

Executive

30 July 2015

Report of the Assistant Director for Finance, Property and Procurement

The Future of York's Guildhall and Riverside – project update report.

Summary

1. The purpose of this report is to set out project progress and highlight for decision the actions necessary at this time to secure the future of the Guildhall complex including; the opportunities for the wider riverside and a review of the office element of the project.
2. The report outlines :
 - a commitment to improved public access to and interpretation of the historic core of the complex; in accordance with the recently submitted HLF bid.
 - the programme of ongoing project development work.
 - the proposals for enhancing the commercial value of the riverside, which is currently inaccessible and under used.
 - A review of the feasibility work and business case relating to the office elements of the project, to ensure that the proposals are robust, evidence based and that project viability is optimised.

Recommendations

3. Executive is asked to consider and agree:
 - 1) A commitment to improved public access to and interpretation of the historic core of the complex – The Guildhall Main Hall, the Council Chamber, a new riverside courtyard garden and historic Common Hall Lane. In accordance with the recent Heritage Lottery Fund (HLF) bid.

Reason: In the interests of securing improved public access for residents and visitors, for the future, and maximising the civic and community value of the Guildhall through improved understanding and appreciation of its historic significance, aligning with the Mansion House Opening Doors project.

- 2) To continue with ongoing project development work including: the procurement of a multi disciplinary design team to progress design and development work.

Reason: To ensure that the optimum beneficial re-use of the complex is properly investigated and that project delivery does not suffer unnecessary delay.

- 3) To commission a specialist property agent to: establish the value of the commercial riverside elements of the scheme; advise the design team and market test the proposals. Agree the principle of long leases (typically 25 – 99 yrs) on peripheral elements of the complex. (the South Range restaurant and the new build cafe/bar on the north end)

Reason: In the interests of optimising the value and long term sustainability of a publicly accessible riverside with an attractive commercial offer to complement the inherent historic interest of the complex.

- 4) To initiate a review of the feasibility work and business case assumptions relating to the office elements of the scheme as presented to cabinet in December 2014 / and Scrutiny Call-in in January 2015. Requesting an early report back (Executive in September 2015) on the most commercial and viable options for this element of the complex.

Reason: In the interests of securing the optimum future value for the council from one of its most significant property assets and minimising delay to the project delivery.

Background

4. The future of York's Guildhall and Riverside has been the subject of a number of previous reports and Cabinet has committed to a scheme to restore and redevelop the complex to ensure its future for the city. The scheme agreed is a combination of

- Public spaces – Guildhall, Council Chamber
- commercial usage (restaurant to the south and cafe bar to the north)

- Office space for Digital Media Arts sector
5. Concerns were raised in December about the robustness of the business case for the complex, particularly about the focus on the digital media sector. Further work has been undertaken to strengthen the business case.

History

6. The Guildhall complex has been at the centre of city governance since the C12th. The current Guildhall dates to 1445, but there are references in the archive to an earlier hall on the site, and evidence for this was discovered by York Archaeological Trust during the 2012 archaeological excavations in Common Hall Lane, beneath the Guildhall.
7. The complex was developed over time from the C15th, with the medieval Guildhall at its core. There are significant early and late C19th additions and the C20th north annex. This element was built for the Post Office in 1904/5 and only acquired by the council in the mid 1980's. The component parts of the complex are highlighted at annex 1.
8. The Guildhall Main Hall and medieval riverside rooms and the Victorian Council Chamber are the most historically significant parts of the complex, together with Common Hall lane, which runs directly beneath the Guildhall. The C20th north annex is of lower significance.
9. The Guildhall is intrinsically linked with the history of the City, the history of its Guilds regulating business and commerce, and its use as a court where justice was dispensed.
10. The riverside site is also hugely significant where it has been in continuously inhabited through successive phases of urban development over the last 2000 years. There is good evidence (ref1) that there was a Roman Bridge landing on the north bank of the Ouse in this location and leading up to the main gate to the fortress established in AD71.
11. The line of Lendal / Coney street broadly follows the alignment of the perimeter road running outside the Roman fortress wall and this riverside area was further developed over time. The area to the north west of the Guildhall site was occupied by an Augustinian Friary which is recorded as the place Richard III stayed when visiting York.
12. There is, therefore a fantastic opportunity to tell York's story in a location

which has direct association with so many of the significant events in York's history – a story which despite the wealth of museum and visitor attractions in the City is not fully revealed in the City.

13. This is the basis of our recent HLF bid (see background papers). This submission to HLF reflects the feedback from the previous bid made in April 2014 and also responds to consultation feedback where the strength of feeling across the City about the significance of the Guildhall is clear. There were particular concerns about the potential 'privatisation' of the complex and loss of public access / community and civic use which could have resulted from a purely commercial proposal being delivered.

HLF bid – submitted May 2015.

14. The HLF bid submitted in May 2015 sets out detailed proposals for the Guildhall Main Hall, Council Chamber, a new riverside courtyard garden and the opening up of the historic Common Hall Lane. The HLF funding would deliver public access and interpretation of the site and buildings, directly linked in terms of visitor management to the Mansion House Opening the Doors project, currently being delivered. The benefits of synergies with this project are clear.
15. The key objectives of the bid are set out below :
 - York has a unique opportunity to present its story: to narrate the history of the city, its guilds and commercial heritage, city governance and democratic life, on a site which has been pivotal since pre-Roman times.
 - This project will create a new heritage destination, a fully interpreted route through the site including; the Guildhall, highlighting the guilds' role in the city's success, medieval riverside rooms and their stories, the site's archaeology, access to the hugely significant but currently hidden Common Hall Lane, and to the seat of city governance, the Victorian council chamber.
 - The council's move from the Guildhall necessitates repurposing the site. This provides a once-in-a-generation opportunity to ensure that its heritage is open to the public and remains central to its future. The project will also facilitate adjacent and complementary commercial uses to secure future sustainable income streams and link with the successful Mansion House 'Opening Doors' project.

16. The HLF bid has a value of £1.6m. The delivery focus is on interpreting both the City's and the site's rich history, with the benefit of enhanced access to the site and buildings. Accordingly the bid includes funding to repair and adapt the building fabric, to facilitate its re-use as both a visitor attraction and community resource, alongside the ongoing council and civic uses. The provision of high quality events and meeting space for hire is an additional benefit which will assist in securing the project's long term sustainability.
17. The HLF Heritage Grant application process comprises 2 rounds of bidding. Subject to the round 1 bid being supported by HLF a round 2 bid will need to be submitted which provides additional detailed information and covers all the necessary delivery arrangements. The timetable for this will need to be agreed with HLF, but the project team is working towards a round 2 submission in May 2016.

Analysis and Recommendation

18. There are high levels of support for facilitating improved public access to, and interpretation of the Guildhall complex, focused on the historic core areas: the Guildhall main hall, the medieval riverside rooms, the council chamber, the riverside and common hall lane, running under the Guildhall itself.
19. A funding bid has been submitted to HLF on this basis and this requires a firm council commitment to the levels of public access and visitor interpretation highlighted above, if we are to secure this funding.
20. **It is recommended that there is a formal commitment to improved public access and interpretation for the historic core of the complex – The Guildhall Main Hall, the Council Chamber, a new riverside courtyard garden and historic Common Hall Lane.**

Project Development - Design Team procurement

21. Further to the report approved in Dec 2014, the project team commenced an EU compliant procurement process to select a suitably qualified multi-disciplinary design team and this is now nearing completion. The Design Team will provide the necessary professional expertise and capacity to progress the design development.
22. The process has involved a detailed pre-qualification process, which generated a huge response rate and the shortlisted consortia are now completing detailed tender returns for final assessment.

23. The key project programme dates are as follows:

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| • Updatereport | 30 July 2015 |
| • HLF bid outcome | mid Sept 2015 |
| • Project review report to Executive | October 2015 |
| • Interview and appoint design team | October 2015 |
| • Design development, public consultation | Oct 15 – April 16 |
| • HLF round 2 bid deadline | May 2016 |
| • Planning and LB applications | May 2016 |
| • HLF round 2 decision | Sept 2016 |
| • Potential construction start date | Jan 2017 |
| • Possible construction end date | June 2018 |

Analysis and Recommendation

24. The procurement of a multi-disciplinary design team is already well progressed. This process is expensive for both the council as client and the bidding consortia. The appointment of a suitably qualified team (following an HLF decision in Sept 2015) would provide the immediate capacity and capability to progress the design and development work following on from the project review and to deliver on the supporting commercial elements of the scheme without incurring significant delay.
25. The alternative would be to pause or abandon the procurement process with the associated impact in terms of abortive costs, reputational damage and significant delay to the project.
26. **It is therefore recommended to continue with ongoing project development work including: the procurement of a multi disciplinary design team to provide the necessary professional expertise and capacity to progress design development work.**

Project Development - Commercial Opportunities

27. The potential to make the riverside more accessible has been explored both within the Guildhall site controlled by CYC and by working with York Boat to explore the options for the wider site as highlighted by the RIBA competition and creating access linkages under Lendal Bridge.

28. The feasibility work highlighted the significant potential for high value commercial development at each side of the complex to underpin the future financial sustainability of the complex and this was highlighted in the Dec 2014 report.
29. There has been some soft market testing of these proposals and it is now appropriate to undertake a more rigorous evaluation of the potential through further design work and by engaging a specialist commercial agent to advise on the design, and also to undertake targeted market testing with a view to securing tenancies for these elements of the scheme.
30. If CYC wish to secure a significant financial return for the commercial elements of the scheme we will need to offer long term leases (typically 25-99 years). Short term leases will not enable the realisation of the capital values necessary to finance the development of the broader scheme or an accessible riverside.

Analysis and Recommendation

31. The design and market testing of commercial units on the riverside requires specialist advice and input. The council does not have the necessary experience / expertise in this field and specialist property agents operating in the catering/ leisure fields will be able to deliver significant added value to the project and highlight the lease opportunities to potential tenants, maximising the value of the riverside opportunities to complement the enhanced public access strategy, and help to secure long term sustainability.
32. Without this advice there is a real risk that the design development will not adequately reflect the needs of the sector and that the value of the riverside units will not be maximised to the detriment of the scheme. The procurement of a suitable specialist agent should therefore be agreed as a priority. This will be procured by getting 3 quotes from suitably qualified agencies and will be funded from the currently agreed £500k development budget.
33. **It is recommended that a specialist property agent is procured to: establish the value of the commercial riverside elements of the scheme; advise the design team and market test the proposals, and that the principle of long leases (typically 25 – 99 yrs) on the peripheral elements of the complex is agreed.**

Project Review

34. The feasibility work undertaken to date was directed to consider the feasibility of a Digital Media Arts Centre use for the office elements of the complex, associated with the Guildhall and historic meeting rooms. This focus is now to be reviewed to ensure that the optimum commercial use is secured for the site.
35. **The review will explore a range of different options for the office elements of the site and will look specifically at:**
 - Option 1 - Grade A generic office, probably requiring new build annex, where refurb is unlikely to produce the quality of office required.
 - Option 2 - A commercially focused scheme - likely to revolve around restaurants / cafe bars and leisure uses.
 - Option 3 - A new build annex with generic Grade A office and introducing residential or holiday let accommodation on upper levels.
 - Option 4 – A refurbished annex option with a serviced office / virtual office offer to the broader creative industries sector.
36. The feasibility work and the business case presented to the Dec 2014 cabinet will be reviewed. The capital costings and business cases for the different use scenarios will be evaluated with respect to the latest economic evidence base, working in conjunction with the council's policy team and Make it York.
37. The review will also involve a cross party working group, the representation to be agreed before the summer to allow for the scheduling of meetings in September to deliver the review without unnecessary delay to the project and to enable a report back to October Executive.
38. The pros and cons for each of the options including for different the uses and tenancy models for office use, commercial leisure use and any residential potential will be analysed and presented.

Analysis and Recommendation

39. The requirement to review the office elements of the scheme and the supporting business case can be accommodated over the next 2 months, reporting back to executive in October, using the significant body of information on potential building layouts and costs from the previous

feasibility work and the contemporary economic evidence base as agreed with the council's policy team / Make it York.

40. A more fundamental review would necessitate a longer time frame and the gathering of new evidence. This level of review would adversely affect the project programme and may impact on the potential to secure HLF funding.
41. **It is recommended that the feasibility work and business case assumptions relating to the office elements of the scheme is reviewed, with an early report back to Executive in October 2015.**

Consultation

42. The project has benefited from significant consultation and engagement to date.
43. The RIBA competition provided the opportunity for public exhibition of the proposals and the provision of riverside public space was one of the key aspects which the public liked and supported.
44. Through the project feasibility phase the project has been presented to a wide variety of audiences including, a range of project partners and by working through the project board:
 - University of York
 - York St John University
 - York @ Large
 - Make it York
 - York Civic Trust
 - York Guilds
 - York Conservation Trust
 - York Creative Directors Network
 - Residents First Weekend
 - York Past and Present

Funding

45. The project feasibility costings and funding profile was set out in the December 2014 report.
46. However, the process of project review as set out above will necessarily require a review of the cost estimates and an evidence based reconsideration of the business case for the project with the modelling of

different commercial scenarios to ensure that the project achieves the best possible commercial return for the council, having firstly safeguarded public / community and council / civic access to the heritage.

47. A revised project budget and funding profile will be developed accordingly.

Council Plan

48. Under the draft council plan objectives the project will assist in the creation of a Prosperous City for All, particularly by ensuring that:

- Everyone who lives in the city can enjoy its unique heritage and range of activities
- And Visitors, businesses and residents are impressed with the quality of our city
- We are entrepreneurial, by making the most of commercial activities

Implications

- **Financial**

The commitments to public access and interpretation will be necessary to secure HLF grant funding. HLF grant funding to repair and adapt the historic fabric is also dependant on the £1m of remaining EIF allocation (which includes provision of the Design Team fees) and the £350k already committed to the Guildhall repairs in the capital programme. The capital cost for the leisure elements are expected to be self financing and the review of the office element business case will be reported to executive in October. The potential award of a loan of £1m from Leeds City Region LEP Regional Growth Fund identified in the outline business case in December 2014 will be dependent upon the review as this will only be granted if the office element of the scheme is focussed upon the creative industries sector. If this loan is not forthcoming then CYC would need to prudentially borrow at an annual revenue cost of £61,000 pa.

Human Resources (HR)

The Guildhall is currently managed by the Civic and Mansion House team. It will be important to clarify the role of these staff in relation to the Guildhall, particularly as and when the Mansion House redevelopment

moves forward but there are no specific HR implication of the decisions in this report.

- **Equalities**

There are no equalities implications in relation to the recommendations above. However, there are known problems with the accessibility of the complex and proposals to increase public access will need to address these. Any interpretation proposals would also need to meet current best practice standards, but this will also be an HLF requirement.

- **Legal**

The procurement process to select the Design Team is an EU compliant process and the appointment would be on a staged basis where clear break clauses at each stage – there is no commitment to appoint at this stage. The procurement of a commercial agent is a low value contract which can be entered into following the receipt of three suitable quotes.

Information Technology (IT)

There are no IT implications at this project stage

- **Crime and Disorder**

The Detail Design of any changes to the complex and particularly proposals to make the riverside more publicly accessible will require detail consideration of crime and disorder implications and there will be structured input from the Police Architectural Liaison officer

- **Property**

It is expected that the core of the historic Guildhall will remain in Council ownership and the commitments to public access outlined in the report are compatible with this approach. Long leases (25 -99 years) may be necessary for the commercial leisure elements at the periphery of the site, and could be instrumental in delivering a commercially viable project forming an important component of the detailed business case.

Risk Management

Failure to progress plans for the repair and maintenance of the Guildhall leave the structure and fabric of a historic and iconic city centre building at risk. The

project itself faces risks around achievement of grant funding, financial viability, planning permission / listed building consent being agreed for changes to a historic building. A full risk register is maintained by the project and will be regularly reviewed by the project board as the project progresses. Actions are in place through the project development phase to address the project risks

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Report Approved



Date 21 July 2015

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers:

- HLF bid May 2015
- Purcell options appraisal 2012

Annexes

Annex 1 – Site zones
Annex 2 – project programme