

LEISURE COMPLEX AND BUS STATION PROGRAMME BOARD

Tuesday 27 November 2018

Present:-

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

Also Present:-

Chief Executive & Growth Director, Director (JY), Chief Finance Officer, City Surveyor,
Communications Officer and Democratic Services Officer (SLS)

Justin Pickford - Baker Ruff Hannon
Phil Lewis - Randall Simmonds

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DECLARATIONS OF INTEREST

No declarations of disclosable pecuniary interest were made.

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ST SIDWELL'S POINT, EXETER BUS STATION, & PARIS STREET/SIDWELL STREET FUTURE DEVELOPMENT

The Chief Executive & Growth Director presented a report which sought approval for additional funding in relation to the development of the Leisure Complex (St Sidwell's Point) and new Bus and Coach Station, and to seek authority to enter into a contract with the successful tenderer for the construction of both projects.

The report and a presentation provided a brief update of the projects, as well as a reminder of the approved budget of £39.2 million and subsequent decision of The Crown Estate and TH Real Estate not to progress with their proposed redevelopment scheme. He also included the context in which the wider redevelopment of the fixed boundary of the Bus and Coach Station site did not proceed. Following a period of uncertainty whilst the scheme was amended to address the practical implications of the withdrawal, including derisking the site, he was able to confirm that a contractor had successfully tendered to build the Leisure Complex and Bus & Coach Station projects. The report also sought authority for the City Surveyor to progress plans to bring forward the redevelopment of the wider area, albeit, at this stage without a developer partner.

Members had continued to reaffirm their ongoing commitment to redevelop this key strategic city centre site despite the challenges of development of the remainder of the site, the topography and emerging interface issues for the Bus and Coach Station and Leisure Complex buildings.

The Project Officer for the Leisure Centre & Bus Station projects (Phil Lewis) was invited to advise the outcome of the two stage open book tendering exercise using the public sector framework, and subsequent work with the contractor to establish the price for the buildings. The procurement exercises had demonstrated the market value for the projects. This process had allowed confidence that the price represented value for money for the specified scheme. This presentation concluded

the proposed contract sum for the works was robust and generally consistent with previous procurements, the cost of the work was necessary for the level of quality and with regard to site constraints and issues.

The Chief Executive & Growth Director sought approval for the budget to be realigned with a request for an additional £11.88m, to cover the programme costs and contract price of building the Leisure Complex and Bus & Coach Station. He set out a breakdown of the revised cost for each of the projects:-

Leisure Complex £43.8m:-

- Build Contract £34.9m
- Project Costs £7.1m (including fees, planning, building control, Passivhaus Institute approvals, legal fees and investigations); and
- Programme Costs £1.8m (including tenant and landlord obligations, operator procurement and communications costs)

Bus & Coach Station £8m

- Build Contract price £5.85m
- Projects Costs £1.35m (including design team fees, planning, building control, procurement, legal fees)
- Programme Costs £0.8m (including interim bus and coach arrangements, shelters and highways amendments)

The Council had ring fenced income from new homes bonus, community infrastructure levy (CIL), Section 106 agreements and capital receipts for the purpose of delivering the Leisure Complex and Bus & Coach Station. This amounted to £33.65m. The additional funding required to deliver this project could be achieved without negatively impacting on the Medium Term Financial Plan and would not increase the Council's already identified saving requirement or commitment over the coming years. This would be possible because of:-

- Income from the operator;
- Restructuring of Council wide loans: short term / long term commitments and rates; and
- An annuity approach instead of a straight-line capital and interest repayment.

The Chief Executive & Growth Director stated that the City Council had made a long term commitment with a responsibility for the vitality and viability of the city centre. In terms of the Leisure Centre and Bus Station, there was a need for a high quality design, and particularly for the Leisure Centre to have a sustainable building and lead the way in terms of high performance and to meet the demands of climate change and the anticipated rise in temperature. The two projects were a strategic investment and Exeter City Council would deliver in a location which supported the rest of the city centre.

He referred to the emerging opportunities for the wider Sidwell/Paris Street site and the projects being critical because they:-

- Shape the future of the city.
- Ensure the economic sustainability of the city centre.
- Positively contribute to the ongoing financial well-being and stability of the Council as a business / organisation.

- Help protect income critical to the viability of the city council: car parking, commercial rents, and business rates.

At Full Council on 12 October 2017, Members sought to progress the wider site and Jones Lang LaSalle (JLL) were commissioned to provide a financial appraisal approach for the viability of a comprehensive scheme. They had now presented a market led scheme for the wider site and they identified the demand and potential to deliver the following:-

250 units of **Private Rented Sector Housing** PRS (Built to rent), five stories over:

Retailing 39,000ft² fronting Sidwell Street

Food & Beverage 15,500ft² Roman Walk

4* hotel, 10 storey tower, 175 rooms, 83,400 ft²

Office units, 8 stories, 193,900 ft²

Flexi work space, alongside the leisure centre, 27,100ft²

250 market housing units 150 2 beds, 100 1 beds (184,200ft²) on the civic centre site

A new **civic centre** 52,000 ft²

Pavilions 2 units of 4,800 ft²

Public realm enhancements: new square Paris Street, new civic space

The site would offer over 925,000 sq. ft. (including the Bus and Coach Station and Leisure Complex) with much needed residential and office accommodation, a more modest retail and food and beverage offer to complement the High Street rather than detract from it, a new civic centre hub, public realm enhancements and the opportunity to explore a new multi-purpose performance venue for the city. The report included a request for £300,000 to allow the City Surveyor to pursue the options and potentially a preferred development partner. A further sum of £90,000 was requested to cover the costs of exploring the potential viability of a multi-purpose performance venue. The Chief Finance Officer explained that the funding for the combined £390,000 was available as the result of a one off cash windfall from a 100% business rates pilot, which could only be used for supporting economic growth within the area.

The Chief Executive & Growth Director responded to a Member's comment and confirmed that the potential expansion of the remainder of the site was not to secure additional funds for the Bus Station and Leisure Complex projects. He also thanked a Member for reiterating the importance of ensuring that any assumption that Paris Street would be closed or stopped up to create a pedestrian link, would be dealt with in a timely and appropriate manner.

The Chief Executive & Growth Director also responded to an enquiry about the viability of the Civic Centre's conversion to housing, the Civic Centre, with its proximity to local amenities and existing height and mass would offer a suitable opportunity to provide housing. The City Surveyor stated that conversion with additional floors and building out a space at the rear of the building, or demolition and reconstruction would be fully explored. He responded to a Member's question about the ownership of upper Sidwell Street adjoining Paris Street, as she had concerns that the City Council might be held to ransom for that part of the site. The City Surveyor confirmed that The Crown Estate held this site with a period of over 40 years left on the lease, and it was highly likely that, rather than any ransom scenario, they would have similar aspirations for redevelopment to complement the wider area.

A Member congratulated the team on their achievement and the opportunity to move to the next stage of development of the project and wider site, which would

provide a great opportunity to encourage people to live, work and visit the city centre and drive up the local economy with their spending power. He did offer a word of caution over the aspiration to manage congestion in the city centre, and encourage prospective developers who had experience of car free developments. Another Member also agreed that the wider scheme would present an exciting response to changed circumstances, albeit more radical. Retail was moving on and the city was starting to look very different, and it was important to continue to be aspirational on behalf of the city.

The Chair wished to congratulate the team's efforts to achieve the new Leisure Centre and Bus & Coach Station for the city as well as looking at the wider vision to mirror the benefits of Princesshay and work to make Exeter a better city. He remained disappointed at the lack of support for the redevelopment of the Bus Station from the transport authority, and also wished to confirm that no further student accommodation would be created on this site.

RECOMMENDED that the Leisure Complex and Bus Station Programme Board welcome the conclusions of Jones Lang LaSalle (JLL) on the development demand and potential for the Sidwell Street and Bus and Coach station site, and request Executive to recommend approval by Council of the following:-

- (1) the City Surveyor be authorised to progress work to identify options and potentially a preferred development partner, or partners, for a comprehensive scheme for the redevelopment of the wider Sidwell Street/Bus Station site (including options for the redevelopment of the Civic Centre site, Paris Street) and fund up to £300,000 to cover the associated costs of this work;
- (2) funding of up to £90,000 be authorised to cover the costs associated with exploring the potential, opportunity and viability to provide a multi-purpose performance venue as part of the wider development of Sidwell Street/Paris Street;
- (3) the allocation of an additional £11.88m to cover the programme costs and contract price of building a new Leisure Complex and Bus Station; and
- (4) the Chief Executive & Growth Director be authorised to enter into written contracts with the successful tenderer for the construction of both projects.

Two Members abstained from voting on this matter.

17 **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 EXCLUSION OF PRESS AND PUBLIC**

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.

18 **PRESENTATION**

The Project Manager for the Leisure Centre & Bus Station was in attendance to provide a presentation on the Contractor procurement exercise, details of the tender, and proposed contract matters for the Leisure Centre and Bus Station. He responded to comments on the level of risk to be borne by the contractor and City Council, and aspects of contamination of the site, and referred to a desk top study and watching brief. The Programme Manager confirmed the approval mechanism

of the Project Gateways by the Programme Board which had been identified at the very outset of the project.

A Member wished to clarify whether the ensuing works required further authority. The Chief Executive & Growth Director explained that the Programme Board had delegated authority as a Sub-Committee of the Executive with the appropriate authority to progress the project.

RESOLVED that the Leisure Complex and Bus Station Programme Board noted the presentation and following the approval by Council in recommendations (3) and (4) of Minute 16 of the Programme Board, for funding and confirmation of the construction contract, the following authority is granted:-

- (1) the acceptance of the outcome of the tender exercise and award of the contract to Kier Construction Ltd; and
- (2) authority be given to the Project Manager in the next stage of the works (Construction and Handover) to:-
 - (a) manage of the construction contract(s) as its Agent (the Employer's Agent is a defined role under the construction contract);
 - (b) with the prior permission of the Senior Responsible Officer to instruct variations to the contract, provided the impact of which is within the constraints of the agreed budget;
 - (c) to produce, for the exclusive use of the Senior Responsible Officer and Programme Manager, a monthly report on progress, risks and issues relating to the works; and
 - (d) in the event of a matter which may critically impact on the ability to deliver the project on budget or to the agreed programme, produce an Exception Report and present such to the Programme Board, seeking approvals as required or necessary.

Two Members abstained from voting on this matter.

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DATE OF NEXT MEETING

A further meeting of the Leisure Complex and Bus Station Programme Board would meet as and when required to suit the needs and demands of the projects within the programme.

(The meeting commenced at 5.30 pm and closed at 6.50 pm)

Chair