

Development Management Sub-Committee

10:00am Wednesday 25 February 2015

Redevelopment and extension of show ground

Application reference: 10/01832/PPP

Royal Highland Centre,

Ingliston Road, Edinburgh EH28 8NE

Item number	6.3
Report number	-
Executive/routine	
Wards	A01 - Almond

Executive summary

The Royal Highland & Agriculture Society of Scotland (RHASS) has approached the Council regarding outstanding matters in relation to its masterplan proposals and the future redevelopment of the Royal Highland Centre. The RHASS wish to agree terms on which it will enter into a Section 75 Agreement with the Council regarding the provision of transport infrastructure considered necessary to support new development. The level of financial contribution is less than that sought at the time of the Development Management Sub-Committee's consideration of this matter in 2011. The RHASS have stated that there are circumstances that should be taken into account when setting level of contribution to be sought. The Council's surveyors considers the financial appraisals submitted to support the RHASS position to be fair and reasonable and this report seeks the Sub-Committee's approval to enter into a legal agreement on this basis.

Links

Coalition pledges	P15
Council outcomes	CO8, CO19, CO22
Single Outcome Agreement	SO1

Royal Highland Centre

Recommendations

- 1.1 The purpose of this report is to seek the Development Management Sub-Committee's approval to enter into a Section 75 Agreement with the Royal Highland & Agricultural Society of Scotland (RHASS) in relation to its masterplan proposals for the Royal Highland Centre, Ingliston Road, as described in application 10/01832/PPP.

Background

- 2.1 West Edinburgh is a significant location for investment with opportunities at the airport, the Royal Highland Centre (RHC) and the International Business Gateway (IBG). Collectively these opportunities are recognised and promoted by the Scottish Government as being nationally important development and notes in its National Planning Framework (NPF3) that development in this location requires continued co-ordination and planning to achieve a successful business-led city extension which fulfils its potential for international investment, new jobs and the creation of a high quality place; a position that is reflected in the Council's development plan.
- 2.2 The Second Proposed Local Development Plan (LDP) promotes West Edinburgh as a Strategic Development Area within which all proposals, including those at the RHC, are required to make appropriate contributions to new and improved infrastructure as specified in the LDP Action Programme. Transport interventions necessary to mitigate the impacts of new development at the RHC and elsewhere in West Edinburgh have been identified through transport appraisals, namely the West Edinburgh Transport Appraisal (WETA) and Transport Infrastructure Study West Edinburgh Phase 1 (TISWEP) prepared 2010 and 2011, respectively. The costs of the interventions are broadly known and a method of apportioning the costs associated with individual developments over time agreed in principle with landowners.

Main report

- 3.1 There are two planning applications pending determination at the RHC. The first, lodged by the RHASS in 2010 is a masterplan proposal to guide the development of the RHC site as a whole (application reference 10/01832/PPP) and a detailed application, lodged by Vinanian Developments Ltd, also in 2010, to erect a hotel complex extending to 168 bedrooms on land west of Eastfield Road (application reference 10/01910/FUL). The hotel and other developments proposed at the RHC will be accessed by a new road for which planning permission was granted in 2012. The RHC masterplan application was considered by the Development Management Sub-Committee at its meeting on 27 April 2011 – the application can be viewed by following the link provided in the background section of this report on page 6.

The Committee is minded to grant planning permission to the masterplan application subject to the conclusion of a suitable legal agreement to secure financial contributions to tram and other essential transport infrastructure considered necessary to support the proposed development.

- 3.2 The RHASS has demonstrated through the submission of financial appraisals that the development proposed is not able to support the level of financial contribution originally sought when assessed against the Council's developer contribution guidance. Accordingly, the RHASS proposes that a lower level of contribution is sought in relation to the early phases of development, which is nonetheless significant, and will allow essential infrastructure to be provided to support the initial phases of development at the RHC. In addition, the RHASS has indicated its willingness to review the level of contribution based on the quantum of development that takes place at the RHC over time; a clause to this effect would be included in the Section 75 Agreement if acceptable to the Sub-Committee.

Masterplan planning application

- 3.3 The RHC masterplan proposals (10/01832/PPP) promote:

- | | |
|--|----------------------|
| • Hotel development extending to: | 12,391 square metres |
| • A Centre of Excellence | 11,885 |
| • Conference & leisure use | 1,800 |
| • Office: agriculture related business | 7,644 |
| • Office: on site relocation | 5,040 |

Total 38,761

- 3.4 Transport noted in their assessment of the masterplan proposals that the WETA estimated the cost of providing infrastructure to support the full development scenario in West Edinburgh (known and promoted as Edinburgh International) lay somewhere between £143 million and £172 million. However, a further, more detailed appraisal, TISWEP, indicated that with an agreed lower level of development in the wider area, in the context of lower than anticipated airport passenger growth, contributions in the order £15 million would be required. The proposed development at the RHC would be required to contribute towards this sum. At this time however no agreement had been reached as to how costs would be apportioned among landowners in West Edinburgh. On the basis that a solution could be identified and agreed the Head of Transport raised no objections to the proposals of the masterplan subject to a suitable legal agreement being entered into to secure financial contributions towards tram, interventions identified in WETA and TISWEP e.g. improvements to the A8 'dumbbells', Newbridge and Gogar roundabouts, cycle links and bus support measures, and the provision of other 'local' infrastructure, including:

- Bus stops on the A8 Glasgow Road;
- Signalised pedestrian crossing on Eastfield Road; and
- Temporary signalisation (during major events) at the entry/exit onto the A8 Glasgow Road.

Transport Contributions (as originally sought)

- 3.5 The level of financial contribution sought in 2011 when Committee was minded to grant, in respect of the masterplan proposals, including hotel proposals, amounts to a maximum of £3,621,313. This figure comprises:
- 1) £1,546,784 contribution to the tram project;
 - 2) £2,074,529 maximum contribution to measures identified in the WETA; and
 - 3) Transport Improvement Works to be undertaken by the developer:
 - [a] the erection of temporary signalisation for major event use;
 - [b] the location, design and erection of new eastbound and west bound bus stops on the A8 Glasgow Road; and
 - [c] the location, design and construction of a proposed signalised pedestrian crossing on Eastfield Road.

Financial Appraisal

- 3.6 The RHASS is willing to enter into a Section 75 Agreement with the Council provided that the level of financial contribution sought is reasonable and allows development to remain viable in challenging economic circumstances. The RHASS argues that the total sum sought renders development at the RHC unviable and without a reduction it is unable to take forward its development proposals. Furthermore, continued delay in resolving this matter may result in its preferred hotel operator withdrawing its interest in the development.
- 3.7 The RHASS has also submitted financial appraisals to demonstrate the impact of the maximum level of financial contribution on the investment to be undertaken by the RHASS and its partners. The appraisals have been assessed by the Council's surveyors who consider the appraisals to be fair and reasonable in their conclusions.

Proposed New Agreement Terms

- 3.8 One way forward in this matter is to consider measures identified as requiring a contribution but not specifically required to address the impacts of new development proposed at the RHC e.g. the upgrade and dualling of Eastfield Road, a proposal principally to improve public transport accessibility to the airport and improve its appearance as an integral part of the International Business Gateway. This proposal, beyond the access to the park and ride facility, is not required to mitigate traffic impacts of new development at the RHC and elsewhere in West Edinburgh. In addition, contributions to interventions that are required to support new development, including those identified in WETA and TISWEP, could be sought when a defined quantum of development has been reached at the RHC. As a member of the Edinburgh International Development Partnership, RHASS may of course be obliged to contribute to the upgrade of Eastfield Road and other West Edinburgh projects by different means and agreements. Finally, as indicated in paragraph 3.2 above, the RHASS is willing to review the level of contribution based on the quantum of development that takes place at the RHC over time and, if there has been a demonstrable uplift in values, make further contributions if this can be justified.

3.9 If the Committee is agreeable to the Eastfield Road part of the overall package of financial contributions being delivered through the Edinburgh International Development Partnership, the total financial contribution would be £2,922,219 and this figure comprises:

- 1) £1,546,784 contribution to the tram project; and
- 2) £1,375,435 maximum contribution to measures identified in the WETA.

The works to be delivered by the developer would remain as stated above.

3.10 The RHASS remain committed to delivering this overall amount in relation to the build out of the masterplan. However, their project appraisals do not currently allow this level of contribution to be borne. They have suggested that the Council proceed on an 'agreement to agree' where the permission is issued but that a legal agreement restricts development from proceeding until the Council has agreed to the level of contribution being offered by RHASS for a particular part of the development. In the first instance the RHASS are offering £600,000 in order to allow a hotel of up to 230 rooms to be built on the eastern section of the site (Plots 1, 2 or 3). The amounts required in relation to the contributions set out in 3.9 would be £521,111 towards tram and £245,369 towards WETA. The RHASS has stated that they would be happy to allow the Council to use the £600,000 flexibly in relation to any or all of the infrastructure requirements. This would result in a shortfall of £166,480 which would need to be addressed in future negotiations for contributions in relation to future phases of the masterplan. However, there is no guarantee that this would be secured.

Conclusion

3.11 In challenging economic circumstances the RHASS is unable to progress its development proposals for the RHC while the level of financial contribution remains at that sought when the Committee first considered this matter. The RHASS has approached the Council with a proposal to reduce the amount sought, has supported its position with financial appraisals and indicated its willingness to review the level of financial contribution as its development proposals progress. The Council's surveyors consider the appraisals to be fair and reasonable. The level of financial contribution proposed by RHASS remains significant and will allow the initial phases of development at the RHC to proceed and be supported by necessary transport infrastructure improvements. On this basis it is recommended that the Committee agrees to the request of the RHASS and enters into a Section 75 Agreement as described in paragraph 3.10 above.

Financial impact

4.1 The approval of this report will allow the Council to enter into a Section 75 Agreement with the RHASS to secure a financial contribution towards the provision of essential infrastructure required to support development proposed in application 10/01832/PPP and the wider Edinburgh International initiative.

- 4.2 The level of financial contribution proposed by the RHASS is £166,480 less than that required when assessed against the Council's developer contribution guidance and considered necessary to mitigate the full impacts of the development proposed. There is therefore a risk of a shortfall in the sum required to meet the full costs of providing the transport interventions identified in WETA and TISWEP.

Risk, policy, compliance and governance impact

- 5.1 The planning applications have been assessed and progressed in full accordance with statutory requirements and as such the level of risk is considered to be low.

Equalities impact

- 6.1 There are no adverse impacts in terms of equalities or human rights arising from this report.

Sustainability impact

- 7.1 The sustainability impact of both applications was considered at the time of their assessment and consideration by the Development Management Sub-Committee. No further assessment has been undertaken in the preparation of this report.

Consultation and engagement

- 8.1 Consultation and engagement was undertaken in respect of both applications at the time of their assessment and consideration by the Development Management Sub-Committee. No further consultation or engagement has been undertaken in the preparation of this report.

Background reading/external references

The RHC masterplan application can be viewed via the following link (10/01832/PPP):

- [Planning application in principle for redevelopment and extension of show ground site including show ground related uses, offices hotel\(s\) with public house licence, conference, exhibition, education, training and retail facilities including access, car parking and landscaping.](#)

The Second Proposed LDP and associated Action Plan can be viewed via the following links:

- **Edinburgh Local Development Plan: Second Proposed Plan**
June 2014 and supporting documents Link: [Second Proposed Local Development Plan](#)
- **Second Proposed Action Plan**
June 2014 Link: [Second Proposed Action Programme](#)

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Links

Coalition pledges	P15 Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors.
Council outcomes	CO8 Edinburgh's economy creates and sustains job opportunities. CO19 Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm. CO22 Moving Efficiently – Edinburgh has a transport system that improves connectivity and is green, healthy and accessible.
Single Outcome Agreement	SO1 Edinburgh's economy delivers increased investment, jobs and opportunities for all.
Appendices	N/A