

TITLE OF REPORT: Future Use of St Mary's Heritage Centre

REPORT OF: Peter Udall, Strategic Director, Economy, Innovation & Growth

Purpose of the Report

1. To obtain Cabinet approval to the grant of a long lease of St Mary's Heritage Centre to Tyne and Wear Building Preservation Trust to ensure the future sustainability and maintenance of this heritage asset.

Background

2. St Mary's Heritage Centre, a former church is a Grade 1 listed building. The Churchyard, walls, gates, railings and Mausoleum to the east of the building are Grade 2 listed. The property shown edged red on the attached plan sits in the Bridges Conservation area.
3. The site has been run as a heritage centre and event venue by the Council and since 2014 there has been an emphasis on private hires (such as weddings) to generate income. Given the costs of running these services and maintaining the building, there has been an annual shortfall of c£50,000 per annum, despite attempts to offset this via income generation. Therefore, it has been concluded that the Council could no longer sustain its services from this building.
4. To protect this Grade 1 Listed building and give it a sustainable future, it was vital to identify a trustworthy and experienced custodian for the building. The Tyne and Wear Building Preservation Trust's (TWBPT) business model is to take heritage buildings at risk (condition or vacancy) and bring them in to good repair and use. Following an approach by the Council, the TWBPT expressed an interest in taking a lease on the building.
5. TWBPT, in partnership with the Council and National Trust has secured a full condition survey by a conservation accredited architect and commissioned a full business plan for the heritage centre to identify the opportunities for the building. This is funded through the Derwent Tyne Way UK SPF project. The Friends of St Mary's group are working with TWBPT to ensure continuity and develop further volunteering opportunities.
6. The external graveyard areas at St Mary's Heritage Centre will form part of TWBPT's demise. These areas will continue to be maintained by the Council and costs recharged to TWBPT.

7. This proposal does not impact on conditions or covenants arising from previous grant funding or ownership of the building and it ensures that the Grade 1 building is not at risk due to it being vacant.
8. The building will remain open to the public as a visitor centre, and, over time, will establish a new events programme including past events and introducing new ones. The business case which has been commissioned will examine all uses to inform the mix of events and activities.
9. The entering into a lease of the building reduces the annual costs of holding the property in the region of £50,000

Proposal

10. It is proposed to grant a long lease of St Mary's Heritage Centre to TWBPT from 1 December 2023. This will enable the Trust to ensure the future of the site as a heritage and visitors venue.

Recommendations

11. It is recommended that Cabinet approve
 - (i) The grant of a long lease of St Marys Heritage Centre to Tyne & Wear Building Preservation Trust
 - (ii) Delegate authority to the Strategic Director, Economy Innovation & Growth in consultation with the Strategic Director, Corporate Services and Governance, to negotiate the detailed terms of the lease.

For the following reasons:

- (i) To secure the building's future as an important heritage asset for Gateshead.
- (ii) To complement regeneration plans at the Quays and the Town Centre
- (iii) To provide financial savings to the Council

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Policy Context

1. The proposals support the pledges within Making Gateshead a Place Where Everyone Thrives and the Council's ambition to invest in our economy to provide sustainable opportunities for employment, innovation and growth.

Background

2. St Mary's Heritage Centre (St Mary's) is a Grade 1 listed building and the graveyard, walls, gates, railings and Mausoleum to the east of the building are Grade 2 listed. The building sits in the Bridges Conservation area.
3. The Council's Libraries Service provides a programme of activities at St Mary's with regular talks, tours and concerts being held. Since 2014 there has been an emphasis on private hires (such as weddings) to generate income.
4. Given the costs of running these services, and maintaining the building, there has been an annual shortfall of c£50,000 per annum, despite attempts to offset this via income generation. In addition, following a wider review of Library Services, employees operating the services at St. Mary's are required back in the Libraries.
5. It was identified that this high profile and visible property could, following the Libraries Service vacation, become the target of anti-social behaviour and potential arson attacks, which would detract from the Gateshead Quays development. It was therefore considered to be a priority to find an alternative use for the building, and a tenant with a strong track record and experience of working in heritage assets.
6. The Tyne and Wear Building Preservation Trust (TWBPT) were requested to evaluate their interest in St Mary's and have subsequently expressed an interest in taking a long lease of St Mary's, which the Trust will require to secure investment they would wish to make in the property.
7. TWBPT has subsequently commissioned a full condition survey of the building by a conservation accredited architect, and a full business case evaluation to identify the opportunities for the building and that they have already discussed joint working with the existing Friends group to ensure continuity. Their use of the building will be conducive to grant conditions which limit the use of the property as a heritage centre and for civic, public and educational purposes and as a venue for occasional public and private functions.
8. As St Mary's occupies a key location at the cross section of Riverside Park/Derwent Tyne Way, the Town Centre and the International Conference Centre and Arena site, it has been incorporated into the developing vision for the Derwent Tyne Way.
9. The Derwent Tyne Way is an existing cycle and walking route that connects the urban centre of Gateshead on the River Tyne to the nature-rich Derwent Valley, following the River Derwent, linking up to Gibside. It is an accessible and sustainable travel route for local communities from an urban to more rural setting with key nature and heritage along the route with significant tourism potential.

10. As a result, TWBPT will be one of the key partners that will become involved in supporting a range of activities to stimulate economic growth in Gateshead. These activities will focus on relationships with key partners involved in the Gateshead Quays project and developing cultural links to promote our Blue Green corridor, the Derwent Tyne Way.
11. The building will remain open to the public as a visitor centre, and, over time, will establish a new events programme including past events and introducing new ones. The business case which has been commissioned will examine all uses to inform the mix of events and activities.

Consultation

12. As part of the decision to relocate staff from St Mary's and the proposal to grant a long lease to TWBPT the following consultation has taken place.

Public Consultation – Budget February 2023
The Friends of St Mary's
Gateshead Library staff
Gateshead Building Cleaning Service
Culture Sport and Leisure Portfolio
Environment and Transport Portfolio
Communities and Volunteering Portfolio
Environment and Transport Portfolio
Bridges Ward Councillors
Leader and Deputy Leader
Unions

Alternative Options

13. The option to place the property on the open market has been discounted as it is not considered to be in the Council's best interest. Given its listed status, location, and other restrictions there would be limited demand for the property on the open market. As this approach would also lead to a high risk of the building being targeted for anti-social behaviour and arson attacks when it is vacated. There is also a risk of grant clawback.

Implications of Recommended Option

14. The Council will reduce its annual liabilities for the building of approximately £50,000 per year.
15. It is envisaged that TWBPT will have a greater resource to provide appropriate heritage and cultural activities in the centre, working with current and new partners.

16. Resources

- a) **Financial Implications** – The Strategic Director, Resources and Digital confirms that the Council's acquisition and restoration of the building was funded using grants. Most of the grants have expired but the following are still subject to clawbacks: -

- i. ERDF (2003) -£209,000 for purchase of building –clawback 25% of proceeds of any sale
- ii. National Heritage Memorial Fund (2003) –£500,000 for acquisition – clawback is % of sale proceeds

The Council will achieve annual savings of c£50,000 relating to the maintenance of the building.

Advice received from external consultants indicate that due to restrictions of title, use and operational liability going forward, there isn't a market which would yield a capital receipt.

- b) **Human Resources Implications** – There are no direct staffing issues arising from the recommendation as all existing staff located at St Mary's are retained in the Library Services
- c) **Property Implications** - The grant of along lease will result in a reduction in the Council's operational property portfolio and reduce operational costs.

17. **Risk Management Implication** - The grant of a long lease will reduce opportunities for vandalism to this Grade I building.
18. **Equality and Diversity Implications** - There are no equality and diversity implications arising from the recommendation.
19. **Crime and Disorder Implications** – The grant of a long term lease will remove opportunities for crime and disorder, especially vandalism and theft, associated with a vacant building
20. **Health Implications** - There are no direct health implications arising from the recommendation.
21. **Climate Emergency and Sustainability Implications** – The grant of a long lease TWBPT should enable the Trust to access funding to secure the future sustainability and maintenance of this Grade 1 listed heritage asset
22. **Human Rights Implications** - There are no human rights implications arising from the recommendation
23. **Ward Implications** - Bridges Ward, Bridges Conservation Area,

Background Information

Church Commission
National Heritage Memorial Fund Grant 2003