

OVERVIEW AND SCRUTINY COMMITTEE

Meeting - 8 November 2018

Present: M Bradford (Chairman)
P Bastiman, M Bezzant, D Dhillon, T Egleton, M Lewis and P Kelly

Also Present: S Chhokar, B Harding, G Hollis, R Reed, G Sandy, D Anthony, J Jordan, N Naylor, L Sullivan, D Smith

Apologies for absence: D Saunders

80. DECLARATIONS OF INTEREST

There were no declarations of interest. Concern was raised by a Member who had called-in the decision that some of the Members who were on the Scrutiny Committee should declare an interest as Members of the Planning Committee that considered the planning application relating to this proposed development. A similar concern was raised in the case of one of the Scrutiny Committee Members who had previously been a Portfolio Holder responsible for the project. The Head of Legal and Democratic Services clarified that under the code of conduct Members of the Planning Committee did not have an interest to declare as only the decision made by the Cabinet on 17 October 2018 was being considered by the Committee, not the Planning Committee's decision. The Member who had previously been the Portfolio Holder for Resources did not have an interest to declare as he was not a member of Cabinet at the time of making the decision under consideration by the Committee.

81. CHAIRMAN'S INTRODUCTION

The Chairman and the Director of Resources outlined the procedure for the call-in process. First, those Members who had called-in the decision would be invited to address the Committee and Committee Members would be invited to question those Members. Secondly, the Leader, on behalf of the Resources Portfolio Holder would present the response to the call-in questions. The Scrutiny Committee Members would then be invited to question the Leader on his responses.

The Director of Resources informed the Committee that they then would be invited to consider which of these recommendations they wished to agree, either to:-

- a. Over-rule the call-in and allow the Cabinet's decision relating to Station Road Car Park in Gerrards Cross to stand and for implementation to proceed; or
- b. remit the matter back to Cabinet for reconsideration at the next appropriate meeting with an explanation of the Committee's concerns and any specific considerations that need to be taken into account on re-consideration.

82. **STATION ROAD CAR PARK, GERRARDS CROSS - CALL-IN OF CABINET DECISION**

Members received a report with the agenda for the meeting containing details of the call-in to the Committee of the Cabinet's decision on 17 October 2018 in respect of Station Road Car Park together with the Council's Overview and Scrutiny procedure rules.

The Committee considered the submission from the District Councillors who called in the decision. The following Members were invited to explain the grounds for the call-in request; Councillors Chhokar, Dhillon, Harding, Hollis, Reed and Sandy.

Point One

Concerns regarding the business case which were discussed recently at the Resources Policy Advisory Group on 25 September 2018. Two Members at this meeting expressed concern over the assumptions of usage of the expanded car park, and consequently whether this scheme was a good use of taxpayer's money.

Members who requested the call-in made the following additional comments:-

- The business case was flawed and there would be a significant deficit from the implementation of the car park, which would be a large risk to the Council.
- Future technology, such as driverless cars and a reduction in car ownership should be taken into account.
- The Council did not have a car park strategy and reference was made to past discussions at the Resources PAG (June 2017) and the Environment PAG in November 2017.
- The payback period for the project was too long and would not be acceptable to a commercial developer. Concern was expressed about the figures used for the business case and the assumptions that have been made about car park occupancy so that the surplus over 40 years would be very small and very sensitive to the assumptions being used. Increments in car park charges of 4% per annum were above inflation forecasts and it could not be assumed that motorists would be prepared to pay this. A more detailed sensitivity analysis was required to see the impact of lower occupancy rates and lower income increases.
- Concern was expressed regarding a conflict of interest with the planning consultants who undertook the work on the business case as they were under the same commissioning framework as the construction company.
- A photograph of the car park was tabled showing car park usage on a week day, but it did not specify the date or time on the photograph.

Point Two – Communication and consultation with local residents

Members who requested the call-in made the following additional comment:-

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- Concern was expressed about the process of consultation with local residents, which had just been information sharing and that the Portfolio Holder for Resources had not taken into account their concerns.

Point Three

Concerns regarding the amount of money being borrowed for the Project and the risks associated with this, should be considered by the Overview and Scrutiny Committee, particularly bearing in mind the possibility of Local Government re-organisation.

Members who requested the call-in made the following additional comments:-

- This project was high cost/high risk with a low return and its size and location had not been considered properly, as there was no overall car park strategy. With the recent announcement relating to the formation of a new Unitary District Council projects such as this with a long payback period should be stopped.
- The costs of the project increasing from £9.375m to £13.931m.
- This project would be a burden on the taxpayer and should not be taken forward with a new unitary being set up.

Point Four

Concerns that the full details of alternative schemes and options have not been fully considered by members and the reasons for rejecting them.

Members who requested the call-in made the following additional comments:-

- A mixed use scheme would be more appropriate for the locality and proportionate to the actual likely demand for car parking, which could reduce in the future due to new technology around driverless cars.
- Cabinet had not considered alternative design schemes for the car park in enough depth.

83. **RESPONSE TO THE CALL-IN**

The Leader was then asked to respond to the four call-in points put forward by Members.

Point 1

Concerns regarding the business case which were discussed recently at the Resources Policy Advisory Group on 25 September 2018. Two Members at this meeting expressed concern over the assumptions of usage and consequently whether this scheme was a good use of taxpayer's money.

The Leader responded as follows:-

When the Resources PAG considered the Gerrards Cross Car Park Business Case report on 25 September 2018 concern was raised that the car park take up

assumptions were too optimistic i.e. building up to 85% occupancy by year 3.

Business Case Figures are as follows	Cabinet Report
85% Occupancy by year	3
IRR - should be more than borrowing cost	2.73%
Net Present Value - negative is good	£6,535,359
(Surplus) / Loss - negative is good	-£1,273,481

He referred to the financial business case which was at Appendix 2B of the agenda. The key point was that the predicted demand from the parking studies for Gerrards Cross was greater than what this car park would deliver; therefore it was not unreasonable to assume it would have a high level of usage within a reasonable short time frame as there would still be an element of unmet demand.

Questions were asked by the Committee to the Leader of the Council and the following points were noted from his responses:-

- The initial costs went up once the final design in the planning application had been agreed, and also the revised timetable for the project which included a year's delay in construction, which led to cost increases.
- The return on the investment of £1.2 million would be realised over a 40 year period and at the end of this period the Council would still own the asset and the land.
- There were other examples of business cases for similar, publicly led projects over a 40 year timeframe for this type of project.

Following questions by Councillors Bastiman and Bezzant it was agreed that a written response would be sent out to Members with regard to the following question:-
What will happen with the asset after 40 years and what is the benchmark for Government borrowing for that term?

Point Two - Communications and consultation with local residents.

The Leader responded as follows:-

Two information events were held 31st October 2016 and 21 May 2018. Both were well represented by the Project team and also well attended by members of the local community. A representative from the Architects Broadway Maylan and Planning consultants Peter Brett associates attended; this included the Client Project Manager and Balfour Beatty who were all there to answer questions for visitors. Officers and Members also attended. The public were notified by leaflets to commercial and residential occupiers in Station Road and posters were positioned around the car park and via information on social media and the Council's website. Local businesses were

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contacted and meetings were held with BP Collins, Tesco stores and Waitrose and there was a regular dialogue with the Town Council. During the statutory planning consultation period there was 330 responses received.

Following questions by the Committee, Members noted that Gerrards Cross Town Council supported the car park and the planning application. A Member asked what changes had been made following the communication and consultation period. The Leader reported that as per normal practice, feedback was rigorously examined and taken into account. The feedback for example had influenced some of the external design features of the building.

Following a question by Councillor Bezzant, it was agreed that written responses would be provided on the following question:-

With regard to the public consultation in 2016 and 2018 how many people attended and were the public events held over a series of days and times so that people could attend ?

With regard to the leaflet drop what area was covered including the number of houses ?

Point Three

Concerns regarding the amount of money being borrowed for the Project and the risks associated with this, should be considered by the Overview and Scrutiny Committee, particularly bearing in mind the possibility of Local Government reorganisation.

The Leader responded as follows:-

The Business Case Report proposed that the project would be funded by borrowing from the Public Works Loan Board (PWLB).

The total amount to be borrowed was equal to the amount required to fund the scheme. The total cost of which has been robustly tested.

The Key risks and Mitigation for the project have been considered and were contained in the Cabinet report.

Local Government reorganisation had no impact on car parking demand and when local government organisation occurred, both the asset and the loan would transfer to the relevant new organisation. Until the new unitary organisation came into effect South Bucks District Council continued to discharge its duties in terms of addressing future car parking demand.

Following questions by the Committee, it was noted that although a decision had been made on having a Unitary District Council, the Council needed to discharge its

statutory functions in the usual way. The timetable for a Unitary District Council to be established was 1 April 2020.

A discussion then took place on whether a private organisation, who had access to this funding and process would take out a similar investment. The Leader responded that Councils generally perform functions that the private sector would not, as the Council was a public sector organisation providing services to the public. Therefore, it was able to take a view on the public benefit of an investment, whereas private companies purely look at financial return. However, the Cabinet were satisfied that the business case was robust. The Internal Rate of Return which was a metric used to calculate the profitability of potential investments but was not an absolute yardstick for public bodies, Councils could take advantage of favourable loan rates from the Public Works Loan Board which could also be fixed for long durations unlike many commercial loans. In the longer term as the income grew with inflation, but the cost of the loan did not, the development would cover its costs and provide a return to the Council. The payback period would be too long for a commercial operator but the prime purpose of the project was to meet expected parking need

Following a question from Councillor Bastiman, it was agreed that a written response would be provided on the following question:-

What information was given to Cabinet with regard to the risk analysis undertaken for the Gerrards Cross Car Park project ?

A further question was asked regarding car park charging, with prices rising in regular increments of 50p averaging about 4% a year over the next 40 years and whether the Cabinet had considered different scenarios addressing possible risks. The Leader reported that a sensitivity analysis had been carried out showing the effect on the business case of changing various assumptions. There was a table in the Cabinet report which showed the effect on the Internal Rate of Return, Net Present Value and Profitability figures if some of these assumptions were changed. The Leader was asked if the Cabinet were satisfied with these assumptions and the Leader confirmed that Cabinet was satisfied.

Point 4

Concerns that the full details of alternative schemes and options have not been fully considered by Members and the reasons for rejecting them e.g. a mixed use scheme would be more appropriate for the locality and proportionate to the actual likely demand for car parking, which could reduce in the future due to new technology.

The Leader responded as follows:-

Members previously considered a number of alternatives for the car park these included not only varied heights but also a mixed used scheme. The reduction of the height and a light weight structure was considered in Cabinet in April 2018 but discounted as they as it did not provide enough spaces to meet the predicted car

parking demand and the business cases for both were not as beneficial as the one for the development settled upon. The mixed use scheme was explored early in 2017 and was also dismissed due to the limited number of car parking spaces that would be available after taking into account the parking for the shops and residential premises.

Following a question from Councillor Kelly, it was agreed that a written response be provided to the following question:-

What was the feedback from Members when the alternative options were rejected ?

84. COMMITTEE DELIBERATION

Having considered the call in request and response Members were then asked to consider the recommendations set out in the report and were asked to vote on each point of the call-in request in turn, whether they wished the call-in point to be overruled or to refer the matter back to Cabinet.

Point One

Concerns regarding the business case which were discussed recently at the Resources Policy Advisory Group on 25 September 2018. Two Members at this meeting expressed concern over the assumptions of usage and consequently whether this scheme was a good use of taxpayer's money.

Committee Members made the following comments:-

- Councils provided a public service and needed to charge reasonable prices for car parking, not to make excessive profits.
- The new car park was being proposed because a demand for additional parking had been established by a number of surveys. Future building in Gerrards Cross would create additional demand for parking and parking was important for a thriving local economy.
- This project was a good use of taxpayers money.

Councillor Kelly proposed that the call-in be overruled on this point which was seconded by Councillor Egleton and following a vote it was resolved that the call-in be overruled for point one.

Point Two - Communications and consultation with local residents

Committee Members commented as well as the statutory consultation as part of the planning application process, communication and consultation had been undertaken on two occasions, involving the Town Council. Whilst Members appreciated that some residents had not felt involved in the process there were no rules which set out how the consultation should be conducted.

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Councillor Bezzant proposed that the call-in be overruled on this point which was seconded by Councillor Kelly and following a vote it was resolved that the call-in be overruled for point two.

Point Three

Concerns regarding the amount of money being borrowed for the Project and the risks associated with this, should be considered by the Overview and Scrutiny Committee, particularly bearing in mind the possibility of Local Government reorganisation.

Committee Members were satisfied that the business case and risks had been fully considered by Cabinet, including the sensitivity analysis.

Councillor Bezzant proposed that the call-in be overruled on this point which was seconded by Councillor Kelly and following a vote it was resolved that the call-in be overruled for point three.

Point Four

Concerns that the full details of alternative schemes and options have not been fully considered by Members and the reasons for rejecting them e.g. a mixed use scheme would be more appropriate for the locality and proportionate to the actual likely demand for car parking, which could reduce in the future due to new technology.

Committee Members considered that a number of alternative options had been discussed and the consultant's report had demonstrated a need for additional car parking, however the other options presented would not meet that need as well as the proposed solution and therefore this proposal should be taken forward as the preferred option.

Councillor Bastiman proposed that the call-in be overruled on this point which was seconded by Councillor Lewis and following a vote it was resolved that the call-in be overruled for point four.

Therefore it was:-

RESOLVED that the call-in be overruled which allowed the Cabinet's decision relating to Station Road Car Park in Gerrards Cross to stand and for implementation to proceed.

The meeting terminated at 7.15 pm