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THE SCRUTINY COMMITTEE

Wednesday, 14 August 2019

Attendance:

Councillors
Brook (Chairperson)

Lumby
Gottlieb
Hiscock
Horrill

Laming
Power
Tod

Others in attendance who addressed the meeting:

Councillor Learney (Cabinet Member for Housing and Asset Management) and
Councillor Miller

Others in attendance who did not address the meeting:

Councillors Thompson (Leader and Cabinet Member for Communications and
Transformation), Cutler (Cabinet Member for Finance and Risk) and Councillors
Bell, Gemmell, Godfrey and Hutchison

Apologies for Absence:

Councillors Gordon-Smith and Griffiths

1. DECLARATIONS OF INTERESTS

Councillors Hiscock and Tod both declared a personal (but not prejudicial)
interest in relation to Report SC009 due to their role as County Councillors.

2. MINUTES

RESOLVED:

That the minutes of the meeting held on 4 July 2019, be
approved and adopted.

3. TO NOTE THE WORK PROGRAMME FOR 2019/20

Reference was made to the previous discussion at Committee as to health being
an area to review. The Chairperson agreed to take a lead on this item and
circulate proposals for review to the Committee. .

RESOLVED:

That the Scrutiny Work Programme for 2019/20 be noted.

4. **PUBLIC PARTICIPATION**

Four members of the public/representatives of local groups spoke regarding Report SC009 and their comments are summarised under the relevant minute below.

5. **STATION APPROACH - PROPOSALS FOR DELIVERY AND FURTHER PUBLIC REALM DEVELOPMENT (SC009)**

(Report SC009 refers)

Four members of the public/representations of local groups addressed the Committee as summarised below.

John Hearn (City of Winchester Trust)

- All car parking spaces should be removed from the proposed development;
- The proposed office development was too tall, too large and too block like. Removing the podium and basement car parking would enable office development to be lowered into the ground. The proposed 2m height reduction was insufficient.
- The design of the public space at the front of the station was unresolved – the carriageway was too prominent and should be redesigned as a uniform pedestrian priority space.

Rose Burns

- Winchester was not a premier business location and its attraction was for its history and heritage rather than for Grade A office space.
- Concerned about viability – build costs were equivalent to London, but in her opinion the rents achievable in the regional market were less therefore should instead be locating grade A office space at areas such as Chilcomb Park, or in Winnall (with reference to the Winnall Development Framework).

Patrick Davies

- Endorsed comments made by Mr Hearn and Ms Burns above;
- Concern that some aspects of the Report were classed as exempt which he considered was not permissible in relation to a planning application.

Ian Tait

- Gave examples of employers who had previously relocated from Winchester due to a shortage of office accommodation of the necessary size and quality;
- Due to sustainable location, all car parking should be removed (particularly with reference to the recent declaration by the Council of a climate emergency);

- On a general point, the Council should also hold a meeting to provide an update on the new Leisure Centre.

At the invitation of the Chairperson, Councillor Miller addressed the Committee and in summary welcomed the report, particularly with the review of car parking provision and proposed reduction in height of development. He emphasised the support of the Winchester BID and Chamber of Commerce. The scheme would create additional employment and potentially increase the wellbeing of Winchester residents by removing the requirement to commute to work.

The Cabinet Member for Housing and Asset Management introduced the Report and welcomed the opportunity for scrutiny of the proposed decision as a means of reducing the potential risks to the Council. She introduced two representatives from JLL who act as the council strategic placemaking consultants: Mr D Roberts and Ms N Pang who were present to respond to Members' questions as appropriate.

Members raised a number of detailed questions and sought clarification in a number of areas which were responded to by the Cabinet Member for Housing and Asset Management together with the Strategic Director: Place, the Strategic Director: Resources, the Chief Executive and the two JLL consultants, as summarised below:

Exempt classification

- The Chief Executive advised that the Report considered the property implications of the scheme for the Council as landowner, not planning development control matters which would be dealt with separately by the Planning Committee. She confirmed therefore that the exemptions had been properly applied as they related to property matters.

LEP funding and timetable

- Questions were raised around the practicality of delivering the public realm improvement in the 18 month period stipulated and also whilst other building works were being carried out. The Strategic Director: Place advised that the Projects Team had discussed this with the Local Enterprise Partnership (LEP) and considered that although the timescale was tight, it was achievable. In addition, the logistics of site access had been fully examined and it was considered to be practically possible.
- The Strategic Director: Place confirmed that the Council was required to spend the LEP money by March 2021. £1m was allocated towards Carfax site preparation in respect of archaeology and other enabling works
- The Strategic Director: Place advised that a deadline for delivery of a development on the Carfax site was the subject of further discussions with the LEP. Members expressed some concern about how this risk would be managed and queried whether it would be possible to introduce some form of a bond on the potential developer to deliver by a certain date? The Chief Executive advised that the Committee's concerns on this matter would be passed on to Cabinet. In addition, she emphasised that the approval to enter into the LEP agreement would be referred for full Council approval.
- One Member expressed concern that the LEP funding could be at risk from Government withdrawal because of other priorities. The Chief Executive

advised that a recent meeting with the LEP had confirmed the availability of the funding, but she would make further enquiries if required.

- One Member expressed concern that the proposed expenditure of £575k on design work for public realm improvement appeared high. The Strategic Director: Place advised that these were detailed at Appendix 1 of the report and included £215k for technical design and £360k for construction/site supervision. Further clarification would be sought prior to the report being considered at Cabinet.

Risk to Council of development not proceeding (regarding repaying LEP monies)

- Concerns were raised regarding the risk of having to repay the £5m LEP funding if the site was not developed, recognising that the proposed disposal of the site would reduce the Council's control. The Strategic Director: Place confirmed that this was a significant risk for the Council. However, the LEP were very supportive of scheme and the significant economic benefits it would bring. The LEP were focused on outcomes and delivery and sought key signs of progress (such as the proposed Cabinet decision on 28 August 2019 and determining the planning application).
- The Council would seek to mitigate the risk, for example by drawing the LEP funding down incrementally. The Strategic Director: Resources advised that £1m had been set aside from the Major Investment Reserve to mitigate risk in early stages.
- The Cabinet Member emphasised that initial design works would not be wasted as it would contribute to the wider movement strategy and other funding opportunities.
- Mr Roberts (JLL) stated that part of the competitive process to identify the purchaser would interrogate the purchaser's ability to deliver the scheme within the timescales required by the Council. The process would also be used to find a purchaser who aligned with the Council's own interests.
- One Member commented that he did not believe it was legally possible to place a positive obligation on a third party to deliver a development. He requested that the following matters be examined in consideration of a suitable contract: pre-conditions to land being drawn down; reasonable prospect of delivery test; and the possibility of structuring contracts to encourage correct behaviours. The Strategic Director: Place agreed to examine these suggestions further.
- The Strategic Director: Place advised that the full risk register was available as a background document to the Report (and would be made publicly available alongside the report to be considered at Cabinet on 28 August 2019).

Cost of scheme to date

- One Member requested that the total cost of the scheme to date be provided and believed that the Council should require the scheme to at least break even. The Strategic Director: Resources agreed to provide this figure for the report to Cabinet on 28 August 2019.

Planning Application and Control of Design

- One Member commented that although some control of design was available through the planning application process, this was limited. The Strategic Director: Place emphasised that the only way for the Council to retain

complete control was to develop the site itself. However, previous reports on the Outline Business Case had considered the advantages and disadvantages of different delivery options and Members had previously concluded that the Council should not develop the site itself.

- One Member expressed concern that the timetable appeared to assume planning permission would be granted. The Chairperson responded that there was no such assumption and that separation of Council roles in terms of landowner and granting planning permission were clearly separated and defined as such.
- In response to questions, the Strategic Director: Place advised that the architects LDS had been involved in the proposals to reduce the height of the development. The amended planning application had also been considered by the Regional Design Panel prior to submission.
- With regard to paragraph 11.37, the Strategic Director: Place advised that it was anticipated that the Regional Design Panel report would be received prior to the report to Planning Committee.

Council Strategy Outcomes

- One Member requested that the Council Strategy outcomes be amended to recognise that Winchester had an identified shortage of Grade A office space. In addition the potential impact on the health and wellbeing of residents through the provision of new employment opportunities locally reducing travel requirements should be recognised. The Cabinet Member agreed to have regard to these comments in the review of the Council Strategy.

Public Realm Design

- One Member commented that the current proposals for the public realm had been criticised by the Major Project Review Panel and queried when further opportunities for public engagement would take place. The Strategic Director: Place advised that consultations had taken place in Spring 2019 and a further round of consultation was due in the Autumn 2019.

Proposed disposal of site

- The Council was legally required to obtain the best consideration in its sale of the site. The best consideration would include meeting the Council's objectives for the scheme having regard to the proper methodology.
- The Cabinet Member emphasised that marketing the land for sale of the leasehold did not commit the Council to selling it but offered the opportunity to ascertain what a purchaser would be willing to pay.
- Some Members expressed concern about the timing of the proposed marketing of the site for sale and the potential negative impact of the wider national economic and political uncertainties. One Member suggested that any decisions be delayed until the new year. Mr Roberts and Ms Pang (JLL) stated that their research indicated a positive market appetite for site with a lack of supply currently available in the local and regional market. The fundamentals of the office market had evolved and Winchester should be seeking to compete with the likes of Basingstoke and Reading where new builds were priced at £35 per sq.ft. (at least). JLL were positive about market sentiment and were aware of a significant degree of market tracking the site. The Strategic Director: Resources also drew Members' attention to the macro

economic situation where low interest rates for investments could attract potential developers seeking a better return on investment.

- JLL reported that the soft market testing of the site had been positive with developers not deterred by a reduction in parking spaces.
- One Member commented that delaying a decision risked forfeiting the £5m LEP monies. The Cabinet Member confirmed that every attempt was being made to avoid this scenario, whilst not wishing to sacrifice the quality of the proposed scheme.

Loss of car parking

- One Member commented that there did not appear to be additional capacity in other car parks at peak hours to accommodate cars displaced from existing car parks. The Cabinet Member emphasised that there was no expectation that all cars would be moved to alternative central car parks as the Council would be seeking to encourage alternative travel options as part of its commitment to a climate change emergency. Whilst noting a loss of parking income, the Strategic Director: Resources stated that additional business rate income would be available from any new development.

Following debate of the Report, the Chairperson provided a summary of comments made by the Committee as follows:

- Concerns over repayment of LEP money and flexibility of the LEP timetable;
- Clarification of total cost incurred at point of sale;
- Concern over control of what happens on site after sale;
- Proper consideration of timetable for sale;
- Ensuring that have process for attaining best consideration for site;
- Protection of Council's interest.

One Member requested that in addition to the other comments made, Cabinet be further requested to specifically consider the following issues:

- (i) Putting in place a realistic schedule and timing for spending LEP funding that manages the risk of repayment in the event of development problems and the possibility that LEP funding can be suspended by the Government at any time;
- (ii) As well as defining desired outcomes, setting clear 'go / no-go' red-line criteria as a checkpoint in the developer selection process – including a clear reserve value and a robust process for managing design changes – including legal preconditions and other options to protect the council's interests;
- (iii) Finding ways to adjust the marketing timing for the project, if necessary, to reflect the likely high levels of uncertainty in the Commercial Property market in November/December 2019 and early 2020.

The Committee agreed that these additional points be forwarded to Cabinet for consideration.

The Committee then moved into exempt session to consider the exempt appendices to the Report together with the exempt additional information requested by a Committee Member, before returning to open session to consider the Report's recommendations.

With regard to Recommendation 10 (to Cabinet), one Member queried whether the Strategic Director: Place might need to have authority to enter into agreements with other organisations than the County Council (for example, Network Rail). The Strategic Director: Place agreed to check whether any amendment to the Cabinet report was required.

With regard to Recommendation 12 (to Cabinet), a Member requested that the selection process include cross party representation. The Cabinet Member agreed to examine whether this would be appropriate, having regard to the Council's agreed Contract Procedure Rules.

RESOLVED:

That having considered the contents of the Report and the recommendations set out therein (to Cabinet and Council), Members raise a number of points for the attention of Cabinet, 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 – Proposals for Delivery & Further Public Realm Development (Exempt appendix 4a)) Information relating to the) financial or business affairs of) any particular person (including) the authority holding that) information). (Para 3 Schedule) 12A refers)
##	Additional Information requested by a Member of the Scrutiny Committee))))
##	Additional Information requested by a Member of the Scrutiny Committee	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 - PROPOSALS FOR DELIVERY AND FURTHER PUBLIC REALM DEVELOPMENT (EXEMPT APPENDIX 4A)**

(Report SC009 Appendix 4A refers)

The Committee considered the content of exempt appendix 4a (detail in exempt minute). Mr Roberts and Ms Pang (JLL) remained during the exempt session to respond to Members' questions.

The Committee then moved back into open session to agree the report's recommendations (as set out above).

8. **ADDITIONAL INFORMATION REQUESTED BY A MEMBER OF THE SCRUTINY COMMITTEE**

The Committee noted that the above item was not notified for inclusion on the agenda within the statutory deadline because it was additional information requested by a Member of the Committee after the report was dispatched. The Chairman agreed to accept the item on the agenda as a matter requiring urgent consideration in order for its contents to be considered alongside Report SC009.

The Committee considered the additional information requested and officers and representatives from JLL responded to questions thereon (detail in exempt minute).

The meeting commenced at 6.30 pm and concluded at 9.50 pm

Chairperson