

Edinburgh Councillor Blogs – Gavin Corbett



Earlier today the council was asked to approve an £850 million funding package for the improvement of the St James Centre shopping mall in the east of the city centre. GAVIN CORBETT argues that the decision was rushed and ill-evidenced.

You'd be hard pushed to find anyone with any love for the current St James Centre. It is a very obvious symbol of past weaknesses in planning and development.

That is why today I joined other councillors in welcoming proposals to bring its redevelopment to fruition. As a city we do need to be mindful of the lessons of the last decade; of the fragility of an economic base built simply on consumer spending. If the revamped St James area can lead to something different then so much the better.

I also welcome the other benefits of redevelopment: new jobs, including targeted employment on disadvantaged citizens; a new energy centre; and provision for disabled visitors.

So yes, the St James area needs utterly revamped. Yes, it is right that the maximum public benefit should be secured from that process.

That is not the issue. The issue is proper scrutiny of the case for the public purse providing £61 million for this commercial development, when the proposal is handed with two days notice as a fait accompli.

And that is in the context of the project generating a developer profit of around £130 million.

To be clear: £130 million is what is described in the council

report as “normal profit”. A profit above that level is described as “super profit” and is shared between public and private partners. But that first “normal profit” of around £130 million goes only to the commercial developer and its private investors.

I’d have thought that it might be possible to pay for at least some of the £61 million of infrastructure out of that £130 million profit, much as we routinely expect many developments to do through section 75 planning agreements.

That would still leave a profit of almost £70 million. That seems like a lot to me. But, I am told, financiers would not get out of bed for a mere £70 million profit.

Is that correct? Are we happy with that assertion? That is why we need proper scrutiny of the public money going into this scheme, much more than 2 days allows.

We are told that the subsidy of £61 million will pay for itself through uplift in business rates. All well and good. If the centre prospers and if new shops and hotels are genuinely additional – rather than displacing retail and beds elsewhere in the city.

But it begs a bigger question of what business rates are for. Can we only justify higher business rates yields on the basis of immediate infrastructure on the site on which the development is built? What about the schools and colleges which educate the workers who work in those companies, and the roads and railways which transport the goods which are sold in the premises? They are also paid for business rates and those wider benefits need equally to be funded by business rates uplift.

This is a massive development which begs absolutely critical questions about the appropriate level of public subsidy for commercial developments. I cannot believe that it is so fragile that it would be jeopardised by asking for a period

of 4 weeks for proper scrutiny. That would still allow the project to be signed off in May, which is what the project timeline indicates.

The St James redevelopment is much needed, but simply to wave this proposal through at 2 days notice would be a dereliction of the duty we owe to all such projects to be properly assessed and understood.

Gavin Corbett is Green spokesperson on Finance and Economy