

Gloucester City Council

Meeting:	Cabinet	Date:	6th December 2017
Subject:	Regeneration of the former Fleece Hotel Site, Gloucester		
Report Of:	Cabinet Member for Regeneration & Economy		
Wards Affected:	Westgate		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	1. Fleece Quarter Plan 1 2. Fleece Quarter Ownership Plan		

FOR GENERAL RELEASE

1.0 Purpose of the Report

1.1 This report seeks Cabinet approval to take the Fleece site to the open market to secure a partner to deliver a regeneration scheme that safeguards its future. This follows the completion of detailed due diligence which provides valuable information as to the condition of the building and works needed to bring it back into use. The intended future use of the buildings is not specified, but any scheme needs to act as a link between Westgate Street and the Blackfriars area and allow the public, in some form, to be able to enjoy access to the heritage assets on the site.

2.0 Recommendations

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

- 1) Officers are instructed to prepare a development brief for the Fleece site that sets the parameters for the development scheme, in consultation with the Cabinet Member for Regeneration & Economy
- 2) A soft market testing and appropriate tender exercise, based on the brief, be undertaken by the Managing Director in consultation with the Cabinet Member for Regeneration & Economy, to test the

commercial appetite for the various options for the site and to secure an investor/developer partner

- 3) A further report be brought back to Cabinet in March 2018, detailing the basis of the proposals received and identifying a preferred partner

3.0 Background and Key Issues

- 3.1 The former Fleece Hotel site is a centrally located city centre site lying within the City Centre Conservation Area. The site includes nationally important designated heritage assets (in a varying state of condition and use), the most important of which is the Grade 1 listed 12th century vaulted undercroft. Some other parts of the complex are Grade 2 listed. The site is adjacent to the Longsmith Street multi-storey car park and a surface car park, Ladybellegate Street. The majority of the site is in the ownership of the City Council (please refer to ownership plan).
- 3.2 The Fleece Hotel was first opened in 1497 as one of the three major inns of Gloucester to house pilgrims visiting the tomb of Edward II of England. The 12th century undercroft, known as the "Monk's Retreat" was originally part of a merchant's house, and was incorporated into the structure. By 1455, it was a property owned by Gloucester Abbey, and was developed into an inn by the Abbey during the 16th century. It was first recorded as the Golden Fleece Inn in 1673. The building was made part Grade 1 listed in January 1952, with other parts of the building made Grade 2 listed in December 1998.
- 3.3 The site ceased to operate as a hotel in 2002 and was purchased by the South West Regional Development Agency (SWRDA). Limited physical works were undertaken by SWRDA during their ownership and the property passed to the City Council when the Agency was disbanded in 2011. The Council almost immediately invested £350,000 in stabilisation works to protect the historic fabric of the buildings.
- 3.4 The site was taken to the market in 2014 but this was not successful in securing a development partner. The YMCA had expressed interest in converting the buildings into a hostel but did not have the funding to proceed.
- 3.5 It is believed that the unknown cost of restoration of the heritage assets was a significant factor in why a development partner was not secured. In addition, the economy at that time was still in the fairly early stages of recovery from a long and deep recession and investor confidence in the city was not at the level it is today. Since then, the Council has taken further steps to de-risk the site.
- 3.6 Through the Government's Growth Deal, the City Council was able to deliver detailed intrusive survey work of the site to understand the issues that the buildings face in terms of their condition. This information is vital to a potential developer to help understand risk and cost. This includes:

- Archaeological Impact Assessment & Deposit Model
- Draft Conservation Plan
- The Great Inn Draft Conservation Plan
- Measured Survey Drawings of All Buildings on Site
- Interim Dendrochronology Report
- Project Outputs Table
- Interpretation Model

3.7 Some of this survey work will only remain valid for a relatively short period of time. To maximise the benefit from this piece of work, it would be advantageous to promote the site for potential regeneration interest sooner rather than later. The Council has received a number of enquiries from interested parties and it is felt that taking the site through an open marketing exercise is the best way to enable the Council to secure the best scheme for the city. It is not proposed that the Council is prescriptive in which use(s) the site is put to but they could include a boutique hotel, residential, food and beverage, specialist retail, office and cultural uses. A key requirement of proposals at this location is that they enable the public in some form to be able to access and enjoy the heritage of the site, as well as promoting linkages between the docks and the city centre.

3.8 The Fleece site, edged red on the enclosed plan as “1”, has huge potential to be sensitively redeveloped whilst retaining and reusing designated heritage assets and surrounding historic character. There is a real opportunity to transform and deliver a key site within the historic core which will positively contribute to the city’s ongoing regeneration programme.

3.9 Considerable thought and effort has been put into understanding the best way forward for this site, including an exercise involving up and coming professionals from across local government, who visited Gloucester in May 2017, as part of the Local Government Challenge Programme. They were asked to consider how they would regenerate The Fleece site in a way that met the Council’s objectives. Whilst this work was based upon a council/community-led approach, it may still be relevant and can be referenced in the development brief and discussed with potential partners. In the event that the marketing exercise does not generate a scheme or partner of suitable quality this alternative approach can be revisited in greater detail.

3.10 Whilst it will be for the partner to bring forward proposals that are deemed to be both fundable and appropriate for Gloucester, there is potential to deliver:

- a new destination within the city centre which functions as a strategic link between the Cathedral and the Docks, taking advantage of its proximity to the core retailing on the gate streets, its built heritage, historic character and proximity to the water front;
- a vibrant mixed use scheme which could include small scale retail, food and drink, leisure, hotel, office and residential opportunities which

collectively respects and complements the historic grain of the area, its historic lanes, listed buildings and intimate open space;

- a scheme which will bring back to life an important heritage asset which has a significant place in the story of Gloucester, as well as in a national context.
- A scheme which will raise the profile and enhance the setting of the historic Blackfriars Priory.

3.11 A number of the enquiries that the Council has received have sought to include the Longsmith Street car park within the development scheme to enhance the setting of the site and improve viability. The car park is coming towards the end of its expected life and does not offer the modern customer experience we would wish for our visitors or make a positive contribution to the city centre environment. It is therefore recommended that the Council consider and positively encourage proposals which also include the Longsmith Street car park (Area 2) within the Fleece development as well as those based purely on the Fleece site (Area 1). The car parking capacity at Longsmith Street will most likely need to be provided elsewhere and Members will be aware that a Car Parking Strategy is currently being finalised that will address this issue. Should the developer partner for The Fleece wish to include Longsmith car park, the Council would welcome proposals to relocate the parking provision.

3.12 Potential partners may also wish to consider the possibilities surrounding the Ladybellegate car park, Area 3, which whilst not in public ownership in its entirety, does provide the potential to add value in terms of context and scene setting.

3.13 Whilst a traditional development agreement should not be entirely ruled out, historically this has not proven to be the most effective means of ensuring delivery. A partnership approach based on joint risk and reward, using a combination of private sector and public sector funding, similar to that which is delivering the Bakers Quay scheme, may be more appropriate. This may include an investment, subject to a further approval, by the City Council and involve discussions with other funding bodies such as the Homes and Communities Agency.

3.14 The Development Brief, together with all the associated due diligence reports, will be made available to interested parties early in 2018.

4.0 Alternative Options Considered

4.1 Doing nothing does not meet our requirement to safeguard and bring back into use buildings of historic importance. An alternative would be to simply offer the Fleece for sale. This was discounted on the basis that such an approach would not guarantee delivery of a regeneration scheme. The Council could act alone as the developer but doing so would involve a multi-million pound commitment as well as significant Officer resource and would

not bring the benefits of private sector capital or innovation. A community-led approach has been considered but the scale and complexity of the project is likely to be too great for this to happen within a reasonable timescale.

5.0 Reasons for Recommendations

5.1 There is an urgent need to bring The Fleece site, which includes some very important heritage assets, back into active use. This will preserve those assets for future generations and contribute to the vibrancy and vitality of Westgate Street in particular and the city centre in general. It is felt that with the detailed survey work now complete and investor confidence in the city at unprecedented levels, now is the right time to take the site to the market. An open process is considered to be the best way to demonstrate transparency with a public asset and to attract the widest range of interest to secure the right scheme for the site. The Council will also positively encourage those that have already shown interest and real commitment to this site and a willingness to bring a scheme forward that is in the best interests of Gloucester.

6.0 Future Work and Conclusions

6.1 This approval, if given, will commence detailed work around delivery. Potential investors will need to be identified and negotiations undertaken, within the parameters of the Public Procurement Regulations. It is likely that funding discussions will need to be considered including potential engagement with the Homes and Communities Agency.

7.0 Asset Based Community Development (ABCD) Implications

7.1 Initially the commercial work surrounding creating the product and delivery will not have any ABCD implications. But as the delivery and development process gain momentum, there will be opportunities to consider how local communities can engage and benefit from not only the construction phase, but also the sustainable opportunities created post construction.

8.0 Financial Implications

8.1 There are no specific financial implications as a result of this report, the actions in the recommendations will be met from current resources. Any additional funding requirements will be subject to a further report.

9.0 Legal Implications

9.1 The regeneration and development of land can fall within the remit of the Public Contracts Regulations 2015 especially where the public body has influence over the content of the development. Advice will be given to officers as to the procurement procedures that are necessary following the completion of the soft market testing.

9.2 If the Council is considering a disposal of the Fleece/site, whether by way of a freehold or leasehold disposal, it has power to do so under Section 123 of the Local Government Act 1972. There is a requirement to receive the best consideration reasonably obtainable unless the General Disposal Consents 2003 applies or there is a specific consent obtained from the Secretary of State.

10.0 Risk & Opportunity Management Implications

10.1 The primary risks to the Council are:

1. Failure to deliver the scheme: this will be mitigated through dialogue and clearly defined milestones.
2. Protracted negotiations, delaying delivery: terms will be disclosed and agreed in the early part of negotiation together with robust and clearly defined delivery dates.

11.0 People Impact Assessment (PIA):

11.1 The PIA Screening Stage was completed against the protected characteristics. This did not identify any potential or actual negative impact, therefore a full PIA was not required. This project will give opportunities for all those within the protected characteristics in terms of improved housing, and employment opportunities.

12.0 Other Corporate Implications:

12.1 Community Safety

The benefits of this project are positive. Whilst the disused buildings are not accessible, they in a vulnerable state and as such trespassing is extremely dangerous. Members will be well aware of the recent arson attack at the site. Regeneration of the site will remove this potential safety issue.

12.2 Sustainability

This scheme is a highly sustainable contribution towards the regeneration of Gloucester. It maximises the reuse of old buildings which their physical condition makes possible, is located on previously developed land and is in a city centre location enabling the end residents and commercial users to benefit from public transport and all the amenities of a city centre location.

12.3 Staffing & Trade Union

There are no direct staffing implications.

Background Documents: None