

	<b>Executive</b> <b>13 November 2019</b>	<b>Agenda Item No.</b> <b>11</b>
<b>Title</b>	Creative Quarter – conclusion of phase 1 and next steps	
<b>For further information about this report please contact</b>	<p>Guy Collier  Projects Officer  01926 456514  <a href="mailto:Guy.collier@warwickdc.gov.uk">Guy.collier@warwickdc.gov.uk</a></p> <p>Philip Clarke  Policy &amp; Projects Manager  01926 456518  <a href="mailto:Philip.clarke@warwickdc.gov.uk">Philip.clarke@warwickdc.gov.uk</a></p> <p>Bill Hunt  Deputy Chief Executive  01926 456014  <a href="mailto:bill.hunt@warwickdc.gov.uk">bill.hunt@warwickdc.gov.uk</a></p>	
<b>Wards of the District directly affected</b>	Leamington Clarendon, Brunswick and Willes	
<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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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 6 March 2019 (minute 152)	
<b>Background Papers</b>	Executive 28 November 2018 Executive 5 April 2017 Creative Quarter tender documents, November 2016, Executive 4 November 2015, Creative and Digital Quarter Expression of Interest 18 September 2015; Executive 3 December 2014, outline endorsement of proposed Cultural Quarter and approval for soft-market testing, Executive 12 February 2014	

<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 (1,038)
<b>Equality Impact Assessment Undertaken</b>	No (If No state why below)
Equality Impact Assessments will be undertaken, if appropriate, for individual projects	

that emerge out of this Masterplan process.

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive		Bill Hunt
Head of Service		Dave Barber
CMT		Chris Elliott, Bill Hunt, Andrew Jones
Section 151 Officer		Mike Snow
Monitoring Officer		Andrew Jones
Finance		Mike Snow
Portfolio Holder(s)		Cllr. Day; Cllr. Rhead; Cllr Grainger
<b>Consultation &amp; Community Engagement</b>		
As set out in the report		
<b>Final Decision?</b>	Yes	
<b>Suggested next steps (if not final decision please set out below)</b>		

## 1. **Summary**

- 1.1 This report updates Executive on the progress of the Creative Quarter initiative. In March 2019, Executive approved "the Big Picture" document which had been prepared by the Council's Creative Quarter partner Complex Development Projects Ltd (CDP). This document sets out an overarching vision for the delivery of the Council's long-term aspirations for the Creative Quarter. It also forms the basis of the "Masterplan" required from CDP and which needs to be signed off under the Collaboration Agreement to signify the completion of phase 1 of the partnership.
- 1.2 This report provides an update on the work carried out since that time. In order to complete the "Masterplan", CDP has prepared a "Phase One Report" and this report to Executive seeks approval of that "Phase One Report" (subject to, in respect of the Town Hall only, further work being done by the Council in order for the Council to be satisfied that it wants to continue with that part of the Phase One Report with CDP). If these appraisals are approved, this will bring phase 1 of the Council's partnership with CDP to a close and commence phase 2 under which CDP will continue to work with the Council to bring forward and deliver the specific projects.

## 2. **Recommendations**

- 2.1 That Executive notes the significant work undertaken by Complex Development Projects Ltd (CDP) to date on the Creative Quarter initiative, including that undertaken since the approval of the Big Picture document in March 2019,
- 2.2 That Executive notes that in March 2019 authority was "delegated to the Deputy Chief Executive (BH) and s151 Officer, in consultation with the Leader of the Council, the Finance and Business Portfolio Holders and Group Leaders to agree the conclusion of phase 1 once further work on the Masterplan required under the Collaboration Agreement has been concluded" (minute 152 (7) (part)) but agrees that it now wishes to amend this resolution to remove the delegated authority given to officers at that time and agrees that that decision be made by the Executive further to the remaining recommendations in this report.
- 2.3 That, subject to recommendation 2.2 above, Executive agrees to approve the Phase One Report (attached as appendix A to this report) subject to, in respect of the Town Hall only, the Council undertaking its own assessment (the broad scope of which is set out in paragraph 3.3.13 below), and being satisfied that it wishes to continue to work with CDP to deliver this part of the Phase One Report,
- 2.4 That, subject to recommendation 2.3 above, Executive notes that it is approving the Masterplan (as defined by the Collaboration Agreement) and that in respect of the Town Hall only, a further report will be brought to Executive before a final decision on the role the Town Hall within the wider Creative Quarter project is made.
- 2.5 That, subject to recommendation 2.2 above, Executive notes that no proposals for the Pump Rooms will be taken forward as part of the Creative Quarter at the present time with CDP and therefore this building has not been included in the Phase One Report.

### 3. **Reasons for the Recommendations**

#### 3.1 Recommendation 2.1

3.1.1 The Creative Quarter initiative is a major potential programme of works that the Council is seeking to undertake to support creative industries in Leamington, regenerate the Old Town area and make better use of some key Council assets. The Creative Quarter initiative emerged following a series of decisions in 2014 and 2015 which sought to consider potential alternative uses for a number of key Council assets and how these could support the wider regeneration of the Old Town area. Background information on the Creative Quarter, and an overview of the work done to date on the Creative Quarter initiative is contained in section 8 of this report.

3.1.2 The Creative Quarter was last considered by Executive at its meeting in March. At this time Executive approved a document titled "Leamington Creative Quarter: The Big Picture" as the basis for the future development of the Creative Quarter. Approving the "Big Picture" was an important step towards CDP meeting its requirements to produce a masterplan under phase 1 of its Collaboration Agreement with the Council.

3.1.3 In order to fully complete the Masterplan, and bring phase 1 of the partnership to a conclusion, however, CDP was required to undertake further work. Specifically, this included preparing a high-level technical appraisal of the potential use of Council owned assets. This appraisal was to include:-

- The list of Council owned assets which might be required to support the regeneration principles set out in the Big Picture (including but not limited to the examples contained in Appendix Six of that document).
- An initial, high-level business case and risk analysis for any projects involving these assets which sets:
  - Potential alternative uses
  - Potential funding arrangements to deliver these alternative uses
  - Any potential requirement for changes to ownership or tenure (i.e. would a future freehold disposal be required for any asset on the list, which might require revised leasehold arrangements and at what indicative rent e.g. market or peppercorn etc.)
  - Potential returns on investment and how these would be distributed.

3.1.4 This report before Executive today considers this high level appraisal.

#### 3.2 Recommendation 2.2

3.2.1 In March 2019, Executive recognised that the further work referred to in para 3.1.3 above would be required to enable phase 1 to be signed off. Specifically, resolution 2.4 from that report states:-

"the approval of "The Big Picture" document does not bring phase 1 of the Creative Quarter project with CDP to a close and authority is delegated to the Deputy Chief Executive (BH) and s151 Officer, in consultation with the Leader of the Council, the Finance and Business Portfolio Holders and Group Leaders to agree the conclusion of phase 1 once further work on the Masterplan required under the Collaboration Agreement has been concluded,"

3.2.2 At the time, it was anticipated by CDP that this further work could be completed fairly quickly, and Executive was mindful of the forthcoming elections and purdah period, during which no further Executive decisions on key matters including the Creative Quarter could be made. Under the Collaboration Agreement, the Council is required to inform CDP whether it is able to approve the masterplan within 20 working days of receiving this. Whilst this did not prevent the Council from agreeing to extend the time needed for any consideration, it was considered reasonable that the Council could respond in a timely manner when the Masterplan was produced. It was for these reasons that the delegated authority to officers to agree the conclusion of phase 1 was made.

3.2.3 As it has transpired, it has taken longer than anticipated for CDP to complete the work required to fulfil phase 1. In view of this, and the importance of making sure that both Executive and scrutiny committees have the opportunity to be fully involved in this important decision on the Creative Quarter, officers consider that Executive should now make the final decision on the signing off of phase 1.

### 3.3 Recommendations 2.3 and 2.4

3.3.1 In fulfilment of the requirements to complete phase 1 outlined in para. 3.1.3 above, and thereby complete the Masterplan as required by the Collaboration Agreement, CDP has prepared a "Phase One Report". A copy of this is attached as appendix A to this report.

3.3.2 In now considering this Phase One Report, the following should be noted:-

1. The document draws on the outline vision contained within the "Big Picture" and as such focuses on four key locations, all of which are Council assets. These are:-
  - Spencer Yard (including the former United Reformed Church on Spencer Street)
  - Bath Place car park
  - The Town Hall
  - Court Street car park (and the former Stoneleigh Arms pub on Clemens Street)
2. The Report provides a high level business case for each of these sites. This includes a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis, either a preferred option or a range of options and a high level financial summary.
3. The Report also proposes a phasing strategy. CDP has identified two initial projects for short term delivery (see section 3 of the Report). These are Spencer Yard and Bath Place. Two further projects (Court Street car park/Stoneleigh Arms and the Town Hall) are proposed for the medium/longer term (see section 4 of the Report).
4. For each project, an initial assessment is made as to whether grant funding is likely to be required and whether CDP is recommending that a change of ownership/control of the asset is required. Across the different sites, ownership recommendations range from WDC retaining ownership, transferring the asset to CDP (either by freehold sale or a long leasehold interest) or transfer into charitable ownership.

5. For each site there is a section bringing together all of the site specific recommendations / next steps for each site. Members attention is drawn to appendix 3 of the Phase One Report (within appendix A to this Executive report) which contains a schedule of these.

A summary of proposals for each of the sites is shown in the following table:-

Site	Proposed / potential uses	Likelihood that grant funding needed?	Potential change of ownership?	Priority
Spencer Yard / URC	The URC church, former Dole Office and nursery are all proposed to be re-purposed for creative business space with the open space in the yard made available as pop-up events space.	No	Transfer of freehold or long leasehold to CDP	Short term
Bath Place car park	The car park is recommended for a live/work development (including affordable housing), with active ground floor uses that could compliment the arches. The arches and potentially part of the car park site could be a new hub for food, markets, and creative retail businesses.	No	WDC retain ownership OR transfer of freehold or long leasehold to CDP	Short term
Town Hall	<p>The space to be repurposed for leisure and community uses in consultation with existing tenants and with an aim to maximise footfall and accessibility. Three possible options are considered.</p> <p>The preferred option would include restaurant space, potentially a cinema on the upper floors, and could also potentially accommodate some of the existing meeting requirements through flexible use of the space.</p> <p>An alternative option would be to create a meeting place for creative businesses combined with some shared business space.</p> <p>A third option would maintain</p>	Yes	WDC retain OR consider charitable ownership (Trust)	Medium/ long term

Site	Proposed / potential uses	Likelihood that grant funding needed?	Potential change of ownership?	Priority
	existing uses with a basic refurbishment being carried out.			
Court Street car park & Stoneleigh Arms	<p>Four options are considered.</p> <p>Option 1: Do nothing. This would maintain the existing (extended) car park only.</p> <p>Option 2: New Car Park with Office Space. The Stoneleigh Arms would be refurbished for café use with residential above and commercial units to the rear.</p> <p>Option 3: Similar to option 2 but with greater creative office space (and consequently fewer additional parking spaces).</p> <p>Option 4: Residential / Live-Work. There would still be potential to incorporate some office and retail uses, but the massing and layout of the site would be amended to suit a residential led scheme.</p>	No	Transfer of freehold or long leasehold to CDP	Medium/long term

3.3.3 The Creative Quarter Project Board has now asked the Council to consider the Phase One Report. It should be noted that the Creative Quarter Member Reference Group has also had the opportunity to consider the Phase One Report and has met on two occasions in August and October to review it.

3.3.4 Reflecting on the report, and comments made by the Member Reference Group, it is considered that the appraisals for Spencer Yard, Bath Place Car Park and Court Street can be supported in their current form and accordingly, the Masterplan (as defined by the Collaboration Agreement) should be approved in respect of these sites. Furthermore, it is considered that in respect of the Town Hall, the proposals in the Phase 1 Report may provide a way forward for this building, however these should be further scrutinised by the Council before this element is allowed to proceed.

3.3.5 With regard to **Spencer Yard and the URC**, this proposal has the opportunity to breathe new life into this area. Spencer Yard is already a focus for creative activity with the Loft Theatre and two buildings (the North Hall and West Wing) which are owned and managed by the Council's Enterprise Team as workspace for creative industries following extensive refurbishment approximately 10 years ago. These units are currently occupied by a number of tenants including Motionhouse dance company and Heartbreak Productions. It was always intended that the URC, which also passed into Council ownership a decade ago,

would be refurbished to bring new life into this area. The remaining two Council-owned buildings (the nursery and former Dole Office) can also support this and add to the critical mass of any offering in this area. The yard itself has the opportunity to host outdoor events and become a destination for creative events within Leamington.

- 3.3.6 With regard to **Bath Place**, this car park does have some constraints limiting what can be built there, however it may have the capacity for some creative live/work space. If this could be delivered this could provide a focus for encouraging creatives to move into the area and also provide space to be a hub for food, markets or creative businesses. Discussions to date indicate that any such housing could potentially be developed for ownership and management by the Council. Any food or other retail offer would need to have regard to Leamington's retail policies in the Local Plan (and in the emerging Neighbourhood Plan) however it could provide a destination for creative enterprises.
- 3.3.7 With regard to **Court Street**, this site is currently constrained by the fact that the existing public car parking here has been augmented in recent months by additional parking spaces. These have been provided to provide displacement parking capacity in the event of the Covent Garden car park being temporarily closed. As such, the car park is unlikely to be available in the short term for redevelopment/investment, even if this is seeking to provide additional car parking (as is proposed in some options). It is for this reason that Court Street has been identified for medium/long term delivery in the Phase One Report.
- 3.3.8 Looking beyond any time when there is a need for additional displacement parking capacity, the proposals for the site do offer an opportunity to breathe new life into this area, linking with existing enterprise initiatives at the Court Street creative arches (managed by the Council's Enterprise Team), and utilising surplus space in this area to provide a hub for creative workspace.
- 3.3.9 The Council purchased the former Stoneleigh Arms Public House (and the land to the rear) in 2018 to provide a short term opportunity to increase car parking capacity in the area but, more importantly, to provide an opportunity to support the Creative Quarter. The site as a whole creates strong links between the pub (which would be refurbished in CDP's proposals) and the "backland" area of the Court Street car park. A variety of options are proposed, and all could be explored when a timetable for freeing up some of the additional car parking capacity is known. The Member Reference Group was keen to emphasise the importance of delivering a high quality scheme in this area which creates a strong sense of place.
- 3.3.10 It is worth noting in respect of all of these projects that whilst CDP will be delivering them, it may not be managing the business spaces once completed. CDP would welcome the opportunity to consider how the business space would be managed, including through the Council's Enterprise Service (which currently manages a number of business units including at the Althorpe Enterprise Hub, Spencer Yard and the railway arches at Court Street). This will be explored more fully when individual projects come before the Council for final approval.
- 3.3.11 With regard to the **Town Hall**, the Phase One Report recognises that this building is a key asset for the Council and an important public building in the town. It is significant that CDP is not recommending that this building is sold to it, but in view of its strategic and community importance remains in public (or possibly charitable) ownership.



3.3.12 In considering CDP's proposals for the Town Hall, the Member Reference Group was mindful that the future of this building should be considered very carefully, and was keen to understand possible future development and management options before it made a final decision in relation to CDP's proposals. It also wished to be assured that there had been thorough engagement with key partners and stakeholders, in particular the Town Council, before any decision is made.

3.3.13 Reflecting on the Phase One Report, and comments made by the Member Reference Group, it is therefore considered that the appraisal for the Town Hall needs further assessment before this site can be considered for progression to phase 2. This further work should broadly cover the following elements:-

- Scoping and assessment of different management and ownership models (including retaining in public ownership and formation of a charitable trust) that could provide a viable future for the building
- Review of different uses / development opportunities which recognises the buildings location within the Creative Quarter (and therefore its ability to support the aims of the Creative Quarter), and the desire to see the building maintained as far as possible as a public building to which the public have access
- Full engagement with the Town Council and other key tenants of the building
- It should be recognised that full surveys of the building may be required to support this work.

3.3.14 The Council does not have the in-house expertise to undertake this work, and so it is recommended that before agreeing how it wishes to shape the future use and management of this building, the Council commissions an independent study (and other work as necessary) into these matters. This should properly be funded and carried out independently of CDP.

3.3.15 In terms of funding and delivering this work, it is relevant and helpful that the Council has been allocated £75,000 by Government to progress proposals under the Future High Streets Fund. Executive in October agreed the creation of a Programme Manager post to take this work forward. It may be that, subject to discussion with other stakeholders, this work can be carried out as part of this wider exercise, using some of the funds made available for that purpose. If, however, it is felt that the Town Hall should not be the focus of the Future High Streets initiative, then existing resources are available to deliver this work up to a total of £20,000.

### **Implications of approving the Phase One Report**

3.3.16 In approving this report Executive will also be formally recognising that phase one of the Creative Quarter partnership has ended and therefore that the Creative Quarter partnership now moves to phase 2 (noting that formal approval to progress the Town Hall into phase 2 will need to await the Council's independent assessment set out above). In phase 2, the Council and CDP will work together to deliver the approved projects set out in the Phase One Report.

3.3.17 The detailed work on each project will involve (1) the testing and refining of the high level proposals and options set out in the Phase One Report, (2) assessing any other – complementary – uses that may emerge as part of this work, (3)

further stakeholder engagement as needed and (4) the detailed planning and design of both the delivery and ongoing management of schemes.

3.3.18 This work will be led by CDP however will be carried out in partnership with the Council and there will continue to be significant input from council officers. Although CDP will use relevant professional advisers to help develop projects, there are likely to be times where the Council will need to take independent advice on key issues, for example on matters of property valuation, in order that councillors can be properly advised when decisions need to be made.

3.3.19 CDP will continue to work "at risk" on these projects. As has been the case to date, the Council will not be liable for any of CDP's costs for the further detailed work on these projects unless:-

- The Council is in Material Breach of any obligations set out in the Collaboration Agreement (for example if the Council decides unreasonably not to proceed with any of the schemes which have been approved in phase 1), or
- The Council unilaterally chooses to give three months' notice that it wishes to terminate the agreement. In certain circumstances the Council may then be required to compensate CDP for losses that CDP has incurred. An example of why this may happen would be if the Council was to choose to sell to a third party a property within the Creative Quarter that was part of a scheme that had already been approved by the Council.

3.3.20 As detailed proposals and business cases are prepared for specific projects these will need to be agreed by the Creative Quarter Project Board and then brought forward on an individual basis to be formally approved by the Council before they can proceed in accordance with the stages set out at 3.3.23. Therefore, approval of this does not mean that the Council is agreeing now to a specific proposition for any Council asset. What the Council is agreeing to, if it approves any part of the Phase One Report, is to embark on phase 2 (in respect of those sites), and in doing so work positively, and in a spirit of partnership, with CDP to bring specific projects forward in line with the recommendations set out in the Phase One Report and, where appropriate, identify new projects. The collaboration agreement requires CDP to deliver the projects in accordance with a "Masterplan". For the purposes of this partnership the "Masterplan" comprises the "Big Picture" document together with the Phase One Report. The Council can, where reasonable, determine that a particular scheme should not proceed and in which case the "Masterplan" will be amended. Therefore, the Council is committing to pursue this project in line with the recommendations set out in the Phase One Report with CDP unless it has good reason not to.

3.3.21 Members need to be clear as to the implications of approving projects to progress to phase 2. Whilst they will have a further opportunity to finally approve any proposals, their future decisions will be limited to considering the merits of the proposals within the parameters agreed in the Masterplan. It will not extend to considering whether to partner with CDP to deliver the project.

3.3.22 As specific projects come forward for further consideration by the Council in the future, detailed development agreements will need to be entered into in order to protect the Council's interests and the integrity of the project moving forward. The Collaboration Agreement between the Council and CDP recognises this, and sets out a form of agreement that would provide the starting point for any detailed discussions.

3.3.23 Future work on each project, once phase 1 is signed off, will therefore include the following steps (to be funded by CDP):-

- 1) CDP will undertake detailed survey work to inform detailed proposals
- 2) CDP will appoint architects and other consultants to develop the proposals to RIBA Stage 3
- 3) CDP will work up Heads of Terms for a Development Agreement for approval by WDC
- 4) CDP will seek pre-application feedback from the relevant planning officers at WDC, including conservation where appropriate (e.g. Spencer Yard)
- 5) CDP will undertake a pre-application public consultation. The scope of this will be decided by CDP but will include, at least, a public exhibition of the proposals.
- 6) The Development Agreement for the scheme will be concluded.
- 7) CDP will submit planning applications for the proposal as necessary.
- 8) Subject to receiving planning permission, CDP will deliver the scheme.

3.3.24 Members should also note that the Phase 1 Report refers to the fact that CDP may seek to work with third parties in respect of their assets in the Creative Quarter. Approving the Phase 1 Report does not commit the Council to taking any action in respect of these except where specifically stated. If CDP wishes the Council to become involved in any way in these this will be the subject of a separate request for which the appropriate approvals will be sought.

3.3.25 Members are aware that under phase 1 the Council was subject to limitations on disposing of assets within the red line whilst CDP was working on the Masterplan. (CDP had similar limitations in respect of acquiring assets.) Once phase 2 commences, those limitations no longer apply and the Council is free to explore other options within the red line, where they do not form part of the Phase One report.

## 3.4 Recommendations 2.5

3.4.1 The "Big Picture" includes a vision for the Pump Rooms, and following that document's approval, CDP continued to work up proposals for this building. As with the Town Hall, CDP recommended that the freehold ownership of this building should either remain with the Council or be transferred into charitable ownership. It considered that Pump Rooms would be enlivened with the introduction of a creative/food market in the library to sit alongside the continued public use of the museum and gallery.

3.4.2 CDP always recognised that any development in the Pump Rooms would likely be a long term project, requiring both the resources and a site to relocate the library, and that it could only be done following extensive consultation with the County Council. The Member Reference Group expressed concerns about the long term uncertainty that this would create around a key asset and a key service in the town. The Project Board subsequently agreed not to include the Pump Rooms as a project that is to be taken forward at this time.

## 4. Policy Framework

### 4.1 Fit for the Future (FFF)

4.1.1 The Council's FFF Strategy is designed to deliver the vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other

things the FFF Strategy contains several Key projects. This report shows the way forward for implementing a significant part of one of the Council's Key projects.

4.1.2 The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

<b>FFF Strands</b>		
<b>People</b>	<b>Services</b>	<b>Money</b>
<b>External</b>		
<b>Health, Homes, Communities</b>	<b>Green, Clean, Safe</b>	<b>Infrastructure, Enterprise, Employment</b>
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels
<b>Impacts of Proposal</b>		
Approval of the proposals in this report would enhance the ability of the Council to deliver its Creative Quarter aspirations and add to Leamington's already impressive cultural offer.	Regeneration of land and properties will have a benefit to the environment and will improve walking and cycling.	Taken together the proposals in the Masterplan offer a 'game-changing' opportunity to ensure that the Council's aspirations for the development of the Creative Quarter can be achieved, supporting a wide range of creative businesses and the wider economy of the town and district.
<b>Internal</b>		
<b>Effective Staff</b>	<b>Maintain or Improve Services</b>	<b>Firm Financial Footing over the Longer Term</b>
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
<b>Impacts of Proposal</b>		

<p>The development of the proposals, in collaboration with CDP, of the schemes in the draft Masterplan will provide significant development opportunities for staff.</p>	<p>The proposals will allow the Council to deliver new opportunities for customers within the digital and creative sectors.</p>	<p>The proposals in the Masterplan will allow the Council to consider afresh how a positive use can be made for a number of currently un or under-used assets.</p>
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## 4.2 Supporting Strategies

- 4.2.1 Each strand of the FFF Strategy has several supporting strategies. The impact of the recommendations within this report will have a substantial impact on the Council's ability to deliver its desired outcomes for the underpinning economic (Prosperity) strategy. This strand includes a commitment to the "promotion of tourism activities to attract visitors to spend within the district" and a report elsewhere on this agenda makes recommendations in relation to the continuation of Council funding for the sub-regional Destination Management Organisation, Shakespeare's England. The development of the Creative Quarter will provide additional opportunities for the promotion of the district as a destination for visitors and for their spending power to be harnessed to the benefit of the local economy. Cultural tourism in the region is expected to boom during the City of Culture year in 2021, as well as attracting tourists to events during the build-up years. In order to maximise the economic impact of this upon Warwick District the Council must intervene and use its thriving creative sector to ensure that there is a competitive offer to bring visitors to the town and the development of the Creative Quarter will significantly assist the achievement of that goal.
- 4.2.2 The Creative Quarter has also been identified as a key initiative to support the local economy to provide high quality jobs and increase the prosperity of the district in the draft Business Strategy 2019/23. This was approved by Executive in October 2019 for consultation with Council Members.
- 4.2.3 The proposals in the Big Picture are in accordance with those set out in the Warwick District Local Plan (2011 / 2029) adopted by the Council in September 2017. Specifically, the Plan delivers a Spatial Strategy that, amongst other things, focusses employment, retail, leisure and cultural activities in town centres. The proposals for the Creative Quarter is consistent with this strategic approach. In working up the detailed proposals set out in the Phase One Report, the Council will need to have regard to these policies, and also those in the Leamington Neighbourhood Plan.
- 4.2.4 The development of a Creative Quarter is also supported by the "Leamington town centre: vision & strategy" which was prepared by the Leamington Town Centre Forum and approved by the Council in March 2018. One of the six "big ideas" in this vision & strategy was for a "hub for creativity" and the Creative Quarter proposals in the Big Picture document seek to address this issue. The creative economy is widely recognised as being one of the unique strengths of the District, extending beyond the current success of the gaming industry and the Creative Quarter vision seeks to ensure that whole creative sector is supported and developed.

## 4.3 Changes to Existing Policies

4.3.1 Not applicable.

#### 4.4 Impact Assessments

4.4.1 Not applicable.

### **5. Budgetary Framework**

5.1 The costs of all work undertaken to date have been borne by CDP as agreed in the Collaboration Agreement.

5.2 Subject to the approval of the recommendations in this report CDP will continue to bear the cost of technical work to develop specific schemes that will be presented to Executive for final approval, including the examination of the potential sources of funding that may be available to assist their delivery. However, after the completion of sign-off of Phase One of the project for any sites the Council will be committed to the principles of regeneration of the area, including the potential use of its own assets. Whilst, this does not commit the Council to making funding available to support any individual project the potential impact on assets will have been determined. The financial implications to the Council will, therefore, require careful and detailed consideration as part of that process.

5.3 Any funding that is required under recommendations 2.3 will be provided from the money allocated by Government to progress the Future High Streets initiative, or from within existing resources, as set out earlier in this report.

### **6. Risks**

6.1 There will be risks associated with specific development projects within the Creative Quarter as and when these come forward. These risks could be financial and/or reputational. This is, however, a matter that will be fully addressed as specific projects are considered with a full Risk Register being presented to members.

6.2 The recommendations in this report will bring phase 1 of the Creative Quarter partnership to an end and immediately commence phase 2. Whilst further work on these sites will continue to be at CDPs expense there are some risks for the Council if the Council is in Material Breach of any obligations (set out in our Collaboration Agreement) or terminates the agreement "without cause" as set out in para 3.3.19. In such instances, the Council may be required to compensate CDP for losses that it has incurred.

6.3 Furthermore, there is a risk that any of the projects that progress to phase 2 could have unforeseen or adverse financial implications for the Council. That risk can be addressed by ensuring that the implications of each subsequent project brought forward are carefully considered, including by the s151 Officer and Finance Portfolio Holder, before specific commitments by the Council (over and above what has already been agreed through the final Masterplan) are agreed in respect of its assets.

6.4 There is a risk that the long term nature of regeneration schemes creates uncertainty amongst local stakeholders or means that property owners or developers defer decisions that could bring community benefits. These risks can be mitigated by approving those elements of the Phase One Report that can

now be supported, as this will allow the Council to articulate to local stakeholders and the wider community how it intends to work in partnership with CDP to deliver the Creative Quarter aspirations. It will also provide CDP with the certainty of the Council's commitment to the regeneration principles, allowing them to hold detailed discussions with local land and property owners. Where appropriate, the Council and CDP will explore whether there are any joint venture partnerships that could further the delivery of the vision (as has already been suggested in respect of some localities via the consultation process).

## **7. Alternative Options considered**

- 7.1 The Council could decide not to support recommendation 2.2 and retain delegated authority with officers to approve the Phase One Report. For the reasons set out in this report this option is not supported.
- 7.2 The Council could decide not to sign off the Phase One Report. This has been discounted for the reasons set out in this report. It is considered that, where specified, the Phase One Report offers a positive opportunity for bringing forward regeneration of key Council assets and in doing so supporting the development of a Creative Quarter, in particular by providing new creative workspace. Alternatively, the Council could decide to support the Town Hall proposal without undertaking further work. This has been discounted for the reasons set out in this report as more work is considered to be required before the Council can be satisfied that it wants to continue to include this site.
- 7.3 The Council could decide to ask CDP to reinstate the Pump Rooms now as a project to be taken forward by the partnership as part of the Creative Quarter. For the reasons set out earlier in this report, this option is not supported.
- 7.4 The Council could decide not to proceed with the partnership with CDP. This has been discounted for the same reasons that were set out in the March 2019 Executive report when CDP concluded public consultation on the Big Picture document. It is considered that CDP has carried out sufficient initial work to produce a vision and now proposals that offers an exciting opportunity to regenerate this part of the town, which can be taken forward in partnership with the Council.

## **8. BACKGROUND**

### **Development of a Creative Quarter in Leamington**

- 8.1 The Council has had long term aspirations to develop a Creative Quarter for Leamington. There have been a two key drivers for this.
  - A desire to support the thriving creative economy in the town. Leamington has a long history and tradition of creative individuals and companies which have been instrumental in giving the town the character and sense of place that it current has. Our creative industries include the arts, theatre and dance as well as many digital creative companies. Leamington was recognised as a "creative cluster" in a report by NESTA/Creative England in 2016, and has become the third largest hub for computer games development in the country.
  - A desire to regenerate the area and support communities in the Old Town area of Leamington. This is the oldest part of the town, and the earliest bath houses were established in the area then known as Leamington Priors.

As the town grew in the 19<sup>th</sup> century, investment, and the centre of prosperity, moved north of the river. Areas within Brunswick ward in particular became amongst the most deprived in the district, and across Warwickshire. This led to a number of regeneration initiatives focussing on the Old town area including a major initiative with government funding (SRB5) which took place in the early 2000's.

- 8.2 Furthermore, the Council has a number of land and building assets in this area, and it was keen to explore whether and how it could use these to support a regeneration. It was as a result of some early work to explore alternative uses of the Pump Rooms in 2014 that the Council agreed to explore a wider "Creative Quarter" in Leamington focussing, not only on the Pump Rooms but also a wider area to the south of the River Leam.
- 8.3 In November 2014, officers were instructed to prepare a set of principles and parameters to underpin a vision for a Creative Quarter regeneration scheme, a development brief and a procurement process for its delivery.

### **Appointment of Complex Development Projects as the Council's Regeneration Partner**

- 8.4 In November 2015, informed by the production of the Regeneration Brief and some soft market testing, Executive agreed to embark on a process of seeking to appoint a regeneration partner with which it could work to deliver a Creative Quarter. Following a lengthy OJEU compliant procurement exercise, Complex Development Projects (CDP) was appointed as the Council's regeneration partners in late 2017 and the Council entering into a collaboration agreement with CDP (Collaboration Agreement).
- 8.5 CDP is a well-established development and regeneration company with a particular knowledge of, and expertise in, working with creative industries. CDP operates nationally but has carried out a number of schemes in Coventry including Electric Wharf and Fargo Village. CDP has strong links both with the Historic Coventry Trust (of which Ian Harrabin, the Managing Director of CDP, is Chairman) and the Coventry City of Culture team.
- 8.6 The Collaboration Agreement has been important for defining how the relations between CDP and the council will operate. The Agreement covers the duration of the partnership (which is initially for 10 years but with the ability to extend for a further five years), but defines two key phases within this:-
- Phase 1: this is to be undertaken within the first two years of the partnership. During this time CDP is committed to completing a "masterplan" for the Creative Quarter and submitting this to the Council for approval.
- Phase 2: Subject to the Council agreeing the masterplan, CDP and the Council will seek to identify and deliver projects within the Creative Quarter.
- 8.7 Since its appointment CDP has worked on the development of the Masterplan for the Creative Quarter. The purpose of that document is to demonstrate how the Council and its partner can develop a long term strategy to deliver the aspirations for the Creative Quarter which were expressed in the Regeneration Brief as:

- Defining the character and a new purpose for the whole of the area;



- Creating a deliverable, investable, vision for the Creative Quarter;
- Developing and delivering new space for creative industries;
- Opening up and improving the public realm and uniting this disjointed area, with specific references to the river corridor and linkages to the north of the town;
- Unlocking the creative potential of the riverside, the Royal Pump Rooms and the iconic and historic buildings within the area;
- Refurbishing, re-modelling and re-using Council owned assets as required to assist the delivery of the Creative Quarter

8.8 The Regeneration Brief also stated that the appointed partner should develop their proposals in respect of a wide range of creative uses, which could include the following:-

- Cultural, artistic; educational; performance; training; food and craft based businesses; cafés and restaurants
- The specific market demand from the digital industries including the potential for a new digital 'hub' for this growing sector.
- Residential (including live-work) properties as part of an overall mixed-use vision.
- Arts and Culture; Digital Games; Music; Performance; TV and Film; Publishing; Design & Craft businesses

8.9 On being appointed, CDP undertook extensive stakeholder engagement. It organised a number of stakeholder events and during the course of 2018 met with approximately 80 individuals and groups of stakeholders. This included computer gaming companies, arts organisations, Leamington Town Council and events such as the Leamington Business Forum. CDP also appointed two teams of consultants, Bryant Priest Newman and Metropolitan Workshops to advise them.

### **Project governance of the Creative Quarter initiative**

8.10 The governance structure of the project, set out in the Collaboration Agreement, included the establishment of a Project Board. The Project Board includes member and officer representatives of the Council, representatives from CDP and an external representative nominated by the Stakeholder Reference Group. The role of the Project Board is to:-

- be the key decision making body for the Creative Quarter programme.
- provide strategic and operational oversight for the programme and (in the future) for any projects within it.
- approve any reports to be submitted to the Council (including planning applications to be submitted to the Planning Committee).
- support the delivery of the programme and projects by the Creative Quarter Team.
- provide feedback on emerging projects.

8.11 It is important to note that the Project Board has no formal decision making powers and cannot make decisions that are binding on the Council. Where formal Council approval is required (such as the approval of individual projects) the Project Board will agree the content of proposals but will then submit these to the Executive for approval. The Project Board has agreed the high level appraisals that are now presented for Executive approval.

8.12 The governance structure also includes a Stakeholder Reference Group.

8.13 At the November 2018 meeting of Executive it was also agreed that a cross Party Member Working Group be established. This has subsequently been established as a cross-party and cross-Council Member Reference Group. It is chaired by the Environment & Business Portfolio Holder and supported by officers. The current membership of this group is:

- Warwick District Council: Cllrs, Boad, Cullinan, Davison, Heath, Nicholls, Rhead (Chair), Weber
- Warwickshire County Council: Councillor Seccombe (Leader)
- Leamington Town Council:

8.14 The consultation responses and the revised draft documents were also shared with the Stakeholder Reference Group established by CDP. The membership of this group is:

James Childs – Super Spline Studios  
Craig Spivey – Craig Spivey Creative  
Roger Twiney – Action 21  
Alan Heap \* – Purple Monster  
Carole Sleight – Art in the Park  
Adrian Gains – Temperance Café  
Louise Richards – Motionhouse  
Ruth Leary – University of Warwick  
Stacy O'Connor – Warwickshire Investment Partnership (WCC)  
Sarah Windrum – Emerald Group & CWLEP Board Member

(\*stakeholder representative on the Project Board)

#### The "Big Picture" document

8.15 The culmination of the work that CDP undertook during 2018 was the production of a draft masterplan that was considered by Executive and approved as the basis for a wider public consultation in November 2018. This public consultation took place between 3rd December 2018 and 21st January 2019. The consultation was undertaken by CDP but with support from Warwick District Council and included the following:-

- A meeting with local Business & Community Organisations
- A meeting with local property owners and managers
- A Creative & Digital Businesses Forum
- Public drop-in sessions, both in the LOTT Bazaar on Clemens Street and in the Royal Priors Shopping Centre
- A presentation and Q&A to the Leamington Business Forum

8.16 In addition, there was a static (unmanned) display in the Royal Pump Rooms from and in the Royal Spa Centre. In response to specific invitations, CDP also held separate meetings with local landowners and agents, Leamington Town Council, Leamington Green Party, the Ahmadiyya Muslim Association and Action 21.

8.17 The public consultation invited respondents to complete an online survey and questionnaire. A number of respondents also chose to make separate written responses. A total of 267 responses were made to the online consultation and a further 38 written responses were received.

8.18 At the Executive on 6<sup>th</sup> March 2019, the output of the public consultation was considered and Executive agreed to approve the draft masterplan. In doing so, it agreed that the title should be changed to "Leamington Spa Creative Quarter: The Big Picture". The consultation exercise and subsequent discussions with the groups within the project governance structure demonstrated that the term "masterplan" was confusing and unhelpful, given that the term has a specific meaning within a planning context. It was never the intention that the "masterplan" should become a Supplementary Planning Document as with other Masterplan documents that have been produced by the Council. However, it is the case that the Big Picture document will carry some weight as supplementary planning guidance and may therefore be referred to when considering planning applications within the Creative Quarter area. As such, it will need to be read alongside the Local Plan and, in due course, the Leamington Neighbourhood Plan.

#### The "red line" boundary of the Creative Quarter

8.19 One of the tasks given to CDP upon their appointment was to identify a boundary of the Creative Quarter. The purpose of defining a boundary is not to limit where the Council would support or encourage creative industries to invest, but to provide a focus for the specific activities that it and CDP will undertake to deliver a Creative Quarter in Leamington.

8.20 CDP identified a draft "red line" boundary when it became the Council's development partner and included this in the draft masterplan for consultation in November 2018. The purpose of the "red line" is to establish the boundary of the Creative Quarter within which the provisions of the Collaboration Agreement between CDP and the Council apply. Following the public consultation, the boundary was amended and a revised boundary agreed for inclusion in the approved Big Picture document. Members may recall that there were a couple of changes made between the draft and final "red line" boundaries.

- The draft "red line" boundary included the Clublands area to the west of Adelaide Road. This was removed from the Creative Quarter following the public consultation.
- The draft "red line" boundary only included the western half of the Jephson Gardens. Following representations, it was extended to include the East Lodge at the eastern end of Jephson Gardens within the Creative Quarter.

8.21 A plan showing the boundary for the Creative Quarter as shown at Appendix B for information.