

Report of the Assistant Director – Regeneration & Asset Management

Castle Gateway project

Summary

1. Economic Development & Transport Policy & Scrutiny Committee (EDAT) have asked to consider the implications of January's Castle Gateway Executive report which is attached as Appendix 1. This report serves as a cover note to that report.
2. The committee will be given the opportunity to explore the economic development and transport implications of the recommendations that are set out in the report, all of which were approved by the Executive.

Background

3. The council is one of the principal land owners in the Castle Gateway, which encompasses the area around Piccadilly, Coppergate Centre, the Eye of York, Clifford's Tower, St George's Field and the Foss Basin and many parts of the area are underused, semi derelict or of poor quality.
4. As the principal landowner, the council is instrumental in delivering a joined-up regeneration of the area which will maximise social and economic benefits for the city. Following a report to Executive in October 2015 officers were asked to initiate negotiations with adjoining land owners to develop a vision for the area and explore practical arrangements to deliver regeneration.
5. On the 26th January 2017 a major report on the Castle Gateway was taken to the council's Executive. This wide-ranging report principally considered:
 - The vision for the regeneration of the area.

- The Local Plan draft Area of Opportunity Policy to support that vision.
 - A proposed stakeholder group of principal custodians to advise on the master plan and designs for the public areas and spaces.
 - A potential commercial partnership to deliver the redevelopment of council land and property assets and surrounding development sites.
 - The strategy and resources needed to deliver the above
6. The report made 12 recommendations to achieve the above, all of which were approved by the Executive. Members did also ask that the project was taken forward on a cross party basis as the delivery is likely to extend beyond the next election. The recommendations are set out in paragraph 6 of the Executive report (Appendix 1). Annexes 1 to 8 provide the supporting documents that formed the annexes to the Executive report.

Consultation

7. The Executive have approved the recommendations in the report. The recommendations were developed in consultation with relevant officers, neighbouring landowners and key stakeholders. This report has been discussed with ward councillors from Guildhall and Fishergate Wards, and presentations were delivered to those ward committees on the emerging vision.
8. A comprehensive public consultation will help to shape and develop proposals that emerge from the vision. It is proposed that this should be developed through a community forum approach as employed on the York Central project.

Options

9. Members of the Economic Development and Transport Policy Scrutiny Committee are asked to consider and comment on the report taken to January Executive, and identify any area of ongoing scrutiny.

Analysis

10. Detailed analysis of the Castle Gateway project is contained in the Executive report (Appendix 1). EDAT have asked to consider this project and report as it is a major regeneration project which with impacts on economic development and transport in the city.

Council Plan

11. Under the council plan objectives the project will assist in the creation of a Prosperous City for All, and vision to be a Council that listens to residents, particularly by ensuring that :
- Everyone who lives in the city can enjoy its unique heritage and range of activities.
 - Visitors, businesses and residents are impressed with the quality of our city.
 - Local businesses can thrive.
 - Environmental Sustainability underpins everything we do.
 - We are entrepreneurial, by making the most of commercial activities.
 - We engage with our communities, listening to their views and taking them into account.
 - We celebrate and champion the diversity of our population and encourage everyone to play an active role in the city.

Implications

12. The following implications are replicated from the Executive report as they set out the identified impact of the recommendations that were approved:

Financial – The report highlights additional resource requirements totalling £80k. It is proposed that this is funded from the council's contingency. The contingency currently stands at £671k and this release of £80k will reduce the ongoing value to £591k.

The report highlights that there is a potential loss of income from the closure of Castle Mills Car Park. The forecast reduction of £34k equates to less than 0.5% of the overall parking account. It will be necessary to monitor income levels closely within this area of the city and report back to Members through the usual monitoring timetable whether this cannot be contained within the parking account.

Human Resources (HR) – There are no implications.

Equalities – As proposals for a scheme are developed Community Impact Assessments will be undertaken.

Legal – CYC should ensure that it obtains best value/full open market consideration for any land which it disposes of (whether by freehold sale or grant of lease) as otherwise this may amount to unlawful State Aid.

If CYC wish to appoint a third party/external entity to carry out construction works (whether on land owned by CYC or someone else) then relevant applicable procurement laws will need to be adhered to. This includes complying with the Public Contracts Regulations 2015 (PCRs) if the value of the works will exceed the relevant threshold stipulated in the PCRs.

As noted above, a joint venture may be structured in such a way that would mean CYC may not need to publicly tender for the opportunity. However, this will depend on the final proposed deal. The procurement issues will need to be carefully managed and kept under review as the project progresses. Legal advice will continue to be obtained as part of any ongoing discussions, and will consider any issues of EU procurement law and State Aid and whether any mitigating actions are needed to reduce the risk of a procurement challenge.

Information Technology (IT) - There are no IT implications.

Crime and Disorder - The detailed design of any future scheme will need to look at making the riverside more publicly accessible and will require detailed consideration of crime and disorder implications. There will be structured input from the Police Architectural Liaison officer.

Property – All property implications are covered in the report

Risk Management

13. The following are the identified risks arising from the Castle Gateway project and the proposed management of those risks:
14. Failure to take action to shape the Castle Gateway may lead to uncontrolled and undesirable development along Piccadilly or a continuation of the underperformance of the area. The recommendations identified in this report will enable the first stage in the implementation of a planning policy to provide a framework for determining applications, and ensure the development of a masterplan for the public realm and infrastructure of the area. It also sets out the process for establishing a delivery model to redevelop council land assets in the area which are vital to achieving the regeneration aims.

15. Developing out the council's assets presents considerable opportunities and potential rewards, but also significant risks. Any development carries intrinsic commercial and planning risks, and generally requires upfront investment with a degree of uncertainty over commercial return. Deciding on the right delivery model will be crucial in protecting the council's position. To guide this process officers are in the process of procuring commercial and valuation advice. It is also vital that clear and consistent legal advice is sought to ensure that the selection of any joint venture partner (or other delivery model) complies with procurement law and that the structure and terms of any deal are beneficial to the council.
16. The majority of the council's land assets needed to deliver the vision are car parks that currently generate a revenue stream for the council of approximately £1.9m per annum. The revenue provides a vital income to the council and wherever possible the aim will be to replace and replicate this revenue. However, it should be noted that whilst the location of these car parks are detrimental to achieving the vision for the Castle Gateway, car parking has a very high commercial value which is difficult to achieve through alternative uses. The financial impact of the redevelopment of these car parks will form a significant part of the exploration of the different delivery models and will be reported regularly to the project board and Executive.
17. The regeneration of the Castle Gateway will be delivered by, and impact on, a wide range of stakeholders and will generate significant public interest. Stakeholder management and public engagement will be vital in ensuring the success of the project and will underpin all elements of the project work streams.
18. All future plans will require planning permission. A full risk register will be developed by the project and will be regularly reviewed by the project board as the project progresses section should be the penultimate one in the report (before Recommendations) and should include an assessment of risks associated with any recommendation to be made below. Further advice is available from the Risk & Insurance Manager in Resources. If there are no known risks, it should say so.

Conclusions

19. Castle Gateway is a major regeneration project to realise the potential of a significant but neglected area of the city centre. Executive have approved a series of recommendations that set out the vision for the area and how that vision will be delivered.

Recommendations

20. Members are asked to:

- 1) Consider and comment on the Castle Gateway report that was taken to January Executive, and identify any area of ongoing scrutiny

Reason: To consider the Executive approval for the vision and delivery of the Castle Gateway regeneration project.

Contact Details

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Report Approved Date 27/02/2017

Wards Affected: Guildhall, Fishergate

All

For further information please contact the author of the report

Background Papers:

York Southern Gateway Executive Report, Oct 2015

Appendix

Appendix 1 – Castle Gateway Executive Report January 2017

Annexes

Annex 1* – Scope of Castle gateway and sub-areas

Annex 2* – Site map showing land ownership and development opportunities

Annex 3* – Proposed Local Plan draft Area of Opportunity Policy

Annex 4* – York Museums Trust statement of aspiration

Annex 5* – Castle Gateway indicative project plan

Annex 6 – Sketch identifying vision opportunities

Annex 7* – Arup feasibility study for Castle Car Park

Annex 8 – Castle Gateway Development Principles

*Please note: these annexes are available with the online agenda papers for this meeting or on request from the Democratic Services Team