

CITY CENTRE IMPROVEMENTS: CURRENT PROGRAMME

Report of the Corporate Director Regeneration and Culture

1. Purpose of Report

- 1.1 This report updates Cabinet on the current position of the three projects delivering public realm improvements in the city centre, brings to their attention programming and funding changes, and seeks approval to the release of capital programme funding.

2. Summary

- 2.1 There are currently three City Council projects (two active and one proposed) delivering public realm improvements in and around the city centre. These are:
- City Centre Development Project (CCDP) – to support and sustain the existing and proposed retail areas (active)
 - Cultural Quarter Infrastructure Project (CQIP) – to support the Cultural Quarter (active)
 - Leicester Regeneration Company (LRC) Master Plan Public Realm Project – to support the Master Plan's intervention areas (proposed)
- 2.2 The three projects have obtained their funding from a variety of sources including City Council prudential borrowing and the Local Transport Plan (LTP).
- 2.3 Because of reduced income from some sources (CCDP) and increased costs (CQIP), the two active projects do not have enough funding to fulfil their programmes within their original timescales. Members are also asked to decide the priorities for the LRC Public Realm Project and the level of funding it requires.

3 Recommendations

- 3.1 The recommendations to Cabinet are to:
1. Note that the City Centre Development project has reduced from £19.39m to £16.09m as a result of a reduction in funding. This has reduced the scope of the current programme.

2. The Council contribution to the City Centre Development project is £6.84m. £2.4m has already been approved therefore approval of a further £4.44m is required to complete the schemes detailed in paragraph 3.7 of the supporting information.
3. Approve the release of £473k of capital programme moneys to fund the Cultural Quarter Infrastructure Project. The total cost of the scheme is £5.57m.
4. Note that whilst additional external funding has been sourced for the Cultural Quarter programme there has also been a transfer of funding from this programme to support the PAC as agreed in January 2007.
5. Authorise the Service Director to proceed with works in the Cultural Quarter to ensure completion of works prior to the Performing Arts Centre being launched to include delegated powers of authority to enter into contract with Builders for Phase 2, the cost of which is detailed on page 9.
6. Note the expenditure on the Leicester Regeneration Company Public Realm Project of £750k.
7. The project costs for City Centre Development, Cultural Quarter and LRC public realm include each project's contribution towards the "Big Picture" promotional activities which amounts to £200k.

4 Financial & Legal Implications

Financial Implications

4.1 SUMMARY OF EXPENDITURE AND FUNDING

EXPENDITURE:

SCHEME	
	£m
City Centre Development Programme (CCDP)	16.09
Cultural Quarter Infrastructure (CQI)	5.57
LRC Public Realm (LRC PR)	2.22
	23.88

FUNDING :

	CCDP	CQ	LRC PR	TOTAL	Status
Local Transport Plan	5.22			5.22	Indicative
City Council Capital Programme	6.79	0.47	2.22	9.48	In Capital Programme
EMDA	0.36	0.29		0.65	Secured
ACE		0.14		0.14	Secured
LSEP	2.45			2.45	Secured
ERDF		1.36		1.36	0.43 not secured
Liveability Fund (ODPM)		3.00		3.00	Secured
Shires West Section 106 Agreement	1.27			0.57	Secured
Other Section 106 Agreements		0.31		0.31	£0.23k secured
Total £m	16.09	5.57	2.22	23.88	

City Centre Development Project

Available funding for CCDP schemes £16.09m

Transfer to Cultural Quarter £0.05m

Reduction in available funding (LTP and Section 106) £3.25m

Original CCDP Programme budget £19.39m

Cultural Quarter Infrastructure Project

Proposed Cultural Quarter programme commitment £5.57m

Transfer from CCDP (£0.05m)

Additional ERDF funding (£0.40m)

Additional EMDA/ACE funding (£0.43m)

City Council funding transfer (£0.02m)

Original Cultural Quarter Programme budget £4.60m

Whilst additional external funding has been found for the Cultural Quarter the number of schemes which can be completed is less than originally proposed as a result of changing the method of construction (see para

6.2). This has increased the capital investment per scheme but will reduce significantly the ongoing maintenance and extend the life of the development.

£430k of the ERDF funding has been approved in principle, we are awaiting the final funding agreement.

Other section 106 agreements for the Cultural Quarter Infrastructure programme totalling £71k have yet to be completed.

LRC Public Realm Infrastructure Project

Current funding (City Council prudential borrowing)	£2.22m
Transfer made to fund PAC	<u>£1.0m</u>
Original LRC public realm infrastructure project	<u>£3.22m</u>

Future Funding

Approval of the programmes set out in this report, does not commit the Council to any expenditure in future years.

Martin Judson– January 2007

Legal Implications

4.2 This report is primarily concerned with funding issues. Legal advice has been and will be provided with regard to contractual issues in terms of procurement and remedies, etc. Legal support is ongoing with regard to finalisation of appropriate TROs so that the statutory procedures are complied with.

4.3 Future funding by way of financial contributions under section 106 agreements will be kept under review in the light of any new legislation/guidance over the use of section 106 agreements following the introduction of the Planning Gain Supplement.

Anthony Cross, Head of Litigation.

5 Report Author

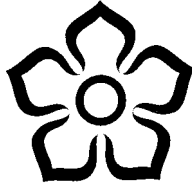
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DECISION STATUS

Key Decision	Yes
Reason	Significant effect on one or more wards
Appeared in Forward Plan	Yes
Executive or Council Decision	Executive (Cabinet)



Leicester
City Council

WARDS AFFECTED: ABBEY, CASTLE

CABINET

19 February 2007

CITY CENTRE IMPROVEMENTS: CURRENT PROGRAMME

Report of the Corporate Director Regeneration and Culture

1. REPORT

CITY CENTRE DEVELOPMENT PROJECT

Background

- 1.1 At its meeting on 8th November 2004 Cabinet approved the proposed City Centre Development Project (CCDP) with a budget of £19.25m. This was subsequently increased to £19.39m because of an increase in the Capital Programme sum to allow for inflation.
 - 1.2 At its 16th May 2005 meeting, Cabinet approved expenditure on preliminary design work for all the city centre schemes together with expenditure for the delivery of the schemes in Market Street, Hotel Street, St Martins, Loseby Lane forming part of the extension of New Walk totalling £1.74 million; and instructed the submission of further reports to provide more detail on the schemes and their programming and for approval of spend for the two years 2006/07 – 07/08.
 - 1.3 At the 5th December 2005 meeting Cabinet approved the Public Realm Strategy and released funding to enable the commencement of construction of the Gallowtree Gate scheme.
 - 1.4 Work on the CCDP project is programmed to be completed by summer 2008, prior to the opening of the extended Shires shopping centre (now to be named the Highcross Quarter).
- #### 2. Current Position
- 2.1 The surfacing work for Gallowtree Gate was completed by mid-November and the majority of the street furniture installed overnight in December. Surfacing on Horsefair Street will be done in 2007.
 - 2.2 Work began on the scheme in Market Street in August 2006; work was suspended over the Christmas period to ease problems for shoppers and retailers and is programmed for completion by the end of May 2007. Hotel Street is programmed to have started in January 2007.

- 2.3 Work was to have begun on Loseby Lane in summer 2006, but there are a number of poorly mapped underground services that need to be lowered. This scheme will now start later in 2007.
- 2.4 Over the next 2 years each of the three access points serving the market will be closed at different times as reconstruction works takes place on Hotel Street and Market Place Approach. To ensure that the market and the properties around Market Place can continue to be safely accessed three access points must always be provided; this can only be achieved by allowing traffic to pass through Cheapside. Officers have looked at various options for minimising damage by vehicles to the York Stone surfacing in Cheapside, and they have concluded that the least worst option is to remove the affected area of York Stone and lay a temporary surface of asphalt; the York Stone would then be re-laid at the end of the work. Other options were investigated including laying a temporary roadway that, while initially attractive, was very expensive, complex to lay and maintain and would have created a barrier to pedestrians and especially disabled people; we concluded, therefore, that removing and relaying the York Stone is the only realistic option.
- 2.5 Work is currently programmed to start on Market Place Approach Square, including the southern end of Gallowtree Gate and the junction with Granby Street in late Spring 2007.
- 2.6 The Traffic Regulation Orders (TROs) to pedestrianise High Street, the Clock Tower, the Lanes area, Market Street and St Martin's/Hotel Street/Market Place have been advertised. There were a small number of objectors, and those whose objections affected the High Street/Clock Tower area have, after a series of meetings agreed to withdraw them.
- 2.7 There are two outstanding objections which affect the St Martin's/Hotel Street/Market Place area. These will either be resolved by reducing the extent of the proposed pedestrianisation or a Public Inquiry will be held.
- 2.8 We have appointed landscape designers and a contractor for the schemes for the Clock Tower/High Street corridor (including Carts Lane and Cheapside) and for the Belvoir Street/Welford Place corridor, including part of King Street to connect with New Walk.
- 2.9 Construction of these schemes can start from April 2007, actual start dates will depend on a number of factors including completion of the pedestrianisation TROs and co-ordination with the construction works for the Shires.

3. Funding Issues

- 3.1 Costs for the project overall continue to be broadly in line with the original estimate of £19.39m. However, currently only £16.09m of works are programmed for completion by summer 2008, see table 1 below. This reduction in expenditure has occurred because:

- it was inappropriate to undertake some works at this time (see 3.2)
 - The difficulty in completing the original programme of works in the time available (see 3.3)
 - A shortfall in Section 106 income (other than that provided by the Shires) (see 3.4)
 - Demand on the LTP exceeding the funding available (see 3.5)
- 3.2 Because the future plans for the Market area are still evolving it seemed sensible to postpone the reconstruction of Market Place until the plans were developed and a timescale identified. The nature of any developments in the area would probably alter the designs for the roads and major building works could have a severely damaging effect on any surfacing works already undertaken.
- 3.3 Detailed project planning have proved the original outline programme to be impossible to deliver in the timescale. This is partly due to its size and partly due to practical traffic management issues that limit the number of streets that can be simultaneously closed in the city centre because of loading and emergency access requirements. The following schemes do not now form part of the current programme:
- Granby Street (between Belvoir Street and Waterloo Way)
 - Rutland Street (between Granby Street and Charles Street)
 - Cank Street.
- 3.4 We did hope to lever in £1.13m from Section 106 Agreements but there has not been enough development that can contribute S 106 funding to this project. However, negotiations continue with one developer that may result in the effective contribution of approximately £1m to the project.
- 3.5 Despite receiving a relatively favourable LTP settlement from Central Government in 2005/06 there was not enough completed funding to meet all the demands on it. We originally wanted £7.2m from the LTP for CCDP over the financial years 2005/06 to 2007/08; this is now £5.2m to 2008/09. This reasonably matches the work now proposed in the programme up until summer 2008.
- 3.6 The timetable for delivery of the £16m programme is extremely tight as the works must be finished before September 2008, when the Highcross Quarter opens. There is a large programme of works to be completed from now to that date and even if replacement funding were to be provided now it is impractical to expand that programme in 2006/07 and 2007/08. However, design work could be started in 2007/08 for schemes to start construction in 2008/09.

3.7 The following tables identify the proposed revised programme and other alterations:

Table 1

EXPENDITURE FORECAST:

Public realm and pedestrian routes	05/06	06/07	07/08	08/09	Total
High Street / Clock Tower		0.39	2.94	0.42	3.33
Gallowtree Gate and Market PI Approach	0.49	0.80	1.23		2.52
Granby Street		0.45	0.14		0.59
Newarke St/Welford Rd junction, Market St, Hotel St, St Martins, Loseby Lane	0.18	1.80	1.14		3.12
Belvoir Street		0.12	1.03		1.15
Other costs ⁽¹⁾	0.25	0.52	0.17		0.94
Total	0.92	4.08	6.65	0.42	11.65
Other measures					
Bus corridor		0.48	0.47	2.08	0.95
Wayfinding ⁽²⁾		0.05	0.35	0.10	0.40
Landscaping ⁽³⁾			0.30		0.30
PPZ		0.07	0.12		0.19
Total		0.60	1.24	2.18	1.84
Total Expenditure	0.92	4.68	7.89	2.60	16.09

Table 2

FUNDING SOURCES:

Income	05/06	06/07	07/08	08/09	Total
Local Transport Plan		1.50	1.82	1.90	5.22
LSEP committed	0.60	1.00	0.85		2.45
LSEP/emda additional	0.32	0.04			0.36
City Council Capital Programme now		2.14	4.65		6.79
Shires West Section 106 Contribution			0.57	0.70	1.27
Other Section 106 Agreements					0.00
Total	0.92	4.68	7.89	2.60	16.09

Notes

1. Other costs include project management and assurance, fees and promotional activities.
2. The estimated cost of providing wayfinding (signing, mapping etc.) has been reduced from the original £1m.
3. The budget set aside for landscaping has been reduced from the original £0.5m.
4. No separate funding provision is now made for improved facilities for disabled access or cycling as this is now provided through the individual schemes.

5. *No funding provision is made for improvements to car parks (or allocation from car parking income) as works have already been carried out.*

CULTURAL QUARTER

4. Background

4.1 Cabinet approved the Cultural Quarter Infrastructure Programme in November 2001 as part of the Cultural Quarter developments within the St George's area of Leicester.

4.2 Following this approval, Leicester was successful in securing Liveability funding from the Office of the Deputy Prime Minister (ODPM) and European Regional Development Fund (ERDF) in 2004. The project started in April 2004. The funding was allocated to developing and implementing infrastructure works and activities within the Cultural Quarter area, and to linking the Cultural Quarter to the rest of the city.

4.3 This project is focused on being completed for the opening of the Performing Arts Centre, programmed for spring 2008. The infrastructure works were for the following streets, working to a total budget of £4,590,000 in 2004:

- The Square outside the Performing Arts Centre (PAC)
- Halford Street (entire length)
- Rutland Street (Charles Street to PAC Square)
- The junctions of Charles Street with Halford Street and Rutland Street
- Vestry Street
- St George Street
- Humberstone Gate East
- Other schemes related to residential developments to be identified

4.4 In 2004 funding was compiled from the following funding sources:
Table 4

LCC	£400,000
ERDF	£960,000
Liveability	£3,000,000
S106 Contribution	£230,000
Total	£4,590,000

5 Current Position

5.1 Work began on the project in Halford Street, between Charles Street and Gallowtree Gate in February 2006. Unfortunately, similar to the CCDP, this project was adversely affected by the need to return poor quality granite to its supplier.

5.2 Officers have ensured that future shipments are verified and stockpiled. Work was suspended during the Christmas moratorium period and is programmed for completion in March 2007.

- 5.3 Works have started on the Charles Street junctions near Rutland Street and Halford Street. These works are progressing well and scheduled to be finished in June 2007. The team are currently looking at options to complete the construction earlier in order to commence with Phase 2.
- 5.4 Vestry Street, Rutland Street and the Square outside the Performing Arts Centre are scheduled to start once the Charles Street junctions are finished in 2007. These works will be finished for the opening of the new Performing Arts Centre.
- 5.5 Officers have tendered the next phase of works in compliance with funding regulations, but before all issues and risks have been resolved. This has been necessary to ensure that ERDF funding of £1.36 million is not lost.
- 5.6 Concept drawings have been done for St George Street and Humberstone Gate East but have been put on hold until further funding is secured (see Section 6 below).

6 Funding Issues

- 6.1 Based on a financial assessment of work needed, the knowledge gained through the development of the first phase of this scheme (Halford Street – Phase 1a), and a value engineering exercise carried out by Cost Consultants in June 2005, estimated cost for the full scope of works is £8,584,800.
- 6.2 The increase is due to the Public Realm Strategy requiring the use of higher quality, more expensive material than had been originally anticipated for the Cultural Quarter. We also need to use a significantly stronger construction method than previously used in the city to minimise future maintenance costs.
- 6.3 The costs for each of the schemes proposed are shown in Table 5

Table 5

Street	Current Cost
Phase 1a - Halford Street	£400,000
Phase 1b & c -Charles Street Junctions	£1,200,000
Phase 2 - PAC Square	£899,900
Phase 2 - Vestry Street	£296,100
Phase 2 - Halford Street Eastern Section	£379,600
Other cost associated with Phase2 *	£463,700
Humberstone Gate East	£1,569,000
Shop Front Scheme	£50,000
Rutland Street North (to HG East	£104,000
St George Street	£551,000
St Georges Church Yard	£45,000
Colton Street	£309,000
Sundry Public Realm	£537,500

Sub Total	£6,804,800
Professional Fees	£1,295,000
Other Costs	£95,000
Contingency	£400,000
Total	£8,594,800

* other costs associated with Phase 2 include Electrical installations (illuminated signs, uplighters, LEDs to thread effect, feeder pillars and controls, cabling to CCTV columns and cabinets), street lighting for contractor attendance on Specialist Commissions, rising bollards, electrical Installations and provisional sums of £50K respectively for Street Lighting and statutory service diversions.

6.4 The available project income is shown in Table 6
Table 6

FUNDING SOURCES:

Income	Total
LCC	473,000
ERDF Original	960,000
ERDF additional application	400,300
ODPM	3,000,000
EMDA	287,788
ACE	143,000
Section 106	301,500
Total	5,565,588

Additional funding was secured for the project from public realm improvement schemes and the East Midlands Development Agency. A further £400,300 has been identified as potential additional funding from the European Regional Development Funding, for which an in principal approval has been given, at the time of writing this report, the Project Manager is awaiting written confirmation. Additional funding has also been secured from Section 106 contributions, which together with the original approved funding package funding of £4,590,000 gives a total project income of £5,565,588 leaving £3,019,212 still to be secured.

6.5 Based on the existing funding available the elements of the project shown in Table 7 can be delivered. These elements are linked to the opening of the Performing Arts Centre and works to these streets will need to have been carried out before its opening.

Table 7

Street	Current Cost
Halford Street Phase 1	400,000
Charles Street Junctions	1,200,000
Halford/Rutland Street / PAC Square/Vestry Street	2,039,301

Humberstone Gate Shop Front Scheme	50,000
Sundry Public Realm	527,588
Fees & Contingency	£1,348,699
Total	£5,565,588

PRUDENTIAL BORROWING IN SUPPORT OF THE LRC MASTER PLAN'S INTERVENTIONS

7. Background

7.1 Cabinet previously approved prudential borrowing of £3.22m to contribute to public realm works in the Master Plan intervention areas. Cabinet subsequently approved using £1m of this as additional funding for the PAC leaving a balance of £2.22m. In May 2005 Cabinet approved expenditure for £1m including preliminary design work in relation to the LRC public realm.

8. Current Position

8.1 The following schemes are in progress:

Abbey Meadows IT cabling for the Science Park	£0.35m
Waterside Blackfriars Open Space Regeneration	<u>£0.40m</u>
SubTotal	<u>£0.75m</u>
Schemes yet to be identified	<u>£1.47m</u>
Total Funding	<u><u>£2.22m</u></u>

The Science park phase one requires an ICT infrastructure capable of handling high speed data traffic to a standard which would attract university spin off companies.

8.2 On 24th October 2006 the Minister for Housing and Planning announced in Leicester that some £5.485m for New Growth Point Schemes (mostly capital) would be made available to the 3 cities (Leicester, Derby and Nottingham) in 2007/08, of which £1.5m capital would be granted to Leicester. The £1.5m is for capital public realm improvements in the Waterside (£1m) and Abbey Meadows area (£0.5m).

It is proposed that the funding of £400k noted in 8.1 above for the Waterside regeneration area is added to the £1m funding for the New Growth Point Schemes to create a £1.5m contribution to the development.

Further detail of the Waterside scheme will be presented to Cabinet for approval.

OTHER MATTERS

9. Scrutiny Committee Consultation

- 9.1 A report was submitted to the Highways and Transportation and Economic Development and Planning Scrutiny Committees for their comment in November. That report also made reference to a possible future programme, which is covered in a separate report to Cabinet.
- 9.2 The Highways and Transportation Scrutiny Committee considered the report and resolved “that the actions proposed within the report to deliver the three projects delivering public realm improvements in the city centre, be supported”.
- 9.3 The Economic Development and Planning Scrutiny Committee considered the report and raised a number of questions to which officers responded as summarised overleaf:
- Concern was expressed about the retention of old telephone kiosks. Officers commented that they were disappointed with the old BT telephone kiosks being returned to Gallowtree Gate, but as a recognised utility the Council could only negotiate with them, not compel them to replace the kiosks.
 - A member of the Committee asked about the environmental impact of using concrete. Officers commented that alternatives to concrete could be explored but using concrete meant meeting the high quality British standard which would result in less repairs and maintenance in the future.
 - Concern was expressed about the delays to the Gallowtree Gate work. Officers responded that there were no delays to the work in Gallowtree Gate, the work was rearranged due to the problems in sourcing the granite slabs.
 - A member of the Committee asked about the possible damage to the York Stone in Cheapside. Officers responded that it was hoped and expected that there would be minimal damage as the York Stone in Cheapside was removed, but where it was damaged it would be replaced.
 - Further questions were raised regarding street furniture; safety of traffic on Cheapside; staff supporting Traffic Regulation Orders; consultation on Clock Tower plans; plans for Granby Street. Officers responded that they would provide Committee Members with pictures of the street furniture planned for Gallowtree Gate. Traffic would not be allowed through Cheapside during the hours of Market operation and a full assessment had taken place to ensure safety. There were three staff supporting Traffic Regulation Orders and it was hoped to employ a further three although it was noted that recruitment and retention was proving difficult. There would be full consultation on proposals for the Clock Tower area, it would be undertaken before Christmas and would involve local Councillors.

Improvements to Granby Street would take place in a later phase of the improvements programme.

- Members of the Committee then considered issues relating to the funding of future city centre improvements and these are covered in the separate Cabinet report on a future programme.

10. Other Implications

OTHER IMPLICATIONS	YES/NO	PARAGRAPH REFERENCES WITHIN SUPPORTING PAPERS
Equal Opportunities	Yes	All the measures proposed will be implemented so as to ensure that the city centre is accessible and available to all.
Policy	Yes	The measures contained within this report are in line with existing policies to protect and promote the city centre.
Sustainable and Environmental	Yes	The proposals in this paper will help to ensure the future sustainability of the City.
Crime and Disorder	Yes	The three Projects will help to ensure the delivery of a safe and crime free city centre.
Human Rights Act	No	
Older People on Low Income	No	None specific but see Equal Opportunities implications above.

11. Risk Assessment Matrix

	Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/or appropriate)
1	TRO's not delivered on time	M	H	Restructure programme to ensure continued delivery
2	Contractor unable to deliver in timescale	L	H	Seek additional contractors, accept additional costs
3	Costs exceed estimates	M	M	Undertake value engineering, defer part of programme, seek additional funding
4	Internal staff resources inadequate	M	H	Engage external consultants using capital funds
5	Delays caused by weather	M	L	Allow for delays in programmes
6	Delays caused by problems with Statutory Undertakers plant	H	M	Allow time in programmes for resolving problems

L - Low
M - Medium
H - High

L - Low
M - Medium

12. Background Papers – Local Government Act 1972

- Report to Cabinet 8th November 2004 “City Centre Improvements”
- Report to Cabinet 16th May 2005 “Capital Programme 2005/06 – 2007/08 Regeneration & Culture Additional Information”
- Report to Cabinet 5th December 2005 “ City Centre Improvements”
- Report to Highways and Transportation and Economic Development and Planning Scrutiny Committees November 2006 “City Centre Improvements”

13. Consultations

Public consultation has been undertaken on the schemes.

Internal consultation has taken place including with highway maintenance and cleansing.

Highways and Transportation and Economic Development and Planning Scrutiny Committees have been consulted and their comments are set out in section 10 above.

14. Report Author

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