

**Decision Session – Executive Member for
Finance and Performance**

14 June 2021

Report of the Head of Regeneration Programmes

Update on the Castle Gateway

Summary

1. The council's Executive approved the Castle Gateway regeneration masterplan in April 2018, and the delivery strategy in January 2020. Due to the impact of Covid-19 a full business case review was undertaken last summer, and based on that review the Executive reiterated its commitment to the delivery of the masterplan and approved a number of recommendations to take the project forward in October 2020. This report provides an update on the progress since then, and recommends that the new public realm at the Castle and Eye of York forms part of the council's funding bid to central government's Levelling Up Fund, applications for which close on 18 June 2021.

Recommendations

2. The Executive member is asked to:

- 1) Note the progress update on the delivery of the Castle Gateway masterplan

Reason: To note the work that has been carried out to deliver the Castle Gateway scheme since the last Executive approvals in October 2020

- 2) Approve the inclusion of the Castle and Eye of York public realm in the council's wider Levelling Up funding bid to central government.

Reason: To pursue central government funding for the delivery of the new public realm to replace Castle Car Park and the Eye of York

Background

3. On 1 October 2020 the council's Executive approved a revised delivery strategy for the regeneration of the Castle Gateway following a comprehensive review of the project and business case in light of Covid-19. This strategy committed to the delivery of the masterplan, proceeding with the key public benefits at pace through staged decision making, whilst delaying delivery of the elements of the project on which Covid-19 has had the most significant impact, until there is further certainty.
4. It was agreed to proceed with the procurement of a contractor to build Castle Mills; prepare and submit planning and funding applications to create new high quality public realm at Castle Car Park and the Eye of York; pause the procurement of a contractor for the new multi-storey car park (MSCP) at St George's Field until the completion of a strategic review of city centre car parking; and for a future report to be brought to the Executive on whether to develop or dispose of 17-21 Piccadilly.

Castle Mills

5. Castle Mills will provide 106 apartments - of which 20 would be new council homes - above ground floor commercial spaces that provide an active street frontage to Piccadilly. The site also includes the new public riverside park on the currently private land at the rear of Castle Museum, and a new pedestrian cycle crossing over the inner ring road and bridge over the river Foss. In addition to delivering these public benefits the profits generated from the sale of the apartments will cross-subsidise and ensure the viability of the rest of the masterplan.
6. In December 2020 the project was granted planning permission and following a full market open tender exercise Wates have been appointed as the construction contractor. At this stage they have been appointed to undertake the RIBA stage 4 detailed design work and provide a fixed tender price for the construction. At that point a report will be brought back to the Executive to take the final decision to proceed based on actual costs, up to date sales value estimates for the apartments, and confirmation of having secured West Yorkshire Transport Funding for the active transport elements. The intention based on current programme is for this next major Executive decision point to be in October 2021.
7. It should be noted that any decision on proceeding with Castle Mills needs to be linked to a decision on the replacement car parking that would facilitate the closure of Castle Car Park. This is because there is a

planning condition attached to Castle Mills that requires the closure of Castle Car Park before the occupation of the first completed apartment.

8. The relocation of parking currently provided in the Castle Car Park to enable the development of high quality public realm and an event space is the centrepiece of the masterplan. It would create a world class setting for the city's internationally renowned heritage assets, reduce car journeys within the inner ring road and historic core, attract new visitors to the city, support jobs in the tourism and hospitality industry and create a major new public space for residents. Covid-19 has highlighted the importance of accessible public space in our city centres for residents to exercise and relax; shown the benefits of having flexible areas which can quickly respond and adapt to the needs of local businesses and residents. Grant funding opportunities are now emerging, driven by the Government's economic response to the pandemic, new UK funding sources replacing EU funding and prospective devolution deals. These could be used to leverage private sector investment and support economic growth.
9. The application and spend windows for many of these funding streams are extremely short and the key to securing central government funding in the current climate is having "shovel-ready" projects that provide confidence in delivery. To that end the Executive approved the preparation and submission of a planning application for the Castle and Eye of York public realm. Following that meeting significant work has progressed to undertake the necessary surveys; understand the technical and physical constraints of the site; define the needs of neighbouring stakeholders such as the law courts, English Heritage, York Museum Trust and the Coppergate Centre; and to produce spatial plans and design options based on the open brief for the area which was the product of extensive public engagement.
10. The initial spatial proposals for the area were shared with stakeholders and the public in April 2021 and received positive feedback, and the next iteration of designs that started to interpret what the space could look and feel like were shared with the Castle Gateway Advisory Group and public in May and early June 2021. These are attached as Annex 1 but it is important to note that these were a snapshot in time of the design evolution and were shared with the public to spark the conversations that would help refine and shape the final designs. An update on the reaction and feedback from that public engagement, and the latest design iterations, will be shared at the meeting to which this report will be taken.

The final designs for the site are expected to complete in the summer with the planning application due to be submitted in September 2021.

11. As anticipated when the Executive approved the preparation of the planning application, a number of central government funding opportunities have emerged, with planning permission and projects that are shovel-ready being key criteria. The first of these opportunities is the national £4.8bn Levelling Up Fund. Although the country is split in to priority areas, and York is in tier 3 – the lowest priority – this is only one of the criteria. As a unitary authority with two MPs the council are able to submit two Levelling Up bids of up to £20m each and one major transport bid over two bidding rounds. The Executive have delegated the final decision on what to submit to the Executive Member for Finance and Performance and the Corporate Director for Place. To maximise the chance of success the council are preparing bids with guidance from economic business case consultants Amion. This will involve looking across the portfolio of council projects for the best strategic fit. However, as a major priority for the city it is highly likely that this will include Castle and Eye of York.

17-21 Piccadilly

12. The masterplan proposals for 17-21 Piccadilly are for up to 25 apartments, built over ground floor commercial spaces for small independent businesses. At this stage the plans have not been progressed beyond initial design work due to the focus being on securing planning permission for Castle Mills and St George's Field, and the planning application for Castle and the Eye of York. Whilst 17-21 Piccadilly does have an important role to play in the redevelopment and regeneration of Piccadilly it doesn't contain any of the fundamental elements of the masterplan. In October 2020 the Executive decided to delay consideration of the future options for 17-21 Piccadilly until the decisions are taken on the rest of the masterplan.

Consultation

13. The whole masterplan and detailed design have been formed through in-depth public engagement through the My Castle Gateway project and guided by key stakeholders who sit on the Castle Gateway advisory Group. The emerging plans for the Castle and Eye of York area are a direct response to the open brief that was produced through extensive engagement on what the future public space should look and feel like. As

these are translated in to detailed designs they are again tested with the public through walks, talks, events and social media and will be refined based on that feedback before final submission of the planning application.

Council Plan

14. This regeneration of the Castle Gateway is one of the priorities set out in the Making History, Building Communities 2019-23 Council Plan. The proposals will help contribute to meeting all eight of the plan's core outcomes, and significantly improve an area of the city that is home to many of our heritage assets and cultural institutions. The focus on relocating car parking and creating new pedestrian and cycle links will help create a greener and cleaner city and enable people to get around sustainably. New homes will be created on Piccadilly and new bridges and public realm will create world class infrastructure, bringing back in to use vacant sites and driving the vibrancy of the area which will help to build strong, sustainable communities within the city walls.

Implications

15. Given that the report is an update on the project there are no significant implications for consideration. The Executive have already considered the implications of submitting Levelling Up Funding bids and delegated the decision accordingly.

Risk Management

16. There are no new major risks associated with this update report beyond those identified at the time of last October's approval of a revised delivery strategy. Programme and project level risks are being managed by the responsible officers and reported to monthly working group meetings in line with the approved project governance.
17. There are no real risks associated with the inclusion of Castle and Eye of York within the Levelling Up Fund bid. As noted in this report York is a lowest priority tier 3 area. That does not preclude a bid being submitted but does limit the chances of it being successful. The best chance of being successful is to submit a bold, eye-catching proposal for shovel-ready projects. The decision last October to proceed with a planning application has ensured that the project can evidence deliverability. Should this bid prove to be unsuccessful then the business case will be in place for future funding bids and opportunities so will not be abortive,

and submitting a bid now will ensure the project is on central government's radar for future opportunities.

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Report **Date** 4/6/21
Approved

Wards Affected:

All

For further information please contact the author of the report

Background Papers:

Report to the Executive, 'The Castle Gateway Masterplan', April 2018
<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MIId=10197&Ver=4>

Report to the Executive, 'Castle Gateway phase one delivery strategy',
January 2020
<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MIId=11115&Ver=4>

Report to the Executive, 'Update on Castle Gateway and business case
review', September 2020 (Executive date 1 October 2020)
<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MIId=12297&Ver=4>

Annexes

Annex 1 – Consultation material - draft designs for Castle and Eye of York

List of Abbreviations Used in this Report

MSCP – multi-storey car park
WYTF – West Yorkshire Transport Fund