

Cabinet

6th December 2011

Report of the Cabinet Member for Corporate Services

The Hungate Site

Summary

1. This report seeks member approval to proceeding with the archaeological investigation required on the former Peaseholme Hostel Site and part of the Haymarket Car Park. It is proposed to fund the work by prudential borrowing against the future enhanced capital receipt, as a result of the increase in value, due to these works.
2. Members are also asked to approve the marketing of the whole Hungate site, following completion of the archaeological investigation.

Background

3. The Hungate site is comprised of the site of the former Peasholme Hostel, Haymarket Car Park and the former Dundas Street Ambulance Station site. A site plan is attached at Annex 1.
4. This site was originally the proposed location of the Council's new headquarters building, until the planning application was withdrawn in July 2008. Since this date the former Peaseholme Hostel and former Dundas Street Ambulance station have been demolished and the Haymarket Car Park has continued to operate. The whole site has been identified for disposal and the anticipated capital receipt is being used to fund the overall capital programme.
5. Important archaeological remains lie underneath part of the site, namely the former Peaseholme Hostel site, the entrance way to Haymarket Car Park and a small area of the former ambulance station site. The site is the former medieval church and churchyard of All Saints Peaseholme Green. The proposed

archaeological investigation will define the areas where development will be restricted, thus reducing risk and giving more certainty to developers as to how the site can be developed. This will enhance the value of the site.

6. A quotation of £85,000 has been received from York Archaeological Trust (YAT) for carrying out the investigation. The main reason for using them is that this piece of work represents a continuation of archaeological work on the adjacent former ambulance station site. The proposed excavation represents a physical continuation of archaeological work in an immediately contiguous area. YAT have all the archaeological finds and records from this previous piece of work. The finds and records from the proposed excavation must be integrated with these other finds and records in order to create a single archive for the site.
7. The archaeological work on the former Ambulance Station site has been procured by the Hungate development partnership using its own procurement procedures. This market-based approach resulted in the appointment of YAT to carry out the archaeological work at the former Ambulance Station site. The work that is the subject of this report is in effect a continuation of this earlier phase of work. The results of the piece of work subject to this report will be incorporated into the assessment, archiving and publication of the earlier phase of work on the former Ambulance Station site. It is essential therefore that this work is carried out by the same archaeological contractor. The City Archaeologist has advised on the scope of archaeological works and scrutinised the proposed costs, to ensure that the work is both necessary in scope, and reasonable in cost. He is happy that this represents value-for-money in the current market for archaeological services.
8. In order to instruct YAT without quotes from other contractors, a waiver will be required to get an exemption from the financial regulations. Our advice is that this will be approved on the basis that the appointment of any other organisation to do this work, will potentially result in an increase in costs, because the work may be duplicated.

9. The quotation from YAT does not include backfilling and reinstatement of the car park surfacing. A budget cost of £30,000 has been allowed for this work.

10. In recent months Asset and Property Management have had a number of enquiries from developers and agents, expressing interest in acquiring the site for a number of different employment related uses, including hotel and offices. As a result, it is now considered that the time is now right to look at proceeding with the marketing of the site for sale. A draft planning statement has been produced for the site by the Major Development Projects and Initiatives Team, which will be used as planning guidance by potential purchasers.

Consultation

11. This report has been written in consultation with Corporate Finance, the City Archaeologist and Parking Services.

Options

12. Approve or reject the recommendations.

Analysis of Options

13. Approve the recommendations

Advantages:

- a. Carrying out the archaeological investigation will define areas where development can or cannot take place on the site, thus creating certainty and reducing risk to any developer.
- b. Enhance value
- c. The City Archaeologist will have more control as to how the investigation is carried out.

Disadvantages:

- a. The cost of the archaeological investigation will ultimately be funded from the increased capital receipt received from the sale of the site. However, any financing costs incurred as a result of the timing differences between the costs of the investigation and the capital receipt being received will be funded from property services revenue budgets.
- b. If the site is not sold then the investigation costs will need to be written off to revenue and funded from property services revenue budget.

14. Reject the recommendations

Advantages:

- a. No need for prudential borrowing.
- b. No requirement for the surplus property budget to fund the archaeological investigation costs if the site is not sold.

Disadvantages:

- a. Loss in value of site due to uncertainty of developable area.
- b. Reduced control of archaeological investigation work.
- c. Prolonged disposal process and increased risk of sale not proceeding.

Corporate Priorities

15.
 - a. Create jobs and grow the economy.
 - b. Protect the environment.

Implications

Finance

16. The total cost of the works to the Hungate site are £115k - the archaeological investigation will be £85k, and the reinstatement work £30k. The works are required to bring the site into a saleable condition, and therefore these initial costs will be funded from prudential borrowing. Ultimately, the cost will be funded from the sale of the site and the resultant capital receipt.

17. The Hungate site capital receipt is already included as part of the capital programme. By carrying out the proposed archaeological investigation, the anticipated receipt is estimated to exceed the value currently assumed. This additional value will, therefore, fund the cost of the investigation works. Any finance costs incurred as a result of the timing differences between the costs of the works and the capital receipt being received will be funded from property services surplus properties revenue budget. For one year these costs would be £10.3k.
18. If the site is not sold then the archaeological investigation costs incurred will be written off to revenue and the £115k will be charged to property services revenue budget.
19. During the anticipated 10 week period of the investigation works, it is estimated that the Council will lose between £30k and £35k of income from the car park. A certain amount of this income will be taken up by the nearby Foss Bank Car Park. It should be borne in mind that this is a loss that is going to have to be incurred at some point. No developer is going to take on ownership of the property until the outcome of the investigation is known and certainty established as to how the site can be developed.

Legal

20. None.

Property

21. All implications are included in this report

Human Resources

22. None

Risk Management

23. There are no known risks with the recommendation.

Recommendations

24. Approve the archaeological investigation at the Hungate site, and the funding of the work from the future capital receipt.

- 25.** Approve the use of the property services revenue budget as required
- a. to fund the finance costs incurred as a result of the timing differences between the archaeological investigation costs incurred and the sale of the capital receipt or
 - b. to fund the archaeological investigation costs from the surplus property fund budget if the site is not sold.
- 26.** Approve the marketing of the whole Hungate site, following completion of the archaeological investigation.

Contact Details

Author:

Tim Bradley
Asset Manager
Property Services

Chief Officer Responsible for the report:

Cabinet Member
Responsible for the Report:

Roger Ranson
Assistant Director of Economy and Asset Management

Cllr Julie Gunnell
Cabinet Member,
Corporate Services

Report **Date**
Approved

Specialist Implications Officers

Louise Branford-White -Technical Finance Manager
 John Oxley – City Archaeologist

Ward Affected:
Guildhall

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For further information please contact the author of the report

Background Papers: File no. E232/B01 held in Asset and Property Management.

Annexes:

Annex 1 - A plan showing the location of the site.