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**Report of :** the Director of City Development

**To : Executive Board:**

**Date:** 17 October 2007

**Subject:** Otley Civic Centre (Note there is a confidential annexe to this report)

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**Electoral Wards Affected:**

Otley & Yeadon

Ward Members consulted  
(referred to in report)

**Specific Implications For:**

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In   
(Details contained in the report)

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**EXECUTIVE SUMMARY**

This report seeks approval to the terms of a formal proposal to be made to Otley Town Council (OTC) in respect of the future of the Otley Civic Centre.

There is considerable public interest in Otley over this issue and a petition, signed by 3,300 people, has been gathered by a local interest group, the Save Otley Civic Centre Campaign. The population of Otley is some 17,000.

The Town Council remains in occupation of the centre, which is a listed building, holding over under the terms of an expired lease with the responsibility for external repairs lying with the City Council and the responsibility for internal repairs lying with the Town Council.

A number of alternatives for addressing the future of the Civic Centre have been evaluated and the recommendation from officers is that a formal approach should be made to the Town Council offering to transfer the freehold in the building to the Town Council, at nil consideration, following a programme of refurbishment to be funded jointly by the two Council's on the basis set out in the confidential annexe to this report

## **1.0 Purpose of This Report**

- 1.1 To advise Members of the alternatives that may be available to address the future of the Otley Civic Centre and to make recommendations as to how the Council can support the implementation of the option that has been identified by the Town Council as its preferred option.
- 1.2 The information contained in the confidential annexe attached to this report relates to the financial or business affairs of the Council. It is considered that the release of such information could prejudice the Council's commercial interests in relation to the disposal of this property or other similar transactions about the nature and level of offers which may prove acceptable to the Council. It is considered that whilst there may be a public interest in disclosure, much of this information will be publicly available from the Land Registry following completion of this transaction and consequently the public interest in maintaining the exemption outweighs the public interest in disclosing this information at this point in time. It is therefore considered that this element of the report should be treated as exempt under Rule 10.4.3 of the Access to Information Procedure Rules.

## **2.0 BACKGROUND INFORMATION**

- 2.1 Otley Civic Centre is a Grade II listed building originally constructed in the Neo-Classical style as a Mechanics Institute in 1870 with a second building added in 1895 for the Science and Art Schools. The building complex has remained relatively unchanged to date although the use has changed.
- 2.2 Under local government re-organisation in 1974, the ownership of the Otley Civic Centre passed to the City Council. Although, at that time the Council had no direct operational interest in the building, it was agreed that the Town Council should be granted a 25-year lease, at a peppercorn rent, with the Council liable for external repairs and the Town Council responsible for internal repairs.
- 2.3 A Condition Survey was undertaken by the City Council in July 2000 and this showed that, at that time, maintenance works estimated to cost around £350,000, inclusive of fees, were outstanding
- 2.4 The Town Council has also subsequently identified a number of significant shortcomings within the building particularly in regard to Health & Safety issues, access and Fire Certification
- 2.5 There has been a divergence in views within the Town Council over the past few years about its desire, or otherwise, to remain in the building and to continue to provide the facilities of a Civic Theatre, a Museum, meeting rooms, Town Council offices etc. At one stage, the Town Council did advise that it did not wish to renew the lease of the building but the current position is that the Town Council has resolved that it does wish to remain in occupation and is prepared to contribute towards the cost of its full refurbishment.
- 2.6 A local organisation, the Save Otley Civic Centre Campaign, has been established and, out of a population of around 17,700, has secured over 3,300 signatures for a petition to preserve the building and retain it for civic purposes
- 2.7 In 2005, the City Council acted as facilitator to establish and support the best long-term outcome for Otley and for the building. It commissioned a feasibility study, from an independent architect, into the cost of five options for the refurbishment of the civic centre or its replacement on a new site. The brief was prepared and agreed in

consultation with the Town Council and many of the groups using the civic centre were consulted during the study. The cost of these options, including fees and allowances, and, at current prices, ranges from £1,970,000 to £4,399,000 but it is important to note that many items such as temporary accommodation, underpinning of the building, if required, and specialist fittings and equipment, were excluded from these costs. A fuller outline of these options is given at Appendix 1 to this report together with the details of the consultation that was undertaken with user groups and other local organisations. The cost of the feasibility study, £15,000, was met entirely by the Council.

2.8 The five options that were considered are, in brief:

Option	Description	Cost at Quarter 3 2007 £
1	Refurbishment of the existing Civic Centre in its present form	1,970,000
2	Refurbishment and expansion of capacity of the existing Civic Centre	2,341,000
3	Building a new Civic Centre on an, as yet unidentified site	4,399,000
4	Partial conversion and new build of a property at North Parade	4,103,000
5	To split the existing centre and construct a new hall at North Parade	3,565,000

A fuller explanation of how these cost estimates have been reached is given in Appendix 2

2.9 The Town Council has, in principle, offered to contribute £500,000 towards the cost implementation of its preferred option, Option 2 ( which, at Quarter 3 2008 prices, has a total estimated cost of £2,923,000 – see Appendix 2). The Town Council has also agreed in principle that it would meet the full running costs of any new or refurbished centre, including the liability for external repairs.

2.10 The City Council has three potential courses of action:

- i. To do nothing - this is not really a tenable course of action because it would neither meet the City Council's legal obligations nor offer any long term protection for the building nor meet any of the aspirations of the Town Council or the townspeople of Otley. Under this scenario, the condition of an important public building would continue to deteriorate and the eventual cost of undertaking the necessary works would increase.
- ii. To undertake repairs to the external fabric of the Civic Centre independent of any action by the Town Council – this would meet the City Council's legal obligations and protect the fabric of the building but it would not bring the Centre to a condition where it could continue to operate fully. Should the City Council choose this alternative, it would not facilitate the implementation of a holistic solution to the future of the building.
- iii. To progress with one of the options identified in the feasibility study which is acceptable to both Councils. This would meet the requirement to protect the building both internally and externally and would allow the Civic Centre to continue to operate fully. The issue for the City Council if this course of action is selected is the identification of the required resources over and above the contribution from the Town Council.

- 2.11 If it is determined to progress in partnership with the Town Council, then the options presented in 2.8 above have to be assessed.
- i. Option 1 would refurbish the building and so secure its future but would leave it in its present unsatisfactory form not fully suited to its purpose nor able to cope with any increasing demands that might be made upon it. Further, it is not supported by the Town Council and it is not clear if the contribution of £500,000 would be available towards its implementation. It would, however, retain the present building for civic use. As identified below, adequate resources could be identified through the disposal of the North Parade site and the use of the Town & District Centres Regeneration budget
  - ii. Option 2 would refurbish the building, bring it fully into use and provide capacity for growth in service. It is supported by the Town Council which has indicated its willingness to contribute towards its implementation. It can only be implemented if, between the two Councils, adequate resources can be identified. It would retain the present building in its civic use. As identified below, adequate resources can be identified through the disposal of the site at North Parade site and the Town & District Centres Regeneration budget
  - iii. Option 3 cannot be implemented because, with the exception of the site at North Parade, no suitable sites exist within the town centre. Further, it would not meet the aspiration to retain the present building for civic use.
  - iv. Option 4 cannot be implemented because adequate new resources cannot be found. Using this site at North Parade would prevent its disposal by the City Council for capital receipts purposes.
  - v. Option 5 cannot be implemented because adequate new resources cannot be identified. Its implementation would prevent the disposal by the City Council of most of the site at North Parade and the possible disposal of the rear half of the existing Civic Centre would fall a long way short of making up the capital receipt that could be achieved from the disposal of the whole of the North Parade site.
- 2.12 It is recognised that the ring-fencing of the potential receipt from the disposal of the North Parade site towards the cost of a particular project would be contrary to the general Council policy in this regard. However, this site does not feature in the current Capital Receipts programme because it has been held back whilst consideration has been given to its potential use as a site for a new Civic Centre. Equally, it would not be available for disposal if either Option 4 or 5 above were selected. In all the circumstances, it is suggested that it would be appropriate to ring-fence the receipt towards the cost of implementing the preferred option

### **3.0 MAIN ISSUES**

- 3.1 The Town Council resolved, in July 2006, that its preferred and only preferred option was option 2 of that feasibility study which, at current prices is estimated to cost £2,341,000, again exclusive of those items identified in 2.7 above. This option proposes the full refurbishment of the civic centre together with some re-modelling to maximise its capacity through the installation of a mezzanine floor to part of building. The calculation to support this estimate is contained in Appendix 2
- 3.2 To date, the City Council has not identified a specific preference out of the options contained in the feasibility study. Rather, it has sought to work with the Town Council to identify a scheme which is practical and within the ability of the two Councils to deliver.
- 3.3 The full implementation of the refurbishment option preferred by the Town Council

would cost substantially more than the £2,341,000 mentioned above. The cost of dealing with the items excluded from that estimate, building industry inflation from now until the start of any works and the uncertainties that come, inevitably, from work within a listed building of this type and age mean that the total cost would approach £3,000,000. For the supporting calculation, see Appendix 2

- 3.4 The in-principle offer of a contribution of £500,000 from the Town Council would leave a funding gap of up to £2,500,000 towards the overall cost. It would also leave unresolved the risk of any currently unidentified issues that might arise during the refurbishment programme. Officers are not able to recommend that this Council should enter into an open-ended commitment of this nature.
- 3.5 There have been discussions with the Town Council as to the nature of the title in the building subsequent to such a refurbishment and officers would advise that, in any agreement regarding the refurbishment, the Town Council should be required to take full ownership and maintenance responsibility of the building subsequent to the completion of the works. The Town Council recognises that this proposal would be an important feature of any agreement.
- 3.6 The Town Council has appointed its own professional advisors and a full reappraisal of the options is to be undertaken using the survey information from the original feasibility study.
- 3.7 The Town Council is maintaining its original preference i.e. the refurbishment and expansion of the capacity of the Civic Centre, but recognises that it may be necessary to reduce the extent or specification for the works to bring the total cost within the funding that can be identified. Its professional team is assessing the implications of this requirement.
- 3.8 As part of the earlier option appraisal work, consideration was given to the construction of a new Civic Centre on a nearby site at North Parade. However, it was apparent that this would not have been a financially sustainable solution. However, this work did give rise to the suggestion that the site at North Parade, which is not in the Capital Receipts programme, could be sold for redevelopment
- 3.9 As was the case in 1974, the City Council has no direct operational interest which requires accommodation in the Civic Centre for its own purposes.

#### **4.0 THE PROPOSAL**

- 4.1 Officers have identified a funding proposal which could meet many of the aspirations of the Town Council and the other user groups and interested organisations in Otley to secure the future of the Civic Centre whilst setting a limit on the call upon resources.
- 4.2 In broad terms however, the proposal would require this Council to contribute a (maximum) sum equivalent to the whole of the net receipt from the disposal of the North Parade site together with an additional amount from the Town & District Centres Regeneration budget towards the capital cost of the refurbishment works. The detail of the estimated capital receipt and the contribution from the Town & District Centres Regeneration budget is contained in the confidential annexe to this report. It would normally be possible to identify the contribution from the Town & District Centre Regeneration budget in this public report but, here, that would lead to a disclosure of the expected capital receipt and this, as explained in 1.2 above, would be likely to prejudice the Council's commercial interests
- 4.3 To protect the City Council's position and to ensure that the whole of the Town Council's suggested contribution of £500,000 is utilised, it is considered that the first

element of the cost of the overall scheme, £500,000, should be met by the City Council with the second element, also £500,000, to be met by the Town Council and costs above that to be met by the City Council.

- 4.4 All of the subsequent costs would be met by the City Council subject to the total cost of the works not exceeding the sum of the net receipt from the disposal of the North Parade site, the proposed contribution from the Town & District Centres Regeneration budget and the proposed contribution from the Town Council.
- 4.5 Any cost beyond this point would be met by the Town Council but it is considered that this need not be a constraint because the extent of the refurbishment ought to be defined at the outset. It is suggested also that costs arising from any unidentified factors should be met through a matching reduction in the extent of or specification for the refurbishment works. One other way of addressing this problem of potential cost over-run would be to divide the works into a series of phases each capable of implementation independently.
- 4.6 To further protect this Council's position and for reasons of professional capacity, it is suggested that the procurement of the refurbishment scheme should be managed by the City Council through the Strategic Design Alliance with project coordination both in advance of the procurement of the works and during the refurbishment phase being provided by the Asset Management division of the City Development Department.

## **5.0 IMPLICATIONS FOR COUNCIL POLICY AND GOVERNANCE**

- 5.1 The Council's Financial Plan requires that all spending plans are subjected to rigorous review to ensure that they are aligned to identified need and provide value for money. There is no identified operational requirement from any department for accommodation in the Civic Centre.
- 5.2 The Financial Plan also requires that all efforts are made to maximise the availability of external sources of funding. The in-principle offer from the Town Council of a contribution of £500,000 towards the full refurbishment of the Civic Centre represents approximately one-sixth of the total cost.
- 5.3 The Financial Plan requires that all spending should be supported with a risk management approach. The estimated costs of the refurbishment of the Civic Centre have been subject to external appraisal but exclude various items such as specialist stage theatre equipment, any underpinning of the building that may be required and the cost of decanting and accommodating the building occupiers during any works. The costs contained in this report do, therefore, represent a best case situation.
- 5.4 The Council has a strategic outcome theme of ensuring that all communities are thriving and harmonious places where people are happy to live. The recommendations to support the refurbishment of the Civic Centre through transferring the ownership of the building and making an additional financial contribution are made because of the strength of local opinion that the building should be retained in civic use.

## **6.0 LEGAL AND RESOURCE IMPLICATIONS**

- 6.1 The Town Council does have a right to a new lease on the same terms as the 1974 lease (although it would be open to the City Council to offer such a lease at a real rent rather than the peppercorn rent due under that former lease). All other terms would remain the same with the City Council being responsible for external repairs and the Town Council responsible for internal repairs. It would require the City Council to

inject the cost of the external repairs into the Capital Programme. The City Council could, if it wished to exercise its “well being” powers, transfer the freehold title to the building to the Town Council and, through an injection into the Capital Programme accompany this with a grant to the Town Council. It would be appropriate to include a condition in the conveyance giving the City Council the right to pre-empt any disposal by the Town Council within a given period of time, that right being to re-acquire the building also at nil consideration. The terms of the grant will require the Town Council to contribute £500,000 towards the cost of the works.

- 6.2 The Council would be foregoing the freehold value of the Civic Centre if the building were to be transferred at nil consideration to the Town Council. The details of this value are contained in the confidential annexe to the report.
- 6.3 The Council does have powers, where land is not held for housing accommodation purposes (as in this instance), to dispose of land and buildings at less than best consideration under the 2003 General Consent.
- 6.4 Legal advice has been obtained in this regard. There are strict limitations on the application of this General Consent. In particular, the purpose for which the property is being sold must be likely to contribute to the achievement of the promotion improvement of the economic, social or environmental well-being of its area, subject to not allowing a “discount” of more than £2 million. Despite the cost of the refurbishment, the disposal value of the Civic Centre would be within that limit.
- 6.5 The current Capital Programme contains no resources for either a full remodelling/refurbishment of the Civic Centre or for the less costly landlord works for which the City Council is responsible under the lease. Therefore, any decision by Executive Board to carry out works to the building, or to offer a financial sum to the Town Council, will require the Council to identify additional capital resources.

## **7.0 RISK**

- 7.1 The risks to the City Council of this proposal are:
  - i. A failure by the two Councils to agree a common course of action. This risk is being addressed through close consultation.
  - ii. A higher than expected estimated cost of the works resulting from the current re-appraisal of the Town Council’s aspirations by its consultants. This risk is addressed by the recommendation that the City Council’s contribution should be capped at a maximum figure set out in Appendix 2.
  - iii. A risk of the cost of the works exceeding the provision that has been agreed between the two Councils. This risk can be addressed by either requiring the Town Council to agree to meet the full extent of any cost over-run or by letting a series of contracts for separate phases of the contract for the refurbishment works. This latter suggestion could impose some additional costs but would protect the financial position for both Councils. It could result in some desirable, but non-essential, works not being undertaken.
- 7.2 The overall risks to the City Council would be addressed by establishing a maximum contribution that it would make to the project, by appointing a project coordinator from the Asset Management division of the City Development department to oversee the whole project and to work with the Town Council’s advisory team and by requiring the works should be procured through the Strategic Design Alliance.

## **8.0 CONCLUSIONS**

- 8.1 Although the City Council has no direct operational interest in the civic centre, it is felt appropriate that some financial support should be provided towards the ambition from the Town Council (and those in the town supportive of the Save Otley Civic Centre Campaign) to retain the building in civic use and to ensure that its fabric is preserved.
- 8.2 However, officers do not feel that it would be prudent or appropriate for the City Council to make what would be an open-ended financial commitment to such a high risk remodelling/refurbishment project. The offer of support from this Council, outlined in the confidential annexe to this report should, rather, be capped at a maximum figure inclusive of a reasonable contingency allowance.
- 8.3 It is not clear what other ways forward exist should the Town Council decline the offer that might be made. As 2.10 above indicates, neither “do nothing” nor undertaking only the external works are satisfactory alternatives.

## **9.0 RECOMMENDATIONS**

9.1 Members are recommended to:-

- i. instruct officers to make a formal approach to Otley Town Council with an offer from the City Council to transfer the ownership of the freehold of the Civic Centre following its refurbishment on the basis of the costs of the refurbishment programme being shared by the two Councils as set out in the confidential annexe to this report.
- ii. instruct officers to report back to this Board with the outcome of that approach and, if appropriate, to submit a request for a fully-funded injection into the Capital Programme for the refurbishment works.
- iii. approve the ring-fencing of the capital receipt from the disposal of the North Parade site towards the implementation of the refurbishment works subject to the Town Council agreeing to share this cost as set out in the confidential annexe to this report.



**The 2005 Feasibility Study 2005**

The report was commissioned from an independent architect, J M Witherick B.Arch. R.I.B.A., and he engaged consultant structural engineers, Hill Cannon, consultant mechanical & electrical Engineers, Leeds Environmental Design Associates Ltd and chartered quantity surveyors, Turner and Holman, to advise him on their specialist areas.

It is important to note that the cost estimates given below are subject to a number of specific exclusions. These are

1. Archaeological investigations
2. Underpinning of the existing building – should that prove necessary
3. External cleaning of the existing building
4. White goods
5. Loose furnishing and equipment
6. Soft furnishings and wallpapering
7. Blackout blinds or curtains
8. IT equipment
9. Any specialist stage theatre equipment including audio of lighting equipment
10. Decanting of the building or removal of furniture and exhibits
11. Temporary accommodation or storage facilities
12. Temporary roof for the duration of the re-roofing works to the existing building
13. Possible land contamination on Options 3,4 or 5

Five options were considered by the feasibility study These are:

1. The refurbishment of the existing building and its alteration to have only three principal levels, all reached by a new lift to give proper disabled access. The building would be fully repaired, upgraded and would be provided with all new services.
2. To maximise the potential and enhance the use of the building, two further conversions would be proposed in addition to the works proposed in Option 1. These would be the redesign of the entrance hall and upper foyer and the insertion of a new second floor in the rear building to provide new rooms.
3. The provision of a “new-build” Civic Centre of the same Gross Internal Area on a site to be identified. It should be noted that the estimate of the cost of this option makes no provision for the acquisition of a site for such a building nor the possible contribution that might arise from the disposal of the existing Civic Centre building.
4. The construction of a new Civic Centre on a Council-owned site at North Parade. This would allow for the re-use and conversion of the frontage buildings on the site and the construction of a new-build two-story rear extension. The estimate of the cost of this option makes no allowance for the value of the site nor the possible contribution that might arise from the disposal of the existing Civic Centre building.
5. To separate the two existing buildings and to change their use pattern and to create a new Civic Hall on part of the North Parade site. The estimate of the cost of this option makes no allowance for the value of the site at North Parade nor for the possible contribution that might arise from the disposal of the rear part of the existing Civic Centre building.

The consultation process included a series of informal interviews with representatives of a number of organisations and written submissions were received from a number of other sources.

Interviews were held with:

- Otley Town Council Executive
- Yorkshire Dales Society
- Men's and Women's Forums
- Otley Arts Club
- Caledonian society
- Wharfedale Speakers Club
- Women's Institute and Country Markets
- Wharfedale Gardens Group
- Otley Action for Older People

Written submissions were received from

- The Save Otley Civic Centre Campaign (received Leeds City Council)
- Otley Little Theatre
- Otley Conservation Task Force
- Otley Town partnership
- Otley Museum Trust.

## THE COST ESTIMATES

The cost estimates of the various options within the feasibility study, at 2005 prices and exclusive of professional fees but inclusive of Main Contractor's Preliminaries and contingencies, are detailed below:

Option 1: refurbishment	£1,465,000
Option 2: refurbishment and maximisation	£1,740,000
Option 3: new build on unidentified site	£3,270,000
Option 4: partial conversion and new build at North Parade	£3,050,000
Option 5: split of existing centre and construction of new hall	£2,650,000

It should be noted that any works will now cost significantly more once allowance is made for two, or more, years of building industry cost inflation. Updating the costs to a start on site in Quarter 3 of 2007 is expected to add over 14% to the basic costs identified in the feasibility study and, clearly, a later start, as is unavoidable now, would increase that even further.

At Quarter 3 2007 prices and inclusive of inflation and professional fees estimated at 18% because of the complexity of the scheme, the above estimates can be updated as follows:

Option 1	£1,970,000
Option 2	£2,341,000
Option 3	£4,399,000
Option 4	£4,103,000
Option 5	£3,565,000

Within the estimates is a fee of £30,000 for the cost of project coordination, over and above the scheme design and contract supervision, to be provided through the Asset Management division of the City Development Department.

When considering Option 2, the Town Council's preferred option, it is appropriate to add for both building industry inflation to the likely start date of any works, say Quarter 3 2008, and to make some provision for the risks arising from undertaking works in this type of historic listed building.. Taking these two together, it is felt that an allowance of just over 14% should be made, some £332,000, giving a final estimate for the building works inclusive of inflation to a start date in late 2008, contingencies and professional fees of £2,673,000.

As a final addition to the project cost, it is suggested that an allowance of £250,000 should be made to address the specific exclusions identified in Appendix 1.

The final project cost is, therefore, estimated at £2,923,000.

Deducting the proposed contribution of £500,000 from this total cost leaves an unfunded balance of £2,423,000.