



**York Guildhall
Scrutiny June 2016**

Securing the Future of the Guildhall - Background

- Decision to move to West Offices - January 2012 – generating £1m pa savings
- Council resolves to continue use for Full Council meetings and Civic use
- Council vacates April 2013
- Condition survey of July 2013 indicates repairs and maint. backlog of £2m at Q3 2013 prices
- Council confirm intention to retain freehold in Oct 2015

Current costs / do nothing option

• Structural work/repairs maintenance	£2,670,000
• Development costs to date	£ 760,000
Total	£ 3,430,000
- annual financing costs	£ 262,395 pa
Annual running costs	£ 125,000 pa
Total cost	£ 387,395 pa

**Limited future use / value

Securing the Future of the Guildhall

- Previous scrutiny consideration in September 2015
- Executive approval Oct 2015 for
 - Managed Office/Business Club
 - Commercial Cafe/Bar & Restaurant
 - Retained Council and Civic uses
- Detailed design and business case reporting back summer 2016

Securing the Future of the Guildhall – Current position – Detail stage 3 Designs

- Guildhall refurbished with new glazed covered entrance to south range providing foyer / ancillary / support space including cafe unit
- New improved access to refurbished Council chamber
- 1350m² of premium office space
- 510m² restaurant unit with external riverside terraces
- **Operating proposals**
 - Business Club and Serviced Office venue - to be leased / operated by private sector – with agreed council and civic use / public access
 - Restaurant unit on long lease (25 years) – with licensed external areas



See scheme boards
for plans / layouts

- | | |
|-------------------------------------|--|
| 1 Council Offices / Council Chamber | 5 External terrace with river views |
| 2 North Annexe | 6 New passage / 'snickleway' linking to Common Hall Lane |
| 3 Office accommodation | 7 Public riverside garden |
| 4 New public route to river | 8 Restaurant |



Video fly through to insert / play
here

Current position – increased costs

- The project costs reported in October 2015 (£9.85m) were based on feasibility study cost estimates from Dec 2014 – with appropriate inflation estimates. The additional costs reported now are as follows :
 - structural condition of the complex is worse than previously thought – with significant movement (cracking) in a number of locations requiring underpinning
 - The detail design includes additional floor space (office / restaurant) to maximise values.
 - The detail design proposes 16% more new build – partly as a response to the poor structural condition of the north annex.
 - Build cost inflation – the economic recovery post 2014/15 has seen significant construction cost inflation

Business case

Project costs £12,000,000

CYC agreed finance £ 1,350,000

Balance £10,650,000

Annual revenue finance costs £ 814,725 pa

Saving in running costs - £ 125,000 pa

Income

Restaurant unit (25 yr lease) £ 200,000 pa

Estimated office/ cafe lease rental **£ 250,000 pa**

Retained NMR £ 25,000 pa

Allowance for council use / access £ 30,000 pa

Total income £ 505, 000 pa

Net cost **£ 184,725 pa**

Options - Do Nothing

- Costs £387,000 pa
- Structural Condition worsens
- No viable use
- Building at Risk
- Reputational damage
- Negative impact on cityscape

Options - Sale of freehold or long leasehold

- Limited capital value due to current condition, lack of planning and potential commercial yield - currently valued at £350,000
- Loss of amenity to CYC for Council meetings and Civic Events
- Cost/inconvenience of Council uses elsewhere
- Acceptability to Members and public?
- offers no guarantees on long term maintenance or improvement

Option – Deliver Scheme

- The scheme can potentially be delivered at a lower net cost than the do nothing option
 - £185k vs £387k pa
- Asset value increases – future value estimated at >£9m
- Economic growth - GVA impact of £66m pa by 2030
 - by providing the environment for high value job creation
- Guarantees the future of Grade I / II* listed building
- Retains Council and Civic use
- Enables public access
- Improves riverside and cityscape

Serviced Office Operational models

Private sector lease * Proposed option	Private Sector Service Contract	CYC operation
Guaranteed Lease income	Open book management contract - management fee payable	Council run facility – council incur all costs, but retain all income
Private sector investment in fit-out of complex	Possible private investment – but likely to require additional council investment in fit out.	Will require additional fit out investment
Property transaction	Would need to procure and manage a service contract	Requires additional staff resource – not core business
Limited control	Greater control over structure	Complete control
Low risk	Greater risk to income stream	Council retains all risk

Options

	Do nothing	Sale / Lease	Deliver Scheme
Capital costs	£3,410,000	nil	£12,000,000
Annual revenue costs	£388,000	nil	£815,000
Revenue income	Limited – currently circa £10,000 pa - net	nil	£505,000
Net - Annual revenue costs	£388,000	nil	£185,000 (assumes £125k pa run cost saving)
Concerns	Limited future use / value Does not facilitate long term future	Loss of asset and control – public acceptability / no guarantees about future use / condition	High capital cost ?
Benefits	Lower capital cost Secures complex as is	Reduced council liability	Secures future of complex for next generation - with additional economic benefit for City

The cost of further delay

- Annual running costs c £125,000
 - Structural Condition continues to deteriorate
 - Further requirement for urgent repairs as required
 - eg stair lift / boiler plant
 - Reputational damage
 - Build cost inflation – currently forecast at 3.5 – 4.5% pa

Next Steps

- **Scrutiny meeting Mon 13 June**
- **Exec CMT 21 June**
- **Executive meeting 14 July**
- Planning and LBC applications – summer 2016
- Pre-let agreement with office operator – summer 2016
- Marketing Restaurant unit – summer / Autumn 2016
- Detail construction design – Autumn 2016
- Planning approvals – Nov 2016
- Full Council approval of funding package Dec 2016
- Pre-let on restaurant by end of 2016
- **Procurement of construction contract spring 2017**
- **Potential start on site summer 2017 – 15 month works programme to autumn 2018**