

PROPOSED REFURBISHMENT AND RE-USE OF THE FORMER ST GILES & ST GEORGES SCHOOL, NEWCASTLE TOWN CENTRE

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Portfolio: Regeneration, Planning & Town Centres

Ward(s) affected: Town

Purpose of the Report

To consider the options available to the Council to bring forward the refurbishment and re-use of the former St Giles & St Georges School building in Newcastle Town Centre.

Decision Required?

Which option do Members wish to pursue?

Recommendation

That Members authorise officers to take the necessary actions to implement option (a); i.e. to market the building again in its current condition without any requirement for community use or public access.

Reasons

The Council, as the owner of this attractive and historically important building must seek to balance a range of considerations before identifying a preferred course of action in order that the medium to long term interests of the town centre can be enhanced.

1. Background

- 1.1 Members will be aware that this prominent town centre building, formerly the St Giles & St Georges School, situated at the rear of Queens Gardens, was acquired by the Borough Council from the Local Education Authority with a view to it being refurbished and converted into a Centre for Creative Industries at a cost of around £1 million. This cost would have been met by a (then available) grant from the North Staffordshire Regeneration Partnership (NSRP) and (then available) resources of the Borough Council and supported then on from rental income.
- 1.2 Following its acquisition however, Cabinet decided to explore instead the possibility of relocating the Borough Museum & Art Gallery into the town centre so that the town could more fully benefit from the significant footfall (and inherent interest) brought by the Museum and Art Gallery. This, however, proved to be too expensive for the Council both in terms of initial capital costs and subsequent annual running costs and this was not pursued further. When NSRP capital funding (and that of the Borough Council) then became increasingly scarce, the Council decided to put the building back on the market to see what interest there may be in its use (with the caveat that we were seeking a third party interest who was prepared to facilitate wider community use of the building – with the expectation that this would help to generate new footfall into the town centre and introduce greater social/community activity in the town).
- 1.3 This led to the selection of the King Street based social landlord, Choices Housing, which planned to use the building as its new headquarters and training centre, as the preferred

development partner. Discussions were also held with Newcastle Baptist Church (which had also expressed interest in the building) to pool resources and see if their space requirements could also be accommodated along with those of Choices (by extending the building to the rear). The attraction of this approach was the creation of a 280 seat auditorium in the town centre which could potentially be hired out and used for a range of other social, cultural or commercial uses, again generating further footfall and trade for the wider benefit of the town. This however could not be achieved as the Church was unable to contribute the necessary funding into such a partnership project.

(Note: in respect of the issue of the auditorium, Members will know that the Borough Council already has a 200+ seat meeting space available for use/hire in the town centre on the upper floor of Jubilee 2. This has access to catering within the building, together with toilets and break-out space as required. The space is used as dance studios).

- 1.4 During the gestation of the project the Choices Housing Association was joining the Wrekin Housing Trust. The Choices Housing Board in conjunction with the Board of Wrekin Housing Trust has now decided that the project is not commercially viable (the cost of the scheme is too great for the organisation to bear given the likely value of the premises upon completion of the improvement works) and has withdrawn its interest.
- 1.5 A number of options considering how the Council might now take the project forward were considered by the Economic Development and Enterprise Overview and Scrutiny Committee at its meeting on 28th June 2012. Scrutiny Committee expressed the view that the building should be refurbished and leased for a community use (preferably not a Council use as this does not fit with the Council's approach of sharing a main Civic Office). This is a combination of options (a) and (c) listed below. The Scrutiny Committee did not wish to see the clearance of the building as considered in option (b) listed below, as this was not considered appropriate.
- 1.6 Scrutiny Committee recognised that there is no capital funding allocated to refurbish the building, and asked that if Cabinet were minded to consider the Scrutiny recommendation including a simple refurbishment then Officers would need to advise on the financial implications. The views of Scrutiny Committee were fed back to the Portfolio Holder and he asked that officers should investigate the options and implications in more detail in order that Scrutiny Committee could undertake a more informed review.
- 1.7 Officers have therefore gone back to the architects / quantity surveyors who have carried out work previously for the building, to provide advice on the likely costs of a 'light touch' refurbishment of the building. This level of refurbishment would include carrying out necessary works to the roof, windows and external doors, the wall, floor and ceiling finishes, toilets and kitchenette, heating and lighting, together with a minimum of works outside the building. This level of refurbishment may not make the building attractive for commercial letting (or, at least, would have significant implications on the type of organisations which would be interested in leasing the building) but should be sufficient to render it useable for arts based groups and/or community organisations. The estimated cost of these works is £388,700. Note this figure is for works only and is exclusive of costs such as architects' fees, telephony, broadband and planning costs such as NTDS.
- 1.8 Scrutiny Committee again considered this issue with the benefit of this further financial information at its meeting on 17 September. It did not make an unequivocal recommendation to Cabinet on the five options put forward but Members did raise the following points:

- It was acknowledged that finding the resources even for a 'light touch' refurbishment of the building (options B and C above) would be difficult for the Council given the present budgetary circumstances.
- The re-siting of the Museum & Art Gallery (not one of the options listed above) was still considered to be desirable, if it could be afforded, given the boost in footfall and interest that this would give to the town centre.
- The question was asked whether Cabinet might consider the establishment of an indoor market here (the town used to have an indoor market where the Vue Cinema now stands). This might be considered as a further option; Option F.
- Scrutiny Committee remained opposed to the clearance of the building (Option B) but would be less hostile to this option if it could be satisfied that the building which was to replace it would be of the right scale and design.
- An indication of the likely value of a cleared site was also sought.
- There was a request that public consultation be undertaken regarding options for the site.
- That costs be ascertained for the indoor market and museum suggestions, and
- That more information is required before scrutiny can offer a preferred option.

2. **Issues**

- 2.1 The Borough Council is now in the difficult position of owning a building it recognises as having townscape, landmark and even historical value but does not now have the resources to refurbish, without the availability of external regeneration funding (from organisations like the NSRP or AWM) and with no obvious demand for the building in its current condition.

This has implications for:

- The aesthetic qualities of the town's built environment;
- The town's economy;
- The use of public resources and;
- Potentially, for community safety.

3. **Options Considered**

- 3.1 The Council now has several options to consider:

Option (a)

Market the building again in its current condition – i.e. without Council money being expended on it, but without any requirement for community use or public access. However, it should be noted that Newcastle Town Centre has plenty of available buildings that organisations and businesses could lease/buy, most of which do not have such a large upfront refurbishment cost attached to them. That said the building is inherently attractive and distinctive, occupying a prominent position, with direct access onto the ring road and with on-site car parking.

Option (b)

Offer the site to the market with the option of it being cleared for redevelopment (as long as the Council was satisfied with the design of the replacement building) - i.e. accept the demolition of the building. While the building is not listed it does lie within the Town Centre Conservation Area. This means that (as with the former Jubilee Baths building) its demolition will not be permitted until there are detailed plans agreed for a replacement building. There would almost certainly be objections to this option for both historical and

townscape reasons. As a cleared development site, however, it would almost certainly be a more marketable proposition than seeking a user which needs to spend significant monies to bring the building back into use. Nevertheless it should be noted that there are other available cleared development sites within the town centre environs which have been available for some time. Scrutiny Committee has already expressed the view that it does not wish to see the clearance of the building.

Option (c)

Explore a simple refurbishment of the building, funded by the Council and use the building for housing around 50 Borough Council staff. We now know that such a 'simple refurbishment' would cost the Council around £388,700 (though this figure does not include costs such as furnishing, telephony and broadband). Using the building for the Council's own purposes would have to be seen as part of a wider review of the Council's property needs. It may be possible to off-set some of the cost of this option by selling or leasing existing Council-owned premises elsewhere in the town, though, given market conditions, expectations of the prospects for (and the value of) property sales or rental income should be tempered. Furthermore, it is unlikely that any such option would present the most efficient property solution to any identified service need (taking account of both upfront refurbishment costs and ongoing maintenance liabilities, including energy costs).

Option (d)

Explore a simple refurbishment of the building, funded by the Council *and seek another user*. This would be a variation of option (a) above but with Borough Council money having been spent on it. As with option (c), we now know that such a 'simple refurbishment' would cost the Council around £388,700. The prospect of attracting a user having undertaken some investment in the building would be greater than in option (a). Officers have had some discussions with individuals and organisations representing community or arts based groups, which may be interested in making use of the building but typically these will not have significant capital funding to contribute to its refurbishment and, in most cases, would not be able to pay a full commercial rent. One such group has written to the council recently promoting the idea of establishing a faith-based charitable trust to manage an operation focussed upon the sale of locally/ethically sourced food with complementary uses including a café and other voluntary sector activities. Whilst at face value such proposals may appear to present an opportunity to bring the building back into use it is likely that more cost-efficient property solutions may be available to them.

(Note: options (c) and (d) could be seen as *interim options* pending a return to more buoyant economic conditions when there may be the opportunity to take stock and consider longer term options).

Option (e)

Use the site for housing. This would be a variation of option (a) in which the property would be offered to prospective housing developers or social landlords (Registered Providers) with a view to their refurbishing and converting the building to their own requirements or a variation of option (b) in which the site would be redeveloped.

In summary the options can be set out as follows:

Option	Likely benefits	Drawbacks	Comment
A – re-market as is	No financial outlay for NBC	Reputational damage /further deterioration of building if no interest	Highly uncertain outcome
B – offer as cleared site	Could appeal to developers for a range of suitable uses	Loss of landmark building, publicly unpopular	
C – refurbish and use for NBC purpose	Gets the building back into use; some footfall for the town centre	Cost to NBC; not a clear NBC service requirement	Probably not a realistic option
D – refurbish and use for community/arts based use	Gets the building back into use; some footfall for the town centre	Cost to NBC	Probably the option which would be most widely welcomed
E - housing	As A or B	As A or B	

4. **Proposal and Preferred Solution**

4.1 Cabinet's views are now sought on the five options put forward (with the above comments made by Scrutiny taken into consideration), together with the sixth option put forward by Scrutiny Committee.

4.2 With regard to the options listed in section 3 above, your officers consider that the following factors are pertinent in coming to a decision on this issue:

- Option C – discount – there is no requirement for operational use of the building by the Council and it is unlikely that an economic business case could be prepared to justify such use.
- Option D – there is insufficient clarity about the needs of community-based organisations in order for the Council to consider investing any available capital funds even in a 'light touch' refurbishment of the building in the short term so it is unlikely that objectives in relation to use of resources and value for money could be proven.
- Option E – this will be considered alongside Options A & B because it has the potential to be delivered in either of those options.
- Option B – given the architectural and historic merit of the building and the Conservation Area designation your officers consider that this should be an option of last resort. Any proposal to demolish the building would require a Secretary of State decision even if the local planning authority were minded to support the proposition. It would be necessary to provide evidence that the Council had exhausted all reasonable avenues of enquiry.

In conclusion the above summary points towards Option A as the most feasible option at this stage and officers feel that removal of the requirement of community use may attract a wider level of interest than the previous marketing exercise.

5. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

5.1 The original objective of the St Giles & St Georges project was:

- in part for regeneration purposes (to promote a livelier and more interesting town centre and to house new small businesses) and
- in part for environmental/conservation purposes (to bring an attractive and distinctive building back into use)

5.2 The other relevant corporate objective relates to the Council seeking to make best use of its resources. So any proposal must balance the likely financial consequences to the Borough Council.

6. **Legal and Statutory Implications**

There is no statutory requirement for the Council to retain the building (but see 3 (b) above).

7. **Equality Impact Assessment**

7.1 This has not been undertaken given that the final proposal / end use is still unknown at this stage.

8. **Financial and Resource Implications**

8.1 Subject to the comments in paragraph 8.3, Members are reminded that there is no specific project against which capital funding has been allocated, being mindful of the potential financial implications in the context of existing capital programme priorities and commitments and no evidenced business plan for a scheme. There is no provision in the current Capital Programme for any such project and the current forecast of the Council's uncommitted capital resources as at 31 March 2013 is estimated to be around £1m. At present the Council has a restricted Capital Programme owing to shortage of resources to fund schemes beyond a limited number of essential replacement and refurbishment projects, such as replacement operational vehicles and plant or repairs to buildings needed to allow them to continue to be used. Because of this any new projects proposed will have to be considered in conjunction with all other proposals for capital spending to determine which ones can be included in an affordable Capital Programme. At present, given the probable level of resources realistically anticipated to be available over the next few years, it appears likely that the Capital Programme will have to continue to be restricted to include only a limited number of essential, high priority projects which can be afforded.

8.2 The cost of options (c) and (d) we now know to be around £388,700 (but note the proviso in paragraph 1.6). It is not known what level of rental return might be made from Option (d). Officers believe that there may be some interest from community and arts based groups, however this would probably be on a reduced level of rent to enable such groups to operate at this economically challenging time.

8.3. Members will recall that the Capital Programme makes provision for £500,000 for Town Centre capital projects. This figure is required to cover the costs of new Market Stalls and to make a contribution toward the costs of both the Town Centre Public Realm scheme and the refurbishment of this building. This is on the basis that others (SCC in the case of the public realm scheme) would also make significant financial contributions toward these two projects. Given that £400,000 of this figure is required for the Market Stalls and Public Realm schemes (and ideally needing to make provision for contingencies, given the uncertain nature of civil engineering works) this would leave only a modest sum which could be allocated to any project at the former school. For the reasons cited above it is not considered justifiable to invest any funds into the building (other than to cover basic ongoing maintenance to keep the building wind and weather tight) in view of the prevailing uncertainty about its long term use.

9. **Major Risks**

9.1 The principal risks associated with this project are:

- (i) a lack of resource to undertake the required calibre of scheme,
- (ii) ongoing ownership costs (insurance, security, maintenance) while the building remains unoccupied;
- (iii) reputational damage through lack of action and;
- (iv) likely loss of the building because of deterioration (were refurbishment to be unviable).

10. **Key Decision Information**

- 10.1 This report has been placed on the Forward Plan. It does not at this stage commit the Council to expenditure.

11. **Earlier Cabinet Resolutions**

- 11.1 27 October 2004 - That Cabinet agrees to allocate the capital funding referred to in the report to support the Knutton Industrial Estate and Newcastle Design Studios projects, from either the Approved Capital Programme for economic regeneration projects and/or the Renew and Regeneration fund.
- 11.2 21 February 2007 - That Members note progress with the Newcastle Design Studios project and consider the need for a capital allocation to this project once more detailed cost and delivery information is available.
- 11.3 13 July 2007 PROPOSAL TO ACQUIRE THE FORMER ST GEORGE'S AND ST GILES' PRIMARY SCHOOL BUILDING, BARRACKS ROAD, NEWCASTLE

A report was submitted seeking guidance on the potential acquisition of the above premises from the Staffordshire County Council to maximise the economic and regeneration potential for Newcastle Town Centre.

Resolved:-

- (a) That the officers be authorised to negotiate with Staffordshire County Council for the acquisition of the former school building.
- (b) That the officers be authorised to establish the architectural and refurbishment costs of renovating the building for a new use.
- (c) That the officers be authorised to investigate market options for the re-use of the former school building.