

SCRUTINY COMMITTEE - RESOURCES

29 July 2015

Present:

Councillor Bull (Chair)

Councillors Buswell, Bialyk, George, Harvey, Lyons, Packham, Sheldon and Wardle

Apologies:

Councillors Baldwin, Brock and Mottram

Also present:

Chief Executive & Growth Director, Assistant Director City Development, Assistant Director Finance, Housing Development Manager & Client Build and Democratic Services Officer (Committees) (SLS)

In attendance:

Councillor Edwards	- Leader of the Council
Councillor Pearson	- Portfolio Holder Enabling Services
Councillor Morris	- Portfolio Holder Customer Access
Councillor Hannaford	- Portfolio Holder Housing Revenue Account
Jamie Hulland	- Transportation Manager, Devon County Council

38 Declarations of Interest

Members made no declarations of discloseable pecuniary interest.

MATTERS FOR CONSIDERATION BY THE EXECUTIVE

39 Community Infrastructure Levy Funding for Marsh Barton Railway Station

The Assistant Director City Development presented a report which responded to a Devon County Council request for £1.3m Community Infrastructure Levy (CIL) match funding towards the delivery of a new railway station at Marsh Barton. The new railway station would form an important part of the transport infrastructure package needed to accommodate development growth in and around Exeter. However, funding for the station needed to be cost effective and balanced against other identified priorities.

The Council's published list of Regulation 123 infrastructure, included funding for the Marsh Barton Railway Station. The cost of the project had now risen from £4m to £7.4m. Devon County Council was keen to start the project in September, and it had been proposed that the funded package would be made up of £3.5m from Government funding and £3.9m to be split equally between Exeter City Council, Teignbridge District Council and Devon County Council.

The Assistant Director City Development invited the Transportation Manager for Devon County Council, Jamie Hulland to attend the meeting and comment on the project. He referred to the unusual position of building three new railway stations in Exeter in a relatively short space of time and of the experience of finding that the estimated costs changed once a clear price had been established. They had dealt with a number of legislative challenges within the rail industry, particularly around the

evaluation of risk and assessment that had to be addressed, as well ongoing negotiations over the fees due to Network Rail. Although a contingency was built in through an increased optimism pricing arrangement, it was appreciated that this would be insufficient funding when the detailed design stage of Marsh Barton Station had been reached. There were issues relating to access to the site, which was behind the Viridor waste plant as well as limited opportunities in which to carry out the work on the mainline track. He added that there may be the opportunity to apply for further new station funding to help reduce the cost, despite already having received funding for Cranbrook Station, they were in a unique position of being ready to go with the project.

A Member welcomed any opportunity to alleviate congestion on Marsh Barton. In response to a Member, the Transportation Manager replied that the budget had increased significantly for the recently opened Newcourt Station, by 50%, and he anticipated the same figure for Cranbrook on its completion. However the measures being taken to protect the costs for Marsh Barton Station would allow a greater opportunity to manoeuvre. He felt that they had learnt from the experience and had agreed to meet with the range of partners including Network Rail, to discuss the Newcourt and Cranbrook Stations projects. They also remained in discussion with Network Rail and had appointed a quantity surveyor to look at some aspects of management of the projects. He apologised to a Member for not having some detail in relation to the First Great Western operator fees.

Scrutiny Committee – Resources noted and requested Executive to recommend approval by Council to ensure that £1.3m Community Infrastructure Levy would be available for investment in the new railway station at Marsh Barton on the following basis :-

- (1) that no funds to be made available until adequate Community Infrastructure Levy had been collected and funding for city centre major infrastructure investments has been secured in line with the resolution of Executive on 10 February 2015;
- (2) of the £1.3 million funding:
that £660,000 to be committed specifically for Marsh Barton Station; and
the other £640,000 to be available for Devon County Council to deliver infrastructure needed to serve development at South West Exeter, which could include Marsh Barton Station;
- (3) City Council CIL funding for the railway station to be conditional on ‘claw-back’ provisions whereby the Council would be an equal-proportion recipient of any project cost savings, and
- (4) authority be delegated to the Assistant Director City Development to finalise an agreement with Devon County Council that accords with these recommendations.

40 **Local Government (Access to Information) Act 1985 - Exclusion of Press and Public**

Councillor Harvey had sought to make a motion to move against the next Item 7 on the agenda being taken in the private and confidential part of the agenda. He was concerned about the considerable level of public interest and that the report did not, in his opinion, contain any confidential information. The Member was unable to obtain a seconder for his motion. The Chair outlined the reasons for Item 7 being considered in the private and confidential part of the agenda, as the information

contained in the attached business case as well as the likely ensuring debate contained commercially sensitive information, which would disadvantage the City Council when tendering the procurement and operational contracts in the future.

RESOLVED that, under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the consideration of the following item on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part I, Schedule 12A of the Act.

Councillor Harvey requested that his name under Standing Order 43 (2) be recorded as voting against the resolution.

41 **Proposal for Additional Enhancement of the Leisure Complex and Swimming Pool**

Councillor Edwards attended the meeting having given notice under Standing Order 44 to speak on this item.

The Housing Development Manager and Client Lead Build presented the report and invited Members of Scrutiny Committee - Resources to consider the business case for enhancing the facilities within the new leisure complex and swimming pool, and to determine whether Executive should be requested to approve additional capital funding. She provided an overview of the business case, which was based upon additional capital funding to enhance the commercialisation of the project, and enhance the revenue generation over and above the proposed additional capital investment over a 25 year period. It would also provide an increased level of project contingency to take account of third party dependencies. All due diligence had been undertaken on the current programme to ensure a high degree of confidence was encapsulated. A copy of the business case was attached to the report.

The enhanced facilities were set out as follows :-

- an increase from 100 to 150 fitness stations and size of the exercise studio areas from 150 to 250 sq.m.
- a facility mix with a greater emphasis on the social aspects of the facility including a larger soft play area, adding in a movable floor to the main pool to offer greater accessibility and flexibility and programming facility.
- an increase to the Spa proposition from a modest health suite of 70 sq.m of poolside sauna and steam room facility to 350 sq.m with saunas, steam rooms and a hydrotherapy pool.

A request for increased capital cost from £18.2m to £23.2m was made and Members were told the additional revenue that would be generated. The Assistant Director Finance explained the assumptions that had been built into the business case regarding the funding of the project so that the business case identified surplus was a robust figure.

Councillor Edwards, who had requested to speak under Standing Order 44, referred to the agreed funding for the £20m swimming pool and leisure complex, or £26m, if subsequently agreed by Council, and this would not increase the Council's underlying debt. A sum of £8m had already been set aside from the New Homes Bonus and it fully intended that a further £10m would be to set aside over the next five years. The additional £2m, or £8m as agreed, would come from the Community Infrastructure Levy and capital receipts. The City Council would build a new leisure complex with enhanced facilities, but at no extra cost to the council tax payers of Exeter and this should be seen as a great achievement.

The Design Team and officers working on the project were also present at the meeting and answered Members' questions.

A full discussion ensued on all aspects of the proposal including:-

- the ongoing maintenance costs of the Pyramids Swimming Pool which were no longer sustainable and sustainability of the new leisure complex;
- the way in which the new leisure facility would be operated and managed, including branding, and ensuring that the Council's corporate objectives and principles were delivered;
- the juxtaposition of the Leisure Complex and the Crown Estate and Bus Station development proposals including the necessity to ensure ongoing dialogue was maintained, as far as practicably possible, so that the two schemes progressed in a tandem and complimentary way;
- the detailed elements of the business case for the enhanced facilities so as to ensure as much use of the facilities as possible by all aspects of society, to include health, social and a high degree of access, paying particular attention to users' ability (including those of disabled users), gender, age, culture and faith;
- the implications of the enhancement on the project timetable; and
- a request for an increased capital cost for the project of £23.2m (from the approved £18.2m) in addition to a further £1m towards project contingency, and the way in which this would be funded.

The Chair confirmed that any Member could view the Feasibility and Options Study and Business Case, which were lodged with the Client Lead Build in her office.

Recommended that Scrutiny Committee – Resources supported and requested that Executive support and Council acknowledge and approve :-

- (1) that there was a compelling business case to invest an additional £6m to provide an enhanced leisure complex and swimming pool; and also
- (2) following the statement from the Leader of the Council, it was further recommended that the funding for the £26m should not result in an increase in the Council's underlying debt, noting that £8m has already been set aside from New Homes Bonus and that a further £10m will be set aside from New Homes Bonus over the next five years, The additional £8m coming from Community Infrastructure Levy and capital receipts.

One Member abstained from voting on this matter.

The meeting commenced at 5.30 pm and closed at 7.00 pm

Chair