

Record of Urgent Decision taken by the Elected Mayor

1. **Subject of Decision**

The Site of the former Highpoint Hotel and 1 and 2 Eastcliffe, Whitley Bay

2. **Name and Portfolio of Cabinet Member**

Elected Mayor – N Redfearn
Finance and Resources – Councillor Ray Glindon

3. **Head of Service**

The Head of Commissioning and Investment

4. **Details of any Conflict of Interest and any Dispensation Granted in Respect of Such Interest**

None

5. **Executive Summary**

At its meeting held on 13 October 2014, Cabinet authorised an opportunity to secure a comprehensive redevelopment of the site of the former Highpoint Hotel in Whitley Bay, through a proposed Development Agreement with Aspire Healthcare Limited, the owner of the adjoining property, 1 Eastcliffe.

Cabinet further authorised the Head of Environment, Housing and Leisure, in consultation with the Chief Executive (as the then Section 151 Officer), the Head of Law and Governance and the Elected Mayor, to agree the final terms of a Development Agreement subject to it representing best value for the Authority.

However, a further Executive Decision was taken on 4 August 2016 because of changes to the financial arrangements to those detailed in the original Cabinet report. This was so that the Authority could provide Aspire Healthcare Limited the necessary loan finance required to undertake the development that the company had previously intended to obtain from a bank. At the same time the main terms and conditions of the Development Agreement were approved.

Another Executive Decision is now requested in order to extend the term of the loan facility by 6 months and to increase the total amount of loan available. This will provide the developer with the funds required to cover cost increases due to delays that have occurred during the building contract.

6. Alternative Options Considered

Not to approve the extension of the loan facility and the increase in the amount of funding available as detailed in this report in which case HVL will have to seek alternative arrangements for the cash flow issue which may incur additional financing costs to the project.

7. Decision(s)

Approval was given to extend the term of the loan facility and to increase the amount of loan available as detailed in the report.

8. Reason for Decision(s)

To allow the developer to complete the project without a further delay while alternative funding is sought, and also means that the fees and interest for the additional amount will accrue to the Authority.

9. Date Decision Made

22 August 2018

10. Date of Publication

23 August 2018

11. Is this Decision Subject to Call-In and if so Expiry Date of Call-In Period

No*

12. Implementation Date (If Not Called In)

22 August 2018

*Note – this is an Urgent Decision and not subject to call-in, as agreed by the Chair of Council.

The reason for urgency is as follows:

To enable two final payments to be made to the building contractor under the terms of the building contract in order to avoid a delay in the completion of the project and the sale of the new homes.