified in the report to the capital programme for the acquisition of the land at Norton Fitzwarren, including the use of the required sum from the Council's General Reserves.

(The meeting ended at 6.44 p.m.)

## **Special Executive – 19 March 2018**

Present: Councillor Williams (Chairman)  
Councillors Beale, Berry, Edwards, Habgood, Parrish, Mrs Stock-Williams  
and Mrs Warmington

Officers: Shirlene Adam (Director – Operations, Paul Carter (Assistant Director –  
Corporate Services), Satish Mistry (Legal Advisor – SHAPE Legal), Kim  
Batchelor (Corporate Transformation Programme Manager), Robert Downs  
(Communication Lead), Richard Bryant (Democratic Services Manager) and  
Andrew Randell (Temporary Senior Democratic Services Manager)

Also present: The Mayor (Councillor Prior-Sankey) and Councillors Brown, Coles, Gage,  
R Lees, Mrs Lees, Ms Lisgo, Martin-Scott and Sully.  
Mrs Anne Elder (Chairman of the Standards Advisory Committee)

(The meeting commenced at 8.40 p.m.)

### **22. Declaration of Interests**

Councillors Mrs Stock-Williams and Mrs Warmington declared personal interests as  
Members of Wellington Town Council and Bishops Lydeard and Cothelstone Parish  
Council respectively.

### **23. Transitioning to a New Council**

Considered report previously circulated, concerning a number of matters which, if  
supported, would be included within draft Orders to be laid before Parliament by the  
Secretary of State to create a new Council.

In 2016 both Taunton Deane Borough and West Somerset District Councils  
respectively voted to submit a Business Case to become a single Council to the  
Secretary of State.

A risk to this process was the concern that there would be insufficient Parliamentary  
time in order to agree the draft Orders, and for the Local Government Boundary  
Commission for England (LGBCE) to undertake the necessary work to determine  
the new Council's warding pattern.

At present, it was clear that all sides were committed to ensuring this risk did not  
materialise. However, it was important that no further delays in the process should  
occur and, as such, it was important that the Council using its executive powers now  
considered those matters necessary for inclusion within the draft Orders. This  
meant the Councils would be ready to respond to any formal decision made by the  
Secretary of State.

In the event of formally approving the submission to create a new Council, the  
Secretary of State would initiate a process requesting the making of Statutory  
Orders that would dissolve the current Councils transferring the powers, functions  
and responsibilities of Taunton Deane Borough Council and West Somerset Council

to the new Council effective from 1 April 2019. The draft Orders had to receive the approval of both Houses of Parliament, and be accompanied by a report setting out why the Secretary of State believed it appropriate to create the new Council, and any consultation he had taken into account.

### **Transition Arrangements**

In practice, the new Authority could not simply come into effect on 1 April 2019. It would be necessary to make appropriate transition arrangements to ensure that required policies and procedures were in place to enable Council services to continue to operate effectively.

In the case of Taunton Deane and West Somerset the way in which this transitional stage would be managed was by the establishment of a Shadow Authority. This would comprise all Members of both existing Councils. The Orders could provide for the number of Members to sit on the Shadow Executive/Cabinet of the Shadow Authority and could also provide for representation from minority parties upon it.

It was recommended that the Shadow Executive/Cabinet of the Shadow Authority should consist of both Leaders and three Members from each authority, with a nominated substitute from each authority. If supported, provision to that effect would be incorporated into the Secretary of State's draft Orders.

At its first meeting, the Shadow Authority would be required to elect a Leader and other Members of the Shadow Executive. The Shadow Authority would have the power to adopt the necessary processes and procedures to come into effect upon the date of the Orders, currently expected to be no earlier than June 2018. It would also set the first precept for the new Council and appoint Committees to agree relevant policies.

The report set out in detail other matters that would be covered by the draft Orders including certain duties that the constituent councils would be obliged to comply with and the need for them to co-operate fully with the Shadow Authority and, in certain circumstances, consult the Shadow Authority when making decisions.

The draft Orders would also provide the legal framework within which the Shadow Authority could establish the arrangements to ensure a new authority was ready to take on the statutory responsibilities it would have from April 2019.

Reported that the extent to which provisions governing electoral arrangements and other operational matters were covered within the draft Orders, was still to be established through discussions with the Ministry of Housing, Communities and Local Government (MHCLG). In general terms the Orders would ensure that the Shadow Authority was established and had the powers required to prepare all matters necessary prior to the new authority coming into effect.

Noted that further Orders were likely to cover Staffing, Functions, Property Rights and Liabilities, Electoral arrangements, Finance and Miscellaneous Matters.



The Orders would require the formation of an officer team with a membership drawn from the existing authorities, the purpose of which would be to carry out the transition body's Implementation Plan which it was required to adopt. The team had to include the three statutory posts of Head of Paid Service, Monitoring Officer and Section 151 Officer.

### **Council Name**

As a result of the public consultation exercise and various Member engagement events, several potential names for a new authority were proposed.

"Somerset West and Taunton" was recommended to be used by the Secretary of State in the draft Structural Change Order.

Reported however that it was intended to continue listening to the views of local residents in the coming months on the best title for a new Council and other options would be reviewed going forward.

### **Council Status**

The Member Working Group had discussed the status of the new Council – whether it should be a District or Borough. Only a Borough Council could have a Mayor.

If the new Council was created as a District Council by the Secretary of State's Parliamentary Orders it would be able, once fully constituted after the end of the Shadow period, to apply for Borough status under Section 245(4) of the Local Government Act 1972 should two-thirds of the membership of the Council took the view that it was desirable to do so.

### **Council Size**

The number of Councillors a future Council should have had been one of the most complex aspects of the work of the Member Working Group.

The Order to create a new Council was likely to include a Council size figure. This would then be subject to ratification by the LGBCE who would undertake a Warding Review to determine the exact ward boundaries and names.

Reported that a decision was required at this stage to ensure that a figure could be considered for inclusion within the draft Order.

The proposed Council size was 58 which had already received favourable, informal comment from the LGBCE. 58 had previously been agreed as part of the original submission document.

The process in relation to warding – which took account of the number of electors within the future Council – would follow on from the setting of the Council size. The LGBCE had strongly emphasised that the Council size case could not be based on, or take account of, current warding patterns, future warding patterns or the number of electors. However, it was recognised – from discussions with the Member Working Group that this was still a key consideration for Members and engagement

would take place during the warding review to ensure Members' views could be taken into account, alongside wider public and stakeholder consultation.

### **Delegation of consent to Leader(s) and CEO**

Discussions with MHCLG to date had indicated that should Taunton Deane and West Somerset Councils progress towards the creation of a new Council, they would be operating to a significantly condensed timescale – and a Parliamentary schedule that could not be amended.

It was likely that once the draft Orders had been finalised to the satisfaction of all parties, there would be a very short period (maybe as little as 24 hours) within which, both Councils would be required to formally consent to the Orders being laid before both Houses of Parliament and the Parliamentary process commencing.

The formal consenting was merely an opportunity to ensure the will of the Councils had been reflected in the draft Orders. It was therefore recommended, in the interest of expediency, that the Executive agrees to delegate to the Chief Executive (or, in her absence, the Director – Operations) in consultation with the Leaders of Taunton Deane and West Somerset Councils, authority to consent to the laying of the draft Orders.

The financial and legal implications of the proposed new Council were set out in detail in the report.

**Resolved** that subject to the Secretary of State agreeing to create a new Council it was recommended that:-

- (a) The name of the new Council be designated as “Somerset West and Taunton”;
- (b) The preferred number of Councillors for the new Council be 58 subject to a review by the Local Government Boundary Commission for England;
- (c) The Cabinet Model of Governance be adopted for the new Council with an Executive comprised of up to 10 Members;
- (d) A Shadow Authority be created to comprise all existing Councillors of Taunton Deane and West Somerset Councils, together with a Shadow Executive to comprise the respective Leaders and three further Councillors from each Authority and provision be requested for one substitute from each Council;
- (e) The Local Government Boundary Commission for England be requested to undertake, at the earliest opportunity, a full Electoral Review of the areas of the new Council including the determination of an appropriate ward structure; and
- (f) The Chief Executive or the Director - Operations, in consultation with the Leaders of Taunton Deane and West Somerset Councils, be delegated by the authority to:-
  - (i) Submit the above decisions to the Secretary of State for inclusion into any Orders drafted to implement the creation of a new Council; and

- (ii) Consent to the laying before Parliament of the required final Statutory Orders.

24. **Executive Forward Plan**

Submitted for information the Forward Plan of the Executive over the next few months.

**Resolved** that the Forward Plan be noted.

(The meeting ended at 8.55 p.m.)

# Taunton Deane Borough Council

**Executive – 5 April 2018**

## **Development of an Hotel at Firepool, Taunton**

**This matter is the responsibility of Executive Councillor Mark Edwards**

**Report Author: Tom Gillham, Assistant Director - Asset Development Projects (Interim)**

### **1 Executive Summary and Purpose of the Report**

- 1.1 This paper introduces a proposal for Council investment in the development of a new high quality mid-market hotel at Firepool. The proposals are consistent with the outline planning consent (14 March 2018) for Firepool and were supported in principle by members of Scrutiny (22 March 2018).
  - 1.2 The proposal aligns well with the vision for Taunton as a Garden Town, contributes to a thriving and sustainable Town Centre and generates a healthy commercial return to the Council.
  - 1.3 The proposal is the result of an initial feasibility, marketing and procurement exercise that has yielded strong interest from potential occupiers and operators of the hotel. A business case for Council investment in the development and ongoing ownership of the hotel has subsequently been developed, taking account of key risks (financial and non-financial). Confidential appendices provide further details for members' scrutiny.
  - 1.4 The above steps – including selection of hotel brand, operator and construction project management team, has been subject to the necessary Council approvals and consents and formal exchange of contract. Council approval of the proposal is now needed to enable the project to move forward to delivery of the hotel development programme.
  - 1.5 Confidential appendices attached to this report provide further information on indicative project timeline for development (illustrated by Appendix A), the financial evaluation and business case (Appendix B), the procurement process (summarised in Appendix C) that identifies our preferred brand and operator, risks and mitigation that include proposals to form a special purpose vehicle to lease the asset. The favoured location based on feasibility studies provides an illustration only of site and is not considered to be commercial sensitive, as the final building and layout are subject to detailed design.
  - 1.6 The views of Corporate Scrutiny Committee have been considered, in the final version being presented to Executive (5 April 2018) and members are reminded that the development is subject to Full Council approval (10 April 2018) and contract, therefore many appendices are commercially sensitive in order to protect the Council interests.
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- 1.7 The proposal supports the Corporate Strategy of the Council, in particular themes of people, business and enterprise and an efficient and modern council.

## **2. Recommendations**

- 2.1 The Executive is requested to support the following recommendations to Full Council:
- (i) Council investment in the development and ownership of a hotel at Firepool, based on the detailed information contained in confidential appendices;
  - (ii) for a supplementary estimate to the Council's Capital Programme (stated in commercially confidential financial Appendix B) for the planning, design and engineering, construction and fit out of the hotel, to be funded as per confidential appendix within this report;
  - (iii) to enable the hotel project to progress within programme timescales indicated and approved budget, that the relevant delegated authorities are provided to the Director of Growth and s151 Officer, in consultation with Portfolio Holder and Leader of Council to:
    - a) appoint specialist and professional services to support Officers and hotel project team complete the planning, design and engineering of a new mid-market hotel on a suitable site identified at Firepool (on the south-side of the Tone river);
    - b) finalise legal agreements with preferred brand and operator,
    - c) to create a Council owned Special Purpose Vehicle, to lease the asset and manage commercial arrangements of the new hotel (on behalf of the Council);
    - d) Procurement and appointment of a main building and fit-out contractor to complete the hotel building to specification and standards within the budget approved.

### **Risk Assessment**

- 3.1 A working copy of risk matrix is contained within confidential appendix D. The assessment shows that identified risks can be mitigated to acceptable levels.
- 3.2 It is considered that the business case, together with wider economic and regeneration benefits of the proposal, significantly outweigh the identified risks.

## **3. Background and Full details of the Report**

- 3.1 Taunton's prime regeneration site of Firepool includes an area to the south of the River Tone, opposite Somerset County Cricket Ground, that already comprises of the Viridor Head Office and Acorn's development of luxury riverside apartments and townhouses. The new hotel development is proposed be located in an identified commercial zone with frontage on Priory Bridge Road, providing adequate room for remaining office space development and surface level car parking (appendix E illustrates the favoured location).
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- 3.2 The majority of the identified site is relatively flat, clear and ready for development.
- 3.3 Subject to specific requirements such as reserved matters, Council approval of the business case and exchange of contracts with the hotel brand and management operator, appointment of professional services advisors and a construction company, preparatory work on the site is anticipated to start next year (2019). An indicative timeline for development is shown in the confidential appendix A.
- 4.4 Market testing and specialist advice also confirms high trading confidence in the Taunton area as a visitor and business destination. A well-recognised brand of hotel will improve the range and quality of mid-market accommodation in the town centre, encourage more businesses and visitors into the heart of the town and boost the wider daytime and evening economy.

#### 4. Links to Corporate Aims, Priorities and Key issues

- 4.1 The proposal aligns well with the following key themes in the Council's Corporate Strategy:

- **Key Theme 1: People:** facilitating employment and training opportunities in the construction and ongoing operation of the new hotel, jobs for around 100 people.  
The Council's preferred hotel management operator indicated that with the type of mid-market hotel being proposed with up to 120 rooms, a restaurant and small conference facilities it would be expected to employ around 40-50 (full-time equivalents). In reality this may mean a team of around 70-75 people altogether, as the service operation will likely involve shift-working and part-time staff. The building of the hotel could provide an additional 30-50 jobs including the creation of local training opportunities over the duration of the design and construction period.
- **Key Theme 2: Business and Enterprise:** enhancing the quantity and variety of accommodation in the Town Centre; attracting visitors and business, encouraging growth and potential investment. The hotel will also act as an important catalyst, attracting visitors, business and investment in the wider Town Centre.
- **Key Theme 4: An Efficient and Modern Council:** generating a healthy return on investment, supporting financial sustainability of the Council and improving the appearance and prosperity of the area.

#### 5. Finance / Resource Implications

- 5.1 The Project Cost estimates have been provided by cost management professionals and advisors who have experience of successfully delivering similar hotel schemes.
- 5.2 The Business Case (see confidential appendix B) shows a satisfactory level of return on investment. It is based on an established trading model of the Council developing and retaining the asset (the Hotel) and leasing the Hotel building to a newly created Special Purpose Vehicle (a trading company), which the Council will own. The Council will nominate directors to the company to manage the SPV's operations, contracts, and bank accounts.
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- 5.3 The new Hotel business, through the SPV, will be managed by a professional operating company, to ensure Hotel brand compliance, maximising efficiencies and returns for the Council and limiting potential liabilities. Hotel employees will also be engaged through the operating company.
- 5.4 Construction cost management will be a major element of the scheme. Processes will be put into place to assess cost on an on-going basis throughout the design process and to address any cost overrun risks through both design and the form of contract management.
- 6.5 The business case to support recommendations of a multi-million investment has been developed by the Council's finance team, informed and verified by hotel specialists and professionals, including our Treasury Management advisors, Arlingclose. The estimated capital cost of the project is proposed to be financed by external borrowing through the Public Works Loan Board. The confidential financial appendix shows the impact on the Council's prudential indicators.
- 6.6 The revenue implications of this scheme indicate an expected positive contribution to the Council's revenue budget.

## **6. Legal Implications**

- 7.1 Key decisions and approvals of the Executive and Full Council will enable the commencement of necessary legal work to deliver the hotel project. This will involve delegation to the Directors of Growth and Finance (s151) to take all necessary steps to implement the decision of the Council and as appropriate as part of that to sign all necessary contracts; and to engage with solicitors working alongside external legal advisors where appropriate, to ensure delivery of the project and compliance with all relevant legislation.

## **8. Environmental Impact Implications**

- 8.1 Environmental implications will be addressed through the planning process approved by statutory bodies such as the Environment Agency.

## **9. Safeguarding and/or Community Safety Implications**

- 9.1 None related directly to this report. Any potential issues arising will be dealt with through the statutory planning and building control, including a health and safety site management plan.

## **10. Equality and Diversity Implications**

- 10.1 This report focuses on proposals to maximise the benefit of a developing a new asset and formation of a new company. Employment opportunities will arise in the construction and management of the new Council owned asset.
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10.2 Any equality and diversity implications of the development are being addressed through future consultation of detailed design process, compliant with planning and building regulations.

## 11 **Social Value Implications**

11.1 Social value is taken fully into account as part of wider discussions. We expect that further opportunities to add social value will be identified within future procurement of the building elements of this project, also future operations, management and supplies.

11.2 Initial indications are that around 100 new jobs and training opportunities could be created through our investment and the development of a new mid-market hotel in Firepool, Taunton.

## 12 **Partnership Implications**

12.1 Officer and specialist advisors of the Hotel Project team are working with our development partner St Modwen on best value mechanisms for Council delivery of this project, compliant within the terms of our Development Agreement.

12.2 We are consulting with our preferred hotel operator and brand on the appointment of specialist technical team. We will work together on a detailed design and specification for a high quality build within budget parameters, resulting in an efficient construction and management operation, attaining best value from the Council investment.

## 13 **Health and Wellbeing Implications**

13.1 No specific implications identified in this report, however this proposal will create new local employment opportunities and as such is considered likely to have a positive influence on the general health and wellbeing of the local community.

## 14 **Asset Management Implications**

14.1 The proposed investment is assessed as attaining best value for the Council, supported by the findings of independent Feasibility Studies undertaken by Horwath LPP specialist in hotel sector, commercial valuations by Thomas Lister Ltd (MRICS) and construction cost estimates from AECOM. A detailed review of the existing supply of hotels within Taunton provide positive income projections thereby supporting proposals to develop a new type of hotel in this preferred location.

14.2 The hotel as a commercial venture adds value to the capital Land and Building investments of the Council and provides a positive contribution to the TDBC General Fund. The Council as landowner has opportunity to develop and retain income from our new asset. The preferred model is for the Council to create a new **Special Purpose Vehicle** (SPV) to trade enabling surpluses generated to be returned to the Council (see confidential appendix F).

14.3 Legal advice on the creation of a wholly owned Special Purpose Vehicle and trading

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company will lease from the Council a new build asset and contract with brand and

operator to ensure franchise standards met and employ a General Manager and hotel team to manage day-to-day operations.

- 14.4 A new hotel with suitable franchise and management agreements can provide an attractive investment for Council, who could secure economic, regeneration and create an attractive income generating investment which could finance and repay any funding or borrowing for the scheme.

## 15 Consultation Implications

- 15.1 St Modwen comprehensive outline parameters application refreshes previous historic planning proposals that included a potential new hotel on the site identified on the south side of river opposite the County Cricket Ground.
- 15.2 Informal consultation with local planning officers confirms that the development of a hotel is acceptable in principle on this site. Further detailed design work will be carried out following Council approval. The positive planning committee decision should enable a detailed proposal for new hotel be assessed as a reserved matter.
- 15.3 Any decision to support the proposals is one for the Council as landowner and as a promoter of economic development.

## 16 Scrutiny Comments

- 16.1 The Corporate Scrutiny Committee considered this report at their meeting on 22 March 2018 and resolved to support the proposals.
- 16.2 Members requested further clarification about governance arrangements of the hotel operation and wanted to know how members would be updated on the financial performance. In addition Members asked for reassurance about the market testing and feasibility that had been carried to assess and inform the viability of the proposed hotel.
- 16.3 Officers have taken on board these comments and will ensure matters are taken account of as the project progresses and confirmed independent feasibility supported proposals.

### Democratic Path:

- **Scrutiny** – 22 March 2018
- **Executive** – 5 April 2018
- **Full Council** – 10 April 2018

Reporting Frequency:  Once only  Ad-hoc  Quarterly

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- Twice-yearly       Annually

**List of non-confidential appendix:**

Reference	Description of content
Appendix E	Location Plan – for illustrative purposes (detailed design to be undertaken)

**List of Confidential Appendices:**

Reference	Strictly Confidential Information - due to commercial sensitivity
Appendix A	Indicative Timeline of Activities and Draft Hotel Development Programme
Appendix B	Financial Business Case for Investment
Appendix C	Summary of Procurement Journey
Appendix D	Firepool Hotel - Risk Matrix
Appendix F	Creation of new Special Purpose Vehicle

**Contact Officers**

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Name	Paul McClean (Growth Accountant) & Paul Fitzgerald (s151 Officer)
Direct Dial	01823 356537
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## **Executive Forward Plan**

**05/07/2018, Report:Quarter 4 Performance Monitoring Report**

Reporting Officers:Richard Doyle

**05/07/2018, Report:Finance Outturn Report**

Reporting Officers:Paul Carter

**06/09/2018, Report:Taunton Transport Strategy**

Reporting Officers:Dan Webb

**06/09/2018, Report:Electric Vehicle Charging Points**

Reporting Officers:Chris Hall

**28/11/2018, Report:North Taunton Woolaway Project Proposal**

Reporting Officers:Jo Humble

## **Executive – 5 April 2018**

Present: Councillor Williams (Chairman)  
Councillors Beale, Berry, Edwards, Habgood, Mrs Stock-Williams and  
Mrs Warmington

Officers: Brendan Cleere (Director – Growth and Development), Paul Carter  
(Assistant Director – Corporate Services), Paul McClean (Project  
Accountant) and Richard Bryant (Democratic Services Manager)

Also present: Councillors Coles, Morrell and Prior-Sankey

(The meeting commenced at 6.15 p.m.)

### **22. Apology**

Councillor Parrish.

### **23. Minutes**

The minutes of the meetings of the Executive held on 7 March 2018 and the Special Executive held on 19 March 2018, copies of which had been circulated, were taken as read and were signed.

### **24. Declaration of Interests**

Councillors Mrs Stock-Williams and Mrs Warmington declared personal interests as Members of Wellington Town Council and Bishops Lydeard and Cothelstone Parish Council respectively.

### **25. Development of an Hotel at Firepool, Taunton**

Considered report previously circulated, which introduced a proposal for Council investment in the development of a new high quality, mid-market hotel at Firepool, Taunton.

The proposal was consistent with the outline planning consent for Firepool which had recently been approved. Subject to specific requirements such as reserved matters, Council approval of the Business Case, exchange of contracts with the hotel brand and management operator, appointment of professional services advisors and a construction company, preparatory work on the site was anticipated to start next year (2019).

The proposal aligned well with the vision for Taunton as a Garden Town, contributed to a thriving and sustainable town centre and would generate a healthy commercial return to the Council.

Market testing and specialist advice had also confirmed high trading confidence in the Taunton area as a visitor and business destination. A well-recognised brand of hotel would improve the range and quality of mid-market accommodation in the

town centre, encourage more businesses and visitors into the heart of the town and boost the wider daytime and evening economy.

It was the result of an initial feasibility, marketing and procurement exercise that had yielded strong interest from potential occupiers and operators of the hotel. A Business Case for Council investment in the development and continuing ownership of the hotel had subsequently been developed, taking account of key risks (financial and non-financial).

The above steps, including selection of hotel brand, operator and construction project management team, had been subject to the necessary Council approvals and consents and formal exchange of contract. Council approval of the proposal was now needed to enable the project to move forward to delivery of the hotel development programme.

To allow Members to discuss the contents of the Confidential Appendices A-F, it was **resolved** that the press and public be excluded from the meeting because of the likelihood that exempt information would otherwise be disclosed relating to Clause 3 of Schedule 12A to the Local Government Act 1972 and the public interest in withholding the information outweighed the public interest in disclosing the information to the public.

The project cost estimates had been provided by cost management professionals and advisors who had experience of successfully delivering similar hotel schemes.

The Business Case showed a satisfactory level of return on investment. It was based on an established trading model of the Council developing and retaining the asset (the hotel) and leasing the building to a newly created Special Purpose Vehicle (SPV) (a trading company), which the Council would own. The Council would nominate directors to the company to manage the SPV's operations, contracts and bank accounts.

The new hotel business, through the SPV, would be managed by a professional operating company, to ensure hotel brand compliance, maximising efficiencies and returns for the Council and limiting potential liabilities.

Construction cost management would be a major element of the scheme and, as such, processes would be put into place to address any cost overrun risks through both design and the form of contract management.

The Business Case had been developed by the Council's Finance Team, informed and verified by hotel specialists and professionals, including our Treasury Management advisors, Arlingclose. The estimated capital cost of the project would be financed by external borrowing through the Public Works Loan Board.

Further reported that the Corporate Scrutiny Committee considered this matter at its meeting on 22 March 2018 and resolved to support the proposal.

Members requested further clarification about governance arrangements of the hotel operation and wanted to know how Members would be updated on the financial performance. In addition Members asked for reassurance about the market testing

and feasibility that had been carried to assess and inform the viability of the proposed hotel.

**Resolved** that Full Council be recommended:-

- (i) To support a Council investment in the development and ownership of a hotel at Firepool, Taunton based on the detailed information contained in the Confidential Appendices;
- (ii) To support a supplementary estimate to the Council's Capital Programme (detailed in Confidential Appendix B) for the planning, design and engineering, construction and fit out of the hotel, to be funded as set out in the report;
- (iii) To enable the hotel project to progress within the programme timescales indicated and approved budget, that the relevant delegated authorities be provided to the Director – Growth and Development and the Section 151 Officer, in consultation with the relevant Portfolio Holder and the Leader of Council to:-
  - a) Appoint specialist and professional services to support officers and the Hotel Project Team to complete the planning, design and engineering of a new mid-market hotel on a suitable site identified at Firepool, Taunton (on the south-side of the River Tone);
  - b) Finalise legal agreements with the preferred brand and operator;
  - c) To create a Council owned Special Purpose Vehicle, to lease the asset and manage commercial arrangements of the new hotel (on behalf of the Council); and
  - d) Arrange the procurement and appointment of a main building and fit-out contractor to complete the hotel building to specification and standards within the budget approved.

## 26. **Executive Forward Plan**

Submitted for information the Forward Plan of the Executive over the next few months.

**Resolved** that the Forward Plan be noted.

(The meeting ended at 7.27 p.m.)