

## **Major Projects Update November 2015**

Report of the Acting Director of City and Environmental Services

### **Summary**

1. This report provides Members with an overview and update in relation to the major development projects in the city at this time. As we are conscious that this is the first time the Economic Development & Transport Policy & Scrutiny Committee have considered this paper since the election, we have tried to provide more background on the major projects than we usually do.

### **Background**

2. A key issue in the economic data in the City of York is falling real wages. Whilst there are a number of reasons for this. Availability of appropriate business space is clearly an issue in the city.
3. Evidence from the local plan economic forecasts shows that unless we see a step-change in high-value sector employment, such as financial and professional services, engineering and bioscience, the average wage levels in the city will continue to fall. This is because growth in low wage sectors such as tourism and health and social care will outstrip growth in higher value sectors and reduce the average wage in the city.
4. There is evidence in that employers in high value sectors place significant value on city centre space close to good transport links. A recent example of this is the work by centre for cities on the future role of the city centre (<http://www.centreforcities.org/publication/beyond-the-high-street/> ).

5. Whilst the Local Plan will be an important part in addressing this, there are already a number of major projects that are currently underway in the city. This includes:

- York Central
- Southern Gateway
- Guildhall
- Community Stadium

## **York Central**

### **What is the opportunity?**

6. The York Central site has long been considered a prime business location for high value sectors and is at the core of the Northern Powerhouse, under an hour from Newcastle, and once HS3 improvements are complete, under an hour from Manchester.
7. There is considerable pent up demand within York, and its wider region too, as a city which has virtually all the ingredients to deliver significant inward investment, but which has been held back by available quality office space for businesses to locate.

### **What are the estimated benefits?**

8. A developed York Central will deliver game-changing high value economic growth for the region. Unlocked by Enterprise Zone status, the site would deliver:

- 108,000m<sup>2</sup> of additional grade A office led commercial space for private sector growth,
- Estimated 6600 full-time employment high value jobs in industries such as professional services, insurance and high value rail, and

£1.16 billion direct Gross value Added (GVA) uplift from the commercial phases alone. With strategic alignment of planned transport improvements that would also be delivered as part of site regeneration, the benefits and job opportunities would be felt across the Local Enterprise Partnership (LEP) and the North.

## **What has been happening in the last six months and what are the next steps?**

9. Housing Zone status was awarded in the spring and The Homes and Communities Agency (HCA) have confirmed potential equity investment of £9.2m. They are also considering a grant application for £365k to support the resourcing of the project team and specialist advisors.
10. We have been working with partners to make the opportunity of York Central a reality. Earlier this year, we signed a memorandum of understanding with Network Rail, and we are now working with the National Railway Museum and the HCA to craft a comprehensive approach to the delivery of the project and to pursue additional external funding opportunities.
11. The project is being led at Corporate Management Team by the Director of City and Environmental Services supported by the Assistant Director of Finance Property and Procurement and we have now employed a full time project manager and a dedicated project team for York Central to be able to resource the project appropriately. We have submitted a bid for York Central to become an Enterprise Zone with support from the York North Yorkshire and East Riding LEP.
12. Following an assessment of the site, we have withdrawn an application for flood protection funding from the Leeds City Region Local Enterprise Partnership growth fund as it was found that this work is not required.
13. A grant of £50k has been agreed with a further bid for £200k under consideration from the Cabinet Office/Local Government Association One Public Estate programme with funds to support the formation of a delivery partnership and early enabling work.
14. Work is ongoing to assemble third party land holdings to enable full scheme development.
15. A Lead Member Group has been established on York Central, and meets quarterly.

16. The Local Plan Working Group will be receiving a report at their next meeting proposing a York Central Policy to be included in the Local Plan.
17. A report will be taken to December Executive seeking agreement to progress with partner negotiations, to continue land assembly activities and commence a public consultation to inform the development of a Planning Framework.
18. We will continue to provide updates to this group on progress.

## **Southern Gateway**

### **What is the opportunity?**

19. The Southern Gateway area covers the length of Piccadilly, the Coppergate Shopping Centre and the Eye of York and runs through to St George's Field and the Foss Basin. Much of the area is of low quality with significant dereliction and underdevelopment and yet the area has great potential in both its location and its historic built assets. The area sits largely within the city walls and within the Historic Core Conservation Area, at the confluence of two rivers, the Ouse and the Foss.
20. The area contains a substantial amount of public estate with three Museums/attractions (Castle Museum, Fairfax House and the Jorvik Viking Centre), three court buildings, many listed structures and a historic monument of international significance (Clifford's Tower).
21. The vision being developed for the area will help to achieve the effective regeneration of this strategically important location in the city and will coordinate development of wider socio-economic benefits. This is based on a mixed use, quality development with significant civic and public space.

### **What are the estimated benefits?**

22. Detailed economic benefits will be developed as part of this project. Benefits will include increased footfall, improved car parking provision, promotion of the use of sustainable transport, public realm improvements (including the setting of Clifford's Tower) and retail, office and residential space.

## **What has been happening in the last six months and what are the next steps?**

23. Officers have been developing advice on the next steps for the Southern Gateway. Last month's executive agreed for further work to be undertaken to:
- Establish a dedicated project team to lead the work. A project Manager will lead the project and pull together contributions from officers across Property, Planning, Legal, Finance and Procurement. A part time Project Officer will provide support to the wider team.
  - Undertake engineering feasibility
  - Undertake archaeological feasibility to develop a costed proposal for a dig.
  - Explore planning constraints and develop a suitable approach to planning issues.
  - Undertake a market assessment.
  - Develop a high level spatial plan for the area and a 3D visualisation for the area.
  - Undertake a Development Appraisal.
  - Develop a comprehensive business case
  - Explore a range of commercial delivery mechanisms.
  - Prepare for a public consultation.
  - Prepare a Conservation Statement for St George's Field & the Foss Basin.
  - Undertake a development appraisal.
24. The cost of this work is estimated at £185k.

## **Guildhall**

### **What is the opportunity?**

25. City of York Council moved out of the Guildhall to West Offices, in April 2013. Since that time we have been developing options for the future of the Guildhall, compatible with our retained use of the council chamber for full council meetings.
26. A key consideration has been to achieve a re-use which generates economic benefit for the City and improved public access to the riverside.

27. The site could potentially see a mixed use development with 1350m<sup>2</sup> of office space, the Guildhall, council chamber and meeting room spaces and 650m<sup>2</sup> of leisure (restaurant / cafe bar) space on the riverside with the creation of a new publicly accessible riverside courtyard garden.

### **What are the estimated benefits?**

28. The option recently agreed by Executive is estimated to generate £66 million of additional annual GVA for the York and the surrounding area local economy by 2029.
29. These estimates are based on the high value job creation in the computing and information services and media sectors over the period, as modelled by the North Yorkshire Regional Econometric Model.
30. The additional benefits of creating a hub venue for business to collaborate and work with our Universities will also be explored.

### **What has been happening in the last six months?**

31. The project review, which was requested by Executive on 30 July 15, has been completed involving the Corporate & Scrutiny Management Policy & Scrutiny Committee as directed.
32. The review provided a detailed summary of the background and feasibility work to date, which was presented to the Corporate & Scrutiny Management Policy & Scrutiny Committee meeting on 14 September, in preparation for the informal meeting on 16 September where external experts were also invited to advise members.
33. In discussion and considering the 4 options put forward members of the CSMC felt that the following factors were the most important considerations in securing the future of the Guildhall complex :
  - future flexibility compatible with the heritage status of the building
  - public / community access
  - ongoing council use secured
  - protecting the heritage
  - creating high value jobs
  - the best rental income

34. On this basis the scrutiny committee made a clear recommendation to Executive for option 4 a scheme offering serviced managed office space in conjunction with virtual office / business club services, based on a refurbished annex, with an additional floor added. This option takes advantage of the character spaces that would be created for hot desks / break out space allowing high density occupation.

Summary of costs of preferred Guildhall Option

	£'000
<b>Income</b>	
Projected rental income	£362 pa
<b>Cost</b>	
Capital Costs	£9,850
<b>Funding</b>	
Approved Capital Budget	£1,350
Projected Capital Receipt	£2,767
Prudential Borrowing Funded by Rental Income	£5,898
GVA to Yorks and Humber Economy by 2029	£66,000

35. Following Executive approval a Design Team led by architects Burrell Foley Fischer have been appointed to undertake detailed design development. It is anticipated that the scheme will be reported back to Executive in summer 2016 for approval to proceed.
36. Further and ongoing consultation will be integral to the projected development and will target both specific stakeholder groups and York residents.
37. Executive also agreed that CSMC should continue to be consulted as the project is developed.

## **Community Stadium**

### **What is the opportunity?**

38. The core project objectives are to provide a new Community Stadium within a new leisure facility complex on the grounds of the existing Huntington Stadium / Waterworld swimming pool. This project represents an opportunity to create one of the country's most far reaching community stadium complexes. The range and extent of community facilities and services proposed with limited reliance on public sector funding will be a first in the UK.
39. It is a corporate priority of the City of York Council to build a community stadium for the City. This ambition is also set out as a core policy of the Council's draft Local Development Framework (LDF) and Active York's Leisure Strategy. There is a genuine need for a new stadium in the City.
40. The long-term future of professional sport in the city is under serious threat, as is that of the City's largest athletics club. These club's play a significant role in the delivery and development of community and grass roots sport in the city.

### **What are the estimated benefits?**

41. The scheme will create around 200 jobs including match and event day staff that will help operate the stadium during large events; this is equivalent to 165 Full-Time Employment jobs (FTE). There will also be additional temporary construction jobs created during the build phase. During the construction period the development will generate a range of employment opportunities. At the peak of the construction programme, there would be up to 250 people on the site. The construction will also provide eight apprenticeships and six job opportunities for unemployed people.
42. The new stadium has the potential to increase supporter demand and attendance numbers. Evidence suggests that the new stadium could generate from 20% - 40% increase in visitor numbers.
43. A 20% increase in visitor numbers to the stadium will equate to 4,200 additional visitors per year from outside the City of York.



44. Between £129,831 & £259,662 additional expenditure could be generated per annum from the stadium, based on a range of 20% to 40 % increase in attendance at matches.
45. The new stadium will be a positive community focal point for the city which will instil pride and will be an important cultural asset.

The stadium will have spaces available for community hire at an affordable rate and will also be the location for public sector training courses and networking events.

**What has been happening in the last six months? What are the next steps?**

46. In the last six months of the project progress has been made as follows:
  - An archaeological dig took place at the stadium site in May/June.
  - The new county standard athletics track opened at the University of York campus in June and City of York Athletics Club have been using for training and events.
  - The Judicial Review period expired and Secretary of State approval was received in respect of the full planning application.
  - The Council confirmed its commitment to Yearsley Pool and redefined the full Project Programme Plan associated with the project.
  - York City Knights signed their stadium and associated agreements with the Council in July.
  - All appropriate planning conditions have been discharged that allow the commencement of early works on the stadium site to begin in November. This will see the demolition of Huntington Stadium and Waterworld and work to extend the Monks Cross P&R site.
47. The next steps involve:
  - The completion of early works throughout November 2015 to February '16.

- Full Executive approval to be sought and received to enable the signing of the full Design, Build, Operate and maintain (DBOM) contract.
- Full construction to begin Spring 2016.

### **Options**

48. This report is provided for information only.

### **Council Plan**

49. This report is linked to the Prosperous City for All element of the Council Plan 2015-19

### **Implications**

50. This report is presented for information only and there are no known legal, financial, human resources or other implications directly associated with the recommendation in this report.

### **Risk management**

51. There are no known risk implications associated with the recommendation in this report.

### **Recommendations**

52. The Committee is asked to note and comment on the information provided in this report.

Reason: To ensure scrutiny members are informed of major projects in the city.

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Report Approved ✓  
Date: 09/11/2015

All

For further information please contact the author of the report

## Abbreviations

CSMC – Corporate & Scrutiny Management Policy & Scrutiny Committee

DBOM – Design, Build, Operate & Maintain

FTE – Full-Time Employment

GVA – Gross Value Added

HCA – Homes & Communities Agency

HS3 – High Speed 3

LDF – Local Development Framework

LEP – Local Enterprise Partnership