

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	9 June 2020
Title	Lancaster Canal Quarter: Strategic Regeneration Framework and Delivery Strategy		
Report of	Director for Economic Growth and Regeneration		
Purpose of Report			
To note the outcome of the Draft Lancaster Canal Quarter Strategic Regeneration Framework (SRF) statutory consultation process, and note the amendments accepted by officers and approve a final version for adoption as a Supplementary Planning Document (SPD) to sit within the suite of Local Plan policy, advice and guidance material. The report also outlines the next steps in delivering a viable regeneration development proposal and phasing/delivery strategy, alongside the key approvals required to undertake the next stage of work			
Key Decision (Y/N)	Y	Date of Notice	06/05/20
		Exempt (Y/N)	N

Report Summary

The report outlines outcome of the Draft Lancaster Canal Quarter Strategic Regeneration Framework (SRF) statutory consultation process, notes the amendments accepted by officers and approve a final version for adoption as a Supplementary Planning Document (SPD) to sit within the suite of Local Plan policy, advice and guidance material. The report also outlines the next steps in delivering a viable regeneration development proposal and delivery strategy, alongside the key approvals required to undertake the next stage of work.

Recommendations of Councillors

- (i) **The final version of the Canal Quarter Strategic Regeneration Framework is agreed as a formal publication version and issued for a further four week statutory consultation period.**
- (ii) **Should there be no substantive amendments arising from the final consultation the document is adopted as a Supplementary Planning Document**
- (iii) **Pre-approval is given for officers to make bids to the Canal Quarter Reserve for use in progressing the elements of the Canal Quarter regeneration project identified in the report.**

Relationship to Policy Framework

The Canal Quarter site is a long-standing allocation within the Lancaster Local Plan and is identified via Policies ER4 and ER5 of the Lancaster District Core Strategy (adopted in 2008) and the emerging Policy SG5 of the Strategic Policies & Land

Allocations DPD, which is at an advanced stage and was Submitted to the Government in May 2018.

The Final Version of the CQSRF recognises its potential for:

- A sustainable extension to the current city centre to facilitate growth;
- Accommodating a range of uses, including retail, leisure, residential, cultural and wider commercial uses;
- Retaining Lancaster City Centre’s role and function serving both the district and the North Lancashire / South Cumbria sub-region
- Retention of historic buildings of significance, views and the creating of public open space.

The Local Plan is made up of the entire suite of adopted development plan documents (DPDs). An SPD is not a development plan document and it is not part of the development plan. It cannot introduce new policy, instead its role is to supplement policy in an adopted development plan document. The CQSRF is therefore compliant and does not conflict with the Local Plan and approval by Cabinet is an appropriate course of action.

The development of the CQSRF and its adoption comply with the terms of the city council’s Statement of Community Involvement and direction on public participation.

Conclusion of Impact Assessment(s) where applicable

Climate	Wellbeing & Social Value
Digital	Health & Safety
Equality	Community Safety

There are no Health & Safety, Equality and Diversity, Human Rights, Community Safety, HR implications arising from a commitment to move the CQSRF through a further statutory SPD consultation phase.

In terms of the impact on potential future development proposals and outcomes officers are confident that issues have been intensively explored and tested during the preparation of the document itself, adhering to the principles of the council’s Core Strategy and emerging Local Plan.

Details of Consultation

The CQSRF has been subject to wide ranging public consultation as outlined in the report. The development of the CQSRF and its adoption comply with the terms of the city council’s Statement of Community Involvement and direction on public participation.

Legal Implications

If Members approve the Final Version of the CQSRF as the “publication version” SPD the document will be published and subject to a 4 week statutory consultation period. The statutory consultation and adoption of the SPDs should be carried out in

accordance with the process set out in the **Town and Country Planning (Local Planning) (England) Regulations 2012.**

Financial Implications

The CQSRF is intended to provide guidance on the achievement of Local Plan Policy. There are no additional financial implications arising from its progression through the statutory consultation process.

In terms of approval of resources to implement the delivery strategy it was agreed at Budget Council that all future bids for reserves should be subject to pre-approval process. The pre-approval process is not an approval to spend but rather an approval to bring forward a reserves bid which is subject to the approved process:

- Up to £25k – to be agreed by Portfolio Holder in consultation with relevant Director. Bid should have been pre-approved by Cabinet.
- £25k to £100k – to be agreed by Portfolio Holder in consultation with relevant Director. Individual Cabinet Member Decision to be published. Bid should have been pre-approved by Cabinet.
- Over £100k – to be agreed by Cabinet Meeting.

As noted in the report Individual reserve tranches will likely be in the range of £25K to £100K and be agreed in detail by Portfolio Holder in consultation with relevant Director. Individual Cabinet Member Decision will also be published. Due to the nature of the council's potential engagement as "investment partner" these individual bids will also be shaped via consultation and agreement with the council's Capital Strategy Group.

Other Resource or Risk Implications

Human Resources:

The main staffing resource on the council side to support progression of CQSRF through the statutory SPD consultation and review/adoption stage will be officers from the Economic Growth and Regeneration service.

Information Services:

No direct Information Service implications on the basis of the council approving planning guidance.

Property:

No Property Services implications on the basis of the council approving planning guidance

Open Spaces:

No Open Space implications on the basis of the council approving planning guidance.

Section 151 Officer's Comments	
The Section 151 Officer has been consulted and comments have been accommodated within the body of the report.	
Monitoring Officer's Comments	
The Monitoring Officer has been consulted and comments have been accommodated within the body of the report.	
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Links to Background Papers	

1.0 Introduction

- 1.1 Members will recall the appointment of consultants to undertake work on a Canal Quarter Strategic Regeneration Framework (CQSRF). It was intended this would form the basis of a document to be adopted as a formal Supplementary Planning Document (SPD), taking its place among the hierarchy and suite of advice and guidance documents that make up the Lancaster District Local Plan.
- 1.2 As an SPD the document would be used to support and guide developers in addressing the council's related strategic policies contained within the adopted Lancaster District Core Strategy (adopted July 2008) and the draft Strategic Policies and Land Allocation Development Plan Document (DPD), which will replace the Core Strategy. SPDs relate to specific sites or specific planning issues. Unlike DPDs, they are not subject to Independent Examination and do not have Development Plan status. However, SPDs are given due consideration within the decision-making process and must relate to a specific Development Plan policy contained within a DPD.
- 1.3 It is important to understand that SPD statements must be both justified and consistent with the adopted Local Plan. SPD policy cannot supersede development plan policy, although it is an important material consideration in assessing planning applications. For example, SPD policy has been quashed in the courts where statements regarding house sizes, affordable housing requirement for unit types (to meet demographic needs) were more stringent than the adopted Core Strategy (*R (Skipton Properties Ltd) v Craven District Council [2017] EWHC 534 (Admin)*).
- 1.4 An SPD's role is to help applicants shape and make successful planning applications, while the overarching planning priorities for an area (infrastructure requirements, housing needs, measures for adapting to climate change and so on) are the preserve of the Local Plan. The SPD does not

prevent any development sponsor “going further” or exceeding the requirements of policy in pursuit of their own development or other objectives. Neither will an SPD comment on matters related to policy or matters outside the remit of the land use planning. An SPD is not a panacea to address all issues pertaining to the ultimate form of a development or define an individual development sponsor’s final masterplan or implementation strategy for their land. Individual actors, including the council, will promote detailed schemes to achieve a wide range of objectives and needs, informed by decisions made in many other policy or business arenas. However, the SPD provides an important strategic foundation for considering detailed development shape and form.

1.5 There is a three-stage process for the preparation of Supplementary Planning Documents as follows:

- Evidence gathering
- The Preparation and Consultation of a Draft Supplementary Planning Document
- The Adoption of the SPD by Lancaster City Council

In effect, officers have completed both the “Evidence Gathering” and main “Preparation and Consultation” stages as outlined in this report. The document now requires approval for it to move through the final statutorily defined planning policy adoption process set out in the Town and Country Planning (Local Development) (England) Regulations 2012, Regulation 12 Public Participation.

1.6 A Draft CQSRF was issued for statutory consultation between 16 December and 10 February 2020. Officers have systematically reviewed all submitted comments and, where appropriate amended the draft version. A Final Version of the CQSRF is attached in Appendix 1.

2.0 Background

2.1 The consultation Draft CQSRF was prepared with respect to the nine principles for Canal Quarter’s regeneration approved by Full Council in April 2018. The principles are:

- Provide significant and wide-ranging economic benefits without exposing the city council to unacceptable levels of financial risk;
- Have less reliance on additional retail floor space, thereby instilling confidence in the future of the existing city centre shopping area;
- Find new uses for historic buildings and capitalise on the site’s proximity to the Lancaster Canal;
- Include more residential accommodation and cater for a variety of different occupiers;
- Facilitate an increase in Lancaster University’s presence in the city centre;
- Provide more business space especially for Lancaster’s thriving digital

sector;

- Deliver an arts hub that achieves the goal of making Lancaster the North West's primary cultural centre outside of the main conurbations;
- Take advantage of the latest in green technology to make the site as self-sustainable as possible: and
- Rationalise car parking and encourage sustainable travel to and through the area especially to the existing city centre.

2.2 It has been a guiding principle that consultation be embedded in developing the council's Canal Quarter approach. The Draft CQSRF was therefore developed by independent consultants through consultation and engagement with a wide body of stakeholders and community representatives in a variety of formats and settings. The result of this deep and collaborative working was a document which stressed the importance of:

- Appreciating the site's many existing assets (such as the heritage and cultural offers),
- Using the existing topography to preserve and enhance existing vistas and scale,
- Exploiting opportunities more fully (such as proximity and integration with the Lancaster Canal and city centre)
- Presenting the ideas in an engaging and legible format.

Officers considered the resulting draft document to be both consistent with the principles previously agreed by the council and in line with the aim of supporting and securing viable regeneration proposals.

2.3 This approach to engagement was maintained through the 8 week statutory consultation period providing further "checks and balances" against which officers could assess whether the Draft CQSRF reflected the current views and ambitions of the wider community. The statutory consultation period was widely publicised with the document and consultation forms made available online. The online consultation material was supported by 6 public drop-in events, which were held to provide an opportunity to discuss the proposals directly with council officers.

3.0 Proposal Details

Canal Quarter Strategic Regeneration Framework

3.1 At the close of the statutory consultation period the council had received 94 formal comments on the Draft CQSRF (82 via online form). These included comments from Lancaster Chamber of Commerce, Highways England, Natural England, Coal Authority, Canal and River Trust, Homes England, Historic England, Environment Agency, United Utilities, Lancaster University, various local groups, businesses and individuals as well as key third party landowner / developer interests.

- 3.2 A detailed engagement report of all the consultation undertaken in developing the CQSRF is attached in Appendix 2 and Members are directed specifically to the section titled “3rd Stage: Pre-Regulation 12: Public participation (December 2019 to February 2020)”. This provides a detailed discussion of the main issues raised and how these have been addressed in the final document. Also included is a full systematic summary of comments and the officer response / recommendations for changes in the document. On the basis of this systematic analysis of comments, amendments to the document were considered and changes made if felt to be appropriate.
- 3.3 The CQSRF is a planning policy document which has to sit coherently and consistently within the hierarchy of adopted and emerging Local Plan documents, while presenting a balanced view of the appropriate way forward as informed by the wide range of views presented in the consultation. However, the Canal Quarter area cannot be considered in isolation and many issues raised through the consultation can only be resolved through:
- Additional direction from wider and ongoing strategic policy and study recommendations, particularly from key strategic bodies such as the county council;
 - Clarification on the detailed objectives / priorities / proposals of the major land interests promoting development.
- 3.4 The major issues discussed in Section 6 (“Issues Raised in the Regulation 12 Consultation”) and Section 7 (“How these Issues Were Addressed in the Final SPD version”) can be regarded as the likely points of debate and contention for any party interested in developing and presenting detailed site proposals. The major issues considered in the document are as follows:
- Car parking
 - Traffic management and movement
 - Land uses
 - Retention of buildings and historic value
 - Building design
 - Sustainability credentials
- 3.5 The final version of the document in Appendix 1 has to now be agreed as the council’s formal publication version and issued for a further four week period, with comments invited. Following this period, should there be no substantive reason to return to Cabinet to discuss amendments, the document will be adopted as planning policy

Canal Quarter Regeneration Delivery Strategy

- 3.6 Significant challenges exist for considering the Canal Quarter implementation strategy, including (but not limited to): important national and local historic buildings / heritage interest; areas of severe dereliction/contamination; high design quality demands; planning/building envelope constraints; transport, car parking and topography issues; need for extensive new infrastructure and

creative solutions to the site's connectivity with the existing centre; relatively low and depressed commercial/residential property values with rising construction costs; and fragmented site ownership.

3.7 The site can be broken down into three main interests / areas. The situation in each major land parcel is as follows:

- **Stonewell Courtyards and Brewery Complex:** The major assets in this area are owned by an entity called Lanmara Developments Ltd. Originally this company vehicle was under the joint control of directors associated with the Preston based Worthington Property Group and Revcap Ltd, a London based investment firm. Since the demise of the Worthington Property Group in late 2019, directors of Revcap Ltd. are in sole control of the assets. Revcap Ltd have engaged their partner Riverstone Developments to progress their interests. A positive initial meeting between officers and Riverstone took place earlier in the year which focussed on the emerging CQSRF, the company's likely approach to the site and their aspirations. Officers are anticipating the submission of initial proposal options for their discrete land interests and have recommended consideration / consultation through the council's planning pre-application process.
- **Heron Works:** The developer Maple Grove / Eric Wright has a long-standing optioned interest in the site and has made an initial approach with regard to working with the council as an investment partner on a regeneration/development scheme. This could also involve an extended scheme taking in part of the council's neighbouring land interests. While there are no firm proposals, officers have sight of initial sketch ideas which are encouraging in terms of reflecting and responding to the principles of the CQSRF. There is clear potential in terms of both delivering against the council's regeneration objectives and as a potential investment opportunity supporting its Property Investment Strategy.

The council's Capital Strategy Group, with support from the officer Property Transaction Team, will review the proposals, develop the engagement with Maple Grove / Eric Wright and make further reports and recommendations to future Cabinet meetings. It should be noted that Maple Grove / Eric Wright are a long-standing public sector partner, being the Lancashire Regeneration Property Partnership preferred partner for surplus public estate assets in the boroughs of Blackpool, Chorley, Fylde, Preston, South Ribble, Wyre and West Lancashire.

- **Council assets and surface car parking:** The council has yet to fully consider options on the preferred approach to progressing development proposals on its own land / assets. A number of approaches can be considered to best deliver a viable mixed-use development platform with a strong housing component that meets a wide range of council objectives. The council's Capital Strategy Group,

with support from the officer Property Transaction Team, can review options and make further reports and recommendations to future Cabinet meetings. These could range from partnership with third party investor/developers to the council undertaking detailed design master-planning and implementation in its own right.

However, it is clear the way the council's own land is used will provide critical framing and supporting context for all development activity across the Canal Quarter. The council's approach will: set direction on key issues raised in consultation, particularly car parking and traffic movement; provide the 'spine' which knits the major third party land parcels/proposals together; inform (and be informed by) the third party proposals. To ensure this is managed for the benefit of all interests, the council should retain a high degree of control in the future design and development of its own land/assets.

- 3.8 While the way forward is becoming clear, a commercially viable solution to suit all landowner / developer / stakeholder and community demands will be challenging. There is a likely need for public funding and grant support to enable the delivery of an exciting, high quality mixed use development solution - particularly to overcome the "heritage deficit" and other abnormal costs.
- 3.9 Where appropriate the council will need to consider engaging as an investment partner and exercising its potential covenant strength to reduce risk and secure third party investment. Officers are in discussion with strategic funding bodies such as Homes England on the potential to access their major strategic grant streams to help overcome potential development viability issues. Part of the Canal Quarter site has also been included in the Mill Race Heritage Action Zone Bid.
- 3.10 In order to progress further work in relation to progressing the delivery strategy officers will submit bids against the Canal Quarter Reserve (previously agreed under the Outcome-Based Budgeting process of as part of the Regeneration Development Reserve) to be used over the next 2 years for addressing the three main site areas noted in paragraph 3.7. The bids will be focussed around: project management / staffing; exploring the delivery options; ensuring viable detailed masterplans are created; developing the integration of key third-party interests; securing outline planning permission where necessary; taking forward land assembly where appropriate; and continuing the process of stakeholder/community engagement through the next implementation phase.
- 3.11 Under the approval process for accessing these resources, pre-approval is required by Cabinet as corporate strategies, such as the CQSRF, are approved. Authorisation is now requested for pre-approval for officers to bid to the reserve funds for the purposes outlined. Individual reserve tranches will likely be in the range of £25K to £100K and be agreed in detail by Portfolio Holder in consultation with relevant Director. Individual Cabinet Member Decision will also be published. Due to the nature of the council's potential

engagement as “investment partner” these individual bids will also be shaped via consultation and agreement with the council’s Capital Strategy Group.

4.0 Options and Options Analysis (including risk assessment)

<p>Option 1: The final version of the Canal Quarter Strategic Regeneration Framework is not agreed as a formal publication version.</p>
<p>Advantages: No advantages identified unless Members require substantive amendments to the document</p>
<p>Disadvantages: Delays the adoption of an SPD as required in emerging Local Plan policy.</p>
<p>Risks: Future planning applications for the Canal Quarter area may be submitted outside of an agreed spatial planning framework.</p>
<p>Option 2: The final version of the Canal Quarter Strategic Regeneration Framework is agreed as a formal publication version and issued for a further four week statutory consultation period. Should there be no substantive amendments – the document is adopted as planning policy.</p>
<p>Advantages: Enables the council to progress a cornerstone of its approach to the regeneration of the Canal Quarter site.</p>
<p>Disadvantages: Within the flexibility outlined in the document the SRF fixes the council’s overarching spatial approach / preferences for the future development of the area.</p>
<p>Risks: Risks of progressing the SPD are mainly around reputational risk to the council of suggesting an approach which does not meet the objectives and/or does not find favour with the wider community.</p> <p>However, the CQRSF document has been the subject of extensive public participation and should reflect the balance of stakeholder and community aspirations.</p>

5. Officer Preferred Option (and comments)

- 5.1 The Officer preferred Option is Option 2. The final version of the CQRSF presents a clear statement and position on the council’s overarching spatial approach / preferences for the future development of the area. This will guide all future planning applications and development proposals and there can be confidence that the document reflects a balanced and considered view of the council’s aspirations as informed by extensive stakeholder / community consultation.