

COUNCIL

20 JULY 2016

EXTRACT OF MINUTES – SPECIAL MEETINGS OF CABINET HELD 15 JULY
2016 AND THE OVERVIEW AND SCRUTINY COMMITTEE HELD 18 JULY 2016

REPORT OF THE DEMOCRATIC SERVICES MANAGER

Contact Officer: David Blakemore 01962 848217, dblakemore@winchester.gov.uk

RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

Appendix A to this report sets out draft minutes of the Special Meetings of Cabinet held 15 July 2016 and The Overview and Scrutiny Committee held 18 July 2016 for the consideration of Council.

RECOMMENDATION:

That Council considers the matters set out in the attached minute extracts.

Appendix A**CABINET – SPECIAL MEETING****15 July 2016****Attendance:**

Councillor Godfrey -	<i>Leader (Chairman) (P)</i>
Councillor Weston -	<i>Deputy Leader and Portfolio Holder for Built Environment (P)</i>
Councillor Byrnes -	<i>Portfolio Holder for Transport & Professional Services (P)</i>
Councillor Horrill -	<i>Portfolio Holder for Housing Services (P)</i>
Councillor Humby -	<i>Portfolio Holder for Business Partnership</i>
Councillor Miller -	<i>Portfolio Holder for Economy & Estates (P)</i>
Councillor Pearson -	<i>Portfolio Holder for Environment, Health & Wellbeing (P)</i>

Others in attendance who addressed the meeting:

Councillors Burns, Gottlieb, Learney and Weir

Others in attendance who did not address the meeting:

Councillors: Bell, Elks, Hutchison, Hiscock, Laming, Scott, Tait
Mr D Chafe (TACT).

1. DISCLOSURE OF INTERESTS

Councillor Godfrey declared a disclosable pecuniary interest in respect of agenda items due to his role as a County Council employee. However, as there was no material conflict of interest, he remained in the room, spoke and voted under the dispensation granted on behalf of the Standards Committee to participate and vote in all matters which might have a County Council involvement.

Councillor Miller declared that he had been involved in the competitive dialogue process regarding Station Approach (Designer Appointment - Report CAB2824 refers) and he would therefore remain in the room and speak but not vote regarding that item.

2. PUBLIC PARTICIPATION

Eight members of the public and/or representatives from local organisations spoke regarding Station Approach (Reports CAB2823 and CAB2824 refer) and their comments are summarised below.

Michael Carden, City of Winchester Trust

In summary, Mr Carden stated that neither scheme kept to the Brief in respect of its urban design requirements, or the policies in the Local Plan Part 2 and therefore required changes. It was to be a conceptual design that should be subject to change – the object of the competition was to choose an architect, and not a design, and he questioned why the design could not be changed. The legal advice had led to problems, in particular the rules preventing the Jury from speaking, after it had submitted its report. There were traffic issues to take into consideration, as the Carfax site was already busy and the junction was not safe for pedestrians or cyclists and the contemplated excess parking would add to this. A traffic study was therefore required, and changes should be made to the scheme as a result. In future, the experience of the (Royal Institute of British Architects) RIBA should have been sought on how to undertake an architectural competition prior to legal advice being taken.

The Leader responded that Council had benefited from RIBA advice since July 2015.

Kate Macintosh

In summary, Kate Macintosh stated that speaking as a retired architect, the design process was lamentable with a flawed outcome. The scheme was not fully thought out and there was no public appetite or need for the development. The process undertaken was a site capacity study and not a brief, and could have been undertaken for the whole of Winchester within the fee. The two finalists had worked on two schemes that were not compatible and the scoring was loaded as to how much development and car parking could be achieved, rather than on design. Scheme B had been advocated at the public exhibition by a member of staff who was involved in the scoring. The RIBA route (for this type of architectural competition) had not been followed.

The Chief Executive responded that three Council officers had been involving in technical scoring, (as opposed to scoring of the design). Her comments were untrue, as the officer to whom he believed Ms. Mackintosh was referring to had not been involved in any scoring.

Patrick Davies

In summary, Patrick Davies spoke of the potential impact on the integrity of the planning process. He commented that the two linked papers (CAB 2823 and CAB 2824) had not been debated in the correct order and the recommendations would mean that proper planning would be prejudiced. The proposals would bring economic benefits for some but not to the City of Winchester and the impact would be far too great on the City. The scheme

represented a massive over-development and was far too much for the site, and the scale was now committed. The funding of £5m for the public realm strategy was misguided as there was a lack of public realm within the proposals.

The Leader responded that the public realm strategy covered a wider area, including the areas around both Carfax and the Cattlemarket, and the routes between them.

Karen Barrett

In summary, Karen Barrett stated that it would have been more beneficial if local ward councillor Councillor Hutchison had been able to speak to the meeting, but this was not the case as she had been a member of the Design Jury, which was regrettable. She spoke in favour of the retention of the former Registry building, which could have a viable future as a restaurant. As all the costs were unknown and there was uncertainty, she stated that it was not sensible to proceed. Jobs could be created by the proposals, but there was no guarantee that these would be retained in Winchester and could add to commutes to the City.

Kristen Salomon – Olsen – Hampshire Chamber of Commerce

In summary, Ms Salomon – Olsen stated that the Chamber had written in support of the scheme, which would ensure that there was sufficient employment floor space provision. The introduction of permitted development rights allowing the change of use of office space to residential had affected the level of B1a office space in the town area, which had been reduced by 20,000 sqm since 2013. Since the decision to leave the European Union, there could be a slowdown in the economy and there was also a risk that employers may move to other locations, which could have a significant impact in Winchester. The Chamber supported the proposals with Winchester being in a premier position for further offices due to its transport links. The Chamber was also supportive of the application for grant support from the M3 LEP for works to the public realm.

Paul Marsland – Lane Clark and Peacock LLP

In summary, Mr Marsland stated that he was the Finance Director of Lane Clark and Peacock LLP (LCP), which employed approximately 200 people within Winchester and the headcount was growing at a rate of 10% per annum. There was a need for a growing business to have office space in Winchester and there were added benefits of the proposal through the supply chain to other local businesses. There was a need for a scheme that could be delivered to allow them to remain in the City, which was of benefit to both staff and clients. The Station Approach development was good, being located near the station and could be delivered within a timescale which would suit LCP as an employer.

Catherine Turness, Winchester Business Improvement District

In summary, Ms Turness stated that she was the Executive Director of Winchester BID. The BID supported in excess of 700 businesses in the City, one-third of which were professional services. The BID had undertaken a survey earlier this year which had identified that there was demand for new premises for expanding businesses, and that there were problems in finding suitable premises. There was a need for large scale premises or the businesses affected could leave if it was not found. The BID supported the proposals; it would have a detrimental effect if the Council did not proceed, as there would be a risk that businesses could move out of the City. Winchester should lead by its own example with a vibrant and correctly designed scheme, which reflected Winchester's heritage. The issues of the Silver Hill scheme had led to uncertainty and there was also a prospect that grant assistance through the LEP could be lost. The consultant's advice should be followed, to retain the prosperity of the City.

Joe Harvey, Winchester Business Improvement District

In summary, Mr Harvey stated that he was a Director of the Winchester BID and also a surveyor. He stated that jobs in the City were required. There was evidence from property databases that there was an absence of Grade A office space in Winchester. He provided details of the total available office space (193,387 sq ft), some of which had not been developed and other floor space sold, perhaps for residential development. The majority of the remaining available floor space was below 5,000 sq ft and there were three remaining larger space office properties currently available within the Winchester market (excluding Franklin House, Kings Worthy) totalling 31,340 sq ft, and of these none could be classified as Grade A space with appropriate parking. There was demand for larger office accommodation in Winchester with five requests in Winchester for between 8,000 and 50,000 sq ft of office space of Grade A (or B) standard with parking, providing a combined potential of 130,000 sq ft of office demand. There were also three major employers exceeding their current office space, and (post Brexit) these employers had an urgent demand to acquire further office space in excess of 5,000 sq ft, for which there was currently no provision.

In answer to a question from the Leader, Mr Harvey replied that the Church Commissioners' land at Bushfield Camp was earmarked as a Knowledge Park for research and education and would not meet the demand for B1 office space in the City.

At the invitation of the Chairman, Councillors Gottlieb and Burns addressed Cabinet and their comments are summarised below.

Councillor Gottlieb stated that it was unusual that three of the five architects had withdrawn from the design process. The design process was flawed and was undertaken in great secrecy. The design jury's views had been ignored and substituted by the views of the RIBA Client Advisor that the scheme B was a good starting point as a concept. The design submitted by Bidder B

was not just a concept. The legal advice was that the scheme should be kept to and could not be changed. The scheme was not viable even without affordable housing, and no private developer would take it on. Grade 'A' office accommodation was a high cost and the rents were modest. The Council should not commit today. The grant monies were sought on a false premise as it was only tentative that the scheme would progress to the next stage. What was required was to revisit the design brief and the movement study and who would be delivering the scheme. There was a need to properly involve the public and to engage people who had the expertise to deliver it. The process had ignored the public at the critical point of design. He acknowledged that there was a need for office space but not as this scheme proposed.

The Leader responded that the M3 LEP money would apply to land at both sides of the railway line including Station Approach and the Carfax site to the Cattlemarket car park. The Assistant Director (Estates & Regeneration) added that the public realm strategy covered not just the public realm within the site itself but also the area outside.

Councillor Burns referred to the minute extract from The Overview and Scrutiny Committee (13 June 2016), and the debate that had taken place on the consideration of the design to produce a scheme for endorsement; she was concerned at the low scoring of the design of the two schemes, which were less than satisfactory. The procurement process was unacceptable and this was illustrated in the resultant scheme. Report CAB2823 referred to the Council "not taking a bet", but Vail Williams' advice was explicit that it was not wise to proceed without clarity on economics. The principal risk was to continue with the design scheme and then not commit to development, which would result in the Council having to pay fees and costs and not have a scheme. It was difficult to envisage how the scheme was viable to proceed.

The Leader responded that the risks had been considered by Cabinet at its 8 June meeting. He acknowledged that there were risks, but that these would be managed, by control of the development and costs. The Council had committed up to £1.2 million to the point of seeking planning permission. The issue for the Council was whether to do nothing, with the risks that the dangers identified by the business community would materialise, or take a step forward to provide much-needed office accommodation. The Overview and Scrutiny Committee had concerns over design, but the design had scope to make it acceptable and viable. Input from Tina Frost from RIBA and from the City of Winchester Trust would assist in obtaining supporting information to move the scheme forward.

At the conclusion of public participation a Cabinet member expressed her disappointment that one of the public speakers had made derogatory comments about the actions of Cabinet, which in her opinion brought the Council into disrepute. The Head of Legal and Democratic Services advised that in cases where public comments were abusive towards Cabinet members, it was appropriate for the Chairman to intervene and to give the Member the right of reply.

3. **LEADER AND PORTFOLIO HOLDER ANNOUNCEMENTS**

The Chairman stated that he was saddened by the tragic events that had taken place in Nice, France on the night of 14 July 2016. As a City that was also a tourist attraction, he regarded it as an attack on us all and as a mark of respect the City Council had lowered its flag to half mast.

The Chairman continued that he had been contacted by St Michael Ward Councillors for the establishment of a Forum to provide a focus of activity for the leisure centre development at Bar End, Winchester. The Forum would allow a platform for public engagement prior to Council on 2 November 2016 and would comprise of the Portfolio Holder for Environment, Health and Wellbeing (with other members of Cabinet invited to attend) and various stakeholders including Ward Members, Hampshire County Council, Winchester University and Winchester Town Form representatives. Meetings of the Forum would be held in public and it would report to Cabinet. The Forum would be established by means of a Portfolio Holder Decision Notice in the near future.

4. **STATION APPROACH – ECONOMIC AND FINANCIAL APPRAISAL (LESS EXEMPT APPENDICES)**

(Report CAB2823 refers)

Cabinet had regard to the comments made during the public participation session above, which included statements made by Councillors.

In introducing the Report, the Assistant Director (Estates & Regeneration) added that the financial market was volatile following the Referendum decision to leave the European Union. To move forward would allow time to understand the risks of development, including costs (which may fall) and the future impact on rents prior to the submission of a planning application. There were partners who wished to take leases in the proposed development and house builders who had expressed an interest in the residential development elements. The proposals could be considered again by Cabinet, when the risks, finances and construction values had been assessed.

In reply to questions, the Assistant Director (Estates & Regeneration) confirmed that the proposals were to appoint an architect to develop the design and address technical issues, and to release resources to develop the scheme further. This would allow conditional agreements with tenants to be entered into, and discussions with housebuilders held.

If the Council did not proceed to appoint the architects then the bids totalling £7.7 million for funding from M3 LEP would be lost. The Chief Executive added that the submission of bids for funding via the Local Growth Fund 3 was oversubscribed and that the City Council's proposals were currently ranked 10th out of 25. If there was a delay, then the Council's proposal could fall down the rankings and increase the risk that it would not be considered under this round of funding. Although there may make other funding rounds in

the future, the extend of future funding was not clear. The money available was comprised of two elements: £5m for the delivery of a public realm strategy and £2.7m for the Carfax site to help defray the cost of architecture and archaeology and improving infrastructure, such as electricity supply, with an emphasis on providing office accommodation.

The Assistant Director (Estates & Regeneration) stated that it was not currently viable to include affordable housing within the scheme, but this would be examined again just prior to seeking planning permission. He stated however that the Government was likely to prioritise discounted market housing. The Council also had an advantage in developing the site itself over a private developer in that it could borrow money at a beneficial rate of return through the Public Works Loan Board. The Council had no requirement to sell the site, and could take a revenue income return: it could also invest in various aspects of the development, subject to advice from its consultants.

The Assistant Director (Estates & Regeneration) continued that there was a risk that units within the development could not be let; but there were parties who were interested in taking leases even though the scheme had not yet been formally marketed.

The Head of Finance stated that if the scheme did not proceed, over a five year period Central Government grant would decrease and the Council would be seeking to generate income of £500,000 per annum from this scheme and other income streams to offset this. The Assistant Director (Estates & Regeneration) added that this was a first step before making a decision in the future and costs would be kept under review to ensure that the scheme remained viable.

At the invitation of the Chairman, Chris Cave, Partner, Vail Williams provided Cabinet with an update on market conditions. Reference was made to the decision to leave the European Union and the effect on financial markets. It was stated that the outlook for property was unknown and in commercial markets some property funds had seen trading suspended and a 4-5% reduction in value. The Royal Institution of Chartered Surveyors had highlighted a slowdown in property with a reduction in values. Britain had now appointed a new Prime Minister and the new normality for property was unknown. There had been no new office development in the southeast outside of London since the last recession and there was a shortage of Grade A headquarters buildings. In Winchester, the residential market had outperformed the market in the rest of Hampshire. He suggested that if the decision was taken to move forward, Vail Williams would have an active watching brief as it developed to ensure that the scheme remained viable.

In reply to Members' questions, Mr. Cave stated that there was evidence that companies were deferring investment decisions due to uncertainty. It was an expectation that this would not be a long term position, as companies would require space and some were specifically seeking a location in Winchester. A rent of £26 per square foot or more was required, but the current situation could soften yields as the market sensitivity for rent was not as great. There

was no new Grade A office development in South Hampshire and to continue dialogue with potential tenants would give them confidence.

At the invitation of the Chairman, Robin Earl and Robert Turner from Grant Thornton give an update on the economic benefits of moving forward. These benefits were the creation of 500 construction jobs over the period of development and 500 office and retail opportunities when the units were let (not all of these would be new jobs but the development had the potential to sustain that level). There would also be the wider value to the local economy that these jobs would create, estimated at £35m on broad assumptions of the wider economic value. The wider economic benefits that were not quantified included the support of economic growth in the City, generating entrepreneurship, drawing inward investment into the City, creating job opportunities in the labour market and the effect of economic development on the viability on the City itself.

The Assistant Director (Estates & Regeneration) gave further clarification on recommendation 2 of the report, that further work on the development of the Cattle Market site be deferred for a period of 18 months. This was to allow concentration on the complex Carfax site as part of a prudent approach.

Cabinet was also supportive of retaining the advisory services of Tina Frost, the RIBA Client Advisor, as the design progressed. It was agreed that the Assistant Director (Estates and Regeneration) in consultation with the Leader, should be authorised to negotiate a fee to cover this advisory role and that if necessary a revised budget provision be submitted to Council for approval.

The Chief Executive commented that there was a requirement for a public engagement forum to assist in keeping Cabinet involved and to maintain openness in the working of up of the proposals via the Council's Project Team.

Cabinet agreed to the following for the reasons set out above and outlined in the Report.

RECOMMENDED:

THAT IN ACCORDANCE WITH FINANCIAL PROCEDURE RULE 7.3, AUTHORITY BE GIVEN TO A BUDGET PROVISION OF £1,200,000 BEING MADE FOR THE COMMISSIONING OF THE NECESSARY DESIGN WORK AND OTHER PROFESSIONAL SERVICES TO PROGRESS WORK ON THE DEVELOPMENT OF THE CARFAX SITE AND FOR THE PREPARATION OF A PUBLIC REALM STRATEGY.

RESOLVED:

1. That the economic and financial appraisal within the Report be noted and it be agreed that the Station Approach project should proceed to the next stage.
2. That further work on the development of the Cattlemarket site be deferred for a period of 18 months
3. That the Leader's discussion with EM3 LEP to secure grant funding of £7.7m to support public realm improvements and a contribution to project cost be endorsed.

5. **STATION APPROACH – DESIGNER APPOINTMENT (LESS EXEMPT APPENDIX)**

(Report CAB2824 refers)

Cabinet had regard to the comments made during the public participation session above, which included representations made by councillors.

Tina Frost, the RIBA client adviser provided detail on Bidder B's best and final offer design submission, as set out in Appendix 1 to the Report. A number of suggestions were made on how the scheme could be improved and it was noted that at pre-planning application stage, discussions with the local planning authority, public consultation, and discussion with stakeholders would help the architects to further develop the scheme. There would also be discussions with the Police and community safety groups to make the scheme inclusive. The production of three dimensional and computer models would help to better communicate the proposals to the public.

In answer to questions from the Leader, Ms Frost stated that to retain the Registry Office building would represent a change of concept of the scheme, but other design points could be addressed. The scheme as submitted by Bidder B was fully supported as a starting point to development and there was confidence that the architect and their support team could deliver an excellent scheme for the City that would sit well within its context.

Cabinet agreed to the following for the reasons set out above and outlined in the Report.

RECOMMENDED:

THAT, SUBJECT TO ANY COMMENTS OF THE OVERVIEW AND SCRUTINY COMMITTEE, COUNCIL ENDORSE THE APPROACH TAKEN BY CABINET.

RESOLVED:

1. That Bidder B be appointed to provide architectural and related services in respect of the Carfax site (up to submission of a

planning application) and public realm strategy elements of the Station Approach project.

2. That following the appointment of Bidder B, to develop the design for the Carfax site up to planning:

- (i) That the Assistant Director (Estates & Regeneration) be authorised to retain the existing Cost and Valuation Consultants to continue to provide advice on the cost and viability of the project up to and including the submission of a planning application;
- (ii) The Assistant Director (Estates & Regeneration) be given delegated authority to procure (including selection of evaluation method and award of contract) the appointment of Mechanical & Electrical and Structural Engineers and such other advisers as are necessary to progress the detailed design to planning;
- (iii) That Bidder B be invited to develop the design for the Carfax site and to consult the public in accordance with a programme to be agreed with the Assistant Director (Estates & Regeneration) in consultation with the Leader;
- (iv) That prior to the submission of a planning application a further report be submitted to Cabinet to consider the suitability of the final design and the viability of the development;
- (v) That the Assistant Director (Estates & Regeneration) be authorised to market the office and retail accommodation and to seek expressions of interest from prospective occupiers;
- (vi) That the Assistant Director (Estates & Regeneration) be authorised to negotiate conditional agreements for lease with prospective tenants;
- (vii) That further enquiries be made by officers into the most suitable way of progressing the development of the housing element of the project, including by way of direct development sale of the residential element or a form of joint venture;

6. **EXTRACT FROM MINUTES OF THE OVERVIEW AND SCRUTINY COMMITTEE HELD 13 JUNE 2016**

(Report CAB2825 refers)

Cabinet noted that the recommendations from The Overview and Scrutiny Committee had been considered under Report CAB2824 above.

Cabinet agreed to the following for the reasons set out above and outlined in the Report.

RESOLVED:

That the recommendations within the Minute extract be noted.

7. **CONSIDERATION OF THE REMOVAL OF PERMITTED DEVELOPMENT RIGHTS FROM HOMES BUILT UNDER POLICY CP2**

(Report CAB2826 refers)

Cabinet noted that this Report had been placed on the agenda under Council Procedure Rule 36, at the request of Councillor Learney.

At the invitation of the Chairman, Councillors Learney and Weir addressed Cabinet as joint Report authors.

In summary, Councillor Learney stated that she was concerned that following the granting of Planning Permission for a scheme, the final result was not what local residents had expected and the Council had been deprived of income. Change was required and proposals were put forward in the Report. A blanket removal of Permitted Development Rights (PDR) was not proposed as this would not be a good use of officers' time.

In summary, Councillor Weir added that it was a situation that many Councillors had experienced where planning policy had been disregarded. An example of the Woolverston development in Bereweke Road, Winchester was provided whereby, after completion and the issue of building control certificates, six 2 bedrooled units had been converted into units with additional bedrooms and marketed as such without the payment of a Community Infrastructure Levy. The removal of permitted development rights (PDR) would allow Councillors to support the Local Plan with greater confidence and could deliver local needs housing and a range of other benefits.

The Head of Strategic Planning reported that at the recent Examination In Public of Local Plan Part 2, the setting of the size of 2 and 3 bed units had been discussed with the Planning Inspector in relation to Policy DM2 (to replace policy CP2). There had been considerable representation from developers against the proposal and the Inspector had advised that it was not the Government's intention to have local standards and the proposal should be removed otherwise the Local Plan might not be sound. However, the Head of Strategic Planning added that the Council could still selectively remove PDR when justified to do so and apply policy CP2 as strongly as it could without setting a new policy and the recommendation could be amended to reflect this.

Some members of Cabinet commented that they would not be supportive of the blanket removal of PDR as there would be a cost to the Council from increased administration for which fees could not be recovered. In addition, in an expensive housing area such as Winchester, the Council would not wish to reduce the aspiration and ability of homeowners to adapt or extend their homes.

Councillor Weir clarified that a blanket removal of PDR was not being sought; it was the targeted ability to remove PDR on new build 2 and 3 bedroom properties that were required to deliver the Council's policies under CP2.

Following debate, Cabinet was broadly supportive of the proposal, which could become part of a guidance note for Planning Development Control Officers to take into consideration when assessing new applications. Therefore, Cabinet agreed to the following for the reasons set out above and outlined in the Report, which would be implemented following consultation between the Head of Strategic Planning and the Head of Development Management.

RESOLVED:

That the officers be encouraged to review the case for the removal of Permitted Development Rights on new development where necessary and justified to meet the policies of CP2.

8. **EXEMPT BUSINESS**

RESOLVED:

1. That in all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

2. That the public be excluded from the meeting during the consideration of the following items of business because it is likely that, if members of the public were present, there would be disclosure to them of 'exempt information' as defined by Section 100I and Schedule 12A to the Local Government Act 1972.

<u>Minute Number</u>	<u>Item</u>	<u>Description of Exempt Information</u>
##	Station Approach – Economic and Financial Appraisal (Exempt appendices)) Information relating to the financial or business affairs of any particular person (including the authority holding that information). (Para 3 Schedule 12A refers)
##	Station Approach – Designer Appointment (Exempt Appendix)) Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings. (Para 5 Schedule 12A refers)

9. **STATION APPROACH – ECONOMIC AND FINANCIAL APPRAISAL (EXEMPT APPENDICES)**
(Report CAB2823 refers)

Cabinet considered the content of the exempt Appendices to the Report which contained a Report from Vail Williams on Station Approach (Exempt Appendix A) and a Financial and Economic Appraisal Report conducted by Grant Thornton on the Carfax site (Exempt Appendix B).

RESOLVED:

That the Exempt appendices relating to the Report be noted.

10. **STATION APPROACH – DESIGNER APPOINTMENT (EXEMPT APPENDIX)**
(Report CAB2824 refers)

Cabinet considered the content of Exempt Appendix 2 to the Report which contained legal advice regarding the proposals.

RESOLVED:

That the Exempt appendices relating to the Report be noted.

The meeting commenced at 10.00am and concluded at 1.20pm

Chairman

THE OVERVIEW AND SCRUTINY COMMITTEE – SPECIAL MEETING

18 July 2016

Attendance:

Councillors:

Learney (Chairman) (P)

Griffiths
Gemmell (P)
Hiscock (P)
Huxstep

Laming (P)
Stallard (P)
Tod (P)
Thacker (P)

Deputy Members:

Councillor Gottlieb (Standing Deputy for Councillor Griffiths)

Others in attendance who addressed the meeting:

Councillors Godfrey (Leader)

Others in attendance who did not address the meeting:

Councillors Achwal, Byrnes (Portfolio Holder for Transport and Professional Services), Burns, Elks, Hutchison, Porter and Weir

1. **DISCLOSURE OF INTERESTS**

Councillors Stallard and Tod each declared a disclosable pecuniary interest in respect of agenda items due to their role as County Councillors. Councillor Thacker, whose husband was a County Councillor, also made a similar declaration. However, as there was no material conflict of interest, they remained in the room, spoke and voted under the dispensation granted on behalf of the Standards Committee to participate and vote on all matters which might have a County Council involvement.

2. **MEMBERSHIP OF SUB-COMMITTEES AND INFORMAL GROUPS ETC**

RESOLVED:

That Councillor Jeffs be appointed Conservative Group deputy member (replacing Councillor Griffiths) on the Environmental Services Joint Scrutiny Committee (with East Hampshire District Council) for 2016/17.

3. **PUBLIC PARTICIPATION**

During public participation, Kristine Salomon-Olsen (Hampshire Chamber of Commerce), Chris Higgins (City of Winchester Trust), Patrick Davies, Kate MacIntosh and Catherine Turness (Winchester Business Improvement District (BID)) addressed the Committee in respect of Items 4 and 5. A summary of their comments are outlined below:

Kristine Salomon-Olsen made reference to the statement of support for Station Approach by the Chief Executive of Hampshire Chamber of Commerce which had been circulated to Members. In summary, she stated that business members of the Chamber's Winchester Area Committee had attended the exhibition and participated in the early design stages of the scheme. The consultation response from the Chamber had supported the proposals in May 2016 and at Cabinet held 8 June 2016.

She emphasised the Chamber's concerns regarding the need to ensure that sufficient employment floor space was allocated to address the loss of employment floor space in Winchester. She outlined that since the revisions to the General Permitted Development Order (GPDO) in 2013 permitting the change of use of offices to residential, there had been a significant impact on the availability of office space, which would continue for the foreseeable future, with the risk of existing businesses moving to other locations outside of Winchester if adequate new modern office premises were not provided. In conclusion, she stated that the Chamber of Commerce supported the development of Station Approach as a premier business location, situated close to motorway and rail links to London and welcomed the fact the Council had applied for a £5m grant from the M3 Local Economic Partnership (LEP) for works to the public realm surrounding the Carfax junction.

Chris Higgins made reference to the statement circulated to all Members by the City of Winchester Trust. In summary, he expressed concerns that the process was flawed and achieved the wrong result. He queried the open transparency of the process and suggested that the legal advice received had led to problems with the confidentiality rules becoming distorted resulting in the experts appointed to the Design Jury which judged the design being prevented from speaking to Cabinet, in any capacity, following the submission of its report. Mr Higgins stated that he had lost confidence in the design competition: that he had participated in architecture competitions previously but had never come across what he considered to be a closed legal process. He considered that the amount of car parking provision distorted the results. In conclusion, he urged the Committee to speak to the Design Jury to establish if the concerns of the City of Winchester Trust were valid.

In summary, Patrick Davies made reference to the minutes of The Overview and Scrutiny Committee held on 13 June 2016 which were taken for consideration by Cabinet at its meeting on 15 July 2016, in relation to the design competition. He stated that, as far as he was aware, there was no feedback to the comments of the Committee at Cabinet.

He reiterated the comments made by Chris Higgins and supported some development of Station Approach but not the scheme proposed, which he considered to be overdevelopment of the site, being far too big for the site, as a result of the objective to make enough money for the Council. He felt that the Council should settle the planning issues first, and ensure that the development complied with the Local Plan. He believed that it was not possible for the Council to achieve all of what was intended, as this would compromise the whole planning process.

In response to the matters raised by Mr Davies, Councillor Godfrey reported that the minutes of the Committee held on 13 June 2016 had been dealt with by Cabinet (agenda Item 9) and that overall discussion to consider comments raised during that meeting had been addressed.

In summary, Kate MacIntosh stated that she raised no dispute to the benefits to the City for the provision of business office space but asked the reason for choosing Scheme C, over that of Scheme B, which had scored lower by design and higher in terms of environmental issues. She felt that the public had been misled with assurance that it would be a design competition, but that the design scheme chosen did not reflect the score achieved for Scheme B. In conclusion, she felt that the wrong decision had been taken because of procedure.

In summary, Catherine Turness (Winchester BID) stated that they represented over 700 businesses in the city, a third of which were from the professional services sector. BID carried out a survey earlier in the year to determine business growth in this sector and the demand for new premises in a central city location. This had indicated that 25 businesses were contemplating a move, with a large majority stating that they wished to remain in Winchester but were experiencing difficulties finding alternative larger modern office space in this area. In conclusion, she urged the Council to move forward immediately with the progression of the scheme or risk losing further business confidence and potentially major employers, as well as the secured LEP funding.

4. **STATION APPROACH – ECONOMIC AND FINANCIAL APPRAISAL (LESS EXEMPT APPENDICES)**

(Report CAB2823 refers)

The Committee considered the 15 July 2016 Cabinet report which detailed the economic and financial background information, previously requested by Cabinet when it gave consideration to Report CAB2802, in relation to the proposed development of part of the Station Approach area. The Assistant Director (Estates & Regeneration) introduced the Report which outlined the advice from Vail Williams on legal and financial value and viability implications, MACE on development cost advice and a financial and economic appraisal report from Grant Thornton (which had looked at risks and optimism

bias). The advice from Vail Williams and Grant Thornton was set out in Exempt Appendix A and Exempt Appendix B to the Report respectively.

The Assistant Director made reference to the information provided by Vail Williams in relation to the economy, immediately after the decision of the Referendum on leaving the EU, and prior to the appointment of the new Prime Minister. This identified the options open to the Council but noted that due to the marked significant changes that had occurred, several of the previous options were no longer considered viable or achievable at this time.

In light of these changes, the Committee's attention was drawn to the options currently considered to be available to the Council, as set out in Options A, D and E within the Report.

The Assistant Director referred to the table in paragraph 2.7 of the Report, and notified that when fair weighting for risk and optimism bias had been applied, Option E was considered most viable.

The Committee considered the advice from Grant Thornton in relation to the assessment of jobs coming forward from the development which included a further 576 office and 21 retail jobs, together with 500 available during the construction phase. Indications were that employment figures would in total generate £23m per year for the economy.

Officers reiterated the comments raised by Hampshire Chamber of Commerce and Winchester BID, that the Council should promote the economic growth of the City by providing a much-needed and sought-after development of larger modern office space in a central location of the City in order to retain business and attract other companies for future prosperity. Failure to provide a development of this nature would result in a detrimental impact to the City, with an increased risk that existing companies would relocate to fulfil growing business need and demand and would have no alternative but to relocate away from the City Centre to achieve this.

Following discussion with interested businesses by officers, it was noted that there had been a high level of interest expressed by various businesses looking to both expand and start up in Winchester. It was noted that if the development was to proceed, prospective tenants were prepared to pay the rents required to occupy the units.

The Assistant Director advised that the report would be taken to Council for consideration at its meeting on 20 July which, if approved, would progress to the design stage, with public consultation as part of the process leading to the submission of a planning application. The Committee noted that the scheme and public realm works had received the support of Hampshire County Council and the LEP and officers confirmed that two bids had been made and accepted by the LEP: The first being £2.7m towards the cost of bringing the scheme forward, including the costs of the architect, carrying out necessary archaeological investigations, and infrastructure works, and secondly, £5m for public realm funding. This funding (totalling £7.7m) would only be available if

the Council progressed the development in the immediate future, primarily focussing on the development of the Carfax site initially, followed by the development of the Cattlemarket site. Failure to deliver this would result in the £7.7m investment not being forthcoming.

Councillor Godfrey addressed the Committee and made reference to the concerns originally expressed at Cabinet in relation to the design and insufficient information to the viability of the scheme. He considered that the Report took a cautious approach, but was informative enough to proceed to the next stage. If the LEP grant was to be forthcoming, the Carfax site scheme should be viable to create not only much-needed offices but also residential accommodation. It might also be possible to provide a significant contribution towards affordable housing if the LEP grant was to be received. He requested that Members be mindful that if the scheme did not move forward, the LEP would seek other projects to support.

The Committee raised various questions in relation to the Report, in addition to the points previously raised during public participation, as set out below:

Members sought clarity on the likelihood that the LEP would award the Council the £7.7m funding on the two bids submitted and that, in the event that this was not secured, what options would be available for the Council?

In response, Councillor Godfrey advised that this funding was part of a local growth fund scheme, whereby local authorities could approach the LEP with schemes that it was waiting to progress. These are matched with criteria set out by the LEP and Government. The Council had received acceptance to both applications and had been placed onto the prioritised list which comprising of £164m of funds with 25 schemes listed.

Councillor Godfrey confirmed that the case for Winchester looked as positive as possible. The bids submitted to the LEP would be put before the Minister for initial consideration on 21 July 2016, which would include reviewing how the development would meet local need. After this, the LEP would submit its proposals on 28 July, with a final decision expected by the end of October 2016. If the grant application was not supported by the Minister, the Council would need to review the viability and funding proposals for the scheme, or if Council concluded not to proceed with the scheme proposed at this stage on 20 July, the likelihood of securing funding reduced significantly, as lower priority would be given to any scheme not ready to be developed.

A Member asked why the Council could not wait until the LEP had selected those to be awarded funding to reduce the risk? In response, the Chief Executive Officer confirmed that the LEP would require an assurance of the Council's position with the scheme, prior to making their decision, to ensure delivery would not be delayed.

Members queried the concerns raised during public participation in relation to traffic, parking and overdevelopment. In response, the Assistant Director reported that there had been conflicting opinions made in relation to traffic and

parking previously, with some residents requiring further parking provision and some referring to the adverse impact to traffic flow and pollution in the City. He reported that a traffic analysis could only be carried out once a scheme had been delivered and that the parking provision proposed was in accordance with what the Council had sought to secure.

The Committee raised concerns previously addressed at the meeting held on 13 June 2016 in relation to the financial appraisal and asked officers why, in accordance with Financial Procedure Rule 7.3, it was recommending that Council approve the release of £1.2m of Council funds on a high risk scheme when there were concerns regarding the viability?

Councillor Godfrey confirmed that timing was crucial. He acknowledged that there were uncertainties in some areas but that viability would be addressed by securing the LEP grant funding and that with the delivery of any scheme, there would be an element of risk. The release of the £1.2m would allow the scheme to move forward to the next phase without taking on the more significant financial risks associated with building out the development.

Members queried the options on viability and the options if the scheme was changed. In response, the Assistant Director advised that different ways that the site could be developed had been investigated and that all options had been explored. With the proposal seeking to secure car parking underground, this created more available development space on the surface of the site.

The Assistant Director (Estates and Regeneration) confirmed that if the planning process identified changes, then changes could be made. However, the Brief could not be amended as any changes to this would result in having to return to the start of the process as a whole.

The Chairman welcomed Robin Earl of Grant Thornton to the meeting. Mr Earl provided a brief outline regarding the economic impact appraisal of the scheme.

Mr Earl reported on the job figures likely to be created as part of the construction phase (516fte) and going forward, with a total of 596 fte jobs created as a result of the scheme. He made reference to the advantages of the scheme, which would seek to provide Grade A office space in Winchester. He outlined that office space in this area would be a premium and that a greater number of residential units would render the scheme unviable.

RECOMMENDED:

THE COMMITTEE CONSIDERED ITS RESPONSE IN RESPECT OF THE TWO REPORTS TO CABINET (CAB2823 AND CAB2824) AND WISHES TO DRAW TO THE ATTENTION OF COUNCIL THE FOLLOWING:

1. THAT THE COMMITTEE DOES NOT SUPPORT THE APPOINTMENT OF BIDDER B AND MAKES COMMENTS TO COUNCIL, AS SET OUT ABOVE.

5. **STATION APPROACH – DESIGNERS APPOINTMENT (LESS EXEMPT APPENDIX)**

(Report CAB2824 refers)

The Committee noted that the Report had not been notified for inclusion on the agenda within the statutory deadline. The Chairman agreed to accept the item onto the agenda as a matter requiring urgent consideration, to allow the comments of the Committee to be referred to Council at its meeting on 20 July 2016.

Councillor Godfrey introduced the Report which provided further advice relating to the Station Approach Design Competition. It was noted that, at its meeting held on 15 July 2016, Cabinet had decided to award the contract for architectural and related services to Bidder B.

It was noted that, at the request of Cabinet, the Council's RIBA Client Advisor, Tina Frost and a second RIBA Advisor (Ben Marsden of Jestico & Whiles architectural practice) had been asked to provide a commentary on the highest scoring proposal, as set out in Appendix 1 to the Report.

In response to questions regarding the formation of the Design Jury and their role in the process, the Chief Executive stated that Cabinet had decided to undertake a competitive process, with each submission being evaluated against two elements, the first being a design element (scored by the Design Jury), and a second being a technical element. The Design Jury was established in accordance with the requirements of the relevant legislation and comprised of a professional group of people, one third of which were architects. The role of the Design Jury was to comment and score each design, as part of the process of procurement.

Councillor Godfrey reported that ultimately, new office space was needed to deliver new jobs. The development of Station Approach as proposed would enable the Council to retain control over commercial development in future, rather than risk businesses being forced to relocate outside of the City.

During debate, all Members of the Committee acknowledged that there was a high demand for commercial development in the City and wholeheartedly supported the need for modern Grade A office space.

However, several Members were opposed to the proposals at this stage, based on various factors including the scale and mass of the scheme for the area, the risks involved with the spend of £1.2m of Council funding (when grant funding may not be achieved) and the reliance on the planning process to modify and adapt the scheme to make any necessary changes that may be required. Other Members of the Committee spoke in support of the scheme and suggested that the concept be approved at the present time to allow the scheme to develop to the next phase.

It was noted that matters were raised by Committee at its meeting on 13 June 2016, where concerns were expressed on a number of factors including failed process; poor design and scale; poor air quality and traffic concerns; problems with the scoring scheme and adequate parking. However, it was noted that this view was not supported unanimously by the Committee.

During further debate, the following comments were raised.

A Member stated that he could not support the current proposals and considered that the lack of reassurance in the process still resulted in these matters being an issue should changes be required to address these points.

Another Member spoke in support of the scheme and stated that the Council needed to move forward with this development to meet the commercial need as well as generation of income to the Council. She stated that the Council was at risk of losing the potential £7.7m LEP grant funding if it did not progress at this stage. In conclusion, it was suggested that the physical design could be revisited at a later date but this should not delay the progression of the scheme.

A Member stated that a masterplan of the City was required and queried the viability of the scheme together with the management of the traffic concerns. He considered that there was no change from the previous position and stated that he could not support the proposals at the present time.

A Member would not support the spend of £1.2m of Council money to progress the scheme and that Council had rejected the decision of the Design Jury and the City of Winchester Trust and were progressing with a scheme that had not been selected by those parties and therefore that the scheme should not go ahead as proposed.

A Member commented that the LEP grant funding would not be available if the scheme was not progressed. She felt that the financial viability considerations could be explored and that although there was a risk with the spend of £1.2m, this was acceptable at this time, as the result of the LEP would be announced in October 2016. Accordingly, she and supported the proposals.

The Committee agreed to consider the matters contained in Exempt Appendix 2 to the Report in exempt session and returned to open session to make the recommendation to Council as set out below:

RECOMMENDED:

THE COMMITTEE CONSIDERED ITS RESPONSE IN RESPECT OF THE TWO REPORTS TO CABINET (CAB 2823 AND CAB2824) AND WISHES TO DRAW TO THE ATTENTION OF COUNCIL THE FOLLOWING:

1. THAT THE COMMITTEE DOES NOT SUPPORT THE APPOINTMENT OF BIDDER B AND MAKES COMMENTS TO COUNCIL, AS SET OUT ABOVE.

7. EXEMPT BUSINESS

RESOLVED:

1. That in all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

2. That the public be excluded from the meeting during the consideration of the following items of business because it is likely that, if members of the public were present, there would be disclosure to them of 'exempt information' as defined by Section 100I and Schedule 12A to the Local Government Act 1972.

<u>Minute Number</u>	<u>Item</u>	<u>Description of Exempt Information</u>
##	Station Approach – Economic and Financial Appraisal (exempt appendices)) Information relating to the financial or business affairs of any particular person (including the authority holding that information). (Para 3 Schedule 12A refers)
	Station Approach – Designers Appointment (exempt appendix)) Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings. (Para 5 Schedule 12A refers)

8. **STATION APPROACH – ECONOMIC AND FINANCIAL APPRAISAL
(EXEMPT APPENDICES)**
(Report CAB2823 refers)

The Committee considered the content of exempt appendix A, which contained advice regarding the legal and financial value and viability implications and exempt appendix B provided by Grant Thornton, which contained information in relation to optimism bias.

RESOLVED:

That the exempt appendices be noted.

9. **STATION APPROACH – DESIGNERS APPOINTMENT (EXEMPT
APPENDIX)**
(Report CAB2824 refers)

The Committee considered the content of the exempt appendix which contained detailed the advice taken from Leading Counsel and the Opinion in respect of the procurement process.

RESOLVED:

That the exempt appendix be noted.

The meeting commenced at 6.30pm and concluded at 9.45pm.

Chairman
