

CABINET
29 NOVEMBER 2011

KEY DECISION: YES

FRIARSGATE DEVELOPMENT – URGENT ITEM

In accordance with Section 100B (4) (b) of the Local Government Act 1972, the Chairman of the Environment and Development (Overview and Scrutiny) Committee determined that this item be considered as a matter of urgency in view of short timescales involved with the proposed public consultation event and the subsequent submission of the proposals for consideration by the Local Planning Authority in January 2012

1. Decision

The Cabinet:

- 1.1 Noted the progress on the Friarsgate Scheme
- 1.2 Endorsed the proposed changes for the Friarsgate Development on behalf of the Council as landowner.

2. Statement of Reasons

- 2.1 As Members will recall the Notices to Treat in accordance with CPO procedures were served on all of the affected parties in February this year. Further to this, in July 2011 the developer, S Harrison Ltd, formed a joint venture partnership with Development Securities. Development Securities are a major UK developer with a strong balance sheet, a diverse portfolio and an extensive track record of successful development and regeneration schemes across the country. They are listed on the Stock Exchange, will bring significant additional expertise to the project and enhance the likelihood of the scheme attracting capital funding. Within the joint venture, Development Securities will lead on design and construction, S Harrison Ltd on the lettings/land acquisition. S Harrison Ltd will remain as the principal liaison with the District Council.
- 2.2 The agreement between the Staffordshire Police Authority, the District Council and the developer has also been completed. Operational changes within the Police Authority meant that the Police opted for a capital payment from the developer for the Frog Lane police station site, rather than the provision of a new police station at Eastern Avenue. The police still wish to have a front desk facility within the District Council House, for which Heads of Terms have been finalised.
- 2.3 The developer is currently working with Orchard Street (on behalf of the Railway Pensions Nominees), the new owners of the Three Spires Shopping Centre, with regard to compensation requirements as part of the Compulsory Purchase Order, as well as issues around servicing of the existing development both during and after the construction of Friarsgate.
- 2.4 Over the past two months or so much work has been undertaken by the developer and his team on the value management of the scheme. In addition, the scheme has been reviewed in regards to the future lettings and the way in which the retail and leisure market has changed since the scheme gained planning consent in 2006. As a result of these processes, the developer now seeks changes to the design and content of the scheme and, in particular, the omission of the hotel.

- 2.5 Apart from the hotel, the main elements of the existing Friarsgate proposals remain within the revised plans.
- 2.6 Many of the proposed changes to the scheme will be 'unseen' i.e. they will not be within the public areas of the development. The main changes are as follows:
- The hotel will now not be included in the scheme. The space which the hotel would have occupied will now be taken by the six screen cinema for which the developer is now negotiating Heads of Terms with the proposed operator.
 - The circular public space previously proposed to the rear of the Garrick has now moved to the west, so that it has a more direct alignment with Castle Dyke. The retail units in this area have become smaller, creating a better balance of large and small units across the scheme.
 - The service areas have been rationalised and raised to ground level. This has resulted in a small reduction in the amount of retail space and a small reduction in the department store footprint within the scheme.
 - The car park layout has been rationalised. This will provide a similar number of spaces to that provided in the previous consent but in an arrangement that will be more user friendly, provide better circulation space and an improved location for the shopmobility unit. The parking areas will be structurally separate to the residential elements of the scheme, allowing for greater construction flexibility.
 - A reduction in the number of residential units in Frog Lane and an addition to the amount of Class A3 (cafes and restaurants) floorspace.
- 2.7 The developer and architect will attend Cabinet and explain the proposed changes in more detail.
- 2.8 If the Council, as landowner, is satisfied with the revised scheme proposals in principle, the developer will continue to refine and work the proposals up in more detail. The developer will then hold a public consultation, including a 2-day exhibition, in January 2012, with a formal planning submission soon after this.
- 2.9 The developer has recently commissioned a report from the Oxford Retail Consultants. This report confirms the attractiveness of Lichfield to retailers based on the catchment population and spending power. It further advises that there is more than sufficient retail capacity to support a development of the size of Friarsgate.
- 2.10 In conclusion, the changes to the scheme now proposed not only reflect current market conditions and current operator requirements but also provide the opportunity to update and refresh the scheme's design. They will also deliver significant savings in the construction cost. However quality design and materials remain integral to the scheme and the developer stresses that the proposed changes and value management will not change this. In regard to hotel provision, changes in the local market have meant that there is no longer a demand from occupiers for a hotel on this site in view of the two other consented sites that are available one of which – Friary Outer – is to be developed by Travelodge. Your Officers are satisfied that the proposals put forward by the developer are acceptable in terms of both revised content and design changes and therefore recommend that they be endorsed by the Council as landowners. The developer believes that these changes will strengthen both the scheme's viability and deliverability and make it more attractive to potential funders. The developer remains confident that a start on-site will be achieved late 2012/early 2013.
- 2.11 Members should note that when the District Venture Board considered an update on Friarsgate in September it resolved that, for the reasons referred to above, Cabinet be recommended that the requirement for a hotel within the scheme be dropped.

3. Any Alternative Options

- 3.1 That the council does not agree to the proposed changes to the development or to the omission of the hotel. This would mean that the development would be unviable in the current market and the developer would be unlikely to move the scheme forward.