

OVERVIEW AND SCRUTINY COMMITTEE

20 DECEMBER 2012

Present: Councillor A Khan (Chair)

Councillors K Collett, J Aron, N Bell, G Derbyshire K Hastrick, P Jeffree and S Rackett

Also present: Councillor K Crout, Portfolio Holder for Leisure and Community Services,
Councillor I Sharpe, on behalf of Cabinet and Portfolio Holder for Planning and Legal and Property Services
Councillor J Connal
Councillor J Singh Dhindsa,
Councillor M Mills
Louise Gaffney, Director of Strategy and Infrastructure, West Hertfordshire Hospitals NHS Trust

Officers: Managing Director
Head of Legal and Property Services
Head of Community Services
Partnerships and Performance Section Head
Committee and Scrutiny Officer
Committee and Scrutiny Support Officer (RW)

50 **APOLOGIES FOR ABSENCE/COMMITTEE MEMBERSHIP**

There were changes to Committee Membership for this meeting: Councillor Derbyshire replaced Councillor Greenslade and Councillor Jeffree replaced Councillor Hofman.

Apologies were received from Councillor Martins

51 **DISCLOSURE OF INTERESTS (IF ANY)**

There were no disclosures of interest.

52 **CALL IN: AN UPDATE REPORT ON THE WATFORD HEALTH CAMPUS.**

The Chair asked the Head of Legal and Property to explain the process for the Call-in meeting.

Councillor Bell then addressed the meeting. He drew attention to the reasons for the Call-in of Cabinet's decision of 3 December 2012 and explained that many people were concerned that the Farm Terrace Allotments would be included in the plans for the New Health Campus. He said that the allotment holders were not convinced of the reasons for this inclusion although they approved the intention to build a new hospital; they considered the hospital to be a necessity for Watford and the wider community. It was not clear, however, why the allotment land was needed.

Councillor Bell noted section 3.7.9 of the report and specifically the extract which stated that

'Without the allotments our advisors believe that the scheme is viable. However . . . there is not a significant level of comfort'.

He advised that the area at Willow Lane should be considered more seriously as a viable alternative.

Councillor Bell then addressed the subject of the consultation. He advised that at the consultation stage for planning consent the allotments had not been included in the plans as the proposal for houses on the site had not been added until later in the process. He referred to the Government's Autumn Statement of 5 December 2012 and asked why PFI 2 could not be used to finance the hospital rather than Watford Borough Council doing so.

Councillor Bell advised that he had asked two residents to attend as witnesses to personally explain the views of the allotment holders.

Mrs Marion Harvey, from the Allotment Stakeholder Group, was then invited to address the meeting.

Mrs Harvey said that whilst she fully supported the construction of the Health Campus she could see no valid reason for the inclusion of the Farm Terrace Allotments within the site. She advised that, at the public meeting she had attended, it had been unclear what would happen to the allotments and that the Farm Terrace Group had consequently been formed.

Mrs Harvey considered that there had been a lack of involvement for the wider community and advised that local residents had not been included in the consultation meetings. She asked in what way the inclusion of the allotments would comply with the Council's green infrastructure policy.

Mrs Harvey then referred to the latest meeting of allotment holders where it had been acknowledged that the Health Campus could be built without the allotment site.

Mrs Harvey pointed out that, since neither plans nor finance for the hospital were yet determined, it would be wise to leave the decision regarding the allotments until the final plans had been completed. She reiterated that she had no

objections to the building of a new hospital but that the decision on the allotments should be left until later in the process.

Mrs Mary Reid, from the Farm Terrace Allotment Action Group, then addressed the meeting.

Mrs Reid said that green infrastructure was important to the town as a whole and noted that the allotment tenants spent many hours a week on their plots. She considered that the consultations had been helpful with much useful information disseminated but that tenants felt that the plans to include the allotments in the scheme had been a 'done deal' from the beginning.

At the joint meeting of the Farm Terrace and Allotment Stakeholder Groups on 7 November 2012 a list of sites for future investment had been considered. Mrs Reid noted that at this meeting Farm Terrace had not been included.

Mrs Reid then referred to the Cabinet meeting of 3 December 2012 where it had been agreed to include the Farm Terrace site; she said that it was clear that the intention to build houses on the allotments had been in place from the start of the process. She further advised that at this meeting Professor Hanahoe had confirmed that it would be possible to build the hospital without using the allotment land.

Mrs Reid then spoke of the consultation which, she considered, had addressed neither the loss of the allotments nor the addition of houses to the neighbourhood. She gave a brief history of the allotments and advised that they were of historical significance and should consequently be preserved.

Mrs Reid referred to the suggestion that the allotment holders be granted new plots at the Paddock Road site. She noted that a considerable amount of funding would be required and that, since these would not be within walking distance for many of the tenants, some of the current plot holders might not take up the offer. She advised that, in many cases, long years of work had gone into the plots' development and that it would not be easy for the tenants to move.

Mrs Reid then addressed the issue of the new access road and the effect of increased traffic on the local community. She noted the options for the new hospital buildings and questioned how a potential emergency at the football stadium would be dealt with. Mrs Reid referred to the Mayor's statement that there would be more community green space under the new plans; she considered, however, that there would be additional parkland with or without the inclusion of the allotments. She suggested that the allotments could form part of the community space.

Mrs Reid noted that the Council's decision must be presented to the Secretary of State for Community and Local Government and concluded by asking what would be the contingency plans were the Secretary of State to decide that the allotments should not be brought into the Health Campus site.

Mrs Harvey questioned the number of homes to be built on the Farm Terrace site and noted that the Development Director of Watford Health Campus had stated that the new plans for this area would incorporate community space. She concluded that there would consequently be less than 66 homes on this site. Mrs Harvey also noted community based ideas which the action group had raised but which had not been fully explored.

Mrs Reid then referred to the Corporate Plan, Priority 3. She advised that the Action Group had given its views which had not been considered. She concluded by advising that the allotments were part of the town's open space.

The Chair thanked Mrs Harvey and Mrs Reid for their presentations and then invited the Committee Members to question Councillor Bell.

Councillor Rackett thanked the speakers and said that he was mostly in agreement with them. He questioned Councillor Bell on the reason for the proposal to 'ask that PFI 2 be investigated for funding for the Health Campus'. Councillor Rackett noted that many hospitals had gone into serious debt through the use of PFI monies.

Councillor Bell replied that at the present time six other hospitals were using PFI funding and that this initiative could be a way of financing the hospital.

Louise Gaffney advised that the Hospital Trust was not asking for the Council to fund the building of the new hospital and that PFI had not, in general, produced good schemes and many had experienced problems. She noted that PFI 2 was essentially different to PFI 1 and it would be sensible to be wary of commitment in this arena. The relevant legislation was not yet in place. It was something that could be considered but it would not be the Trust's first option. She added that the Trust would not be in a position to take out another large loan.

Councillor Bell considered that it was expected that the Council would invest in the Health Campus project and thought it relevant that the new funding scheme should be considered.

Councillor Derbyshire advised that PFI 2 would ensure that the public element derived greater benefit from financing projects. He asked Councillor Bell to explain what benefits he considered the Council would derive from PFI 2 which they would not receive from the Local Asset Backed Vehicle (LABV).

Councillor Bell responded that the project was a risky venture and that the Council should seriously consider different forms of finance for this scheme.

The Managing Director advised that the Council had looked at all the current information on PFI 2 and that the Government would need to consult with various bodies and to introduce the new legislation prior to the funding initiative being explored further. He explained that PFI 2 had altered the harshness of the original PFI and that the benefits would be split between the public and private elements of projects. There would be joint equity, joint governance and joint benefits for the partners. He advised that all sources of funding should be

considered. PFI 2 had been configured essentially as a priority for new schools although consideration would be given to hospital development. He noted, however, that due to the time-frame involved, PFI 2 was not the solution for the Health Campus.

Councillor Jeffree drew attention to point 3.11.3 in the report and noted that the viability of the scheme without the allotments was not strong. He advised that at the Cabinet meeting Professor Hanahoe had clearly stated that it would be virtually impossible to manage construction without the use of the Farm Terrace land. He considered that, based on the information provided to the Scrutiny Committee, the consultation had been very thorough.

Councillor Bell countered by referring to point 3.7.9 in the report which noted that the Part B Cabinet report had stated that the advisors considered the scheme to be viable without the allotments. Professor Hanahoe had said that there were no current alternative plans but that it was not the case that the allotments were necessary to the successful viability of the scheme.

Mrs Harvey noted that in a conversation with Professor Hanahoe he had stated that without the allotment land construction of the hospital would be expensive but not impossible.

The Portfolio Holder for Leisure and Community Services said that he felt the Secretary of State for Health would be in a stronger position to grant hospital development if it had the support of the local council.

Councillor Collett asked Councillor Bell which other land in the borough he could suggest to sell in order to save the allotments.

Councillor Bell replied that there were alternative sites on the Campus area which could be used as well as other areas across the town. He named Willow Lane and the Wighenhall depot in addition to other parts of Watford.

Councillor Dhindsa objected that Councillor Collett's question to Councillor Bell was unfair. He noted that Rembrandt House (in Holywell ward) had already been developed and that parts of Wighenhall Road could also be used. He said it was up to the Portfolio Holder to identify alternative sites, not Councillor Bell.

Councillor Derbyshire noted that ultimately it would not be the Council who would make the decision to include the allotments in the Campus site but the Secretary of State for Community and Local Government. He asked whether the committee considered this to be fair.

In reply to a comment from Mrs Harvey, the Head of Legal and Property Services explained that the Council must make an application to the Secretary of State in order to decommission allotment land. The decision of Cabinet on 3 December 2012 was to take this step since the allotment site was needed for the hospital. She confirmed Councillor Derbyshire's point that the decision would ultimately be that of the Secretary of State.

Councillor Dhindsa commented that if Cabinet had not made its decision it would not be necessary to apply to the Secretary of State.

The Chair then invited the Portfolio Holder for Planning and Legal and Property Services to present his case.

The Portfolio Holder advised that the allotments were vital as part of the wider regeneration of the Health Campus site which would include the new infrastructure and access road. He explained that the scheme was financially marginal and that there was a danger that it would go into deficit. He counselled that it was necessary to generate income in order to provide for expenditure; the houses would make the access road affordable and would reduce the cost margin.

The Portfolio Holder further explained that to postpone the decision on the allotments would compromise the viability of construction. He said that it was imperative that a high quality hospital be provided and asked what was to be considered most important and where the weight of decision should be balanced. He reminded the meeting that Professor Hanahoe had advised that the scheme would be more expensive to manage without the use of the allotment land. Construction was already difficult and expensive and, with less land for manoeuvre, problems would increase. He advised that whilst Professor Hanahoe had said that without Farm Terrace the scheme would be 'not impossible' he had also noted that it would be 'not very good'.

In referring to the land at Willow Lane, the Portfolio Holder explained that this had originally been looked at for the hospital but due to the building of the surge wards this was no longer practical. The land was needed for housing to help the viability.

He added that the bridge for the new Metropolitan rail link must be built before construction of the access road; if the deadline for construction of the bridge were missed this would result in huge additional expenditure and 'on costs'.

The Portfolio Holder then addressed the question of alternative sites for housing across the borough. He advised that the Core Strategy had recently looked at areas in the town and that there were no other potential housing sites available. Referring to the suggestion to use Wiggshall depot, he advised that this was still in operational use and that the whole site would be needed. This would then mean additional land would need to be found for the depot. Similarly, the Irish Club site had been earmarked for a school; if this site were consumed by housing a new school would still be needed with no site available.

The Portfolio Holder concluded by advising that even were PFI 2 to be used this would not solve problems for the hospital in terms of the space it would need.

The Portfolio Holder for Leisure and Community Services advised on the question of consultation. He said that meetings had been held and questions from the allotment holder groups had been answered. He confirmed that it was not possible to give all information requested as some was commercially

sensitive. He confirmed, however, that Cabinet members had had all relevant information when they had made their decision.

Councillor Rackett questioned the Portfolio Holder for Planning and Legal and Property Services' concerns regarding the viability of the entire scheme and asked whether he were certain that even with the addition of the allotment land the finances would be sufficient.

The Portfolio Holder advised that it was impossible to foresee all changes in economic circumstances but that the decisions rested on assessment of risk. There was evidence that the scheme was barely viable but the business case appeared to be viable with the inclusion of the allotment land. He advised that the Council was obliged to provide housing in the future and that this site offered potential. The decision not to go ahead would remove a major housing site for Watford.

Louise Gaffney told the meeting that there was great support for a hospital at the site. She advised that a grant of £7 million was available from the Department of Health to go towards the construction of the access road; this must be spent, however, within the following two years. If the money were not used there would be no further funding. Ms Gaffney explained that the road and infrastructure for the Campus would cost in the region of £16 million; permission for building the surge wards and the Acute Admissions Unit had been granted on condition that the access road was built. Were this not to be built then the funding for clinical services would need to be sought elsewhere. This was a key point in the decision-making process.

Ms Gaffney agreed that there were currently no firm construction plans for the hospital but that this work was now being considered. She advised that the key consideration was: what was best for the hospital and what was best for the patients; this included clinical connectivity. She said that construction would necessarily be a phased approach; it was imperative that the hospital remained operational at all times and that all departments allowed for physical connection once the hospital were completed. Inclusion of the allotment land would allow sufficient space for full access between departments whilst building was in progress. Without the allotments this would be very difficult to deliver.

Councillor Dhindsa said that he had attended the majority of the meetings with the allotment holders and plans had been only slowly made available. He advised that in August 2012 there had been no plans for developments on the allotments; the first indication had been the Cabinet meeting. He asked what arrangements would be made were the Secretary of State not to agree to use of the allotment land for the campus.

The Portfolio Holder for Planning and Legal and Property Services said that in that case it would be necessary to revert to a scheme without the allotments. He reiterated that the scheme was already barely viable and that there was a serious risk of deficit. If the scheme did go into deficit a way of balancing out the costs would need to be sought. He suggested that methods could include making additional money from the site. More homes could be built on Willow

Lane although these would of necessity be very cramped. This would have a detrimental effect on the site.

The Head of Community Services advised that the engagement that had taken place with allotment holders had not been formal consultation as that was not required at this very early stage in developing proposals. She confirmed that she had been present at all engagement meetings as the allotments came within her area of responsibility. At the July 2012 meeting the two potential development partners had produced plans for the Council to consider which were on display at the meeting. She confirmed that as many tenants of Farm Terrace as possible had been invited to participate as it was the Council's wish that interested tenants should engage in the process. The Head of Community Services noted that at the second consultation meeting attendees had discussed the constraints inherent in the site by examining maps of the site and models of the requirements. That feedback from the engagement process was given to Kier to enable them to understand the broad range of views when developing their final proposals for presentation to Cabinet. Kier's plans to include the allotments had also been included in their presentation to allotment holders? on the 7th November, before being reported to Cabinet.

In response to a question from Councillor Hastrick, the Portfolio Holder for Planning and Legal and Property Services advised that the LABV was only permissible if it were for regeneration purposes and was not intended to be a commercial profit making venture. He added, however, that it was intended that it would be adequately funded and that there would be a surplus at the end of the process. He explained that the Council would be an equal partner in the LABV and would consequently accrue 50% of the benefit of the scheme.

Councillor Jeffree noted comments that rather than build on the allotment site, homes should be built elsewhere in the Borough. He asked how figures for new housing in West Watford compared to other areas in the town.

The Portfolio Holder for Planning and Legal and Property Services replied that within the previous 10 years 6.4% of new housing in the borough had been developed in Vicarage ward compared to 20% in Park ward and 22% in Central ward. He explained that development depended on sites which were proposed.

In reply to a further question from Councillor Jeffree, Councillor Derbyshire advised that 350 new homes had been built on the Cassio Metro site.

Councillor Bell noted that most of West Watford was already very congested. He agreed that housing was needed in this area but advised that the optimum which could be accommodated on the Farm Terrace site would be 66 homes. In response to the question raised by the Portfolio Holder for Planning and Legal and Property Services regarding other sites to be utilised, Councillor Bell suggested use of the proposed Morrison's site in Ascot Road. Referring to the need for additional new homes to be built in the borough in future years he said that they did not all need to be built in West Watford, he was certain that other sites could be found.

The Portfolio Holder for Planning and Legal and Property Services responded that no funding from Morrisons would be accrued for some time and that it was imperative that the infrastructure be supported financially. He reiterated the importance of the Health Campus being economically viable and again noted that income from housing would fund part of the infrastructure and the access road.

The Portfolio Holder for Planning and Legal and Property Services then addressed the subject of other development sites in the borough. He noted the possibility of using the Avenue Car Park but advised that this was next to a conservation area and that consultation with conservation experts would need to be sought and then permission to proceed granted. This would in all likelihood take three years and the deadline for constructing the rail bridge would then have been missed resulting in doubling the cost of the access road. He advised that the addition of 60 houses on Farm Terrace would make sufficient difference to move the scheme from 'non-viable' to 'viable'.

The Managing Director confirmed that the impact of including the houses in the campus would make significant difference to the viability of the whole scheme. He also drew attention to the map of the flood plain provided for the Committee. He advised that the Council was engaging with the Environment Agency to determine what could be delivered on the site in view of the presence of the flood plain; he noted the inherent risks. He advised that since Willow Lane and Farm Terrace were not in the area of the flood plain these parts of the site could be developed at an early stage in the process to underpin viability.

Councillor Dhindsa referred to the earlier discussion on the Cassio Metro and noted that this site was in close proximity to the open spaces of Cassiobury Park whereas houses in Vicarage ward had very small gardens and needed the space which the allotments provided. He also noted earlier reference to the fact that the hospital would be used by patients from a wide area. He suggested that land for houses be sought in other towns. Councillor Dhindsa concluded by stating that the report to Cabinet had not been written objectively.

The Portfolio Holder for Planning and Legal and Property Services replied that Hemel Hempstead and St Albans had agreed their own housing allocations. He added that the proposed development also involved the generation of funding and that there was a finite length of time in which to complete the project. With regard to the report he advised that the officer had given his professional opinion in the document.

Councillor Rackett MOVED that

'This decision be referred back to Cabinet.'

On being put to the Committee the Motion was LOST.

Councillor Derbyshire MOVED that

'This Committee endorses the decision taken by Cabinet on 3 December

2012 in relation to Watford Health Campus'

On being put to the Committee the Motion was CARRIED

The Chair thanked all those who had attended.

RESOLVED –

that this Committee endorses the decision taken by Cabinet on 3 December 2012 in relation to Watford Health Campus

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DATES OF NEXT MEETINGS

- Tuesday 15th January 2013 (For call-in only)
- Wednesday 23rd January 2013
- Thursday 7th February 2013 (For call-in only)

Chair

The Meeting started at 7.00 pm
and finished at 9.35 pm