

Cabinet

16th July 2013

Report of the Cabinet Member for Finance, Performance and Customer Services

The Future of the Guildhall

Summary

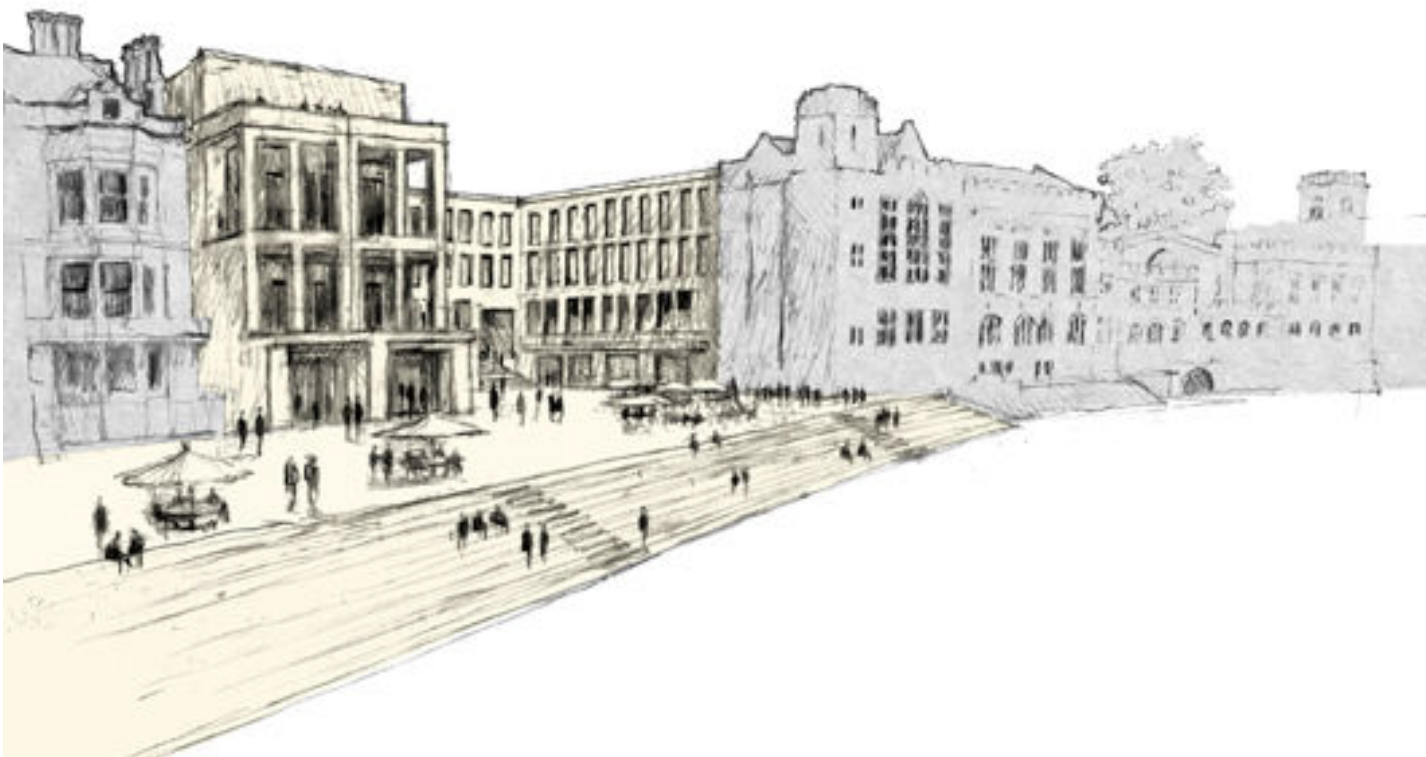
1. This report sets out potential future uses of the Guildhall complex, including its use as the home of a Digital Media Arts Centre (DMAC) and proposes a plan of action to assess financial viability, establish high level timelines and procurement options for a decision towards the end of 13/14. Members are asked to release some of the Economic Infrastructure Fund moneys set aside for the development of a DMAC to develop these proposals into a robust delivery plan.

Background

2. In December 2011 Cabinet decided to increase the ambition of the rationalisation of administrative accommodation and increase efficiencies by moving all activity out of the Guildhall and into West Offices and Hazel Court. Plans for West Offices were amended and additional work was undertaken at Hazel Court to accommodate all functions previously undertaken at the Guildhall with the exception of the hosting of Full Council which still take place at the Guildhall, on average once every two months.
3. In March 2013 the Guildhall was vacated by staff and Members and they moved to West offices where they are now based. All regular Cabinet and committee meetings are now held at West Offices which has improved public access, is DDA compliant and is now fitted out with appropriate audio visual equipment and can be used to web cast meetings when needed.
4. The Guildhall is now temporarily being used to host recruitment and training facilities for the John Lewis Partnership in the run up to the opening of their new store at Monks Cross. The Pilot Theatre Group are also using the building to prepare for a forthcoming theatre performance in October. The Annex section of the building has been mothballed to save energy.

5. Following the decision to vacate the Guildhall in December 2011, architects Purcell Miller Triton PMT were commissioned to undertake an assessment of heritage significance, a views analysis and an informed options appraisal of the Guildhall complex.
6. The study highlights the strengths and weakness of each aspect
 - a. The Guildhall itself – a large capacity city centre venue but with poor ancillary facilities / cross circulation / poor thermal and acoustic performance. Very significant and to be retained with upgrading needed.
 - b. The Council chamber / committee rooms and ancillary offices -a purpose built council chamber and imposing meeting rooms with the layout, capacity and gravitas necessary to best facilitate formal meetings – but suffering from poor IT facilities / thermal / acoustic performance and below standard physical accessibility / legibility. Very Significant and to be retained, but improvements are needed to improve the facilities and access.
 - c. The C20th office annex and hutments – office accommodation adjacent to the other elements and in a prime city centre location – relatively poor quality and limited flexibility – no distinct access. Not significant apart from the River frontage, some opportunity for re-development.
 - d. The surrounding spaces including Guildhall Yard and the Riverside. The Riverside setting is a key asset and there is a longstanding council aspiration for a Riverside Walkway. The Guildhall Yard should be seen as a City space. The adjacent York Boat Yard which is part-owned by the Council currently has restricted access. A holistic approach would add value to the whole area.
7. The reports confirm that the Guildhall complex is hugely significant, but highlight the potential for redevelopment to deliver considerable benefit. This would necessarily require capital investment and sensitive adaptation.
8. In the Autumn of 2012, CYC ran a RIBA Open Idea design competition to stimulate ideas and explore the opportunities afforded by this unique setting. The ‘Open Ideas’ format allowed for the exhibition of creative thinking, but with no commitment to develop out the winning entry.
9. The competition attracted 53 entries including from overseas, proposing a wide variety of options. The shortlisted schemes were displayed in the

central library (York Explore) where they were generally well received. The winning proposal proposes a new square directly on the river front, surrounded on three sides by retail/office space whilst retaining the original medieval Guildhall and office and meeting space. The design also proposes opening up several points of access to the Guildhall and the riverside public realm and makes links along the water front in both directions.



Digital Media Arts Centre

10. In July 2012, the Cabinet received a report proposing investment by the Council in bringing forward a digital, media and cultural centre. Having received an in principle agreement to investment, it is proposed that the Guildhall complex is a possible and viable site for the centre.
11. By way of background, the proposal to create a digital and media arts centre for the city of York has long been an aspiration of the city's creative industries and the Council in supporting these industries. It responds to a market failure in the provision of flexible, city centre space for the digital and creative industries. This shortage has been identified in the 2011 DTZ report commissioned by Science City York (SCY). This report explored the spatial requirements of business in our key growth sectors, including creative and digital industries, finding that there were particular gaps in the provision of commercial premises, especially in provision of city centre office space and grow-on space for small businesses.
12. The findings of the DTZ report are backed up by more recent analysis by the Council's Economic Development Unit (EDU) mapping and identifying supply/demand for office stock in the city. The report identifies a severe gap in B1a office stock, which is made all the more severe in the case of city centre office stock.
13. The sector is dominated by micro or small businesses; many of them are young and innovative. These businesses require flexible, low-cost premises located in the city centre, however land values and rental prices are prohibitively high acting as a barrier to growth. Market demand for affordable studio and business premises is high.
14. It is proposed that a Digital Media Arts Centre (DMAC) is created to provide affordable space for up to 250 micro/small creative businesses over a period of 5 years. The model would adopt a pricing structure that provides a ladder of progression from start-up to established business, enabling growth.
15. The DMAC is proposed to:
 - Generate new business and jobs, helping established businesses to grow
 - Create 20,000 sq. ft. of managed office accommodation for small to medium sized enterprises (SMEs) within the creative, digital and

technology sectors encourage and support the growth and development of these sectors within York.

- Provide high quality office space with offices ranging from around 58 sq. ft. offices suitable for sole traders up to circa 1500 sq. ft. which will house companies of around 9-12 employees.
- Unlock critical business space required to drive growth in the creative business sector
- Create an innovation hub that generates business to business activity, collaborations and new intellectual property
- Enable the city to provide a ladder of progression in which businesses in the creative and media industries can locate, from start-up enterprise, to high growth business
- Develop a creative hub in the City of York
- Create a destination venue, contributing to the cultural tourism offer of the City

16. An outline business plan for the DMAC has been produced by Science City York, and engagement with the local business community in the creative and digital industries undertaken with the Council's EDU and SCY. Early consultation with local creative companies found demand for grow-on space was the key issue facing a number of creative industry companies in the city, and interest from local companies recorded at over 8,500 sq. ft of grow on space as a minimum immediate demand from potential tenants as of June 2012.
17. In July 2012, Cabinet received this proposal and agreed an allocation of £1.4m from the Economic Infrastructure Fund (EIF) to part fund the creation of the Digital Media Cultural Centre (DMCC), as it was termed at the time, subject to the agreement of a robust business plan. Funding had also been earmarked from ERDF (£1.2m) and the York and North Yorkshire, East Riding Local Enterprise Partnership (YNYER LEP) Growing Places Fund (£1m loan) for the project, both also subject to business plan.
18. When the above funding was agreed, a range of sites were being explored, and in particular, work was being undertaken to establish feasibility of the preferred site option, which at the time was the privately-

owned Bonding Warehouse. The due diligence process undertaken by Council teams and the subsequent evaluation revealed that the proposition was not financially viable and attempts to purchase the Bonding Warehouse to improve the viability of the business case were not successful. Since that time other sites have been considered but none met the requirements of the companies seeking to locate themselves within the DMAC.

19. The Guildhall has previously been identified as a potential site option and hence the focus now turns to the work described in this report more fully to explore the detailed viability of the Guildhall complex as the site for a DMAC.
20. Work has been undertaken in partnership with SCY to build a refreshed business case to base the DMAC in the Guildhall and early works suggest that this could be financially viable. The project has the strong commitment of a number of businesses who wish to locate themselves within a digital and media arts hub and are currently seeking to expand or relocate to the city. Without further survey and feasibility work on the potential costs of development and refurbishment, a full business case cannot be progressed.

The Mansion House and main Guildhall

21. The Guildhall is actually a complex of buildings as set out in para 6 and there are also strong linkages with the Mansion House. The buildings currently share an access route and activities in the Mansion House are frequently programmed across into the Guildhall as well. The main Guildhall is still in frequent use for talks, debates, workshops, concerts, exhibitions, receptions, dinners, weddings, festivals, conferences, guided tours, fairs and markets. It is exceeding its set income target. In addition the complex is still being used for a range of civic functions including regular use of the Council chamber for Council meetings.
22. The Civic Team are currently progressing a £1.3m bid for capital funding from the Heritage Lottery Fund (HLF) to restore the 18th century Georgian kitchen, upgrade the modern kitchen to provide catering facilities, install conservation heating system, solar panels and rewire the building, update the fire alarm system, improve physical access and display the Gold and Silver collection. As well as preserving the building and the collections that are hosted within it this will enable greater use of

the Mansion House as a tourist attraction, as an educational resource and significantly increase the level of revenue generation.

23. Any plans for the Guildhall complex need to take into account the future development plans for the Mansion House and ensure there is maximum synergy between them.

Potential Future Uses

24. An officer working group has been developing ideas on future uses of the complex and they have identified that the future use of the Guildhall needs to contribute to the following objectives
 - Income generation to further exceed existing targets
 - City Centre economic development
 - Sustaining and improving the fabric of the building
 - Increasing access to the historic building
 - Improving the water front public realm and access to the area
25. The Guildhall complex is large and varied and we need to consider any proposals holistically, rather than making piecemeal decisions. The complex has a number of zones that lend themselves to different uses and potentially could be developed and used by a number of varied organisations. It is not possible at this stage to prescribe what the best uses are, or assess the commercial and financial viability of any one element. It is unlikely that there will be one single end user or that the whole complex can be developed out in one go. It is therefore proposed that we establish a Zoned and Phased approach.
26. Each of the zones may be used in different ways or may work in conjunction with other zones.
 - Zone 1 –Mediaeval Guildhall and links to Mansion House
 - Zone 2 - 19c Offices and Council Chamber
 - Zone 3 - 20th C Annex

- Zone 4 - Hutments and boatyard (not all in CYC ownership)

27. It is proposed that we work towards a holistic design solution but take a pragmatic and deliverable approach to the development work. There will be the following phases which have indicative timescales – a detailed plan will be developed as part of phase 1.

Phase 1 July 13 – summer 2014

- Appoint Project Manager
- Undertake condition surveys and development, design cost and feasibility reports
- Run Developer day to explore interest in the site and establish potential for collaborations and consortia to develop the site
- Complete DMAC business case
- Demolition of Hutments which contain asbestos
- Undertake an archaeological evaluation of the Hutments site which is very likely to include using the site for a publically accessible archaeological dig and the opportunity for educational benefit.
- Commence Developer Competition
- Guildhall bookings continue till Easter 2014
- Guildhall roof capital works planned in
- Interim use of Office space used by JLP and Pilot Theatre

Phase 2 – indicative activity

- Potential award of a License to Operate the Guildhall
- Development of Main offices as Digital Media Arts Centre (DMAC)
- Planning for new build on site of Annex, Hutments and Boatyard with mixed use potentially including further space for DMAC, retail, leisure, office and residential. The ideal mix will be identified through a developer competition.

- Development of Foss Basin for York Boat to establish a new dry dock and free up slipway land in front of the Guildhall

Phase 3

- Development on the site of the Annex and Boatyard for remainder of DMAC and potential leisure/office/retail/residential use
- Relocation of boatyard to Foss Basin – York Boat will continue to have a presence within the Guildhall development scheme with associated access to the water.
- Development of public realm on river frontage

28. The Heritage Lottery Fund recently announced a Heritage Enterprise Fund, offering grants of between £100,000 and £5 million for heritage projects that have the potential to unlock a heritage asset in need of investment and utilise it as a stimulus for economic growth. It is anticipated that in most instances this will involve the repair and adaptation of a historic building or a coherent group of historic buildings for an end-use that generates a sustainable commercial income. The proposed Guildhall project aligns with the award criteria and a bid will be made for contributory grant funding.

Proposal

29. In order to develop this proposal further and deliver the first phase or work, CYC need to dedicate some officer time to what is a large significant and sensitive project. It is proposed that a Project Manager and support team is appointed for 2 years (£150k), that the hutments are demolished to enable archaeological work to commence (est. £100k) and that a number of essential surveys and development appraisals are undertaken (100k) and that a contingency sum of £50k be allowed. It is therefore requested that a maximum of £400k is released from the previously agreed EIF funding to facilitate the early development work and prepare a comprehensive and commercially viable solution and business case.

Consultation

30. Public consultation has already been undertaken as part of the RIBA design competition.

31. In order to explore potential future uses the team have engaged with a number of organisations who have already indicated an interest in the future of the site, including the Civic Trust, Conservation Trust, York Archaeological Trust, York Boat who own land by the slipway, adjoining land owners and a range of other commercial organisations. Further engagement will be undertaken with these organisations in phase 1 to develop a comprehensive proposal

Corporate Priorities

32. The proposal will contribute to the Council Plan in the following ways.
- Creating Jobs and growing the Economy – the establishment of a DMAC will create expansion capability and increased GVA for local businesses in one of York’s priority growth industries. Additional space for other economically beneficial uses will also be created and the improved use of the Guildhall itself will provide a boost to the visitor economy.
 - Protecting the environment – future development of the Guildhall will ensure the future of a historically significant building and increase access to a heritage asset. Improved use of and access to the riverfront will significantly improve the general amenity of the city centre

33. Implications

Finance – The Economic Infrastructure Fund totals £28.5m and covers the period from 2012/13 through to 2016/17. It is funded from a combination of prudential borrowing and government grant. In July 2012 Cabinet approved in principle £1.4m from the EIF for the establishment of a Digital Media Arts Centre, subject to a further report being brought back to Cabinet for final approval.

- **Legal** - There are no significant implications at this stage but legal advice will be required if the recommendation is accepted – in particular in respect of property agreements and to ensure that proposals for the Digital Media Arts Centre are state aid compliant.
- **Property** -All implications are included in this report
- **Human Resources** – None

Risk Management

34. Failure to progress plans for the future of the Guildhall would mean the possible disintegration of the fabric of a historic and iconic city centre building

Recommendations

35. Cabinet are asked to :-

- a. Delegate to the Assistant Director of Finance Asset Management and Procurement in consultation with the Cabinet Member for Corporate Services the power to draw down up to £400k from the £1.4m Economic Infrastructure Funds already earmarked for the Digital Media Arts Centre to support the options appraisal and business case development of a mixed use solution for the Guildhall Complex incorporating the establishment of a Digital Media Arts Centre.
- b. Agree to the demolition of the hutments (subject to planning) and to undertake the necessary archaeological evaluation and excavation.

Reason: To identify new uses for a significant building in the city, to explore opportunities for economically beneficial uses of a key CYC asset and to ensure the effective conservation of a historic building.

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Report
Approved

✓

Date 3 July 2013

Specialist Implications Officers
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Ward Affected:
Guildhall

All

For further information please contact the author of the report

Background Papers: None

Annexes:

Annex 1 - A plan showing the location of the site and the land ownership.