

Gloucester City Council

Meeting:	Cabinet	Date:	13 January 2016
Subject:	Kings House, Kings Square, Gloucester		
Report Of:	Cabinet Member for Regeneration & Economy Cabinet Member for Culture and Leisure		
Wards Affected:	Westgate		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	1. Plans showing the subject premises edged in red. 2. Summary of necessary building works		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 The purpose of the report is to recommend approval of the authorisation for Officers to enter into discussions with potential occupiers with charitable status to create an Arts and Culture hub on the upper floors of Kings House.

2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE** that:

- (1) Authority be delegated to Officers to enter into discussions with a potential leaseholder to create an Arts and Culture Hub on the vacant upper floors of Kings House.
- (2) Should an appropriate leaseholder be found, authority be delegated to the Head of Regeneration & Economic Development, in consultation with the Cabinet Members for Regeneration & Economy and Culture & Leisure to agree appropriate letting terms.

3.0 Background and Key Issues

- 3.1 Kings House was acquired by Gloucester City Council in November 2014 to facilitate the proposed Kings Quarter development. Whilst work is ongoing to progress the Kings Quarter Scheme, there will be a short period before this building forms part of a phased delivery programme.
- 3.2 Kings House comprises of a public house and three retail units at ground floor level which are all occupied. The first and second floors are vacant office space. They have been empty since the Land Registry vacated them in 1997. An opportunity

exists whereby the vacant upper floors could be brought back into an active use to support the on-going regeneration of the city through the delivery of the emerging cultural strategy. Other uses have been considered and this is deemed the most appropriate within the context of the planned alternative use of the site as part of the wider Kings Quarter scheme.

- 3.3 The proposal is to use the vacant space within the building as an Arts and Culture Hub on a temporary basis. It is proposed that the accommodation would be leased to a Charity on a short term basis at a nominal rent who will work with the art and cultural community in Gloucester. The Charity would be responsible for the remedial works to bring the areas of the building which fall under their demise, and as agreed with the City Council, up to a useable state and for ongoing costs of running the agreed leased area. The Charity would be able to enter into subleases, to deliver the aims and objectives, however the terms and conditions of these subleases would be agreed with the Council in advance.
- 3.4 An indicative Schedule of Works has been produced by the Building Works Team which identifies the works required to allow the upper floors of the building to be useable. A summary of the works required for occupation is attached (see appendix 2). These would be prioritised on the basis of the need to meet statutory obligations. Initial discussions with Charities has indicated that they can attract sponsorship towards the costs of getting the building back into a useable state. Once initial tests have taken place Officers will have a better understanding of what works are required and costs involved. It is not envisaged that the City Council will meet these costs.
- 3.5 There may be further external grant money available to a Charity to help cover some of the first year costs, but this will be subject to a viable business plan and an application process.
- 3.6 This proposal will support the Council's evolving cultural strategy by creating a creative arts hub. Culture is seen as a key economic driver. The hub will provide a vibrant attraction which will draw in visitors to the City Centre and compliment other regeneration activity.

4.0 Asset Based Community Development (ABCD) Considerations

- 4.1 This proposal is considered to be a good opportunity for an Asset Based Community Development project.
- 4.2 It is envisaged that this will be a community led project by a local Charity, enabled by Gloucester City Council.
- 4.3 There is a clear demand for this hub evidenced not least through the work over the last five Strike a Light festivals in the City which has seen local artists performing and producing exciting and challenging pieces of work.

5.0 Alternative Options Considered

- 5.1 To leave the accommodation empty. This would be the option if the opportunity is not taken to bring the building into a useable condition.

- 5.2 To put the vacant areas on the open market available to rent. The opinion of a local agent has been sought and has advised there is no demand for this type of property therefore no financial benefit is lost to the Council. As a consequence the property would continue to be empty.

6.0 Reasons for Recommendations

- 6.1 The proposal provides a good opportunity for the development of an Arts and Culture Hub. Although the occupation may only be for a relatively short term, it gives the Charity sufficient time to see whether the Hub will be viable, with limited cost exposure. If successful a Charity will then have the experience to look for a more long term base. It also means an empty building can be brought back into a worthwhile use.

7.0 Future Work and Conclusions

- 7.1 Following any approval to enter into discussions with potential tenants, Officers will assist with the obtaining of prices for testing and remedial works and negotiate Heads of Terms with a Charity for the lease to be entered into. As part of the selection process the Charity will be required to confirm how it will work towards the delivery of the art and culture strategy and to produce a business plan to show how they will run the Hub and provide cash flow forecasts.

8.0 Financial Implications

- 8.1 During the first year of the lease it is proposed that Gloucester City Council would cover the following costs of occupation:
- 8.2 **Business Rates** - the space is not currently assessed for business rates. If the property was brought back into rating the Charity would be eligible for the 80% charitable relief. The Charity will be responsible for these costs after the first year. The first years cost will be met by the Council on the basis the Charity qualifies for the charitable relief and this is secured.
- 8.3 **Service Charge** – the Council is currently liable for the proportion of the total service charge costs of Kings House that relates to the empty space, currently budgeted at £21,000 per annum. It is envisaged that the actual year end figure will be less. It is proposed that in year 1 the Charity do not make any contribution towards service charge, in year 2 they will be required to pay £3,500 and if still available in year 3 they pay £5,000. This will be the maximum sum charged and will be subject to annual review and progress around the wider delivery of the Kings Quarter scheme.
- 8.4 The Council will be required to meet the Service Charge regardless of whether there is a tenant in occupation or not. As a consequence these are not new or additional costs.
- 8.5 **Buildings Insurance** - the Council will not look to recover the premium as the building will be covered under the Council's blanket policy.
- 8.6 Even if the letting does not materialise Gloucester City Council remain responsible for the building's insurance premium

- 8.7 It is proposed that decisions on responsibility for the costs and undertaking works to bring the building back into a useable condition be delegated to the Head of Regeneration and Economic Development in consultation with the Cabinet Member for Regeneration and Economy.
- 8.8 A Voluntary and Community Sector grant is proposed to be made available for £3,500 which would be towards first year costs, for example rates, repairs and utilities.

(Financial Services have been consulted in the preparation this report.)

9.0 Legal Implications

- 9.1 One Legal will draw up an excluded lease which will mean the tenant will not have an automatic right to renew the lease and will protect the Council in regaining possession ready for the Kings Quarter redevelopment scheme. As the lease is for less than 7 years, there is no statutory obligation on the Council to obtain best consideration for the letting.
- 9.2 Care must be taken with the proposed works to ensure that they are specific to the needs of the proposed tenant and are not to provide economic benefit to the City Council, when procurement rules will apply.

(One Legal have been consulted in the preparation this report.)

10.0 Risk & Opportunity Management Implications

- 10.1 The costs associated with bringing the building into use could be prohibitive resulting in the project not progressing.

11.0 People Impact Assessment (PIA):

- 11.1 The PIA Screening Stage was completed and Officers advised a full PIA was not required.
- 11.2 The accommodation is at first and second floor levels with only stair access meaning the property is not compliant with the Equality Act 2010. Given the intention to demolish the building, the short term nature of the lease and the cost of installing a lift (estimated at £150,000) are considered not economically viable. A charity would be the duty holder in terms of the Equality Act 2010 as they are providing the service from the building.

12.0 Other Corporate Implications

Community Safety

- 12.1 No impacts

Sustainability

- 12.2 No adverse impacts

Staffing & Trade Union

12.3 No impact

Background Documents: None