

# Executive Decision Report

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## **VAUGHAN WAY/ GREAT CENTRAL STREET HIGHWAY AND CONNECTIVITY IMPROVEMENTS**

Decision to be taken by: City Mayor

Decision to be taken on: 21 November 2017

Lead director: Andrew Smith

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**City Mayor**

## Useful information

- Ward(s) affected: Castle
- Report author: Louise Seymour
- Author contact details: 0116 4542901
- Report version number: v4

### 1. Summary

This report outlines the proposal to deliver a further phase of the Connecting Leicester programme which focusses on enhanced pedestrian and cycle links between the City Centre and the Waterside area. Specifically this includes a new super crossing on Vaughan Way and highway and public realm works to create a new pedestrian environment on part of Great Central Street. The highway works will be incorporated as part of the delivery of the Charles Street Buildings (CSB) Group proposals for two hotels, office development, new public realm and the refurbishment of Great Central Station. The Council will meet part of these costs. Additional linked highway/access improvement works are planned to Great Central Street.

This report outlines the requirement for capital resources of £2.9M to be allocated towards highway, pedestrian and cycleway improvements.

### 2. Recommendations

The City Mayor is asked to:

- (1) Approve funding of £2.9M from resources set aside for the Economic Action Plan towards the costs of delivering highway, pedestrian and cycle improvements at Vaughan Way and Great Central Street.
- (2) Delegate authority to the Strategic Director (City Development & Neighbourhoods) to enter an agreement with Westmoreland Properties Ltd (wholly owned by Charles Street Buildings (Leicester) Ltd.), for the Council to make a maximum contribution of £2.4M towards the cost of highway works on Vaughan Way and Great Central Street.

### 3. Supporting information including options considered:

A planning application for a regeneration scheme on Vaughan Way, including proposals for two hotels, office development and the refurbishment of Great Central Station, was approved in October. The scheme includes all works and changes to the highway, including the creation of new public realm. Work is expected to commence in January 2018, following the appointment of a contractor by the developer, CSB (Westmoreland Properties). The highway work is largely interrelated to the construction and it is therefore practical and cost effective for CSB to deliver all highway works as part of one contract.

To date CSB have met the cost of all design works for the highways and have

prepared all tender documentation at their expense. This is a considerable saving to the Council in terms of design fees. CSB will run and manage the contract delivery and they will meet the costs of all design fees and project management. CSB will also cover the costs of all new public realm works within the development site itself and contribute to the construction costs of all other highway works. This is to be the subject of a development agreement which sets out the terms for collaboration.

The Connecting Leicester Programme has identified the proposal for a new crossing and improved connectivity to the Waterside as part of its wider regeneration aspirations. The scheme of highway works although linked to the Great Central Street/ Vaughan Way development is also part of the Council's Connecting Leicester programme and therefore a contribution is to be made towards these costs. CSB will however meet part of the highway costs and all of the new internal public realm costs which will use the Connecting Leicester palette of materials.

The cost of all highway and utility works related to the CSB scheme (excluding all new internal public realm) has been estimated at £3M. It is proposed that the Council meet 80% of these costs. The Council's contribution will be based on actual rather than estimated costs, paid to Westmoreland Properties on completion of the works, up to a maximum and capped sum of £2.4M. The Council will also make a pro rata contribution to Section 278 costs which will be incurred by CSB. Under Section 278 of the Highways Act 1980, the Council as local highways authority enter into a legal agreement with a developer which allows the developer to undertake improvements works within the adopted public highway. The agreement will detail the costs of works undertaken by the developer and the Council will take a percentage fee (12%) to cover administrative, legal, design checks and inspection costs.

In addition to this, and outside of the CSB work, the Council will deliver further cycleway and pedestrian improvements between Great Central Street and Soar Lane to contribute to Waterside connectivity and the proposed improvements to the A50. A further sum of £500K is identified for these works, including section 278 fees and a contingency budget.

The highway works proposed are important to both the Vaughan Way development and the Waterside; however the development and the design of the public realm area within the site (which links to Great Central Street and opens up the frontage of the former Great Central Station) are also seen as very beneficial to delivering wider Waterside regeneration. In considering the council's contribution the following should be taken into account:

- Fees already borne by CSB on behalf of the Council in respect of design work estimated at £100K +
- CSB's agreement to use the Connecting Leicester palette of materials for the public realm area, and meet 100% of these costs. (approx. £800K)
- CSB will meet the cost of all design fees, including project management of delivering the highway works (estimated cost £100K – £200K)
- The sum paid by the Council will be a percentage of the actual cost (on completion) rather than the budget estimate, however
- CSB will agree to the Council capping the sum to be paid based on the budget estimate – and will therefore bear the risk of any cost overrun

The Great Central Street/ Vaughan Way development by CSB is one of the largest regeneration schemes delivered in the City and represents an investment of

approximately £50 million by the private sector in this key location. This investment has been stimulated by the existing investment from the Economic Action Plan (EAP) in the Connecting Leicester Programme and the Local Growth Fund and EAP investment in Leicester Waterside and demonstrates the confidence the developer has in the Council's vision and delivery of Waterside regeneration. The development scheme, including two hotels and over 30,000sqft of new office space, will potentially create over 300 jobs.

The option to deliver the new highway works and super crossing in isolation from the wider development is not feasible as the development scheme has been designed to integrate the development and its public realm and connecting improvements. If the Great Central Street/Vaughan Way development scheme had not come forward and the site had remained undeveloped a new crossing and connectivity improvements would have been designed and led by the Council, but the opportunity to provide a direct link through from the Vaughan Way to Great Central Street with a clear view from Great Central street to Highcross Street could not have been achieved.

Plans of the development and the highway works are attached as Appendix 1.

#### **4. Details of Scrutiny**

Economic Development, Transport and Tourism Scrutiny Commission 19<sup>th</sup> January 2017 – Connecting Leicester Presentation

#### **5. Financial, legal and other implications**

##### 5.1 Financial implications

The report proposes to release £2.9m from resources set aside for the Economic Action Plan towards enhanced pedestrian and cycle links between the City Centre and the Waterside area. The Council's contribution to the works to be undertaken by the Charles Street Buildings Group will be based on a percentage of cost, capped at £2.4m. Some £0.5m is to be allocated for further cycleway and pedestrian improvements between Great Central Street and Soar Lane, to be undertaken by the Council.

Colin Sharpe, Head of Finance, ext. 37 4081

##### 5.2 Legal implications

External legal support has been sought in relation to the agreement by which our contribution and delivery of the scheme will be secured. In summary the recommendations are:

That the obligation to contribute payments is based on statements of practical completion by the Employer's Agent.

The Council will secure in the agreement a collateral warranty from the employer's agent providing the Council with a duty of care in respect of its actions.

The Agreement will oblige the Developer to dedicate public realm but the detail of the formal adoption will be part of a separate document. Therefore the future of the public realm will be secured to be delivered as highway and, ultimately, will be maintainable as such.

There are considered to be no implications in respect of procurement on the basis that the Council is only reimbursing the actual costs that the Developer pays out to third parties and the sums the Council is reimbursing fall below OJEU thresholds.

There are considered to be no State Aid implications as the arrangements relate to highways with no particular beneficiary and therefore fall out of scope of the rules.

All other relevant documentation for the future maintenance, rights and obligations in respect of the highways, its adoption and the wider development will be fully reviewed and advised upon as the matter progresses.

Emma Horton, Head of Law (Commercial, Property & Planning) ext. 37 1426

### 5.3 Climate Change and Carbon Reduction implications

The proposed scheme will seek to encourage walking and cycling in the city by delivering pedestrian and cycle improvements at Vaughan Way and Great Central Street. This will contribute to a reduction in city wide emissions and contribute progress towards the council's target to reduce the city wide carbon footprint by 50% by 2025, based on 1990 levels.

- Mark Jeffcote, Environment Team (x372251)

### 5.4 Equalities Implications

Equalities Impact Assessment will be undertaken as part of the design process

### 5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

None

**6. Background information and other papers:**

None

**7. Summary of appendices:**

**Plan – Vaughan Way & Great Centreal Street Public Realm and Highway works**

**8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?**

No

**9. Is this a “key decision”?**

Yes

**10. If a key decision please explain reason**

It is proposed to commit resources in excess of £1m on a scheme that full Council has not specifically approved.