

The City of Edinburgh Council

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Edinburgh St James Growth Accelerator Model (GAM) – Update on Progress and Approval of New Financial Limit

Item number	8.3
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Executive Summary

This report provides an update on the working arrangements between the City of Edinburgh Council (the Council), the Scottish Government and St James Edinburgh (the Developer) in the delivery of the St James Quarter Edinburgh (the Development). In particular, information is provided on:

- the Growth Accelerator Model (“GAM”) Agreement and progress on the delivery of the public realm and other improvements set out in the GAM agreement;
- the Council project monitoring and Member oversight arrangements established for the current delivery phase of the project; and
- the requirement for additional expenditure in order to deliver an enhanced public realm package alongside the junction improvements at Picardy Place.

Edinburgh St James Growth Accelerator Model (GAM) – Update on Progress and Approval of New Financial Limit

1. Recommendations

- 1.1 Council is asked to:
- 1.1.1 Note that Council has entered into the Growth Accelerator Model Agreement (“GAM”) with St James Edinburgh Limited, Certza Trustees 3 Limited and Certza Trustees 4 Limited (the Developer) under the delegated authority to the Chief Executive, which was approved by Council on [19 November 2015](#) and [10 March 2016](#) and signed on 21 June 2016;
 - 1.1.2 Note that the Council has entered into the funding agreement with the Scottish Government as part of the Scottish Government annual contributions to the GAM, as approved by Council on [1 May 2014](#) and [19 November 2015](#). This funding agreement relates to works to be carried out by the Developer as prescribed in the GAM: the CEC Growth Assets;
 - 1.1.3 Note that the funding cap (City of Edinburgh Council GAM Funding Gap) of new potential borrowing for the Works which would be maintained and repaid over a period of up to 25 years through a combination of public and private sector investment, all as approved by Council on [1 May 2014](#) is £61,400,000;
 - 1.1.4 Note that all necessary property interests have now been acquired either through voluntary agreement or through the Compulsory Purchase Order process (CPO). The CPO is now complete;
 - 1.1.5 Note the revised governance of the GAM and the cross-party Members oversight of the project as detailed in this update report; and
 - 1.1.6 Approves funding the projected £1.5m cost through realignment of the existing Carriageway and Footways block capital budget in 2020/21.

2. Background

- 2.1 On 4 June 2009, the Council approved planning permission in principle (08/03361/OUT) for the redevelopment, refurbishment and demolition works to provide a major mixed use scheme on the site of the existing St James Centre.

- 2.2 In accordance with the recommendations of the St James Quarter Compulsory Purchase Order report to Council dated [29 May 2014](#), a Compulsory Purchase Order has been made and implemented for the St James Quarter redevelopment area, for the purpose of acquiring the land and property interests shown in the CPO Plans and Schedule of Interests previously presented to Council.
- 2.3 A Minute of Agreement (Agency Agreement) between St James Edinburgh Limited and the City of Edinburgh Council was completed on 4 September 2014 in terms which were considered acceptable by the Chief Executive, in consultation with the then Council Leader and Depute Leader, to suitably protect the interests of the Council and secure reimbursement of all costs, fees, expenses and compensation claims which might be incurred by the Council arising from the CPO and the subsequent transfer to St James Edinburgh Limited of the property interests acquired, and such other terms as the Chief Executive considered necessary or desirable.
- 2.4 The Council Minute of Agreement (Agency Agreement) with the Developer provides and delivers that in executing the CPO and supporting the project, all costs to the Council are being fully reimbursed and there is no cost to the public purse. This process is now largely complete and sufficient funds are held in escrow to settle the remaining acquisitions.
- 2.5 On the [19 November 2015](#) and [10 March 2016](#), in reports to Council, the Chief Executive was authorised to enter into the GAM Agreement. On 14 June 2016, the GAM was signed on behalf of the Council and on 21 June 2016, the GAM was signed on behalf of the Developer.
- 2.6 In October 2016 and prior to commencing construction works, the Developer secured a development partner in APG. The Dutch pension asset management agreed to take a 75% stake in the Development with TH Real Estate holding the remaining 25%, on behalf of its Henderson UK Shopping Centre Fund.
- 2.7 On 16 October 2016, construction work on the new centre commenced.
- 2.8 The necessary pre-conditions of the GAM agreement were satisfied on the 14 October 2016. As of this date it became a live contract and work is under way to deliver the provisions of this agreement.

3. Main report

Progress on Edinburgh St James Centre Development

The Development Scheme

- 3.1 The development is one of the largest currently underway in the UK at the current time. It includes 850,000 sqft of retail space which is anticipated will raise Edinburgh's retail ranking from 13th to 8th in the UK (CACI rankings). It also includes a hotel (W Hotels) of 214 rooms with 2,450 sqft of event space, an apart-

hotel of 73 rooms (Roomzzz), 150 residential units and a five screen cinema (Everyman Cinema).

Economic Impact

- 3.2 A Council-commissioned economic impact assessment published in 2013 found that the redeveloped St James Quarter was projected to support a net increase in employment in Scotland of approximately 1,000 full-time equivalent jobs and a net increase in the gross value added of Scotland of approximately £45 million per annum. This remains an accurate assessment although it does assume development of the Picardy central island site.

Programme for Delivery of Edinburgh St James Centre

- 3.3 The Developer's contractor commenced demolition works onsite on 20 October 2016 and this element of the programme is now largely complete. Construction of the centre's sub-structure is now underway and is well advanced.
- 3.4 The Developer's master programme shows completion for the retail area in late 2020 and late 2021 for the remaining leisure and residential elements all in line with original target completion dates.

Compulsory Purchase Order Update

- 3.5 The Council at its meeting on [29 May 2014](#) delegated authority to the Chief Executive, in consultation with the Council Leader and Depute Leader, to make a CPO in respect of the property interests required for the St James Quarter redevelopment by the Developer. The report also noted that various areas of Council owned land, which are required for the development, would be subject to a separate sale agreement, and the sale terms reported back to Committee for approval in due course. On [15 January 2015](#) the Finance and Resources Committee approved a delegation to the Director of Services for Communities and the Head of Legal, Risk and Compliance to agree terms and conditions for the sale and purchase of various pieces of land around the St James Centre to the Developer and also to grant a long lease of an area of ground to the Developer.
- 3.6 A public inquiry for the CPO was held over a series of dates in late 2015 and the decision was issued on the 22 February 2016 confirming the CPO made by the Council.

Acquisitions and Negotiations with Landowners

- 3.7 The Developer's approach to negotiations with landowners was conducted in accordance with the best practice guidance set out in paragraphs 7 and 8 of the Scottish Government Planning Circular 6/2011 - Compulsory Purchase Orders, where the scheme is large and complex with multiple interests to secure.
- 3.8 The Developer established a specialist land assembly team made up of Culverwell Property Consultants, Carter Jonas LLP and CBRE which has been and continues to progress negotiations with the remaining parties. These negotiations are monitored by Council officers.

- 3.9 At the time of writing, nearly all of the compensation packages have been agreed and the majority are settled.

City of Edinburgh Council Owned Land

- 3.10 The Council land parcels have been independently valued and these values have been agreed with the Developer and the land transaction has completed. The Council has a net gain of land in the area of 1,186sqm and there has been a net transfer value of £683,000 in the Council's favour.
- 3.11 The small parts of road or footpath and a portion of St James Place considered common good, were presented to the Court of Session and consent to dispose of these has been confirmed.

The Growth Accelerator Model (GAM)

- 3.12 In order to support the delivery of the development and ensure that the best possible outcome for the city in economic and environmental terms is achieved, a collaboration with the Scottish Government, Scottish Futures Trust, the Developer and the Council has been put in place. This arrangement is captured through two agreements: the Scottish Government Grant Offer (SGGO) and the Growth Accelerator Model Agreement (GAM Agreement) although it is collectively referred to as the GAM.
- 3.13 This innovative new model is primarily a funding mechanism that allows borrowing costs to be offset by new income streams subject to performance targets being achieved. However, the communication and traffic management protocols are also embedded in the GAM Agreement along with governance arrangements.
- 3.14 The GAM agreements are now both 'live' and the Council has contractual responsibilities to both the Developer and the Scottish Government. These are set out below.

The Scottish Government Grant Offer (SGGO)

- 3.15 The SGGO is an offer of grant funding from the Scottish Government to the Council. The grant will be payable upon successful delivery of the 'Project Outcomes'. The Project Outcomes are secured through the delivery of the 'CEC Growth Assets' (set out in paragraph 3.16) resulting in wider investment (both public and private) in Edinburgh city centre. This is measured by three 'GAM Targets' (set out in paragraph 3.17) which need to be met in order for the grant to be payable.
- 3.16 The CEC Growth Assets are:
- 3.16.1 Public realm and infrastructure improvements at James Craig Walk;
 - 3.16.2 Accessibility and permeability improvements around the New St James Centre;
 - 3.16.3 Public realm and tram proofing works at Picardy Place;

- 3.16.4 A multi-modal transport interchange at the junction of Leith Walk, Leith Street and York Place; and
- 3.16.5 The Energy Centre (to be constructed in the New St James Centre for the purposes of providing electricity to the grid and hot water and chilled water to the New St James Centre and also to allow for external connections).
- 3.17 The GAM Targets are:
- 3.17.1 GAM Target 1 – Economic growth from the Retail and Leisure element, measured by growth in the rateable value of the New St James Centre when compared to the previous rateable value of the St James Centre. This target relates to 55% of the annual grant;
- 3.17.2 GAM Target 2 – Economic growth in the surrounding area, defined as growth in Edinburgh postcodes EH1, EH2, EH7 and EH8 (excluding the centre), measured by growth in the non-domestic property tax base. This target relates to 25% of the annual grant; and
- 3.17.3 GAM Target 3 - Employment and training targets to support the long term unemployed and the harder to reach groups and areas. This target relates to 20% of the annual grant.
- 3.18 The Scottish Government maximum contribution based on achieving all three GAM Targets is £4.27 million per annum. This grant, along with contributions from the developer, will allow for a maximum capital cost of £61.4 million (and borrowing costs) to be met by the Council.
- 3.19 The GAM Targets will be measured over three years initially from 2020 and this will be extended by a further three years if the targets are not fully met. The Government's contribution is also linked to a proportional percentage performance against targets. So, for instance, if 80% of the respective targets are achieved, the Scottish Government will only provide for 80% of its contribution.
- 3.20 The risk of not meeting the above targets sits with the Council. However, should the Council be unable to achieve these targets because of unprecedented market changes, the SGGO provides for a renegotiation of the agreed dates. This gives the Council every opportunity to realise full funding costs over the life of the project.
- 3.21 The provisions of the SGGO are fully compatible with the funding agreement between the Council and the Developer (the GAM).
- Growth Accelerator Model Agreement (GAM)*
- 3.22 The GAM Agreement requires the Developer to deliver the CEC Growth Assets (as described in the SGGO (3.16). Upon delivery, and subject to the Council being satisfied on compliance by the Developer with its obligations, the Council shall pay to the Developer the CEC GAM Funding which is capped at £61.4 million for the CEC Growth Assets.
- 3.23 There are three possible repayment scenarios based on the actual cost of the CEC Growth Assets. These are as follows:

- 3.23.1 If the cost of the CEC Growth Assets is £56.9 million or less the Developer will provide an annual contribution of £150,000 in respect of the Energy Centre over the 25 year borrowing repayment period.
- 3.23.2 If the total cost of the CEC Growth Assets is between £56.9 million and £61.4 million the Developer will provide annual contributions of £150,000 in respect of the Energy Centre and a pro rata amount up to £350,000 linked to the actual cost of the CEC Growth Assets over the 25 year borrowing repayment period.
- 3.23.3 If the total cost is in excess of the £61.4 million cap, then the scenario set out above (3.23.2) will apply with the Developer meeting the additional costs over and above the cap.

GAM Growth Assets Delivery Programme

- 3.24 The programme for delivery of the Growth Assets is as follows:
- 3.24.1 Public realm at James Craig Walk - Completion – July 2019;
- 3.24.2 Public realm and tram proofing works at Picardy Place – Completion – November 2019;
- 3.24.3 Junction improvements at Leith Walk, Leith Street and York Place Completion – April 2020; and
- 3.24.4 The Energy Centre – Completion – April 2020.

Stakeholder Engagement

- 3.25 The developer has committed to a process of engagement with stakeholders in relation to the development of the centre and the enabling works that are currently underway on Leith Street. Engagement has commenced and will be carried forward by the Developer in relation to the delivery of the GAM Assets throughout the development project. The developer is approaching this through a three tier approach:
- 3.25.1 Tier 1 - Immediate Neighbours, Residents and Businesses, Occupiers within the Site (Multrees Walk/John Lewis), Traffic Management Review Panel (TMRP) and Community Councils.
- 3.25.2 Tier 2 -Transport Groups and Local Media.
- 3.25.3 Tier 3 - Edinburgh Public Groups, General Public, Wider Edinburgh City.
- 3.26 This has included, and will continue to include, engagement on the finalised permanent designs in the run up to the statutory approval processes and engagement on the temporary arrangements to be put in place during construction. Council officers have attended and will continue to attend these events in order to support this process.

Picardy Place Detailed Design Changes

- 3.27 In response to a motion agreed by the Transport and Environment Committee in August last year and as a result of initial feedback from engagement events

organised by the Developer in September a series of additional public engagement activities were undertaken by Council officers in relation to the design of the Picardy Place junction through November and December 2017.

- 3.28 Taking account of the feedback received an improved design for Picardy Place has been prepared by the Developer's design team. The design improves the layout for pedestrians, cyclists and public transport by increasing footway widths, improving linkages with existing and proposed cycle routes, reducing the size of the central island site and improving the public realm provision (outside St Mary's Catholic Cathedral and on the island site). This revised design was endorsed by the Council's Transport and Environment Committee on [25 January 2018](#).
- 3.29 The central island site was originally earmarked for a hotel development required to relocate an operator within the St James Centre. However, during the CPO process that operator ultimately sought a compensation package rather than a relocation. On [19 November 2015](#) Council agreed to delegate authority to the Chief Executive to market the site. This process has not yet commenced as it was considered appropriate to wait until the Picardy Place design was finalised. As noted above, changes to the design of Picardy Place now mean that the site is unlikely to be suitable for significant development.
- 3.30 At the time of writing the design variation process is being progressed with the Developer by Council Officers. This process will be concluded upon approval additional costs incurred as set out later in this report.

Additional Information

Recruitment and Skills Academy

- 3.31 The GAM Agreement also contains a requirement to provide a recruitment and skills academy within the St James Centre. Council officers are involved in the design of the academy from both a physical and operational perspective

Paolozzi Sculptures

- 3.32 To facilitate the construction of the multi-modal transport interchange at the junction of Leith Walk, Leith Street and York Place, the Paolozzi Sculptures have been moved from their location adjacent to St Mary's Catholic Cathedral to a temporary site at Hillside Crescent Gardens and this was taken forward in discussion with ward councillors, local residents, the Cathedral and Sir Tom Farmer.
- 3.33 The permanent location for the sculptures has not yet been identified but will be considered as part of the development of the public realm strategy for Picardy Place and will be undertaken in consultation Sir Tom Farmer.

Sherlock Holmes Statue

- 3.34 The Sherlock Holmes statue has been removed from Picardy Place and is currently being stored until it can be returned to the site.

Police Box

- 3.35 The former Police Box coffee kiosk situated near to the entrance to John Lewis at the foot of Leith Street will also need to be removed during the construction period. The owner of the kiosk is aware of this and officers are working with him to find a suitable new location for the kiosk.

Leith Street Bridge

- 3.36 The footbridge previously in place between the former St James Centre and the Greenside car park is not needed for the new centre and has now been removed. There was a desire to see the bridge reused elsewhere in Edinburgh and officers worked to find such an opportunity, however, key finding of a feasibility study into the potential use of the bridge was that it could not be reused as a result of the engineering and subsequent warranty issues which would arise when the bridge was moved. As a result it has been taken down and the metal recycled.

Lasting Memorial to Nelson Mandela

- 3.37 On [4 November 2014](#), the Council's Corporate Policy and Strategy Committee agreed that a lasting memorial to Nelson Mandela, the former president of South Africa, should be sited within the St James development. On [24 March 2015](#), the Corporate Policy and Strategy Committee agreed to delegate authority to the Director of Economic Development to determine what form the lasting memorial should take and to negotiate and enter into a formal agreement with the developer on the location for the proposed lasting memorial. Initial discussions have since been held with the developer with a view to identifying a suitable location.
- 3.38 An assessment has been undertaken of whether a new street could be named after Nelson Mandela but it is unlikely that there will be any changes to street addresses or any new streets created through these development proposals. This option has now been discounted and other options for a lasting memorial will continue to be explored.

4. Measures of success

Redevelopment of Edinburgh St James Centre

- 4.1 Success will be measured by the quality and sustainability of the new retail led mixed use development, job creation and the regeneration of the wider City Centre.
- 4.2 The improved performance of Edinburgh as a retail destination reinforcing its role as the regional centre for SE Scotland will be a key measure of success.

Delivery of the CEC Growth Assets

- 4.3 In addition to the above, success will be measured in terms of the provision of high quality public realm improvements to the Picardy Place area ensuring optimum connectivity from this site into the redeveloped St James Centre and beyond to St Andrew Square, Princes Street and Leith Walk in the east.

Redesign of Picardy Place

- 4.4 The principle measure of success will be delivery of a revised junction layout at Picardy Place incorporating:
- 4.4.1 significantly improved conditions for walking and cycling in comparison to the existing configuration;
 - 4.4.2 maintain efficient operation of the public transport network and protect the needs of passengers;
 - 4.4.3 keep the city moving and protect vital services;
 - 4.4.4 flexible design which can be adapted in the future to respond to future changes within the city including Central Edinburgh Transformation;
 - 4.4.5 re-siting of the Paolozzi sculptures and Sherlock Holmes statue;
 - 4.4.6 an alignment for a tram stop and to accommodate the proposed tram line to Leith and Newhaven;
 - 4.4.7 bus stops serving the Development and enabling interchange with the future tram stop; and
 - 4.4.8 a Council owned site in the centre of Picardy Place for enhanced public realm.

5. Financial impact

Compulsory Purchase Order

- 5.1 As was reported in the [May 2014](#) Report, the making of the CPO in respect of the St James Quarter incurred costs to the Council. However, under the signed Minute of Agreement, SJEL fully indemnifies the Council for all costs and compensation claims in respect of the CPO and any subsequent transfer of those property interests to the Developer, and is considered to suitably protect the Council, as well as ensuring no cost to the Council.

GAM Funding – CEC Growth Assets

- 5.2 Subject to the Council being satisfied on compliance by the Developer with its obligations, the Council shall pay to the Developer the CEC GAM Funding which is capped at £61.4 million for the CEC Growth Assets. This will be funded by prudential borrowing and the associated loan charges will be funded through the income streams set out within paragraphs 3.12 to 3.23 above.
- 5.3 If the acquisition of CEC Growth Assets were to be funded fully by borrowing, the overall loan charges associated with this expenditure over a 25 year period would be a principal amount of £61.4m and interest of £57.850m, resulting in a total cost of 119.250m based on a loans fund interest rate of 5.2%. This annual loan charge will be funded through a split of £4.27m to be received from the Scottish

Government (based on achieving the three prescribed GAM targets) and a £0.5m contribution from the developer.

- 5.4 It should be noted that the Council's Capital Investment Programme is funded through a combination of General Capital Grant from the Scottish Government, developers and third party contributions, capital receipts and borrowing. The borrowing required is carried out in line with the Council's approved Treasury Management Strategy and is provided for on an overall programme basis rather than for individual capital projects. Following instruction from Members, notional loan charge estimates have been provided above, which it should be noted are based on the assumption of borrowing in full for this capital project.
- 5.5 Through the monitoring phase of the project, to CEC Growth Assets completion, the Council requires the services of a project manager, quantity surveyor, clerk of works and legal representative on an ad hoc / part time basis. Procuring these services will ensure that the Council can be satisfied that both it and the Developer are complying with the obligations set out within the GAM agreements, that the cost of CEC Growth Assets represent value for money to the public purse and that the quality of the completed assets is of a high standard and acceptable for the Council to acquire. The projected cost of procuring these services for the duration of the project is approximately £0.5m and these costs will be contained within existing resources in the Place Economic Development revenue budget.

Picardy Place Detailed Design Changes

- 5.6 From the £61.4m total set out above, approximately £14m is allocated for the delivery of 'public realm' at Picardy Place' and a 'multi-modal transport interchange at the junction of Leith Walk, Leith Street and York Place' as per the design included within the GAM.
- 5.7 Any fundamental review of the current design would put at risk these agreements, the delivery programme, and the Scottish Government funding, with resulting further risk to the delivery of any revised layout and to extension of the tram. In addition, any amendments to the design would represent a variation to the GAM which is likely to have implications on cost and programme to the Council and the Developer.
- 5.8 Following the constructive stakeholder activities both in September and November, the design has been amended to reflect the feedback received. There is an increase in costs associated with the amended design.
- 5.9 The increased cost to deliver the enhanced design for Picardy Place, including public realm upon the central island site is estimated to be up to £1.5m. This is an increase over and above the funding cap, and as this is as a result of variation to the original design, the GAM contract arrangements stipulate this is the responsibility of the Council to fund.
- 5.10 Council officers are currently undertaking a review of the projected rateable value that may be generated within the surrounding area to the Development, post completion. If this assessment suggests that economic growth as measured by

growth in the rateable value could be higher than the current target within the GAM grant offer, a suitable business case will be developed for submission to the Scottish Government. The aim will be to seek approval from the Scottish Government and the Developer for the element of the GAM funding cap supported by the Scottish Government to be increased to a level that covers some, or all, of the increased cost attributable to the revised Picardy Place design. It should be noted that there is no provision in the GAM agreement that requires the Scottish Government to consider this and they have indicated that any potential review of the GAM funding cap would only occur when the Growth Assets are complete and an assessment carried out on the rateable values at that time.

- 5.11 It is suggested that in the first instance, the projected £1.5m cost uplift relating to revised Picardy Place design be funded through realignment of the existing Carriageway and Footways block capital budget in 2020/21. Should the outcome of any business case submission to Scottish Government be successful at a point after this, the requirement to fund this cost increase from Council resources may be reduced or removed.
- 5.12 If the additional cost in delivering the revised Picardy Place design were to be funded fully by borrowing, the overall loan charges associated with this expenditure over a 20 year period would be a principal amount of £1.5m and interest of £0.98m, resulting in a total cost of £2.48m based on a loans fund interest rate of 5.1%. The annual loan charge would be £0.124m and be funded from the Council's revenue loan charges budget earmarked to meet overall capital investment programme borrowing costs.
- 5.13 The revised Picardy Place design reduces the size of the central island site and delivers public realm space upon it. There is currently a projected capital receipt value assumed for the Central Island site which is earmarked as funding towards the Council's Capital Investment Programme. The revised design reduces the capital receipt value to nil.

6. Risk, policy, compliance and governance impact

Risk

- 6.1 The project is of a high financial value and is multi-faceted. As such, there are a number of processes that need to be managed. There a number of risks and high level risks include:
- 6.1.1 A risk exists that the Council may acquire assets that are of sub-optimal quality and which are not completed to the specification determined and agreed by the Council. The appointment of an independent clerk of works role will help mitigate this risk and ensure the Council is complying with one of the recommendations made by the Cole Report of the Independent Inquiry into the Construction of Edinburgh Schools.

- 6.1.2 The risk that CEC Growth Assets cost more than originally estimated. From a Council perspective, this risk is mitigated by the GAM funding cap being set at £61.4m ensuring that all costs over and above this are met by the developer although, as set out above, this does not apply to the costs incurred as a result of variations.
- 6.1.3 In addition to the financial impact of amending the design, a permitted variation on the contract may be required. Further negotiations will take place with the Developer to effect the revised design.

Policy

- 6.2 The delivery of a redeveloped Edinburgh St James Centre has been a long standing objective of the Council and is captured in both Strategic and Local Development Plans. The continued support for this project is in line with Council policy objectives.
- 6.3 The revised designs for Picardy Place have been prepared in the light of the Council's emerging Street Design Guidance, its Local Transport Strategy, the Picardy Place Design principles (approved 2009) and the Council's Active Travel Action Plan.
- 6.4 The proposed designs support the Council's Commitments to 'keep the city moving by reducing congestion'; delivering the tram extension to Newhaven by 2022; and to reduce street clutter to improve accessibility.

Governance and Compliance

- 6.5 The delivery and funding of the project is a collaboration with the Scottish Government, Scottish Futures Trust, the Developer and the Council. This arrangement is captured through two agreements: the SGGO and the GAM although the agreements are collectively referred to as the GAM.
- 6.6 The GAM Executive Group has oversight for the purposes of governing the overall delivery of the GAM project and compliance with the contract and grant funding terms. The GAM Executive includes representatives from the Scottish Government, the Scottish Futures Trust and the Council is represented by the Executive Director of Place and the Head of Finance. The Developer is also invited to attend as an Observer.
- 6.7 An All Party Oversight Group (ESJ APOG) was previously in place as part of the project governance arrangements. This allowed for members to be briefed by officers on all aspects of the project: the progress with the CPO and the development of the GAM. It was decided on 10 May 2016 by the members of the ESJ APOG that, as the CPO process was largely complete and the GAM agreement was live, the member officer engagement would be most successfully served by the Transport Projects Working Group given that the remaining key decisions to be taken would be in relation to roads consents. This subsequently became the main forum for member/officer engagement as part of the overall governance arrangements. It remained in place until the last government elections

in May 2017. The Central Edinburgh Working Group will take over this role. In any case, in the intervening period, a number of meetings and briefings for members have taken place.

- 6.8 The normal approval processes for statutory consents remain in place and no alternative arrangements have been made for this project.
- 6.9 The project management and governance in place to deliver the project along with audit, review and statutory approval processes, is considered to be appropriate to the scale and complexity of the project and will ensure compliance.
- 6.10 An internal audit of the project has recently been undertaken in line with Council processes for major projects. At the time of writing the findings and recommendations report is being prepared.

7. Equalities impact

Edinburgh St James Redevelopment

- 7.1 The redevelopment of the centre should have a positive impact on the Council's equality duties through improved accessibility and design, the provision of a training academy to help those furthest from the job market into work and extensive public consultation.
- 7.2 An independent economic impact assessment of the Edinburgh St James development prepared by SQW in 2013 found that, over the 26 year period 2015 to 2040, the development as proposed was expected to result in a net (i.e. the overall increase once any losses are taken into consideration) additional 27,048 person years of employment across Edinburgh – equivalent to approximately 2,700 permanent new jobs. The Council's Employability and Skills team will work to ensure jobseekers in Edinburgh – in particular those facing barriers to employment – are well-placed to capitalise on these opportunities.
- 7.3 A dedicated training academy will be created in the new complex within the management suite. The academy will provide an attractive and welcoming destination where people seeking employment and training opportunities can be inducted and given basic training. Indicative designs for the academy have been prepared on the basis of information provided by the Council's Employability and Skills team. The academy will include a reception area, meeting room, flexible training suite and computer suite.

GAM – CEC Growth Assets

- 7.4 There are likely to be negative impacts throughout the construction stage on the accessibility of the area which can be addressed through the Planning, Building Control and Road Construction processes. To that end, the developer has and is committed within the GAM Agreement to participate in the traffic management protocol and to oversee contract traffic management works in conjunction with the

Council's Roads department, public utility companies, emergency services, the St James contractor and other city centre projects.

- 7.5 Impacts on equalities and rights have been considered through Equalities and Rights Impact Assessment (ERIA). This process is ongoing throughout the implementation process to ensure that there are no infringement of rights and impacts on duties under the Act. No negative impacts are anticipated and it is expected that the scheme should improve conditions for vulnerable road users.

Picardy Place Detailed Design Changes

- 7.6 Impacts on equalities and rights have been considered through Equalities and Rights Impact Assessment (ERIA). This process is ongoing throughout the implementation process to ensure that there are no infringement of rights and impacts on duties under the Act. No negative impacts are anticipated and it is expected that the scheme should improve conditions for vulnerable road users.

8. Sustainability impact

- 8.1 The impact of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below.

Edinburgh St James Redevelopment

- 8.2 The sustainability impacts of the redevelopment of the St James Centre have been assessed in the determination of the application for planning permission in principle. The proposals are considered to have no significant environmental impacts and comply with the requirements of the Planning Service.
- 8.3 The proposed redevelopment of the St James Centre has been assessed against the most relevant, up to date sustainability indicators available, as the design of the scheme has progressed. As a result, the principles of sustainability have been incorporated within the design, wherever feasible, in order to ensure that the proposals are as sustainable as possible.

GAM – CEC Growth Assets

- 8.4 The delivery of the CEC Growth Assets will reduce carbon emissions because the design promotes the use of public transport and active travel.
- 8.5 The delivery of the CEC Growth Assets will increase the city's resilience to climate change impacts by promoting the sustainable forms of transport and drainage design.
- 8.6 The delivery of the CEC Growth Assets will help achieve a sustainable Edinburgh because the design will reuse existing materials where appropriate, promotes public transport, and promotes active travel through segregated cycleways and walking through wider footways and improved accessibility.

Picardy Place Detailed Design Changes

- 8.7 The design changes proposed at Picardy Place have been endorsed by the Transport and Environment meeting and are considered to be an improvement on the previous design with regard to pedestrians, cyclists and public transport users.
- 8.8 This is considered to be a further improvement to the project in terms of sustainability impact.

9. Consultation and engagement

- 9.1 The City of Edinburgh Council is working closely with the developer and its agencies to deliver a comprehensive consultation and engagement strategy, designed to ensure key audiences are kept informed of the projects progress. This process is already underway and more detail is provided earlier in this report.
- 9.2 A Communications Protocol has also been agreed and is appended to the GAM agreement. This requires all partners to work together in an open, transparent and collaborative manner to deliver an effective communications programme.
- 9.3 Stakeholder engagement activities took place in September and through November and December 2017 to obtain feedback on the detailed designs for Picardy Place. The proposed design was endorsed by Transport and Environment Committee on 25 January 2018.

10. Background reading/external references

- 10.1 Planning Application 08/03361/OUT - Report to Development Management Sub Committee of [25 February 2009](#).
- 10.2 Report to Planning Committee [6 August 2009](#) and [5 December 2013](#) – Compulsory Purchase Order St James.
- 10.3 [Picardy Place Development Principles 2009](#).
- 10.4 Report to Full Council by Director of Economic Development on [1 May 2014](#).
- 10.5 Report to Full Council by Acting Director of Services for Communities on [29 May 2014](#).
- 10.6 Report to Full Council by Acting Director of Services for Communities on [25 September 2014](#).
- 10.7 Report to Full Council by Deputy Chief Executive on [19 November 2015](#).
- 10.8 Report to Full Council by Executive Director of Place on [10 March 2016](#).
- 10.9 Report to Transport and Environment Committee on [5 October 2017](#).
- 10.10 Report to Transport and Environment Committee on [25 January 2018](#)

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11. Appendices

None.