

**DERBY CITYSCAPE LIMITED ANNUAL REPORT 2008-09
for Homes & Communities Agency and Communities and Local Government**

Date Established July 2003
Core Partners EMDA/HCA/Derby City Council
Board members: Peter Richardson John Cadwallader Ray Cowlshaw Maxwell Craven Eleanor Deeley Graham Dobbs Elizabeth Fothergill Hilary Jones Jeff Moore Chandra Morbey Hari Punchihewa David Williams Michael Wood
Chair : Peter Richardson Chief Executive Officer : John Cadwallader
Staff Numbers 10
Business Plan Period 1 st April – 31 st March
URC Area (ha's) : 140
Population 232,000 (Derby) 2274 (URC area)



Westfield Derby

General Overview – to include the URC's Progress to Date and Main Headlines For The Year

- Chairman's Review**

"There is evidence that the City Centre is becoming an attractive investment proposition. Planning approvals for residential and commercial development were on average a factor of 6 and 50 times greater between 2006 and 2008 than in the three years before the URC was set up....Local awareness of the URC has increased from 70% to 77% in 2006 to 2008 and a growing proportion of residents believe that it is making a real difference to the City Centre."

"In its projects, Cityscape has added value by providing vision, focus, co-ordination, leveraging additional resources, unlocking the potential of underexploited areas, undertaking necessary groundwork and championing the Masterplan..."

European Institute for Urban Affairs, Feb 2009

Since being elected and appointed as Chairman the year to 31 March 2009 has been one of significant progress.

When Derby Cityscape was established there were three serious key issues that were quickly recognised as significant to the future success of Derby City Centre; 1) The poor retail offer and 2) Lack of modern, Grade A office accommodation and 3) Quality City Centre Hotel Accommodation.

The retail offer was addressed by the welcome arrival of Westfield Derby, and has enjoyed continued success since its opening in October 2007.

A major step forward in addressing the provision of quality of office space has been made with planning approvals being granted for 3 new office schemes during the year, totalling a substantial 17,523 sq m with a further 45,000sq m in the planning approval process.

The opening of Derby's first boutique Hotel – The Cathedral Quarter Hotel in April 2008 has been very well received, with rave reviews.

Remaining with the Hotel theme, the 213 bed Jury's Inn hotel, brokered by Derby Cityscape is due to open its doors in June 2009

Significant progress has been made over the past year with work on Riverlights Phase 1, which includes the bus station, casino and two hotels is due for completion in 2010 and the Roundhouse, the new Derby College campus is expected to welcome its first term of students in Autumn 2009.

The opening of QUAD in September 2008 encouraged local and national press coverage and has enjoyed over 10,000 visitors in its first 6 months – a huge success.

As aforementioned the provision of offices has received a boost with a number of schemes now with encouragement and support been granted Planning Permission and schemes in the planning approval process; one such scheme is ONEDERBY, 38,000 sq m of office, retail, leisure and hotel space is the most recent and also the largest office led scheme to enter Derby.

Now ready to begin work on site, any office scheme will require a pre-let before work commences.

“Cityscape has played a valuable part in addressing the root causes of City Centre underperformance and laying solid foundations for future success. Through Masterplanning and marketing it has begun to create the necessary context and framework for private sector investment. More externally – based developers and architects are now working in the city centre. Cityscape has acted as a design champion and raised the bar. Cityscape has played a part in improving the City Centre. But many other factors have also been important such as national economic and policy trends and the actions of other public sector organisations and the private sector.”

European Institute for Urban Affairs, Feb 2009

Developer confidence as reflected above was riding high prior to the ‘credit crunch’, but the current lack of confidence echoed means Derby is not immune to this; however, whilst developer activity is continuing in the city centre, we feel the major impact on our ambitions for Derby City Centre will be influenced most in the next two years.

Knowing the potential impact of the credit crunch on the ability of developers to secure funding particularly on high density, capital intensive schemes, we as a board have prioritised schemes where we judge the credit crunch will have a lesser impact and schemes which will benefit from pre-development work now for the preordained market upturn.

One project which is a key priority of the Derby Cityscape Masterplan and one which offers a great chance of success is Castleward Urban Village which shall be going to market mid 2009 for a development partner. The Castleward Urban Village project is a project for the future, once a development partner has been appointed – which we expect shall be Mid 2010, we expect work on site to commence 2011 following an expected upturn in the economy.

- **Chief Executive’s Review**

Priority Projects (Direct)

Significant progress is now being made on the ground.

Friar Gate Studios, a commercial development of 1860 m² targeted at start-up businesses in the creative industry sector, became the first project to be completed in 2006.

Since then good construction progress has been made with three of the priority projects:

1. The Quad, a visual arts centre on Derby’s Market Place, was completed September 2008.
2. The Roundhouse, the conversion of a Grade II listed building into a Centre of Vocational Excellence by Derby College, will open in September 2009 and be operational for the academic year 2009/10.
3. The Rutland House housing scheme of 53 units was structurally completed in April 2008, with the St Helen’s scheme having been re-planned in view of market conditions due to start on the latest phase in Summer 2009.

General Development Activity

The Derby Cityscape Masterplan has given private sector developers and investors the confidence to bring schemes forward. Planning permission was granted for 3 significant commercial office schemes of 60,000 ft², 50,000 ft² and 40,000 respectively.

A key target for Derby Cityscape were Hotels; Cathedral Quarter Hotel, a four star boutique offer opened its doors in April 2008 and has encouraged rapturous reviews.

Another hotel due to complete Summer 2009 is the three star Jury's Inn; a popular business option nationally, the arrival of jury's Inn is a key addition to Derby.

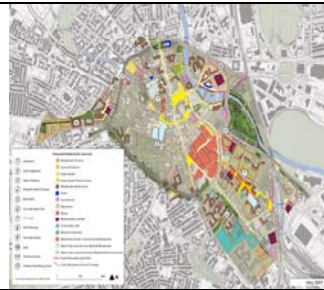
The completion of the Westfield Derby shopping centre, the first to be completed in the UK by the worlds largest retail centre operator, and was the largest retail led development to open in the UK in 2007. The arrival of Westfield Derby has been significant to the retail offer available in Derby and after being placed outside of the top 50 in 2007 in the national retail rankings, Westfield Derby now appears at number 31.

The fact of Derby is changing and strong progress will be seen next year in spite of the current economic climate with the completion of priority projects and site starts on others.



Derby Cityscape continues to develop its relationships which have been so beneficial in recent times to bring forward the schemes which, in conjunction with our prioritised projects, will deliver the regeneration of Derby's city centre.


The following table indicates the change around in planning approval and project completion levels pre and post URC existence.

APPROVALS		PRE URC			POST URC					
		2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Residential	No of approvals Units	4 34	3 10	2 28	4 35	12 404	5 125	5 241	9 122	2 44
Commercial	No of approvals Sq ft	0 0	0 0	0 0	0 0	7 161,243	2 5,597	2 12,292	- -	2 49689
Office	No of approvals Sq ft	1 1,076	1 1,345	0 0	1 43,055	3 192,136	1 28,309	2 2,071	1 6,108	4 188547
Retail	No of approvals Sq ft	1 10,333	1 517	2 44,138	0 0	3 468,402	1 6,921	4 4,882	1 3,175	2 19658
COMPLETIONS		PRE URC			POST URC					
		2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Residential	Units	4	38	0	0	34	0	136	53	73
Commercial	Sq ft	0	0	0	0	476	0	28,954		134500
Office	Sq ft	1,076	0	0	0	4,000	0	0	0	1463
Retail	Sq ft	10.33	0	0	0	0	43,518	0	43,329	0




Key projects

Project Name & Description	Current Position on Previous Milestones As at 31 st March 2008	Project Milestones 1 st April 2008 to 31 st March 2009
<p>Friar Gate Studios 1860 sqm Workshops (net lettable). The construction and operation of new build managed workspace for small creative industries on a redundant nursery site fronting Ford Street, Derby.</p>	<p>Structurally completed in September 2006 and officially opened November 2006.</p>	
<p>North Riverside 1) North Riverside East Following economic and financial appraisal of the initial Masterplan proposals it was deemed necessary to eliminate the Performing Arts Space from our plans. Extensive appraisal assessments revealed a scheme of 8337 m² of offices, 1922 m² of retail and leisure, 396 one and two bed apartments, a 208 bed 4* hotel, a 600 space multi storey public car park, and 286 dedicated car parking spaces for the office and residential elements.</p> <p>2) North Riverside West Comprises 4 residential sites to be brought forward by the private sector delivering 280 homes.</p>	<p>Pending outcome of Environment Agency's Lower Derwent Flood Risk Mitigation Strategy Review to advise on extent of developable land – Partners are continually updated</p>	
<p>St George's 6900 sqm Commercial; 2300 sqm Retail; 178 Residential Units - focusing on the island site bounded by St Mary's Gate, Bold Lane, Sadler</p>	<p>Demolition on site commenced March 2009, to be followed by archaeological excavation</p>	<ol style="list-style-type: none"> 1. Obtained planning approval January 2009 2. Commence demolition March 2009

<p>Gate and Iron Gate. Many under developed sites here, such as Prince's Supermarket, characterise the area; potential exists for a redevelopment opportunity, sympathetic to the historic area. Phase 2 of development will become available as Derby City Council vacate Middleton house as per their declared relocation strategy.</p>		
<p>Becket Well 18,200 sqm Commercial; 250 space car park - concentrating on the former Duckworth Square development, the adjacent surface level car park and the United Reformed Church. Originally proposing relocation of new Council facilities onto the site with the Local Authority leading on the redevelopment proposals for their own use – this is unlikely now to be achieved.</p>	<p>Review of Masterplan proposals undertaken due to lack of financial viability of City Council relocation. Now identified for mixed use redevelopment incorporating the Debenham's site which was vacated in October 2007 when the new Westfield Derby retail complex opened.</p>	<p>Becket Well is our biggest challenge, a contextual study to develop a framework is expected to be completed Summer 2009 with a public consultation expected very soon afterwards.</p> <p>Completion of development framework July 2009.</p>
<p>City Centre Eastern Fringes Area Action Plan (CCEFAAP) Is required to replace site specific policies and land use proposals for the area which includes the DRI, Castleward, Bass' Recreation Ground, North Castleward and the land immediately north of the River Derwent abutting the ring road and the railway.</p>	<p>A preferred option now adopted by Derby City Council – will not form a part of funding documents.</p>	<p>DRI site vacated Mid 2009 Planning determination mid 2009</p>
<p>North Castleward 25,000 sqm Commercial; 1000 sqm Retail; 130 Residential units; 250 space car park - Major regeneration opportunity fronting inner ring road and directly opposite the new Eagle Centre extension. Presently underutilised with main</p>		<ul style="list-style-type: none"> - Planning subject to section 106 for a hotel - Planning permission for ONEDERBY – an office led scheme of circa 37,000sq m. <p>Acquisition of site and development by private sector is major item in bringing forward private sector confidence.</p>

<p>part and frontage of site in single ownership. Derby Cityscape will facilitate the redevelopment of this site for offices that could accommodate a major relocation to the city.</p>		
<p>Castleward 40,360 sqm Commercial; 2745 Residential Units; Relating to the area lying south east of the central area, connecting the railway station with the city centre. The site is bounded by Station Approach and Railway Terrace, London Road, Traffic Street and to the east by the railway lines.</p>	<p>Going to market – OJEU mid 2009 Appointment of Development Partner Mid 2010</p>	<p>7 acquisitions made in total since 2007/08 – further acquisitions planned for easier delivery</p>
<p>Station Approaches 2350 sqm commercial. This project relates to the area around Derby railway station characterised by poor quality buildings, low grade uses, a low standard of public realm and, in urban design terms, a lack of legibility. Project seeks to assess opportunities for redeveloping this area and creating fitting gateways to the city centre and Pride Park. A new improved transport interchange is envisaged at Midland Road/Railway Terrace.</p>	<p>Detailed Masterplan of station area commissioned by Derby Cityscape to create negotiation base with Network Rail over development opportunity of the wider Station Area.</p> <p>New passenger interchange format agreed between Derby Railway Station Partnership which will define development opportunity.</p> <p>Initial design options for main building and working up delivery options for refurbishment of derelict station building adjacent.</p> <p>Ongoing dialogue with adjacent landowners and partners.</p>	<p>Detailed design on transport interchange and multi story car park for planning submission, June 2009.</p> <p>Masterplan agreed by Railway Station Partnership – September 2008 Public Consultation mid 2009</p>
<p>Quad 2400 sqm Leisure/Cultural Space Quad is the Derby Visual Arts and Media Centre. Facilities for a wide range of activity from exhibition and production workshops</p>		<p>Officially opened September 2008.</p>

<p>through to media/digital presentations, seminars and conference use will be provided.</p>		
<p>Roundhouse Provision of a new city centre campus for Derby College.</p>	<p>Strong progress on construction works.</p> <p>Expected opening Autumn 2009</p>	
<p>St Helen's Street Metropolitan Housing Trust.</p> <p>Mixture of affordable and rented housing schemes</p>	<p>Site A – Affordable rented housing - to start on site mid 2009</p> <p>Site B + C – To be reappraised due to market conditions and re-plans considered.</p>	
<p>Value For Money</p> <p>Cityscape has generated added value in the way it has either led or participated in key projects and also in a more general, strategic sense. Evidence of the former, derived largely from the case studies, is summarised in Table 5.2. Several recurrent themes are apparent. First, both the case study findings and stakeholder interviews revealed that the Cityscape Masterplan is generally well regarded because of its comprehensiveness, balance, eye for exploiting underdeveloped parts of the city centre and recognition of the need for improved linkages between key city centre facilities and projects. Second, Cityscape has sought to ensure compliance with the Masterplan by commissioning the necessary feasibility studies, identifying key sites, procuring the necessary resources, championing good design and paving the way for development by land acquisition, marketing and liaising with affected parties and commenting on major city centre planning applications. Third, Cityscape has played an important orchestration role on a number of key projects through co-ordinating inputs, progress chasing and brokerage. This has helped maintain collective focus on the projects, despite partners' competing priorities.</p> <p>More generally, Cityscape has generated various kinds of strategic added value, which are summarised in Table 5.3. Essentially it has:</p> <ul style="list-style-type: none"> ◆ Exercised a lead role in terms of masterplanning, championing high design standards and realising the city's latent development potential; ◆ Performed an influencing role in terms of raising sights, aspirations and city profile; ◆ Both through the Masterplan and its own marketing raised external (developers') awareness of Derby and provided a good platform for Marketing Derby; ◆ Levered additional resources and capacity from partners and higher standards from developers; ◆ Brought together different partners to ensure a joined-up approach; ◆ Fully engaged key stakeholders in order to both raise collective awareness of the Masterplan's proposals and interconnections with other plans and also to refine the former. 		
<p>Good News Opportunities For The Year Ahead</p> <p>Marketing of Castleward Urban Village. Site Start on St Helens Street Summer 2009 Roundhouse open Autumn 2009 Site Start on Station Interchange Site Start on Castleward Boulevard</p>		
<p>Links to Other Programmes</p> <p>Funding of projects comes from a wide range of sources: emda regional single programme, erdf, LSC, Heritage Lottery Fund, Growth Points, HCA..</p>		

Evaluation/ Succession Planning

The business plan has the full derby Cityscape operation running until the end of the financial year 2011/12 with a winding up in 2012/13. Discussions are ongoing with partners about the creation of an economic development company with a broader remit to address all economic development issues, and a decision to create an EDC would involve the absorption of Cityscape's activities into that organisation.

Direct Outputs	Lifetime	Achieved up to 31 st March 2009	As a % of lifetime outputs
Public sector investment (£m)	222.9	84.6	37.96
Private sector investment (£m)	687.3	0.9	0.13
Commercial floor space (sq m)	116,678	4,865	4.17
Jobs created	4,820	101	2.09
Housing units	3,013	0	0
Land brought back into use (ha)	25.8	3.4	13.18

Lifetime gearing

Brokered Outputs	Lifetime	Achieved up to 31 st March 2007	As a % of lifetime outputs
Public sector investment (£m)	3.4	3.4	100
Private sector investment (£m)	527.9	390.3	73.93
Commercial floorspace (sqm)	68,457	4,865	7.11
Jobs created	3,780	2,300	60.85
Housing units	659	170	25.8
Land brought back into use (ha)	4.5	3.3	73.33

Finance

Income and Expenditure account for 1st April 2008 to 31st March 2009

	Budget Annual £000	Budget YTD £000	Actual YTD £000	Forecast Outturn £000
Income/Funding				
EP				
RDA				
Council				
ERDF				
Other				
Total				
Expenditure				
Staff Costs				
Office/Premises Costs				
Travelling/Transport				
Consultants				
PR/Marketing				
Other				
Surplus/Deficit				
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Notes:

Average No of Staff.(ft/pt and secondment)

Funding provided by CLG directly