

**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

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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 appraise 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 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.**

**6. 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)

7. **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.

8. **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