



Exeter City Council

AN EXTRAORDINARY MEETING of the COUNCIL will be held at GUILDHALL, HIGH STREET, EXETER on THURSDAY 12 OCTOBER 2017 at 6.00pm at which you are hereby summoned to attend

To receive the minutes of the following meeting and to determine thereon:-

- 1 **Leisure Complex and Bus Station Programme Board - 28 September 2017** 3 - 8

Date: 4 October 2017

Karime Hassan
Chief Executive &
Growth Director

Office of Corporate Manager Democratic & Civic Support			
Civic Centre, Paris Street, Exeter, EX1 1JN	Tel: 01392 277888	Fax: 01392 265593	www.exeter.gov.uk

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LEISURE COMPLEX AND BUS STATION PROGRAMME BOARD

Thursday 28 September 2017

Present:-

Councillor Bialyk (Chair)
Councillors Edwards, Pearson, Mrs Henson and Wardle

Also Present

Chief Executive & Growth Director, Director (JY), Deputy Chief Executive, Project Manager - Build, City Surveyor, Principal Project Manager (Development), Project Manager - Leisure Operations and Democratic Services Officer (Committees) (SLS)

Justin Pickford
Phil Lewis

11 MINUTES

The minutes of the meeting held on 10 July 2017 were taken as read and signed by the Chair as correct.

12 DECLARATIONS OF INTEREST

No declarations of disclosable pecuniary interest were made.

13 PRESENTATION - LEISURE COMPLEX AND BUS STATION

The Deputy Chief Executive explained that the meeting had been called to provide an update for Members following the disappointing news that Crown Estate/TH Real Estates were no longer able to proceed with their plans for their part of the redevelopment of the city centre site (Princesshay 2) having cited market conditions. The City Council had initiated the £39.9m development to replace the outdated Pyramids swimming pool with a new leisure complex, (St Sidwells's Point) as the current pool no longer met the needs of the city, as well as replace the dilapidated existing Bus Station. The Deputy Chief Executive referred to the regeneration of this key site, which was necessary to protect the long term prosperity of the city and also offer the ability to retain and attract new businesses.

The Crown Estate had cited the rationale for not proceeding as being:

- the current wider market position "*Unfortunately in the current market, many retailers and restaurants are now more cautious about making new commitments, particularly in proposed developments, which take time to build and require a commitment several years ahead*"; and
- the impact of the above on the viability of the scheme.

The Deputy Chief Executive made a presentation to advise Members of the way forward and provided an overview of the anticipated next steps including the potential contractor procurement process. It was noted that as a consequence of the meeting between Exeter City Council and Crown Estate/TH Real Estates:-

- the Development Agreement would be set aside, removing the exclusivity so that discussions about future development could continue with other interested parties;
- Crown Estate would release site information, such as drawings and surveys to help the City Council progress the development of the site; and
- the need for the interface issues to be resolved between the Leisure Complex, Bus Station and what would have been the abutting units, (Crown Estate had been asked in principal to contribute to any interface related costs)

It was still anticipated that the current Bus Station site would close as planned in October, and the temporary interim Bus Station arrangements would be implemented, with the on street arrangements in Sidwell and Paris Street. Members were presented with information relating to the closure of the bus station including the advantages and disadvantages of continuing with the planned closure, versus keeping the existing Bus Station site open. One of the key reasons for continuing with the planned closure, was the need to de-risk the site in readiness for going back out to market. De-risking would include the decontamination of the current site, diversion of the various utilities across the site and the need to remove the current bus station building. The need to de-risk was recommended by external experts to increase the desirability of the site, to maximise its overall value, to reduce / remove risks (asbestos & ground contamination) and to send a message of clear intent that the site was ready for development.

The Deputy Chief Executive also confirmed that an Extraordinary Meeting of Council would be held on 12 October 2017 to consider the recommendations of this Board. However, the impact of the Crown Estate withdrawal would still need to be fully analysed, addressed and understood, and the project and design team will be instructed to undertake this work.

Negotiations over the tender of the City Council's section of the scheme (the Bus Station and St Sidwell's Point) had proved challenging. It was now logical to formally cease the current procurement process; review the impacts of Crown Estate withdrawal and create a number of options as regards the design solution for the interface issues. These solutions would be presented to future meetings of the Leisure Complex and Bus Station Programme Board and once the impacts and interface solutions have been resolved they will also be presented to seek Council approval.

The Deputy Chief Executive also referred to the remaining site and the need to investigate opportunities for any interim use of the site as well as a permanent solution. He provided a high level timeline from the initial confirmation by Crown Estate of withdrawal of the project, on 22 September. The issues that needed to be resolved were:-

- the closure of the Bus Station
- an impact analysis and solutions as regards the interface issues
- the interim use of remaining site
- to consider the permanent use of the remaining site

It was anticipated that an impact analysis and design solutions for the interface issues could be reached within a four month period, enabling a revised proposal to be made to Council by February 2018. The Deputy Chief Executive clarified that the actual design of the Leisure Centre and Bus Station would not be altered, only the interface elements (where the Exeter City Council scheme would have joined with the Crown Estate's scheme) would be subject to the aforementioned design

solutions. A retendering exercise would be carried out in the period March to August 2018, with an expectation that the appointment of a contractor would be made by September 2018. It was envisaged that the project build would commence in November of that year, with the site delivered by December 2020. He asked that Members consider these as only indicative high level dates and best estimates at this point.

The Chair invited the Leader to comment and he referred to the disappointment in not being able to secure the contract on the project. He felt that Crown Estate had missed an opportunity and he confirmed that the Chief Executive & Growth Director had already received some interest in the last few days in respect of the site. That interest may result in a different looking scheme, which could be beyond that original envisaged by Crown Estates.

The Deputy Chief Executive responded to a Member's question and confirmed that the project team had already met with legal advisors to initially consider and discuss the way forward including a revision of the procurement strategy which may include following the OJEU procurement route.

A Member expressed sadness about the uncertainty over the future of Paris Street but welcomed enthusiasm for an alternative development alongside the leisure complex. He also referred to the setting aside of the development agreement and the potential for discussions with other developers. The Deputy Chief Executive confirmed that the set aside had been verbally agreed and they were currently waiting for written confirmation from Crown Estate to formalise the position. He also responded to a Member's enquiry on the breakdown of the spend by the Council and undertook to provide a breakdown schedule of the £4.6 million costs so far incurred. However, he confirmed that much of the cost was on design and would not be lost as this was part of the value of the asset. He also addressed a Member's concern about a future contractor being identified and stated that he was confident on the ability to retender and for the project to move forward. Justin Pickford also responded to a Member's comment on the temporary arrangements and stated that, one or both, of the existing bus stops on Paris Street would remain open.

In the interests of transparency, the Chair gave an opportunity for a member of the Bus Users Group to ask a question on the financial risk between Crown Estate and Exeter City Council over the development. The Deputy Chief Executive invited Phil Lewis, a surveyor who had latterly been working with the City Council, to comment. Phil Lewis stated that it was important to prepare the site for future development and survey work was likely to bring up some contamination of the site, ostensibly from diesel filtrating the surface of the Bus Station, and the removal of asbestos from the aging buildings. The Chair reiterated the importance of ensuring that the project goes forward and the City Council undertaking to remove the contamination could only help expedite the future development.

The Chair also invited Bob Crawley from the Bus Users Group to speak and he referred to the timetable and asked if the Bus Station should have been kept open for longer. The Chair stated the timetable for the opening of the scheme was 2020, with indicative dates for the project depending on the final scheme for the interface elements of the site. John Brownbridge from the Bus Users Group was also invited to ask a question and he enquired if there was sufficient time in place to implement the arrangements. The Chair stated that they already had the authority to close the bus station and arrangements were being progressed accordingly.

The Chair thanked the project team and senior officers for putting together an alternative plan within six days of notification that Crown Estate were withdrawing

and he reminded Members that it had been important for them to debate this fully. He invited the Chief Executive & Growth Director to make a comment. Thanking the Chair, the Chief Executive & Growth Director referred to Exeter's position as the second strongest retail centre in the south west after Bristol. Much of what had been achieved had been built on the development plan proposals. Plan led development had helped protect the City Centre from inappropriate out of town centre developments. The current growth programme was the product of 20 years work when both Princesshay and the Bus and Coach Station site were identified for redevelopment. The Bus Station site was a large site and we had sought to deliver a comprehensive scheme. Princesshay had been successful. He was proud to be a part of a planning authority that sought to proactively deliver its vision. He was disappointed in the news, especially as Crown Estate had been positive and this project was still active in May 2017, but then the market changed and that was reflected in the decision last week. There was no third party involvement to frustrate the aspirations for the site and he was proud of the team that had worked on this project. It was important to ensure there was the right mix for the city and, although this had not been foreseen, it now provided an opportunity to rethink part of the site that was in the City Council's ownership. This project was still the right thing to do and he could not see anything in the way to deliver the site and he was convinced that the long thought through process was right for the city.

The Chair thanked Members for their comments and also referred to the need to ensure the necessary traffic orders were in place.

Members were supportive of the way forward and a Member stated that it was not the fault of the City Council that we had found ourselves in this position and it was remarkable that in such a short time, that following the withdrawal of the developer and contractor that the City Council had been able to draw together an interim plan and continue to send a positive message of intent.

The Chair drew the debate to a close and Members were invited to vote on the recommendations.

RESOLVED the Leisure Complex and Bus Station Programme Board noted the following:-

- (1) position as regards Crown Estate/TH Real Estates, including the Development Agreement being set aside; and
- (2) the current procurement process to appoint a main contractor/builder is being stopped.

RECOMMENDED that the Leisure Complex and Bus Station Programme Board request approval by Council of the following:-

- (3) to continue to close the existing Bus Station (28 October 2017) and proceed with the on-street bus arrangements;
- (4) to undertake an impact analysis of Crown Estate and TH/Real Estates withdrawal, including developing design solutions for the interface elements;
- (5) to investigate any opportunities for the interim use of the remaining site (subject to the need to de-risk the site for development); and
- (6) to look at a permanent solution for the remaining site.

Councillor Mrs Henson abstained from voting on Recommendation (3) to Council.

DATE OF NEXT MEETING

A further meeting of this Board would be arranged to coincide with the revised programme gateway.

(The meeting commenced at 3.30 pm and closed at 4.30 pm)

Chair

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