

Executive

26 April 2018

Report of the Director for Economy and Place

Portfolio of the Leader of the Council and Executive Member for Finance and Performance

The Castle Gateway Masterplan

Summary

1. This report sets out the masterplan for the regeneration of the Castle Gateway. It has been developed through a bold new approach to public engagement and with detailed input from key stakeholders through the Castle Gateway Advisory Group. The result is an exciting masterplan for the area that has extensive support; proposals that celebrate the city's heritage and balance the public's desire for high quality public realm with commercial development opportunities that help fund that ambition. The centre piece of the proposals will be the redevelopment of Castle Car Park to provide a public space in the heart of the Castle Gateway, with replacement parking in a new multi-storey car park at St George's Field, riverside walkways, pedestrian/cycle bridges over the Foss, and spaces for independent traders and city living.
2. The second part of the report sets out the high level financial appraisal of the proposals and how the masterplan will be broken down in to four work packages. This will allow key funding decisions to take place only when there is clarity of detailed costs and business cases for each package. The report's recommendations allow the first major step to be taken in implementing the masterplan through the submission of planning applications for the first two work packages, including the detailed proposals for the Castle and Eye of York area. The procurement of a contractor to build the multi-storey car park at St George's Field will allow the project to proceed at pace, with a potential start on site in spring 2019. Proceeding with the masterplan will unlock the potential of this historic part of the city - an opportunity to bring to an end decades of failed proposals and allow this ambitious shared vision for the Castle Gateway to become a reality.

Recommendations

3. The Executive is asked to:

1) Approve the preferred masterplan for the Castle Gateway

Reason: *To provide a spatial framework and development uses for the Castle Gateway that reflects the outcome of the detailed masterplanning work and stakeholder and public consultation*

2) Agree to prepare and submit detailed planning applications for work package 1 and 2 as identified in this report

Reason: *To allow the next stage of work to implement the masterplan*

3) Approve the preparation of the detail design of the St George's Field Multi-Storey Car Park alongside the planning application process

Reason: *To allow construction of the multi-storey car park to commence as soon as planning permission is achieved in order to enable the delivery of future phases*

4) Approve the procurement of a construction contractor for the St George's Field Multi-Storey Car Park alongside the planning application process

Reason: *To have a contractor in place to commence construction of the multi-storey car park as soon as planning permission and detailed design is in place*

5) Submit a business case to West Yorkshire Transport Fund for the funding required for work package 1 highway improvements, and any other appropriate highway improvement elements of the masterplan

Reason: *To secure external funding to deliver the proposed highway interventions identified in the masterplan*

- 6) Grant a lease to the Arts Barge for a mooring to implement their planning permission in Tower Gardens

***Reason:** To enable the Arts Barge to implement the planning permission they received in February 2017*

- 7) Grant a maximum 24 month lease of Castle Mills to York 10 Limited for use as a site compound during the refurbishment of Ryedale House in exchange for their demolishing the vacant buildings on site

***Reason:** To clear the Castle Mills site at no cost to the council*

- 8) Recommend to full council to allocate a capital budget of £2.4m to implement the recommendations in this report

***Reason:** To create the budget to deliver the next step in implementing the Castle Gateway masterplan*

Background

4. The Castle Gateway is a large area of the city centre that sits on the confluence of the rivers Ouse and Foss and includes a number of York's heritage assets and cultural attractions which are of regional and national historical importance (Annex 1). However, it is also an area of dereliction and unrealised potential, dominated by cars and surface level car parks and carved in two by the city's inner ring road. The council are the major land owner in the Castle Gateway, and hold the key to unlocking the area through the development of our land assets and using the financial returns to provide the new public realm and infrastructure that will encourage high quality private sector investment and development.

January 2017 vision

5. In January 2017 the Executive approved a high level vision to respond to these challenges and drive the regeneration of the Castle Gateway:
 1. Seek to relocate the existing surface level Castle Car Park away from Clifford's Tower

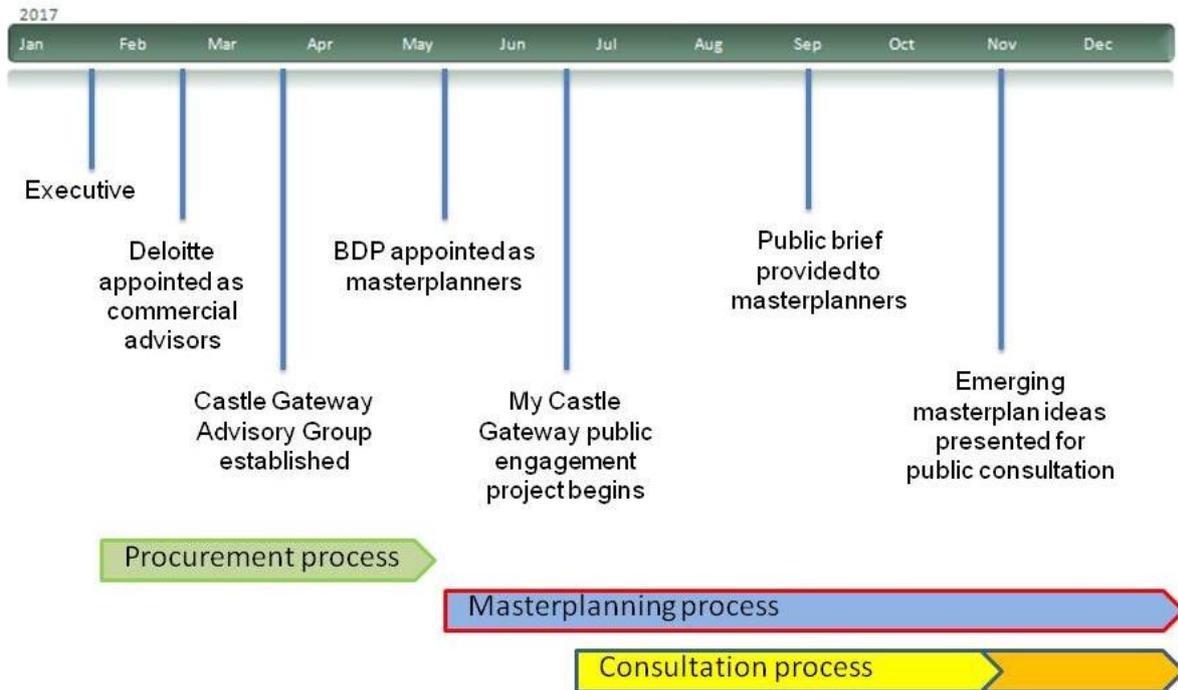
- II. Replace the lost car parking capacity through alternative options such as underground car parking on the same site or a purpose built multi-storey car park in an alternative location
- III. Create a high quality mixed use commercial development on the banks of the Foss on the site of the Castle Car Park, respecting a build line that follows the historic line of Castlegate
- IV. Create a new public space on the Castle Car Park to link with the area in front of the Castle Museum and the Crown Court to create a re-imagined Eye of York area that would articulate the varied historical narratives of this important area of the city
- V. The redevelopment of the Castle Museum and Clifford's Tower as the anchor cultural attractions for the Castle Gateway area
- VI. Create a new pedestrian cycle bridge across the Foss which will connect the area to Piccadilly and on to Walmgate and Fossgate creating new lateral routes across the city centre
- VII. Create new riverside walkways along one or both banks of the Foss to improve access to St George's Field/Foss Basin and into the city
- VIII. Enable the revitalisation of the Coppergate Centre's retail and residential offer by extending the leasehold term
- IX. Redevelop the low quality sites on Piccadilly (including Ryedale House, Banana Warehouse, NCP car park, Castle Mills Car Park and 17-21 Piccadilly)
- X. Explore long term options to realise the potential of St George's Field and the Foss Basin

Developing the masterplan

6. Following the Executive's approval of this vision in January 2017 a work programme was instigated to appoint masterplanners and commercial advisors, engage key stakeholders, and embark on a significant public engagement and consultation project to put the public at the heart of shaping the future of the Castle Gateway. The process is set out in the following timeline:

Figure 1: Timeline of masterplanning process

Timeline of masterplanning process



Commercial advisors and masterplanning consultants

7. Deloitte were appointed in February 2017 to provide commercial advice and valuations of the council's land assets, establishing the potential value and uplift from any new development in the Castle Gateway and the capacity to fund and deliver the preferred masterplan. During the masterplan process they have continued to carry out ongoing appraisals of the emerging options to allow refinements and further iterations of the proposals to advise on financial viability.
8. Following a competitive tender process through the Homes England Development Partner Panel 2 BDP were appointed as masterplanning consultants. The contract award was based on providing a preferred masterplan with an option for them to be retained to prepare and submit future detailed planning applications in delivering the masterplan. BDP have a significant track record of high quality regeneration schemes in complex environments, including Liverpool One, Belfast North East Quarter and the masterplan for the University of York's Heslington East campus.
9. BDP have delivered the preferred masterplan through a 3 stage process:

- **Stage 1** established a baseline summary and interpretation of all the evidence collected for the area, including the heritage and planning review, townscape appraisal, transport and movement review, and infrastructure and flood risk. This comprehensive assessment of the area provided a masterplan framework (Annex 2)
- **Stage 2** translated the masterplan framework and public's development brief in to a series of emerging options for the Castle Gateway (Annex 4)
- **Stage 3** refined these options in response to public and stakeholder engagement to provide the preferred masterplan which is set out for approval in this report (Annex 7)

10. Every stage in the above process was undertaken through comprehensive engagement and involvement with the public through the My Castle Gateway project, and key stakeholders through the Castle Gateway Advisory Group.

Castle Gateway Advisory Group

11. One of the key recommendations in the January 2017 report was to establish an advisory group of principal landowners and custodians for this part of the city to help guide the development of the masterplan. The group is constituted of the following members:

- City of York Council
- Historic England
- English Heritage
- Environment Agency
- York Civic Trust
- York Museums Trust
- York Archaeological Trust
- York Conservation Trust
- Make It York
- York BiD

12. The inception meeting was held in March, with the group convening on a monthly basis to advise on the development of the masterplan and provide robust critical challenge to emerging proposals with a particular focus on heritage, conservation and urban design issues. The group has played a vital role in the preferred masterplan that is recommended for

approval to the Executive in this report, and have written in support of the proposals. The full letter can be found in Annex 8, but concludes:

'We have been very impressed by the process where the problems and opportunities have been identified and equally impressed by the initial solutions BDP have produced, together with the public consultation work carried out by My Castle Gateway.'

We appreciate that at this stage this is far from the final plan, and naturally over the process of time much more detail will need to be resolved.

However we are totally supportive of the work carried out so far and would like the council to commit to the next phase of this exciting and very important City shaping development plan.'

13. Moving forward the group will continue to meet on a regular basis and input in to the development of the masterplan and detailed designs for the public areas and spaces and the future delivery of the masterplan.

My Castle Gateway

14. In the spring of last year, as officers were considering and devising options for public engagement, we were approached by My Future York. My Future York are comprised of Phil Bixby (a local architect and chair of the York Environment Forum) and Helen Graham (a local resident and Director of the Centre for Critical Studies in Museums, Galleries and Heritage at the University of Leeds) who have a specific interest in how we engage with our communities in shaping the future of the city. Their proposal was to offer their time and support free of charge in return for the council trialling a bold and innovative new public consultation approach for the project. These proposals were agreed and a partnership was formed with My Future York under the banner of 'My Castle Gateway'.
15. The approach was designed to ensure that the public were engaged from the very beginning of the masterplan process by developing a 'public's development brief' for the masterplanners. It also allowed more in depth discussions with people through an open conversation process where the challenges and barriers to devising and delivering a masterplan were clearly articulated by the council to allow a better public understanding, and to encourage the development of shared solutions to those challenges.

16. The My Castle Gateway project has used a wide range of approaches to engage with the public. It has embraced the use of social media with Facebook, twitter, instagram, and YouTube channels to generate creative content, stimulate online debate, and create a wide reach across a broad demographic. There have been a whole range of events, walks, talks and debates hosted in the Castle Gateway by a diverse mix of groups and interested parties from formal partners such as Historic England through to midnight walks with homeless people. Throughout the process every single interaction - whether online, in person or by post-it note - has been captured, recorded, tagged and made publically available on the My Castle Gateway Flickr account to ensure that every opinion counts, with over 3,500 interactions recorded.
17. The key part of the process was to allow the public to provide a development brief for the area. Over the summer all of the My Castle Gateway activity was directed at asking people two key questions – what does the area mean to them and what would they like to do there in the future. The debate that this facilitated was captured in a report (Annex 2), with the following key themes emerging as to what public would like to see:

Figure 2: Key themes that emerged from the My Castle Gateway project



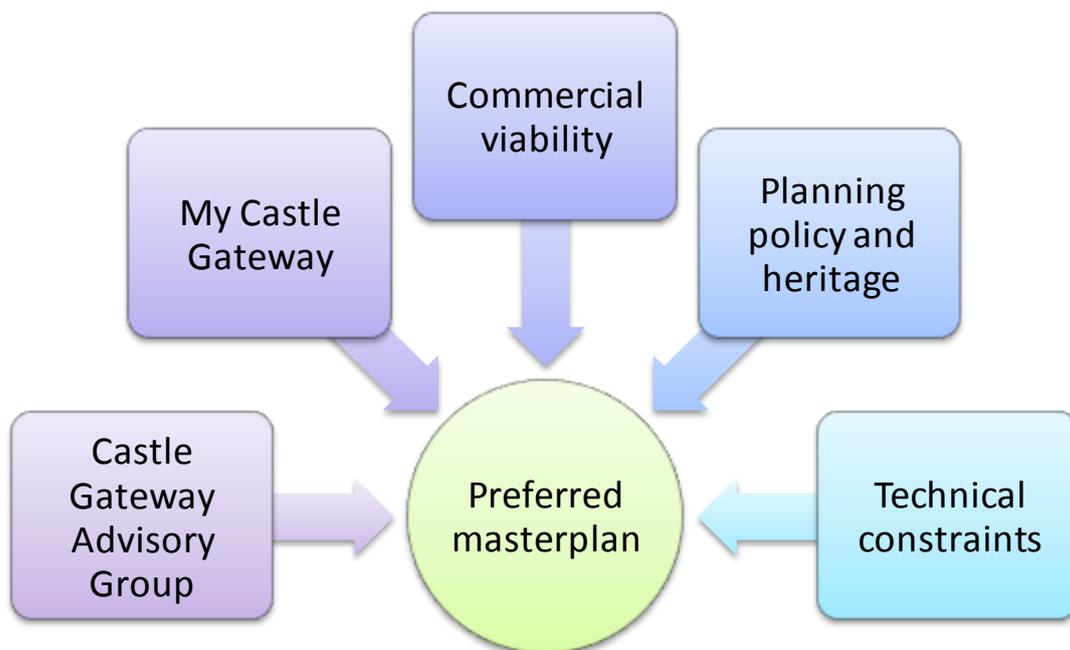
18. This public brief was then used by BDP, alongside the heritage and planning framework set out in their stage one report and the guidance of the Castle Gateway Advisory Group, to develop a series of masterplan ideas (Annex 2). These ideas were clearly articulated responses to the challenges facing the Castle Gateway and crafted to respond to the public's aspirations for the area. Instead of taking a simple area wide approach, the Castle Gateway was broken down into sub-areas on the basis that a mix and match solution could be taken to the masterplan, with a number of options for each sub-area and site, ranging from low to high levels of intervention. The aim was to allow the public to engage on a more involved basis.

Testing ideas

19. Once BDP had developed the emerging ideas a further stage of public engagement commenced in mid-November, once again applying a multi-format approach to consultation. Firstly, all of the ideas for the area were made fully available on the council's website. This used an interactive map where people could click on different areas and sites to see the options for that part of the masterplan. The website was optimised for all formats, so could be viewed on desktop, tablet and smart phone, and provided direct links to give feedback on the ideas as a whole, or for specific proposals that the viewer was interested in. In total the web pages were viewed 8,289 times.
20. Secondly, the engagement continued on social media. Regular posts and updates directed people to the website, but also encouraged debate and comments. The use of sponsored posts by both the My Castle Gateway and council Facebook and twitter accounts allowed our posts to be seen by those who had been previously unaware of My Castle Gateway, and this resulted in a much broader reach of views and comments. Facebook posts were seen 78,390 times, generated 990 comments, likes and shares, and led to 1,036 people clicking through to the masterplan web pages.
21. Finally the face to face interactions continued to provide the backbone of the engagement. A whole weekend of events in the Castle Gateway, with guided walks and talks, took place on the 25th and 26th of November, and three drop in events were held at Castlegate on the 28th and 30th November and 6th December. In total 185 people attended these events, which provided detailed and meaningful discussion and feedback on the different options.

22. Having completed the consultation on the emerging masterplan ideas on the 22nd December all of the feedback was again recorded on Flickr and used to form a revised public's development brief for the masterplanners (Annex 5). This responded directly to the public's views on the options that had been put forward and built on the innovative engagement by My Castle Gateway, identifying areas of consensus and tensions. This brief was then used to refine the ideas, with consideration of the technical advice of the Advisory Group to form the preferred masterplan which is recommended for approval in this report. The different work streams and considerations that have helped form and shape the masterplan are set out in Figure 3 below:

Figure 3: The process of shaping the preferred masterplan



The Castle Gateway Masterplan

23. The masterplan that is set out in this report presents a bold and ambitious vision for the Castle Gateway (Annex 6 and 7). An area where public spaces will sit side by side with our historic and cultural attractions; where we celebrate our rivers and embrace the opportunities of living beside water; where we can walk and cycle from north to south, east to west; where we can eat and drink, relax and attend events; where small independent business can thrive and we can live in the heart of the city; a

place we can enjoy and spend time without spending money; an historic part of York, newly discovered.

24. The comprehensive study of the heritage significance of the area's past (Annex 2) and the public's vision for the area's future (Annex 5) have shaped the masterplan, a clear spatial framework for realising the significant potential of the Castle Gateway that also provides realistic and deliverable solutions to the challenges presented by the area. The independent Castle Gateway Advisory Group believe that after decades of failed schemes we have for the first time a realistic masterplan that not only meets viability concerns but will address the issues affecting the sense of place and the Eye of York.
25. The masterplan responds to and resolves the key challenges in regenerating the area by:
 - Removing car parking from the setting of Clifford's Tower and the Eye of York
 - Providing replacement modern city centre car parking nearby
 - Reducing the negative visual impact on the Castle area of the rear of the Coppergate Centre and associated servicing yard
 - Creating better pedestrian and cycle routes throughout the area
 - Revitalising Piccadilly
 - Opening up the riverside and promoting active uses of the rivers
 - Significant architectural and landscape improvements to the York Castle Museum land and buildings creating better public access

A summary of the proposals for each area of the masterplan are set out in detail in the rest of this report and in BDP's stage 3 report (Annex 7), but the key headlines are as follows:

- Replace Castle Car Park with a multi-storey car park (MSCP) and visitor arrival point on St George's Field
- Castle Car Park and the Eye of York to become a new public space, hosting events throughout the year
- A new residential and leisure building to visually enhance and cover the servicing yard at the rear of the Coppergate Centre
- A new Foss riverside walk from the south of the city and pedestrian/cycle bridge connecting with Piccadilly
- Active leisure uses for the Foss Basin, including a new apartment development

- New commercial and residential development on the sites of Castle Mills Car Park and 17-21 Piccadilly
- Significant improvements to public spaces and streetscapes throughout the area

26. This masterplan that follows is recommended for approval by the Executive, in recognition of the engagement process that has been applied in its development and the support it has received from the public, key stakeholders and statutory bodies.

The Castle area and the Eye of York

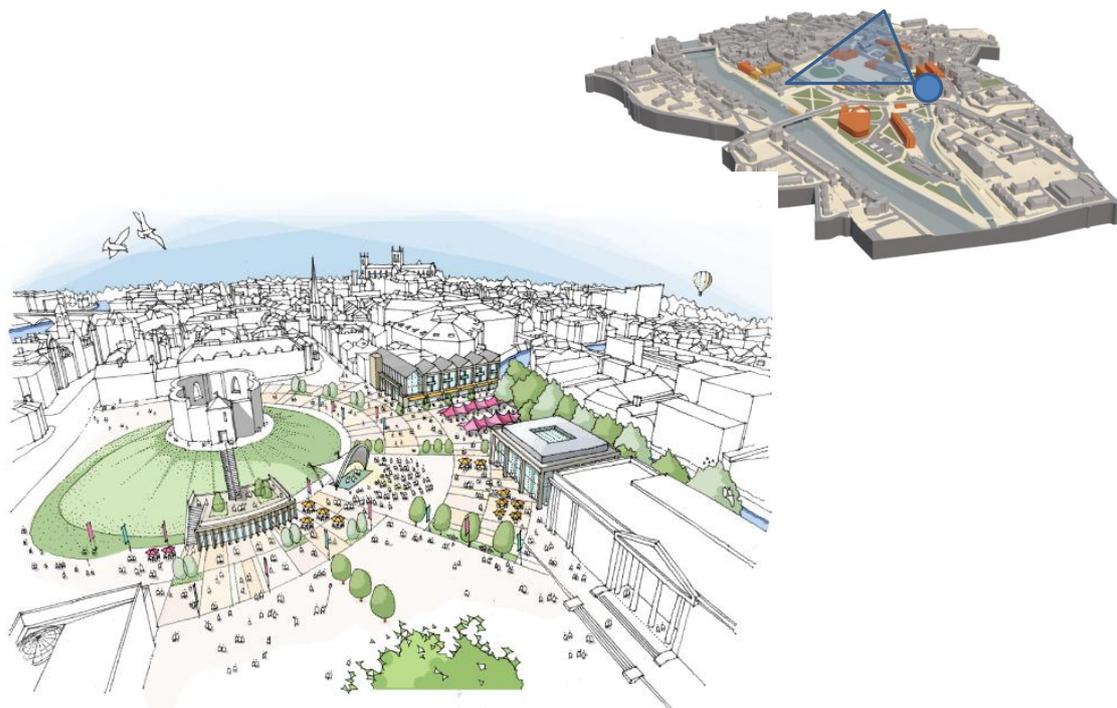


Figure 4: Artist's impression of Castle and Eye of York area

27. The Castle and the Eye of York sits at the heart of the Castle Gateway, and realising the potential of the area is key to the success of the overall masterplan. It is proposed to close and replace Castle Car Park with a new area of high quality public realm - a fully pedestrianised foot street down the historic route of Castlegate that would emerge in to a large open space that opens out on to the River Foss, wrapping around the base of the Clifford's Tower motte and encompassing the whole of the Eye of York. It would create a new beautiful setting for the city's heritage assets and reflect the historical context and significance of this area of regional and national importance. The space would meet the public's aspirations to be able to sit, relax, eat, drink and enjoy, and would host

different events throughout the year, such as this spring's pop-up Rose Theatre. The detailed design of the public realm, including surfaces, materials and planting would be developed through further public engagement to provide a more detailed brief.

28. The space would be framed by a new building on the unattractive rear of the Coppergate Centre, providing a solution to one of the biggest challenges in creating a new appealing public space. Not only does the large rear facade of the shopping centre dominate the space, it requires a big servicing yard to the Fenwick store which cannot be provided elsewhere due to the layout of the store. The new building would wrap around the servicing yard, screening it from public view and creating a piece of new high quality architecture to enhance the area. At ground floor the building would provide restaurants and commercial space allowing people to sit and eat outside in the shadow of Clifford's Tower, with new apartments above bringing life to the area at all times of day. The building would also create a financial return that would help to pay for the expensive new public spaces.
29. The masterplan also proposes a number of potential options that could help the York Museums Trust realise their significant ambitions for the Castle Museum. At this stage a new extension to the museum is indicated on the end of the Female Prison building with the potential to provide a new exhibition space and entrance. The 1960s single storey link building that currently serves as the entrance hall could also be replaced to improve the circulation and flow between the two main buildings. More radical options to open up the historic south gateway through the Castle Walls at the rear of the museum or to consider how the building becomes more permeable between the Eye of York and the river Foss may also emerge through detailed discussions with Historic England and other key stakeholders. The scale and implementation of these ambitions would be dependent on the success of the Museums Trust's future Heritage Lottery Fund bid, and as such the masterplan remains very fluid in response to this process.
30. A key feature of the Castle and Eye of York area is the site's historic role in the administration of law and punishment. Much of this history is embodied in the symbolic importance of the Crown Court building which continues to administer justice from the site. However, the historical nature of the building does present operational challenges for the judiciary, particularly in securely transferring people arriving by prison vehicles in to the court building. Currently this is achieved in an unsecured environment from in front of the building via a side entrance,

limiting the type of cases that can take place in York. Consequently it is proposed to explore options to provide a court dock area where vans can descend down a ramp behind a closed gate to transfer those in custody in to the building. This would also offer greater freedom to re-imagine the Eye of York and remove the existing impact of vehicular dominance on the area.

31. Despite the clear advantages of reducing the impact of cars on the area and closing Castle Car Park, modern high quality car parking provision close to the city centre is also important. This was a strong theme emerging from both the public and businesses and traders. Furthermore Castle Car Park generates significant annual revenue for the council of £1.2m, which provides a vital contribution to delivering city wide services. Consequently a key part of the masterplan process has been to identify a location for replacement car parking within the Castle Gateway.

St George's Field

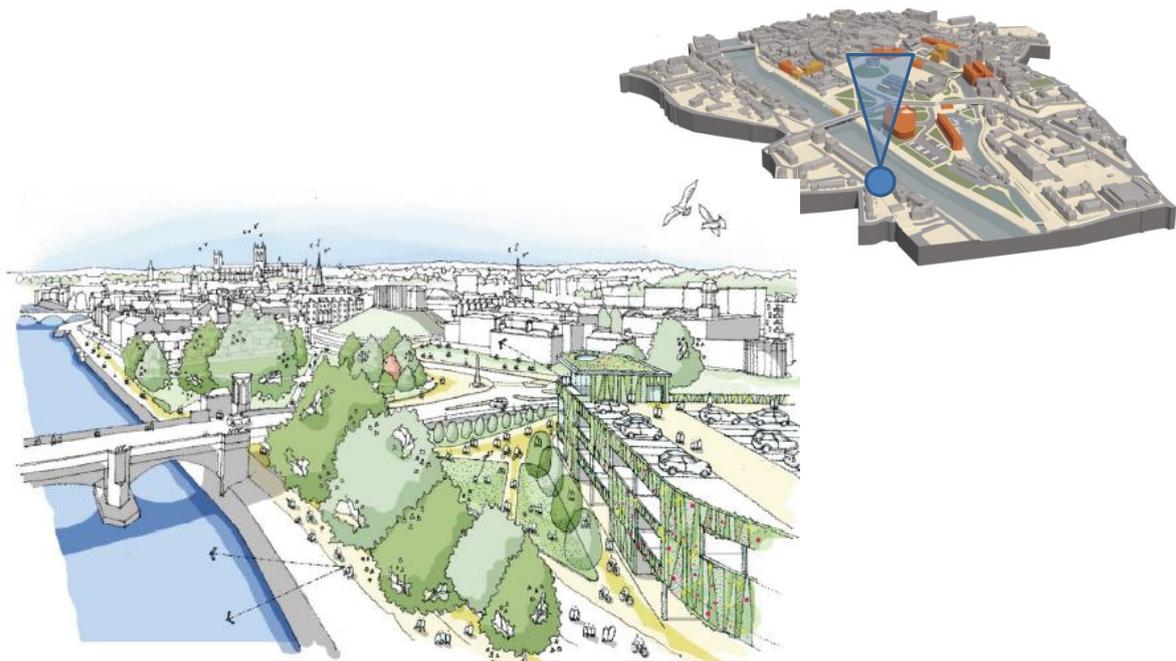


Figure 5: Artist's impression of St George's Field

32. Having considered a number of alternative locations for the replacement car parking the proposed solution is to build a new multi-storey car park (MSCP) on the existing surface level car park at St George's Field. Although the car park is part of the functioning flood plain, constructing the access road above flood levels will allow the MSCP to continue to be

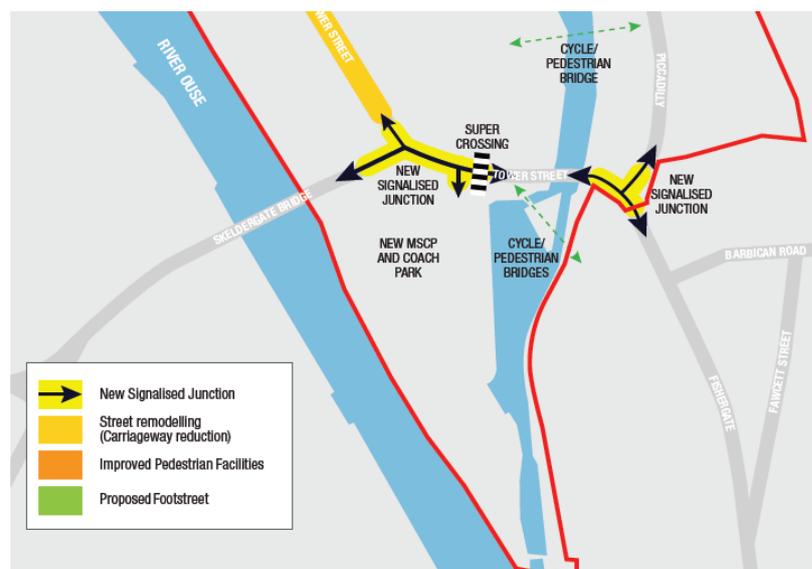
used in times of flood, with only the ground floor being inaccessible during these periods. The area would become a new arrival point for the city, with the MSCP potentially accommodating a visitor centre or orientation point with a new viewing platform and cafe located on the top deck. Alongside the MSCP would be a surface level coach park, formalising existing informal coach parking arrangements. The parking would sit in a new area of improved landscaping and create a dedicated cycle path through the area, providing a welcoming arrival to the city.

33. Locating the car parking in this area was very much a response to proposals from the public through the My Castle Gateway engagement, as it was not an original option in the January 2017 vision. It has a number of important advantages both strategically and commercially. Firstly, it is over £10m cheaper than building an underground car park on the site of Castle Car Park. Secondly, it releases the previously proposed MSCP location of Castle Mills for residential use as part of the strategy to promote Piccadilly for city living. Thirdly, due to the regular flooding of St George's Field there is no alternative financially viable use for the site beyond car parking. Most importantly it allows the car parking to be relocated outside of the inner ring road, reducing the impact of traffic on Tower Street and beyond, in accordance with strategic transport objectives.
34. Given the flooding issues at St George's Field the proposals have been discussed in detail with the Environment Agency. There will be further detailed work and modelling needed but in principle there are engineering solutions which should ensure that the MSCP can accommodate current levels of flood water storage capacity and water flows meaning flood risk is not exacerbated or increased elsewhere on the Ouse. These will be prepared and assessed as part of the future planning application for the MSCP.
35. The current capacity at Castle Car Park is 318 spaces, and 150 at St George's Field, whilst the new MSCP will provide 400 spaces, meaning a total reduction of 68 spaces. However, St George's Field is currently not at capacity, with general levels of only 30% occupancy, and Castle Car Park is only full at peak times of the day and year. Furthermore the current levels of occupancy at the council owned Piccadilly Car Park in the Coppergate Centre is very low despite it being the closest car park to the city centre. The transport assessments undertaken by transport consultants WSP under the BDP commission have identified that this is due to operational hours that do not correspond to the shopping centre hours and poor signage. By responding to these issues it is anticipated

that there will also be an increase of customers and revenue to this car park.

36. The new parking strategy will also require two significant junction improvements on the gyratory from which St George's Field is accessed. The first is to create a new all movement junction in and out of St George's Field. This would allow cars accessing the MSCP from the west of the city to turn in across the gyratory, and those exiting to the south and the east to turn right out of the MSCP (Figure 6). The signalised junction will also create a pedestrian crossing over the gyratory for those leaving the car park and as part of the new walking and cycling routes from the south that are described later in this report.
37. The second junction intervention is to create a new right turn for vehicles across the gyratory in to Piccadilly. This would mean that any traffic accessing Piccadilly from the south or east of the city would not need to continue around the gyratory and loop back on itself. Not only does this create a more direct route, but it also negates the need for the road loop at the bottom of Tower Street and Skeldergate Bridge, meaning this can also be turned in to a new signalised junction rather than a roundabout. The reduction in road carriageway would also allow the South Africa War Memorial to be repositioned as part of the public footpath allowing it to be approached for commemoration, a move supported by the heritage bodies on the Advisory Group. These junction proposals are illustrated below in Figure 6:

Figure 6: Proposed junction improvements for St George's Field and Piccadilly



38. These two major interventions have been modelled by transport consultants WSP. Having used the council's Saturn model the

interventions are shown to have a minimal impact on the inner ring road and wider city traffic flows, although further detailed modelling and design will be required as part of the next stage of work.

Foss Basin



Figure 7: Artist's impression of the Foss Basin

39. The proposals for the Foss Basin are to bring the neglected and often ignored part of the city to life with new walking routes, homes and water based leisure activities. The leisure activities would be facilitated by a new commercial building at the top of Castle Mills lock, replacing the existing poor quality brick built store which has a negative impact on the view down in to the Foss Basin. The use of boats, canoes and other activities could take place, with further work streams identified to explore options to bring swimming back to the area through a potential floating swimming pool or wild swimming – although there are significant water quality issues to be considered.
40. On the St George's Field side of the Foss Basin would be a new apartment building overlooking the river, creating an exciting place to live and ensuring that there is life in the area throughout the year. The apartments would fit well with the surrounding built form, creating an

architectural balance to the large residential buildings on the opposite bank and screening views of the Foss Barrier and new MSCP. Although built in an area designated as flood plain, the apartments themselves would be built on top of the flood wall and would be served by the same raised access route as the MSCP. They would also be built at such a height to allow the continued vehicular access to the Foss Barrier that is required by the Environment Agency.

41. Given the proximity to the river and the designated flood plain the proposals have again been discussed at length with the Environment Agency. Whilst there remains significant detailed work needed to confirm the feasibility of construction they are of the view that there are engineering solutions to deliver the apartments. However, it should be noted that although built on the flood wall the area is designated as flood plain, and as such there will be planning policy issues to overcome in proposing residential development. The intention is therefore to continue to work closely with the Environment Agency to consider how the proposals could be taken forward as an exemplar of how innovative design can allow us to live well with water.
42. On the opposite bank the existing poor quality pedestrian route would be developed and promoted as a new high quality riverside walkway. Instead of emerging up the flight of steps at Brownie Dyke to be confronted with 4 lanes of traffic, new pedestrian bridges would allow step free access over Castle Mills lock and weir. This would connect to a new leisure activities building and link to a new pedestrian 'super-crossing' over the gyratory. The proposals are for this to be similar to the Sheaf Square crossing outside of Sheffield Railway Station. This crossing gives priority to pedestrians and cyclists over all 4 lanes of traffic allowing a complete crossing in one go.
43. The initial vision had intended for the riverside walk alongside the Foss Basin to also accommodate a new cycle route. However, at this stage it is considered that the width is insufficient for both cyclists and pedestrians to safely share the available space, and creating a bridge design wide enough for both that can traverse the Castle Mills lock would be problematic. Consequently an alternative has been developed to create a new dedicated cycle route through the newly landscaped St George's Field which rejoins the riverside walk at the new pedestrian cycle crossing point. Whilst the Foss walkway would not be promoted as a cycle route it could potentially be used by cyclists when St George's Field is in flood. We accept that this is a compromise position on cyclists' aspirations for

the Castle Gateway and as such we will continue to explore options to create a shared route alongside the Foss Basin with cycling groups.

Riverside walk

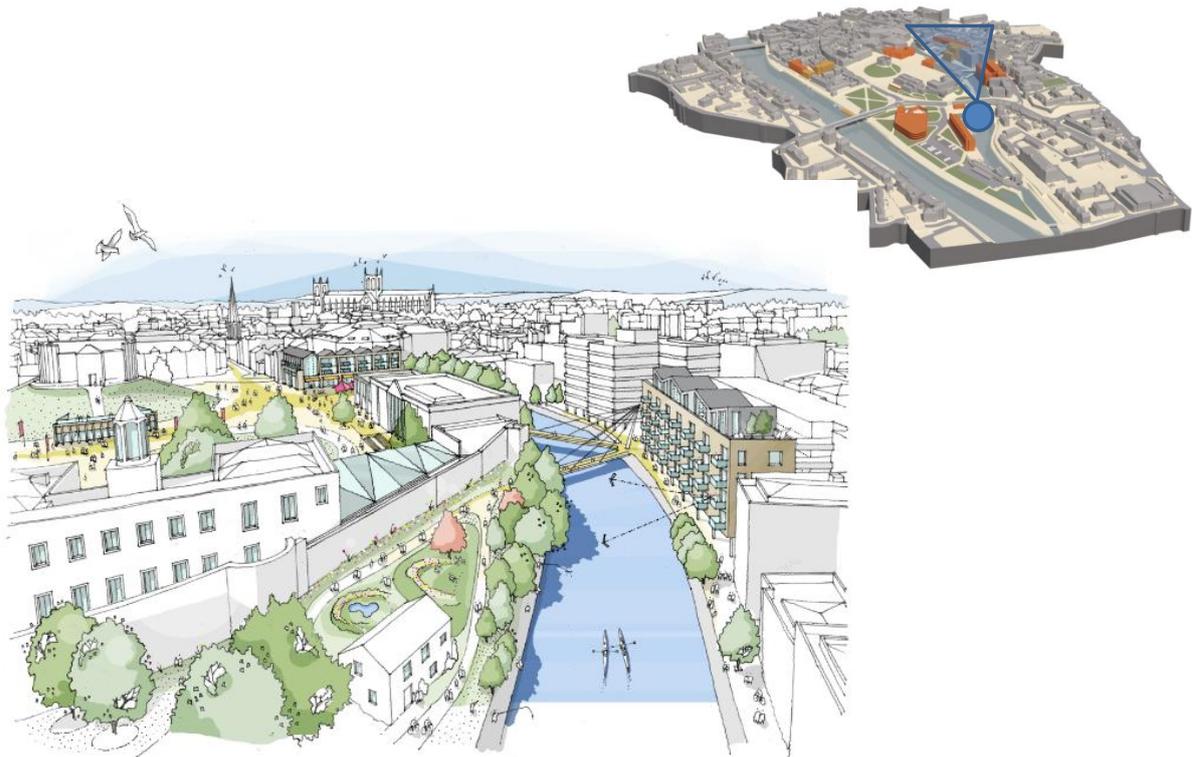


Figure 8: Artist's impression of the riverside walk

44. One of the most exciting and popular elements of the masterplan is the creation of a riverside walk allowing pedestrians and cyclists to travel from the south of the city in to the Eye of York and Castle area. From the new pedestrian/cycle crossing point over the gyratory the proposal is for the rear of the Castle Museum to be opened up as a public park. The new route through the currently closed off riverside area would continue over a new pedestrian cycle bridge that would link across to Piccadilly, creating a new lateral route for the city centre. The semi-circular design would also allow the continued route through to the new public realm in the Castle area, allowing people to bypass the area that becomes very narrow between the Castle Wall and the River Foss.
45. The pedestrian/cycle 'super-crossing' is a key part of the new riverside route strategy, and has emerged as the only practical solution for people to cross the gyratory. Other options have been considered but discounted

due to practical or technical concerns. These included the creation of a tunnel under the bridge (which was not possible due to restrictive height of the bridge and the presence of servicing within the road); suspending a walkway under the bridge from above (which would have led to the collection of river debris impacting on flow rate and exacerbating upstream flood risk); and a footbridge (which would have had an impact on key views of the Castle area and required a large footprint in what is a very small space).

46. The new riverside walk will provide a new and exciting route in to the city centre, opening up views of the Foss and potentially creating a new public waterside park behind the Castle Museum. New bridges will facilitate level access for those with pushchairs or mobility problems, and give pedestrians and cyclists a new priority crossing point over the busy road network.

Piccadilly

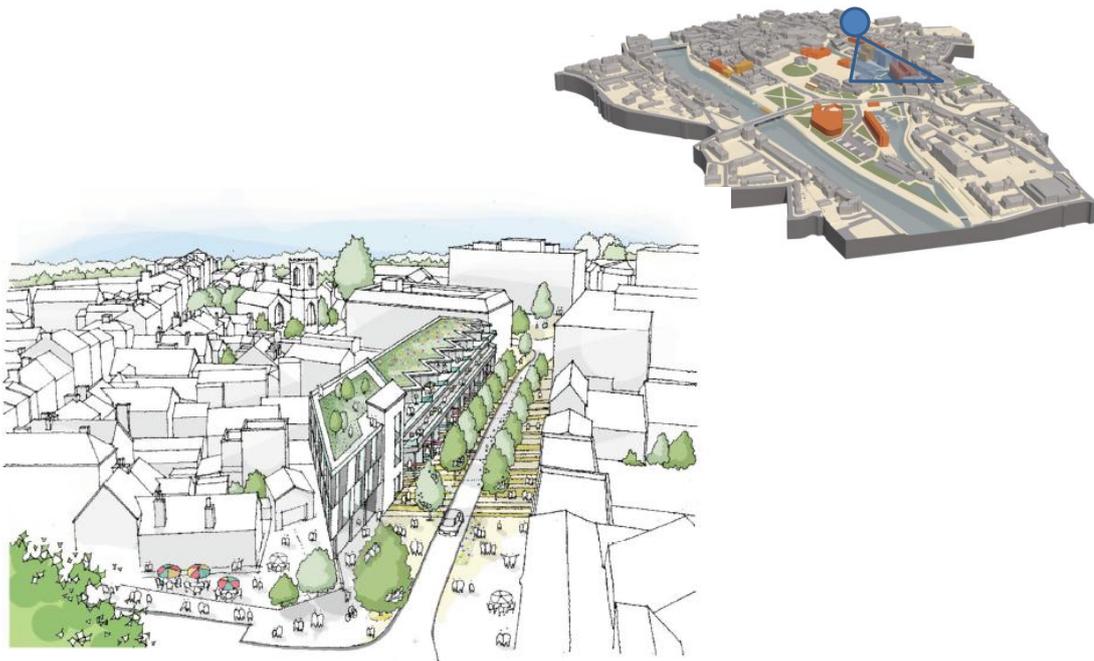


Figure 9: Artist's impressions of Piccadilly

47. The vision would turn Piccadilly in to a new city living neighbourhood, with wide pedestrian streets and spaces for independent traders at ground floor level and apartments above. In the short term Spark:York, due to open in May 2018, will start to begin the transformation by bringing vibrancy and life to the street and providing start up space for local people. On completion of their tenancy in June 2020 the site would be

redeveloped, offering more permanent opportunities for independent business in small scale commercial units with apartments above. Similarly a new apartment building at Castle Mills would offer retail space on to the street frontage, and also provide the link to the new Castle area over the pedestrian cycle bridge. Although the council do not own the other sites in the area, we will work with the developers to ensure that new development is brought forward, bringing back in to use vacant plots and buildings and securing financial contributions to create a new high quality public street scene.

Other proposals

48. In addition to the main areas discussed above there are a number of other elements to the masterplan:

- Working with the public to consider future options to improve Tower Gardens
- Exploring options to make Coppergate a single lane west-bound bus route, improving access across the street and in to Castle Gateway from the city centre
- Highway improvements on Tower Street to reduce the size of the carriageway and improve the pedestrian foot streets
- Exploring options with the law courts to redevelop the vacant office space at the rear of the Magistrates Court
- Grant a lease to the Arts Barge for a mooring in Tower Gardens

Delivering the masterplan

49. Throughout the masterplanning process there has been a clear commitment from the Executive to ensure that we proceed with ambition and at pace. This commitment has led to the development of a masterplan that, in the eyes of the Advisory Group, has for the first time provided a development framework which can realistically unlock the regeneration of the area, coupled with concerted public support for seeing the plans become a reality.

50. In developing the masterplan there has also been significant focus on devising a delivery strategy to allow the implementation of the proposals. During that process there have been ongoing assessments of the financial impact and deliverability of each option to ensure that there is a route to fund and deliver the masterplan. The key principles underpinning the delivery is that there must be a strategy to ensure that the elements of

the masterplan that cost money can be paid for by the elements that generate money, and should there be a funding gap it is clearly identified. In addition to the capital costs any council revenue lost by the closure of existing car parking must be replicated.

51. As the project is being progressed on a phased basis and brought back to Executive at key decision points any funding gap in delivering the full ambition of the masterplan can be responded to through scaling back the proposals, identifying external funding sources, or the council providing capital funding through the budget setting process. These decisions would be made as part of the Executive's consideration of future business cases for the masterplan as it progresses and there is greater clarity on the detailed financial analysis.
52. The following section of the report outlines how it is proposed to deliver the project. It summarises the **financial analysis** that has been undertaken, the plan to separate the project down and identify funding for each **work package**, and proposes a **recommended delivery strategy** to implement the first stages of the masterplan.

Financial analysis

53. The masterplan itself contains high levels of public realm, highway infrastructure and new bridges which require significant capital and do not generate any direct revenue. Similarly the building of a new MSCP does not create a new revenue stream; it simply replaces the lost income from the closure of Castle Car Park and the existing surface level parking at St George's Field. Consequently, the investment required to construct the MSCP is also a cost to the project, to be undertaken by the council. If the council do not fund and retain ownership of the whole of the new MSCP then we would not retain the income that is generated.
54. Conversely there are council owned development sites in the area that will generate capital receipts, and private sector development which will provide Section 106 planning contributions, to pay for the required investment. Whilst the new development sites are relatively small scale and will not generate huge investment sums to pay for the project's costs, they do benefit from high land values and strong market demand which means there is significant value to be realised - value which will increase through the uplift provided by the investment in regenerating the area.
55. The assessment of the financial viability of the masterplan has been carried out by Deloitte. The full appraisal forms a confidential annex to

this masterplan, as there are elements that are commercially sensitive and would potentially undermine the council's capacity to achieve the best financial outcome from the project if it was in the public domain. However the headline findings are explained in this report. The estimated income figures are derived from Deloitte's assessment of the financial returns from the proposed residential and commercial development. They have then considered these figures against the cost of construction and development associated with implementing the masterplan to assess viability. The cost analysis has been provided by Mace as part of the BDP commission.

56. Based on this analysis Deloitte have considered the potential routes for delivery of the project. They first assessed whether the council should seek to sell its proposed development sites on the open market for the identified land use, with the financial return being used to fund the area wide infrastructure and public realm. Under this option the key figure is the residual land value, the expected price that the council would receive from a purchasing developer for the identified development use. The second option would be for the council to act as developer. In this scenario the council would finance, construct and sell the completed apartments and commercial spaces on its land assets. This would involve taking the full developer risk, but also the full benefit of the total income generated by the scheme – both the land value and significant developer profit which is termed as 'gross surplus'. In addition to these two scenarios there are also a range of joint venture options open for consideration, where the risk and investment is shared, but then so are the financial returns.
57. For the purpose of this report the financial modelling is based on the council acting as developer as at this stage it is this approach - with the council benefiting from the gross surplus and potential external funding - that the delivery of the whole masterplan is broadly financially viable. However, that is not to say that other models will not work as the scheme progresses, or that there are better options available to profile risk and financing costs. Furthermore at this stage no decision is needed on which delivery method is required or should be applied – these decisions will be made in the future on a business case basis for each individual site as part of a work package approach.
58. Having assessed the financial viability Deloitte have concluded that the masterplan is broadly viable if the council acts as developer, with a relatively small funding gap. The estimated total costs of the project - which are the costs of delivering the entire public realm, infrastructure,

and the new MSCP - is £30m. The potential gross surplus income from the council owned residential and commercial development opportunities is £22.5m. Whilst this results in a viability gap of £7.5m at this stage, it is proposed to cover most of this gap through a bid to the West Yorkshire Transport Fund to utilise the available headroom from the council's existing infrastructure deal. In addition other potential external funding sources have been identified that that may be available, including:

- Local Economic Partnership funding
- English Cities fund
- Planning gain from private sector developments

59. In addition the council have an outstanding £750k funding bid as part of the Accelerated Construction Programme which is due to be determined in the coming months. These headline figures should be taken as illustrative. The gross surplus approach is predicated on market conditions and the successful delivery of development sites which comes with associated risk, and external funding applications will be determined on their merits by outside bodies.

60. As a consequence the project can not be deemed to be fully funded. There are a number of decisions that will need to be taken regarding the Executive's appetite for risk and borrowing for the council to benefit from both land value and developer profit, and if an alternative delivery approach was adopted, that viability gap would increase further based on those decisions. The individual packages will be brought back to Members for detailed consideration including full financial appraisal of costs and revenues of completing the works. Each package will include the costs of infrastructure and public realm improvements as well as identified funding sources including levels of required council borrowing. Whilst some phases of the masterplan may produce development surpluses it will be necessary to fund each single stage individually, and if the full ambition of the masterplan is to be released it is likely that there would be some level of council funding. The level of council contribution will ultimately depend on the speed of public realm delivery improvement and the speed and value of commercial delivery.

61. There is also the inherent challenge in assessing viability of a project with such a long delivery timescale as the further in to the future we attempt to estimate construction costs and market trends, the less accurate they become. As a consequence the anticipated returns and development costs could fluctuate resulting in either a better or worse financial position. Should there be a negative impact on viability as the project

proceeds then future Executive decisions would need to be taken on whether to scale back proposals or to invest financially in the delivery of the masterplan if no external funding was available.

62. However, these are standard developer risks in any development project, particularly one that is transformative to the city in delivering large scale public realm improvements, and should not serve as a barrier to implementing regeneration. Instead it is important that we develop strategies that minimise and mitigate this risk to allow the project to move forward, and allow investment decisions to be taken with greater clarity when a phase of development is about to progress.
63. A further consideration is that in addition to the social and environmental benefits of the masterplan there would also be significant additional economic benefits from investing in delivery. A vibrant city centre is vital in encouraging private sector investment, promoting local businesses and supporting the tourist industry. A redeveloped York Castle Museum will be an anchor attraction drawing visitors to the area and adding to the economic impact of the Castle Gateway scheme. New commercial spaces will provide increased business rates that are an essential revenue source for the council, and the creation of a new event space on the former Castle Car Park will allow the commercialisation of that space to provide a new revenue stream. Direct investment in new buildings and infrastructure will also stimulate the construction industry which has a multiplying effect on wider economic output. As a final point external funding bid criteria are increasingly based on the deliverability of a project, often evidenced by having taken decisions to proceed with planning applications and preparatory development stages.

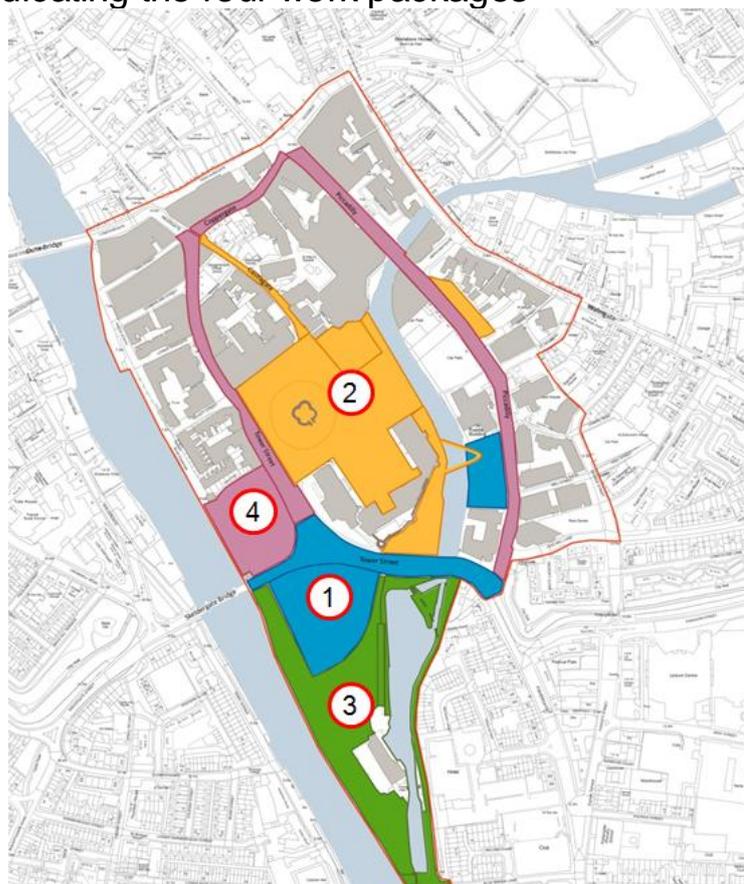
Work package approach

64. The proposed approach to mitigate the risk of delivering a long term project is to break the masterplan delivery down in to a series of work packages. Each package would deliver a section of the masterplan and, apart from work package 4, contains development sites which will contribute to the cost of infrastructure and public realm in that package. The four work packages are set out below, with further detail contained in Annex 9:

Figure 10: Table highlighting the four work packages

Package 1	Package 2	Package 3	Package 4
<ul style="list-style-type: none"> • St George's Field MSCP and coach park • Castle Mills • Fishergate gyratory junctions 	<ul style="list-style-type: none"> • Eye of York and Castle Car Park • Building at rear of Coppergate Centre • Riverside walk north and Foss bridge • Pedestrianise Castlegate • 17/21 Piccadilly • Castle Museum 	<ul style="list-style-type: none"> • Foss Basin apartments • Foss Basin leisure uses • Castle Mills lock bridges • Confluence public art • St George's Field public realm 	<ul style="list-style-type: none"> • Piccadilly upgrade • Coppergate one way • Tower Gardens public realm • Tower Street upgrades

Figure 11: Map indicating the four work packages



65. At this stage it is anticipated that work packages 1, 2 and 3 are broadly self-funding, although there may be elements of cross-subsidy required between the different work packages. This may be particularly true of

work package 2 which has the greatest levels of public realm and infrastructure, although this will not become clear until further design work is undertaken. If there was a funding gap this could be dealt with by moving elements of work to other work packages, identifying external funding, the council investing the shortfall, or front-funding any potential shortfall until other work packages complete. Work package 4 does not include any development sites and primarily contains more minor highways and public realm work which are not essential components of the masterplan and could be undertaken at a later date as and when funding was identified.

66. Under each work package there would be an additional short term funding cost at risk to the council between the initial financial outlay to pay for the public realm elements and the financial return from the completed commercial developments. This cost would be calculated as part of the future business cases for the delivery of each work package and subject to further Executive decisions.

Work Package 1

67. The first phase of development would be to bring forward work package 1, as this includes the MSCP and coach park on St George's Field (Annex 9). It is the completion of the MSCP which will allow Castle Car Park to close and the construction of work package 2 to commence. This is the project's critical path. In addition to the new MSCP, work package 1 also includes the redevelopment of the former Castle Mills Car Park for apartments as this will cross fund the MSCP construction. The package also contains the new junctions for Piccadilly and St George's Field to improve access to the new MSCP, and it is proposed to fund the implementation of the junction improvements through the use of the council's outstanding West Yorkshire Transport Fund (WYTF) allocation.

Work package 2

68. This work package delivers the heart of the masterplan, including the redevelopment of Castle Car Park to create new public realm, the riverside walkway at the rear of the Castle Museum, and the new Foss Bridge. This would be part funded by the commercial return from the building at the rear of the Coppergate Centre and the redevelopment of 17-21 Piccadilly on completion of the Spark:York tenancy. It is directly linked to work package 1 as the closure of the car park can only follow the completion of the new MSCP. However, to ensure that Castle Car Park does not become an abandoned or vacant space it is important that

the planning application process is complete for work package 2 at the point of closure, allowing the redevelopment to commence at that point.

Work package 3

69. Work package 3 would complete the riverside walkway south of Castle Mills Bridge, the regeneration of the Foss Basin, and the landscaping in the rest of St George's Field. This package has the highest level of risk of failure due to the planning and technical constraints associated with building the new apartment building. Without the income from the apartment development this package is not financially viable and could not be implemented.

Work package 4

70. Work package 4 incorporates the remaining elements of the masterplan, primarily the upgrade of Tower Gardens and highway and footstreet improvements across the remainder of the area. At this stage work package 4 is not financially viable as there are no commercial buildings proposed within this package. The initial ideas for the area did propose a pavilion building within Tower Gardens to centralise boat and ticketing activity on the Ouse and generate revenue for the project, but the majority of the public response to this option was negative and as such it has been removed from the masterplan.
71. That is not to say that work package 4 is not deliverable. At this stage the only external funding that has been applied to the financial modelling of the project is the proposed WYTF investment for the junction improvements in work package 1. There is the possibility that further elements of the masterplan could be incorporated as part of that bid, and there are other funding opportunities that are regularly announced by central government and regional authorities for deliverable schemes. In addition, much of the costs associated with work package 4 are highway improvements to Piccadilly which would have a direct benefit to the private developer owned sites on that street, and consequently we will seek Section 106 planning contributions where possible to fund them.

Recommended Delivery Strategy

72. Based on the delivery strategy of splitting the masterplan up in to a series of work packages, and the desire to move forward at pace with the masterplan, it is recommended that we proceed with the preparation and submission of planning applications for work packages 1 and 2, and the

detailed design and procurement of a contractor to build St George's Field MSCP. Securing planning permissions will provide certainty of project delivery; will allow greater clarity of development costs to inform the Executive in making future investment decisions; and will increase the land value of council owned sites.

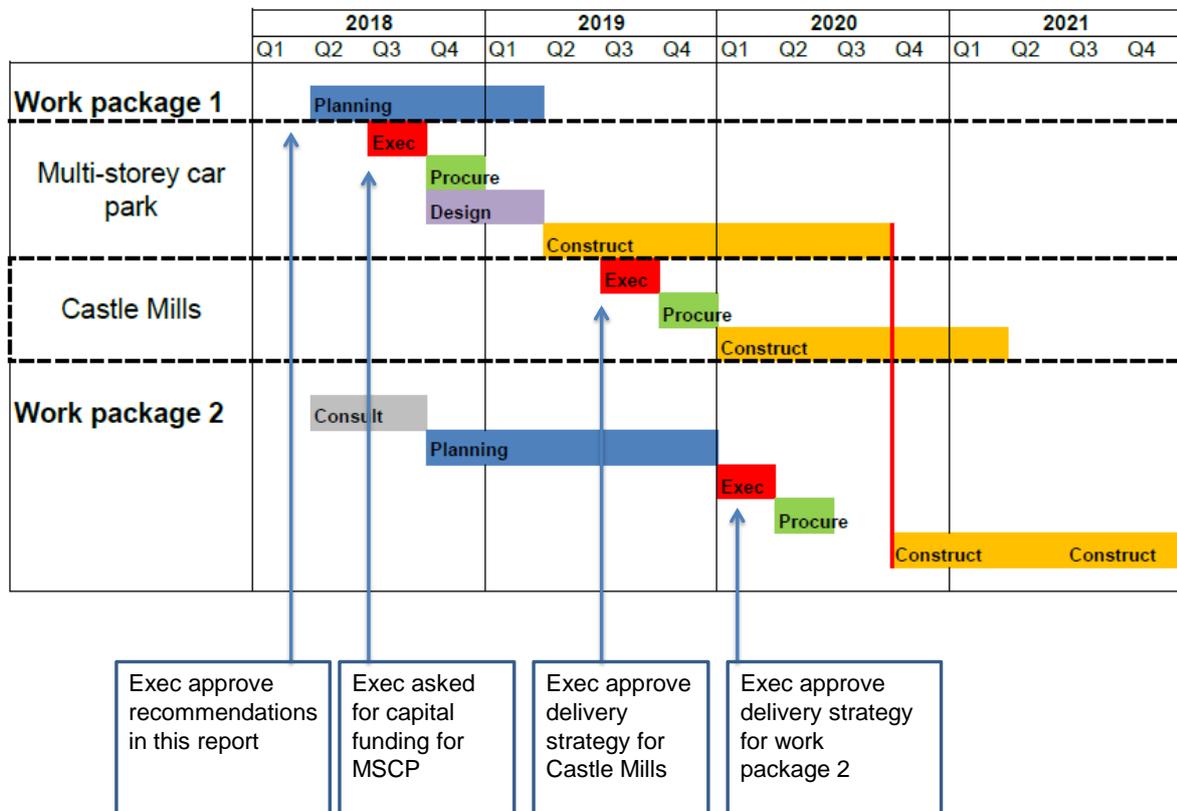
73. As illustrated above work package 1 is the key to unlocking the whole of the masterplan as it contains the MSCP. The completion of this MSCP then allows the closure of Castle Car Park, and the implementation of work package 2. It is therefore also important that the planning permissions for what will replace Castle Car Park are in place to allow the redevelopment to begin as soon as the car park closes, avoiding a large empty space in the heart of the regeneration area. Work packages 3 and 4 would therefore form future phases, to be brought forward as and when funding and delivery capacity becomes available.

74. To deliver this strategy it is recommended that the following work streams are put in place:

- Planning applications are prepared and submitted for all sites in work package 1
- On submission of the planning application for St George's Field MSCP we proceed with detailed design so that construction can begin as soon as planning permission is received
- We also proceed with the procurement of a contractor to build the MSCP to begin the construction on receipt of planning permission and detailed design
- A business case is submitted to the West Yorkshire Transport Fund to secure funding for the junction improvement in work package 1 (and any further elements of the masterplan that would be eligible for funding)
- Following a further period of public engagement to refine the brief planning applications are prepared and submitted for work package 2

75. The timeline and analysis of the decision points associated with this recommendation are set out below and in Figure 12:

Figure 12: Timeline setting out potential delivery for work packages 1 and 2



Key dates:

- Planning applications for work package 1 submitted autumn 2018
- Executive approve funding for MSCP autumn 2018
- Planning permissions for work package 1 received spring 2019
- Start on site for MSCP in spring 2019
- Planning applications submitted for work package 2 – spring 2019
- Executive approve business case for the delivery of Castle Mills – summer 2019
- Planning permissions for work package 2 received winter 2019
- Executive approve business case for the delivery of work package 2 in spring 2020
- MSCP completes autumn 2020
- Work package 2 start on site autumn 2020
- Castle Mills completes spring 2021

76. As illustrated in Figure 12, running the detailed design and procurement processes concurrent to the planning application for the MSCP would

bring forward the project's critical path by 6 months, potentially allowing a start on site by spring 2019 should the project not experience any complications. This would allow a completion date for the new MSCP - and consequent closure of Castle Car Park - to take place in autumn 2020.

77. Proceeding with planning applications for work package 2 at the same time as work package 1 would reflect the council's ambition and commitment to the whole masterplan. Beginning the process now would allow a considered period of time in which to continue the public conversation through My Castle Gateway to define the brief for the area around the Castle and Eye of York. This further period of engagement is vital to ensure that future planning applications have the support of the public and statutory consultees, and to avoid any potential legal challenges to any permissions or processes. It is proposed that this work runs in parallel to the work package 1 planning process, and that the planning applications for work package 2 are then submitted in spring 2019. This would allow a significant planning determination period in recognition of the complexity of the area, and for the delivery strategy and procurement exercises to have taken place in time to commence construction on site once Castle Car Park closes.
78. This seamless transition from closure to development is important to ensure that the heart of the area does not remain vacant and unused for any length of time. There is a risk that should the WYTF bid or MSCP planning application fail (see Risk Management section) that work package 2 could not be implemented unless an alternative parking strategy be identified. However, as the first 12 months would be spent in consultation and preparing of planning applications for submission, only a proportion of the budget would have been expended. Furthermore the planning application for 17-21 Piccadilly would be unaffected as it is a stand alone site outside of Castle Car Park and would proceed to development anyway.
79. The budget required for carrying out the tasks identified in this recommended option - securing planning permission for work packages 1 and 2 and undertaking detailed design and procuring a contractor to build the MSCP - will require a budget of £2.4m. This is broken down as follows:
 - Work package 1 design, planning applications, planning fees, surveys, detailed design for the MSCP and contractor procurement - £980k

- Work package 2 consultation, design, planning applications, planning fees, and surveys - £850k
- Legal and commercial advice - £150k
- Council staff resource and additional costs - £310k
- 5% contingency - £110k

80. It should also be noted under this strategy that once the planning application for the MSCP has been submitted in October 2018 then a report would be brought back to Executive to seek approval for the construction budget, estimated to be in the region of £8m to £10m. The council would need to fund the MSCP to ensure we retain all of the revenue that it generates to replace the lost income from Castle Car Park. It is anticipated that the capital cost for building the MSCP could be funded from the potential future gross surplus financial return from the sale of the completed apartments at Castle Mills. The business case for the delivery strategy for Castle Mills would be brought back to a future Executive in summer 2019 once planning permission has been secured. As Castle Mills will not complete until after the MSCP there will result in a short term borrowing cost to the council.

Other recommendations

81. **Arts Barge** - It is proposed to offer a lease to the Arts Barge to implement the planning permission they received for a mooring in February 2017. One of the strongest elements of feedback from the masterplan process was the public support for the Arts Barge, and it is included in the proposals for Tower Gardens. Once they have secured their funding and completed construction of the barge the lease would enable them to proceed with creating the mooring for which they have planning permission. The terms of the lease will be agreed with officers in Property Services at a market rent.
82. **Castle Mills** - It is also proposed to offer a short term lease to the developer of Ryedale House for the Castle Mills site. They have approached the council with an offer to implement the planning permission to demolish the existing derelict buildings on the site in return for using the cleared land as a site compound during their construction period. This would save the council an estimated £180,000 in demolition, and the site would return to the council within the council's proposed redevelopment timescale.
83. Castle Mills has historically been used as a public car park and had low occupational rates. The gross income from the asset provided c. £90,000

per annum, however this figure excluded running and repair costs. Due to significant repair costs that exceed the annual revenue the car park was closed in January 2017. No income has been derived from the site since this time.

84. A cost of £180,000 had been estimated for the demolition of the dilapidated buildings on site. In return for granting Newby (the developer, operating under York 10 Limited) occupancy of the site until July 2019, they will carry out the required works at their own cost. Whilst this occupation will benefit Newby in providing them with a site compound, ancillary site parking and space to provide a sales office in respect of their proposals for the adjacent Ryedale House, the council will benefit through saving on the demolition expenditure and will thus save on development costs for any future redevelopment of the site.
85. Given the dilapidated state of the buildings and the fact that the site is currently closed, it is considered unlikely that an alternative use could be provided on site for a short term use without significant sums being required to be spent on the premises. Accordingly, it is considered that the proposal with Newby is an attractive proposition both financially and strategically in bringing about a timely demolition programme forwards

Conclusion

86. Over the last 20 years there have been numerous abandoned schemes to regenerate this area of the city - proposed developments that failed to respond to the public's ambitions for the area and understand the heritage significance and history of the Castle and Eye of York. By adopting an innovative approach to engagement that has embedded the public and stakeholders at the heart of the process we have developed a masterplan that balances their ambitions with modest but significant commercial development that can help fund the delivery of high quality public spaces and new pedestrian and cycle routes. The masterplan also provides a clear solution to the challenge of maintaining existing city centre car parking, and the associated revenue, that will allow the closure of Castle Car Park to unlock the heart of the Castle Gateway.
87. The recommendations in this report reinforce the council's commitment to deliver the full ambition of the masterplan. By proceeding with planning applications for two of the four work packages and procuring a construction contractor for the new St George's Field MSCP, work could begin on site in the spring of 2019. This would allow the closure of Castle Car Park and the delivery of the new public space at the heart of the

masterplan to commence in autumn 2020. Seizing this opportunity to deliver the masterplan will bring to an end decades of failed proposals and allow this shared vision for the Castle Gateway to become a reality.

Consultation

88. This project has applied a comprehensive and innovative approach to public consultation through the My Castle Gateway project, and stakeholder engagement through the Castle Gateway Advisory Group. This has been detailed extensively in the body of this report. In addition, ward members from the affected neighbouring wards and leaders of the other political parties have been kept up to date with regular briefings to ensure a cross party approach as requested by the Executive in January 2017. Internally, specialist officers across the council and those whose services are affected by the proposals have contributed to the development of the masterplan.

Council Plan

89. The project will assist in achieving the council plan objectives through the creation of a Prosperous City for All, and the vision to be a council that listens to residents, particularly by ensuring that:

- Everyone who lives in the city can enjoy its unique heritage and range of activities
- Visitors, businesses and residents are impressed with the quality of our city
- Local businesses can thrive
- Environmental Sustainability underpins everything we do
- We are entrepreneurial, by making the most of commercial activities
- We engage with our communities, listening to their views and taking them into account
- We celebrate and champion the diversity of our population and encourage everyone to play an active role in the city

90. The application of the My Castle Gateway approach has especially contributed to the council's ambition to be a city that listens to its residents, by embedding the public within the masterplan process and establishing a new form of public consultation which, due to its success, is being applied to other major projects.

Implications

91. The following implications have been identified:

- **Financial** – Members are recommended to approve a capital budget of £2.4m (subject to Council approval) to be funded from council borrowing. It should be noted that any spend incurred that ultimately does not result in a new asset or improvements to current assets would be classed as abortive and need to be funded through revenue.

The development of the masterplan will also impact the council's revenue account. The council assumes a significant level of car parking revenue (c£6m) from its sites within the city centre. The provision of a MSCP at St George's Field as a replacement to the current facility there and the removal of the facility at Castle will reduce the overall levels of net income from those sites although much of that deficit could be offset by increased parking at sites such as Piccadilly. There will also be potential losses during the construction period due to reduced capacity. In the longer term additional revenues may be available through use of the new public realm on the former castle car park. The council will also benefit from additional business rates from increases to net rateable values across the site.

- **Human Resources (HR)** – considered to be no impact
- **One Planet Council / Equalities** – The completed One Planet York Assessment can be found as Annex 10
- **Legal** - The Council has ample powers under the Localism Act 2011 to deliver the ambitions set out in this report. Other powers such as those in the Highways Act 1980 may be used to supplement these powers where necessary. As with the exercise of any power, decisions must be made reasonably and, in particular, with regard to the Council's fiduciary obligations to council tax payers. The opportunity to review the funding of parts of the masterplan through individual business cases as the plan progresses is an important factor in demonstrating the robustness of the decision making.

This stage of the plan involves a procurement of a multi story car park. That procurement will need to be considered in accordance with the Public Procurement Regulations.

The plan also involves the granting of leases. The proposed lease for the Arts Barge will be for a period in excess of seven years. It will therefore be subject to the requirement in section 123 of the Local Government Act 1972 that, except with the consent of the Secretary of State, the Council must receive the best consideration reasonably obtainable for that lease. While normally the easiest way of demonstrating this is to market the land; there is no obligation to do so. The advice of appropriately qualified professional valuers as to whether best consideration has in fact been achieved is an acceptable alternative and should be obtained before the lease is granted.

- **Crime and Disorder** - considered to be no impact
- **Information Technology (IT)** - considered to be no impact
- **Property** – covered in the report
- **Other** – considered to be no impact

Risk Management

92. This is a large scale project to deliver regeneration across a significant area in a complex heritage and waterside environment. Any project of this scope has inherent risks, and responding to planning and flooding constraints could impact on proposed delivery timescales and require continuous refinement to the masterplan.
93. The long term programme for delivery presents challenges in accurately assessing financial viability as the further in to the future the project proceeds, the harder it is to accurately predict market trends and construction costs. However, these are standard risks associated with undertaking any regeneration project of this size. Officers have sought to mitigate this risk by engaging independent commercial advice throughout the project and by proposing a delivery mechanism of work packages that allows smaller scale decisions to be taken at each stage of the process, and delivery strategies for its development sites to be considered based on market conditions at the time of implementation.

94. **Car park revenue** – an aim of the project is to ensure that any lost income from the closure of council owned car parks is replaced by alternative funding sources. The masterplan proposes the closure of Castle Car Park, which currently generates £1.2m per annum, and replacing the surface level car park at St George’s Field, which currently generates £0.4m per annum. In total the replacement of these two car parks with a single multi-storey would result in a net loss of 68 spaces. However, this will be offset by the better promotion of the existing council owned Piccadilly Car Park, which currently experiences low occupancy rates, through extended opening hours, better signage, and the new junction at Piccadilly resulting in improved access from the south.
95. In spite of this, there remains the risk that the changes to parking could result in a reduction in revenue due to:
- the new MSCP being further from the centre of town than Castle Car Park
 - a perception that MSCP’s are less popular than surface level car parks
 - the higher running costs associated with a MSCP impacting on net revenue

The actual impact of the above will not become clear until the new car parking strategy becomes fully operational. However regarding points 1 and 2 it is unlikely these will have a significant impact as the closure of Castle Car Park will mean there is no longer the option of a surface level car park close to the city centre, and the only alternative car parking in this area will be council owned. Additionally the new MSCP will be a high quality modern structure which may prove to be a more attractive option than Castle Car Park, which is difficult to access and has very small parking bays.

96. Should there be a reduction in parking revenue once the masterplan has been implemented this could also be offset by the commercialisation of the new public space that will replace the Castle Car Park. It is proposed that this area would regularly stage events throughout the year, creating a potentially significant new revenue stream. As an example the Shakespearean Rose Theatre which will occupy part of the car park in the summer of 2018 is generating the council in the region of £200k for a 20 week lease of the space. Whilst it is not envisaged that events of this scope and period of time will take place every year it provides a clear

indication of the potential revenue that can be generated to offset any reduction in parking revenue.

97. **Junction funding** - Failing to secure the necessary funding from the West Yorkshire Transport Fund for the junction improvements is a significant risk as there is no alternative funding source or parking strategy identified at this stage. Whilst the MSCP could still be operational without the junction improvements (subject to planning approval) it would need to be accessed via circuitous routes around the gyratory which could impact on the levels of occupancy and subsequent income. Should it be decided that the implementation of the MSCP is dependent on the junction improvements proceeding then the project would need to find an alternative funding source, otherwise the money invested in securing planning permission for the car park would be abortive. Similarly, any expenditure up to that point on work package 2 may also be abortive as without the new MSCP there is no parking strategy to close Castle Car Park.
98. To mitigate this risk the business case for the funding would be made to the WYTF as a matter of urgency. Whilst some of this risk could be offset by delaying the planning applications until funding has been secured this could lead to a significant delay (as the WYTF bid process is considerable), but more importantly it would reduce the chance of any bid being successful as deliverability – evidenced by planning permission – is a key criteria in awarding funding. It would therefore improve the chances of a successful bid to proceed with the bid and planning applications in tandem.
99. **Planning** – Whilst any development carries a risk of failing to secure planning permission, and the Castle Gateway has complex challenges relating to heritage and flooding considerations, the in depth public engagement and involvement of key statutory bodies through the Advisory Group in developing the proposals has allowed some of this risk to be mitigated. The masterplan proposals have also been discussed with development management officers - who have an independent function from the council in their role as local planning authority - and the principles of work package 1 and 2 have been well received. Without taking the next step in submitting planning permissions for the masterplan proposals the project can not proceed, and as such it is viewed to be an acceptable and necessary risk.
100. **Multi-storey car park detailed design and procurement** – to allow the project to proceed at pace and for construction to begin on the MSCP

as soon as possible it is proposed to undertake the detailed design of the building and procure a construction partner alongside the planning application. This does carry an abortive cost risk for the detailed design work should the planning application be refused or significant design changes be required through the planning process. However, the cost is relatively low at £200k and without running the detailed design in conjunction then the MSCP start on site would be delayed, in turn delaying the whole project. Regarding the procurement process, it is not unusual for a tender process to be run alongside a planning process, and should the application be refused the only abortive costs would relate to officer time in administering the procurement exercise. It is therefore proposed that the level of risk is acceptable to ensure the project proceeds at pace.

101. **Failure to proceed with the masterplan** – the masterplan has been developed through extensive public engagement through a new approach which has been so successful that it is now being replicated across other major projects. This process has revealed a real desire to see the regeneration of the Castle Gateway, and a strong consensus over the proposed masterplan. Should the project not proceed to the next stage there would be significant reputational damage amongst both the public and key stakeholders who have also committed extensive time and resource to the project.

Contact Details

Author:

Andy Kerr
Commercial Project Manager
Major Projects
01904 554 153

Chief Officer Responsible for the report:

Neil Ferris
Director of Economy and Place

Report **Date** 12 April 2018
Approved

Specialist Implications Officer(s) List information for all

Financial implications

Patrick Looker
Finance Manager
01904 551 633

Legal implications

Andy Docherty
Assistant Director, Legal
01904 551 004

Property implications

Nick Collins
Property Manager
01904 552 167

Wards Affected: List wards or tick box to indicate all

All

For further information please contact the author of the report

Background Papers:

Report to the Executive, 'York's Southern Gateway', October 2015
Report to the Executive, 'York Castle Gateway', January 2017

Annexes

Annex 1 – Map of Castle Gateway area
Annex 2 – BDP Stage 1 Masterplan Report
Annex 3 – My Castle Gateway Development Brief, September 2017
Annex 4 – BDP Stage 2 Masterplan Report

Annex 5 – My Castle Gateway revised Development Brief, January 2018

Annex 6 – Map of Castle Gateway Masterplan

Annex 7 – BDP Stage 3 Masterplan Report

Annex 8 – Letter from Castle Gateway Advisory Group

Annex 9 – Masterplan Work Packages

Annex 10 – One Planet York Impact Assessment

Confidential Annex 11 – Deloitte Viability and Delivery Report

List of Abbreviations Used in this Report

BID – Business Improvement District

MSCP – Multi-storey car park

WYTF – West Yorkshire Transport Fund