

 <b>WARWICK DISTRICT COUNCIL</b>		<b>Executive 3 December 2014</b>	<b>Agenda Item No.</b> <b>8</b>
<b>Title</b>		Royal Pump Rooms and Spencer Yard – Proposed Cultural Quarter	
<b>For further information about this report please contact</b>		Duncan Elliott Senior Project Co-ordinator 01926 456072 <a href="mailto:Duncan.elliott@warwickdc.gov.uk">Duncan.elliott@warwickdc.gov.uk</a> Bill Hunt Deputy Chief Executive 01926 456014 <a href="mailto:bill.hunt@warwickdc.gov.uk">bill.hunt@warwickdc.gov.uk</a>	
<b>Wards of the District directly affected</b>		Leamington Milverton	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>		No	
<b>Date and meeting when issue was last considered and relevant minute number</b>		Executive 12 February 2014, Minute 133. Council 22 January 2014, Minute number 87. Executive, 11 December 2013, Minute number 87.	
<b>Background Papers</b>		EC Harris study, internal asset reviews and costing held in Finance and Housing & Property Services, Assets Review, Executive, 11 December 2013; Assets Review Update Report, Executive, 12 February 2014. <i>A petition entitled 'Leave the Art Gallery &amp; Museum in the Pump Rooms, free for all to enjoy' dated 19 August 2014.</i>	
<b>Contrary to the policy framework:</b>			No
<b>Contrary to the budgetary framework:</b>			No
<b>Key Decision?</b>			Yes
<b>Included within the Forward Plan? (If yes include reference number)</b>			Yes, Ref. No 648
<b>Equality and Sustainability Impact Assessment Undertaken</b>			n/a
<b>Officer/Councillor Approval</b>			
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>	
Deputy Chief Executive		Author	
Head of Service		n/a	
CMT	10/11/14	Chris Elliott, Bill Hunt, Andrew Jones	
Section 151 Officer	10/11/14	Mike Snow	
Monitoring Officer	10/11/14	Andrew Jones	
Finance	10/11/14	Mike Snow	
Portfolio Holder(s)	17/11/14	Cllr. Mobbs; Cllr. Hammon; Gallagher	
<b>Consultation &amp; Community Engagement</b>			

n/a	
<b>Final Decision?</b>	No
<b>Suggested next steps (if not final decision please set out below)</b>	
Report back to Executive February 2015.	

## 1. **SUMMARY**

- 1.1 On 22 February Executive instructed officers to market test the commercial potential for alternative usage(s) of the Royal Pump Rooms. This report now updates members on this work, sets out an exciting proposition to fundamentally transform the Royal Pump Rooms offer, increase public usage, create a new wider vibrant Cultural Quarter, and reduce the Council's financial liabilities.

## 2. **RECOMMENDATIONS**

- 2.1 That Executive notes the outcome of the exercise to market test the commercial potential for alternative usage(s) of the Royal Pump Rooms, as set out at **Appendix One**.
- 2.2 That Executive notes the public petition in respect of the Royal Pump Rooms, as set out at paragraphs 3.20 – 3.23.
- 2.3 That Executive agrees that the Royal Pump Rooms should be included in plans to create a wider Cultural and Creative Quarter to stimulate regeneration of a wider area within the northern part of the Old Town area, as shown at **Appendix Two**.
- 2.4 That Executive agrees that further work is undertaken to ensure that the use of the Royal Pump Rooms effectively supports the future development of the cultural and heritage potential of the Pump Room Gardens and the wider regeneration of the adjacent River Leam corridor and Spencer Yard areas.
- 2.5 That Executive agrees the principle, that as part of any future scheme to develop the Cultural and Creative Quarter, the Art Gallery and Museum should remain in the Royal Pump Rooms but that Leamington Library could potentially be relocated at future date, subject to agreement that the alternative use of the space better supported the regeneration aspirations and agreement of a suitable Leamington town centre relocation package with Warwickshire County Council.
- 2.6 That Executive instructs officers to develop a set of principles and parameters to underpin a Cultural and Creative Quarter regeneration scheme vision, a development brief and procurement process for its delivery, and report back to the February 2015 Executive.

## 3. **REASONS FOR THE RECOMMENDATIONS.**

- 3.1 The Royal Pump Rooms complex is perhaps the most well-known and recognised building in Leamington Spa and discussion of its future provokes strong reactions. It is owned by this Council and currently occupied by the Art Gallery and Museum; the County Council's central Library; the Visitor Information Centre and a café, operated under contract by the commercial operator Kudos who also manage the Assembly Rooms.
- 3.2 Whilst on first viewing the building appears sound, there is the need for a significant programme of works to keep the building in good repair, maintain the integrity of its structure and ensure its long-term future. The Asset Review report to Executive on 22 February 2014 detailed the validated estimated costs of these essential future repairs. At that point, it was anticipated that £660,000 would be required for the first 5 years of the programme, rising to £1.9 million

in the subsequent 5 years due to essential works required for the roof. The costs totalled just under £4 million for the full 30 year period. As a result officers were instructed to market test the commercial potential for alternative usage(s) of the Pump Rooms. Members are reminded that at the point in time, the Corporate Assets Reserve does not have resources to cover the initial first 5 years.

- 3.3 Officers have now completed these confidential investigations. These have been with the Warwick Limited Liability Partnership (LLP); specialist commercial agents; niche developers with track records of projects involving heritage assets; local property owners; specialist leisure operators; and local stakeholders. **Appendix One** summarises the outcome of this work and its conclusions.
- 3.4 Officers believe that the best way to ensure a positive future for this building is to bring together a coherent wider regeneration strategy for the north Old Town area, with an initial specific focus on the Royal Pump Rooms and Spencer Yard, based around uses involving the cultural and creative industry sectors. Such a cohesive plan would be more likely to stimulate investor confidence, unite emerging proposals, and create the environment for a critical mass for a new major attraction for the public, and create the environment for significant job creation in new micro-businesses.
- 3.5 There is major potential for the area shown in **Appendix Two** to undergo substantial change and regeneration. However, this would require the Council's intervention and leadership, with the area and properties under its control; namely Spencer Yard and the Royal Pump Rooms. Such a successful first phase should raise property values, public footfall and the profile and perception of the area stimulating investor confidence and further significant regeneration of the wider area.
- 3.6 Officers believe that the "principles and parameters" of the regeneration vision should include:
- The creation of a new Cultural & Creative Quarter vision.
  - Linking and encouraging the footfall and spending power from the 'top town' area down to this northern part of Old Town, and beyond. This could still potentially include a new footbridge linking the Royal Pump Rooms with Spencer Yard.
  - Unlocking the massive potential of the underused riverside area.
  - Bringing back a deliverable vision for the Spencer Yard area.
  - Opening up and improving the public realm, and uniting this disjointed area. This would include much improved linkages to Jephson Gardens and the Pump Rooms Gardens, and the north and south river banks.
  - Creating new squares and spaces and focal points.
  - Providing confidence to a range of investors that the Council has a clear investable vision for this area.
  - Defining the character and new purpose of the area.
  - Creating a partnership with the private sector to take this work forward, and better ensuring its delivery.
- 3.7 This transformed area could become an up-market, bright, vital and distinct 'branded' destination and attraction for the district. It could fuse together the existing rich historic architecture with a modern twist to create a cosmopolitan feel. This hub could provide workspaces for the following creative uses: artistic; educational; digital; computer gaming; performance; training and craft based

businesses, along with complementary catering businesses, cafés and restaurants. All of these could provide opportunities for the creation of new micro-businesses. The environment could be based around refurbished and new buildings, and active public spaces, with public art throughout, creating an interesting, vibrant and 'intelligent' attraction for all the family.

- 3.8 The Council currently owns the following buildings in the immediate area, providing an opportunity to use these to stimulate delivery of the proposed vision :
- The Royal Pump Rooms.
  - The North Hall, West Wing buildings, 'Old Dole Office', and the Spencer Yard open areas.
  - The United Reform Church (URC).
- 3.9 Other privately owned buildings in the vicinity are currently under-utilised and require investment, e.g. the Colonnade and the Loft Theatre. The management committee of the Loft Theatre currently have no plans to relocate but an improved theatre could become a major asset for the development of a wider cultural offer in his area.
- 3.10 The previous Cultural Quarter scheme for Spencer Yard stalled very publically in 2010 when Advantage West Midlands withdrew its c£5m of funding for the comprehensive scheme for this area, which included the relocation of the Loft Theatre to the URC and the redevelopment of their site for new restaurants, offices and work/living space housing units.
- 3.11 Whilst the North Hall and West Wing buildings were comprehensively refurbished, and now house a number of successful creative businesses, the remainder of the Spencer Yard area is undeveloped, with a very poor environment, and narrow and uninviting access points from the surrounding streets. The URC building remains vacant and in need of significant repair. Despite many private discussions with developers and potential occupiers it is clear that its conversion by the private sector for residential or commercial offices is unviable. Its future sustainable use would stand a far better chance of materialising if it was part of a clear overall vision and scheme for the area (as indeed was always envisaged as part of the previous scheme).
- 3.12 The private sector discussions referred to above clearly indicated that these parties would be far more likely to invest in the area if the Royal Pump Rooms were part of the equation. This is not simply to 'grab' this prime building, but because its profile could best showcase any new scheme, and provide the footfall and perception linkages to/from The Parade and 'Top Town' areas. Its inclusion would also enable the riverside and Pump Rooms Gardens area to be incorporated in the vision and offer the opportunity for a much bigger 'win'.
- 3.13 A common response is that the Art Gallery & Museum is a key part of the Royal Pump Rooms attraction, should stay, and that this offer should be better capitalised upon. This is accepted but, equally, it is considered that the Library, concourse and café areas have huge potential to be reconfigured and used for more attractive niche and bespoke uses. Consideration of such alternative uses for this part of the Royal Pump Rooms complex would allow the building to be used to complement the current planned investment in the Pump Room Gardens and the proposed creation of the Cultural and Creative Quarter.

- 3.14 The Library occupies a key space that could potentially transform the use of the building as it provides the external frontages to the Pump Room Garden and the riverside areas. These could potentially be reconfigured and the space opened up and the latter could also perhaps provide the opportunity for the creation of a new footbridge link to Spencer Yard. If the space could also be better merged with the concourse and café areas it could potentially provide sufficient space to accommodate a range of publically accessible uses, e.g. exhibition, educational, artistic, performance, cultural, festival uses and ancillary food outlets or creative workshops. Perhaps most importantly, it offers the height, sense of place and architecture that could be used as the main focus of any new scheme, although any changes to the fabric, to better display its historic architecture would need to recognise its Grade 2 listed status.
- 3.15 Such a proposition would require the relocation of the Library. Without including this space, the opportunity to transform the Royal Pump Rooms, and create a wider Cultural and Creative Quarter, would be fundamentally weakened and diluted. It is therefore proposed at this stage that Officers work with local and strategic stakeholders and, specifically the County Council who run the Library, to develop suitable and viable proposals for a potential relocation to a site elsewhere in Leamington town centre. Agreement of any relocation proposals would be a pre-condition of any proposal for alternative use of space within the Royal Pump Rooms.
- 3.16 Taking forward any Creative and Cultural Quarter vision requires leadership and intervention by the Council and the harnessing of the skills, flair, commercial acumen and resources of the private sector. Whilst, the Council has the ability to input its property assets into a regeneration vehicle the wider regeneration of this area would require additional properties to be included to create a workable and marketable scheme. This potentially includes those properties required to improve the current very poor and narrow routes into the land-locked Spencer Yard area. Such additional properties would enable the creation of more developable and usable 'footprints' and the possible extensions of key buildings.
- 3.17 Ideally we would seek a specialist 'niche' commercial developer partner with experience of successfully delivering similar cultural/creative schemes elsewhere. However, before we embark on any such route, we would need a clear overarching vision of what we are seeking to achieve and obtain the involvement and buy-in of the many key stakeholders.
- 3.18 It is, therefore, recommended that Executive supports the proposals for the creation of Cultural and Creative Quarter to stimulate regeneration of a wider area within the northern part of the Old Town area, as shown at **Appendix Two**. Executive is also asked to agree the principle of considering alternative uses within the Royal Pump Rooms that would better support the unlocking of the cultural and heritage potential of the Pump Room Gardens, the River Leam corridor and the adjacent Spencer Yard area and for these to be fully explored.
- 3.19 The next stage would then be for officers to hold discussions with local stakeholders (for example the Leamington Society, Friends of the Leamington Art Gallery, Leamington Town Council, Leamington BID, Friends of Pump Room Gardens etc.) and key strategic stakeholders (for example, the Arts Council, Crafts Council, Heritage Lottery Fund, cultural and creative agencies and organisations) and develop the set of principles and parameters discussed in sections 3.6 and 3.7. The aim would then be to work these up into a Regeneration Scheme Vision and, given that a private sector partner is likely to be required to deliver this, to also define an appropriate Development Brief and

procurement process. This work would be subject to a further report to Executive in February 2015.

- 3.20 An e-petition entitled '*Leave the Art Gallery & Museum in the Pump Rooms, free for all to enjoy*' was submitted to the Council in February 2014 and received 341 signatures before it closed in August 2014. The petition requested that '*free public access is retained to the Art Gallery, Museum and Library in the Pump Rooms and that they should remain in the Pump Rooms as part of Leamington's heritage*'. The full petition and published response, stating that members would have the opportunity to consider the petition as part of this report can be viewed at:  
<https://estates4.warwickdc.gov.uk/cmisp/Petitions/tabid/90/ID/30/Leave-the-Art-Gallery-Museum-in-the-Pump-Rooms-free-for-all-to-enjoy.aspx>
- 3.21 Clearly, the recommendations in this report do not deliver everything that the petition requests. However, they are completely aligned with the principle of 'free public access' being maintained to the Royal Pump Rooms building. This is entirely consistent with the principle that the Royal Pump Rooms complex is a vital component of Leamington's history and heritage and, by implication, should remain free for all residents and visitors to enjoy. Indeed, this principle underpinned the Council's historic decision to invest in the complex.
- 3.22 However, it should be recognised that the building's history is that of a working spa and treatment complex and that the decision to and move the Art Gallery, Museum and Library into the buildings was relatively recent. The recommendation is the Art Gallery & Museum should stay in the Royal Pump Rooms but that *in-principle* consideration should be given to investigation of options to relocate the Library. The purpose of doing so would be to open up the building to the public further and actually increase free public usage of the Royal Pump Rooms complex by providing a better overall offer.
- 3.23 This recommendation is further qualified inasmuch that any potential relocation proposal would need to deliver a new, high quality Library, elsewhere in the town centre. Any such proposal would need to be acceptable to the County Council and would be subject to a further report to Executive who would be in a position to make an informed decision as to whether the proposed alternative use of the space currently occupied by the Library would better contribute to the wider regeneration vision, the creation of a Cultural & Creative Quarter and the further investment in the Pump Room Gardens. Consequently, officers believe that whilst the proposals do not fully meet the stated outcomes sought by the petitioners they should give considerable comfort to all parties that the principles underpinning it are fully accepted.

#### 4. **POLICY FRAMEWORK**

- 4.1 The Council's Fit for the Future programme is designed to ensure that the Council meets the challenges of decreasing finances, increasing expectations and changing demand.
- 4.2 The recommendations in this report are fully consistent with the Fit for the Future programme's principles. More efficient use of the Council's assets in the Royal Pump Rooms and the Spencer Yard area would enable service delivery and the town centre offer, to be improved for the benefit of the public, and provide opportunities for new micro-businesses wishing to start-up and locate in this new Cultural and Creative Quarter. The proposals would also aim to

produce financial savings, and reduction of the Council's future financial exposure.

- 4.3 The principle of using assets efficiently and seeking regeneration opportunities is also consistent with the Council's vision and Sustainable Community Strategy's general focus of furthering economic, social and environmental well-being for the district and the specific focus on the town centres of Leamington, Warwick and Kenilworth to underpin and develop economic activity.

## **5. BUDGETARY FRAMEWORK**

- 5.1 As outlined in Section 3.2 above to maintain the Royal Pump Rooms in its current condition without any improvements would require £2.5 million over the first 10 years (£660k and £1.9 million), a total of just under £4 million over 30 years. This includes general repairs, statutory maintenance and all associated Capital Works.
- 5.2 The existing Revenue Budget Costs for running the building, (apart from Repairs and Maintenance which are included in the figures in 5.1 above) are £87,000 This excludes the operational costs of providing this Council's Services and the proportion of costs which are recharged as Service Charges to other (non-Warwick District Council) occupants of the Building.

## **6. RISKS**

- 6.1 This is the very first stage of a potential project. Officers are not seeking Executive's commitment to any financial or contractual arrangements. The potential initial risks are that key stakeholders may not support any regeneration proposals. This is why officers are now recommending further work with these parties to scope out and further define a vision and development brief to provide clarity for further consideration. Specifically agreement would need to be reached with WCC in respect of the Library space. Officers propose to progress such discussion as part of the next-stage work.
- 6.2 In view of the above officers believe that the risks to the Council are very low at this early and initial non-committal stage of this potential project.

## **7. ALTERNATIVE OPTION(S) CONSIDERED**

- 7.1 The Council could opt to do nothing. In this eventuality, its current financial liabilities for the Royal Pump Rooms would remain; and any vision and potential for taking Spencer Yard area and a Cultural and Creative Quarter vision forward not realised.
- 7.2 The Council could decide to exclude the Royal Pump Rooms from any wider Cultural and Creative Quarter project proposal. By implication this also includes the proposal to relocate the Library. However, section 3 sets out the reasons why this would fundamentally prejudice and weaken any overall transformational approach to a Cultural and Creative Quarter, and the attractiveness of the potential project.



## **8. LEGAL ISSUES – WARWICK DISTRICT COUNCIL ACT 1984**

- 8.1 Depending on what proposals relating to future use of the Royal Pump Rooms themselves are brought forward to the February 2015 Executive, officers will need to carefully consider the provisions within the Warwick District Council Act 1984, in so far as the Act deals with the Royal Pump Rooms and Gardens.
- 8.2 Section 9 of the 1984 Act gives the District Council extensive powers to manage the Royal Pump Rooms and Gardens and to lease the same for any purpose for any term. Therefore, were any proposals to be advanced for alternative use of the Library space they would need to be compliant with the provisions of the Act.