

Report of Director of City Development

Report to Executive Board

Date: 18th March 2015

Subject: HS2 Regeneration Delivery Vehicle

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| Are specific electoral Wards affected? If relevant, name(s) of Ward(s): City and Hunslet | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Are there implications for equality and diversity and cohesion and integration? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Is the decision eligible for Call-In? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: 10.4 (3) Appendix number: 1 | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

Summary of main issues

- 1) HS2 has a significant role to play in delivering our Best Council objectives of sustainable and inclusive economic growth as well as ensuring that we have an economic and transport hub that not only serves the city region and the North but is a key part of the national infrastructure.
- 2) In March 2014 the HS2 Growth Task Force, set up by the Government to maximise growth and the job opportunities from HS2, published an independent report authored by Lord Deighton on maximising the benefits of HS2. The report highlighted the importance and scale of regeneration associated with HS2.
- 3) The Council is making good progress across the recommendations made by the Growth Taskforce as set out in the Executive Board report published in December 2014. This report deals specifically with the Deighton report recommendation that *“local authorities need to establish a locally led delivery body and government should support them in bringing forward regeneration”*.
- 4) Executive Board, at its December meeting, requested that officers work collaboratively with HS2 Ltd and Central Government to develop proposals for a Council led regeneration delivery vehicle that has the appropriate funding powers and flexibilities to deliver the city’s vision for HS2.
- 5) This paper makes recommendations about the Council’s preferred option for a delivery vehicle. If agreed, this will provide a direction of travel for further dialogue with HS2 and Government. This is with the view of reaching agreement with HS2

Ltd on the Council's plans for the delivery of regeneration around the station. Doing so would see Leeds be one of the first authorities in the country to develop its preferred option for a HS2 regeneration delivery vehicle for short term activities. This will help add further momentum to the city's HS2 proposals and help to drive forward activity to secure city wide benefit.

- 6) In Leeds, the area around Leeds Station and within the South Bank provides a major regeneration opportunity to regenerate over 136 ha of land and to impact positively on the city centre and surrounding neighbourhoods. There are already a number of examples of successful regeneration in the South Bank. Members of Executive Board are advised that regeneration of the South Bank is broader than that associated with HS2 and the Council will progress its work by continuing to engage closely with stakeholders, within South Bank above and beyond the vehicle identified in this report.
- 7) Notwithstanding this approach, given the importance of regeneration associated with HS2 as driving forward local and national economic growth, it is considered critical to ensure that the city council has flexible and agile proposals for resourcing and facilitating the delivery of regeneration directly associated with HS2 in a timely manner.
- 8) Accordingly, in order to deliver specific regeneration around the Leeds HS2 station, Leeds will require a delivery vehicle to focus on Leeds based regeneration matters and this paper considers our short and long term proposals for such a delivery vehicle.
- 9) There have been proactive discussions with HS2 Ltd and London and Continental Railways on how Leeds may bring forwards its proposals for a delivery vehicle. London and Continental Railways is a UK Government-owned company which specialises in railway led regeneration. London and Continental Railways played a leading role in facilitating the exemplar transformation around Kings Cross station and, as a publicly owned body, has national and international expertise in delivering complex regeneration associated with major infrastructure. London and Continental Railways has a skill set that is not available in house but that is complementary to the Council's expertise and leadership role in driving forward regeneration.
- 10) In this context, and further to these discussions, it is proposed that the Council's preferred solution is to combine the Council's local knowledge and leadership role in regeneration and economic growth with London and Continental Railway's knowledge, national HS2 regeneration remit and expertise in rail led regeneration and develop mechanisms for formal partnership working to help to drive forward regeneration associated with HS2 in Leeds. Combining these skills bases at an early stage is considered to be a positive way to maximise the regenerative impacts to the city.
- 11) As London and Continental Railways is wholly owned by Government, the approach recommended in this paper will further demonstrate the Council's collaborative working with Government on facilitating growth of national importance. The approach can also ensure that Leeds' local ambitions combine with and influence national regeneration agendas and that Leeds continues to work closely with government in a positive and open way.

- 12) This paper therefore seeks approval for the Council's preferred solution for a regeneration delivery vehicle. Specifically, this is for formal joint working between the Council and London and Continental Railways on HS2 regeneration based activities in the short term. This will see the Council retain all of its planning and regeneration powers and local leadership role, but secure the benefit of access to a wider skill base from London and Continental Railways. The arrangements are shown visually in appendix 2.
- 13) In addition, this paper also seeks approval for the Council to formalise a discussion about a Joint Venture with London and Continental Railways. This could be a legal basis by which land can be jointly acquired, funding can be jointly secured and as a legal mechanism for specific joint activities should the Council wish to commission the Joint Venture to deliver work on its behalf. Initially, it is proposed that the joint working with London and Continental Railways will seek to identify what work a Joint Venture company may need to undertake to deliver regeneration.
- 14) In the short term, the Council's preferred solution is that the collaboration with London and Continental Railways will seek to consider land assembly challenges, with wider collaboration on Council led activities such as the HS2 master plan, growth strategy and funding strategy. Further work will take place to formalise the precise function and remit of a Joint Venture body. The partnership will seek to engage with stakeholders but there will be a number of mechanisms above and beyond this vehicle for stakeholders to engage on broader South Bank work not associated with HS2.
- 15) The proposals for joint working with London and Continental Railways contained in this report will require the formal approval of HS2 Limited and the relevant Government departments. Should Executive Board agree to these proposals, further dialogue will take place with London and Continental Railways and HS2 with view of securing formal agreement with them to the Council's preferred option.
- 16) Lastly, the paper also sets out at paragraph 3.30, for Executive Board approval, the proposed principles to underpin the longer term role of a delivery vehicle as detailed discussions commence on its future function once a masterplan and growth strategy is finalised.

Recommendations

- 17) Executive Board is asked to:
 - i) Agree to enter into an agreement with London and Continental Railways for collaborative working on regeneration based activities associated with HS2 in accordance with the Heads of Terms set out in exempt appendix 1.
 - ii) Agree to the heads of terms set out in Exempt appendix 1 for a joint venture regeneration delivery vehicle between the Council and London and Continental Railways, with both parties owning 50% of the vehicle.
 - iii) Agree to the policy principles for the formation of a HS2 regeneration delivery vehicle as set out in paragraph 3.30 of this report.

- iv) Authorise the Director of City Development, in consultation with the Executive Member for Transport and the Economy, to negotiate and finalise agreements with HS2 Ltd and London and Continental Railways to establish a Joint Venture and enter into a formal partnership arrangement.
- v) Note that agreement to the proposals for joint working with London and Continental Railways contained in this report will be subject to the approval of HS2 Ltd and the relevant Government departments.
- vi) Note that the Head of Regeneration will be responsible for the implementation of these actions.

1 Purpose of this report

- 1.1 This report seeks Executive Board approval to agree to the Council's preferred option for a HS2 regeneration delivery vehicle to take forward regeneration activities associated with HS2 in the short term. It also seeks approvals to the principles that will underpin the longer term function of a delivery vehicle.

2 Background information

- 2.1 Leeds' economic recovery is entering a considerable period of growth. Leeds has a strong track record in facilitating the successful delivery of major and complex regeneration programmes through managing, enabling and co-ordinating work with partners and investors both in the public and private sectors. Through and since the recession, the Council has played a leading role in facilitating the award winning development of the Leeds Arena and the subsequent regeneration of the 'Northern Quarter', retail developments at Victoria Gate and Trinity Leeds, whilst the Leeds City Enterprise Zone in the Aire Valley has gained huge momentum in the last eighteen months. Combined, these schemes are helping to further transform the regional economy and are successes on a national and international level.
- 2.2 In the area around the existing station and proposed HS2 station in Leeds South Bank, there is successful regeneration that has been completed and also a momentum to a number of schemes on site or due to commence on site in the short term– for example at Tower Works, Leeds College of Building, Leeds City College and Leeds Dock. There is, however, capacity for redevelopment of a further 80 acres of land that is cleared or under-utilised.
- 2.3 This will present a regeneration initiative of national and international significance. The proposals for the South Bank are fully complementary with the proposals for a HS2 in Leeds. Subject to the decision on the precise location of the HS2 station, the South Bank is likely to be the area whereby regeneration associated with HS2 takes place.
- 2.4 In March 2014 the HS2 Growth Task Force, set up by the Government to maximise growth and the job opportunities from HS2, published an independent report to Government on maximising the benefits of HS2. This focused on the themes of 'Getting our cities ready, Getting transport network ready, Getting our people ready and Getting our businesses ready'. The report recommends for each HS2 station to establish an 'HS2 Growth Strategy' to explain how High Speed Rail will generate local jobs, growth and regeneration.
- 2.5 A key recommendation from this is that "*local authorities need to establish a locally led delivery body and government should support them in bringing forward regeneration*". This did not prescribe the role, function and method of a delivery body, with a requirement for authorities to determine and bring forward arrangements that best suit their requirements.

2.6 In response to this report, Executive Board agreed to the following actions at its December meeting to maximise the regeneration opportunities associated with HS2:

- Request that officers work collaboratively with HS2 Ltd and Central Government to develop proposals for a Council led regeneration delivery vehicle that has the appropriate funding powers and flexibilities to deliver the city's vision for HS2.
- Request that officers continue to develop a masterplan for the area surrounding the HS2 station location, to inform the development of the Council's policy position that will maximise both the social, physical and economic benefits from the arrival of HS2.
- Agree to the Council taking a leading role in the Sir David Higgins Leeds station working group to find the optimum solution for the arrival and integration of, HS2 and HS3 into Leeds City Centre, which supports both the growth of rail through the creation of a major rail interchange in Leeds City Centre, and meets our local connectivity, place making and regeneration ambitions.

2.7 Good progress has been made on these areas. A primary focus is on the Leeds Station working group which is considering in detail the questions posed by the Higgins review.

2.8 Once this work is at a satisfactory stage and a preferred station location identified, the masterplanning work can then commence in much greater detail, including sustained and inclusive community and stakeholder engagement to ensure that this work encapsulates as many views as possible and helps achieve a world class vision for the city.

2.9 This report deals specifically with the proposals of a regeneration delivery vehicle, and the Council's approach to this.

3 Main issues

3.1 The need for a delivery vehicle

3.2 Key regeneration objectives and priorities for the city associated with HS2 will, amongst other areas, be to ensure the delivery of a world class vision to drive forward city region and national growth; ensuring that neighbouring communities benefit from the economic benefits of HS2; addressing the major pedestrian severance to the city centre through the transformation of the highway system; world class placemaking; and ensuring that the areas around the station are not blighted but with development proposals being delivered in a timely manner.

3.3 As highlighted above, Leeds has a strong track record in leading regeneration initiatives, and there are already major successes associated with the regeneration of the South Bank. This local expertise and knowledge can help to facilitate major regeneration associated with HS2. This Local Authority leadership is considered critical, as acknowledged by the Deighton report, to lead

regeneration proposals and also the delivery vehicle propositions. Proposals for HS2 will be complementary to regeneration aspirations for the wider South Bank area and will complement existing or proposed regeneration.

- 3.4 Notwithstanding this, and accepting that regeneration associated with HS2 is complementary to the wider South Bank work, the scale and extent of regeneration associated with HS2 is significant. The Growth Taskforce concluded that *“even the very best authorities will be stretched to manage a project as complex and large as HS2, particularly when there are other infrastructure plans being proposed (such as the Northern Hub³) that will also have local impacts.”* It also details how *“regeneration and development around HS2 stations need to be accelerated and delivered well before HS2 arrives, to ensure stations are designed to facilitate the flow of people and transport links”*.
- 3.5 Further, whilst the city has a strong track record in facilitating major regeneration initiatives, there is not in house-expertise of rail led regeneration or of transport interchanges of the scale of HS2 and the bespoke opportunities and challenges infrastructure of this scale will bring. A delivery approach that draws on a broader skill set and additional capacity is considered necessary. There are also risks of ‘blight’ in the short term at key sites near to the HS2 station should the city not have a robust approach to the delivery of its HS2 vision.
- 3.6 Given the scale of regeneration opportunity and challenges, following Deighton’s report, the Government is also establishing mechanisms to support the delivery of growth strategies and regeneration by establishing a national HS2 regeneration delivery vehicle to develop a nationwide approach and provide support to each station location on their regeneration proposals. It has been announced previously that HS2 Ltd are being advised by London and Continental Railways on regeneration based initiatives and that HS2 and London and Continental Railways were to develop proposals for a national regeneration company to help guide regeneration associated with HS2.
- 3.7 London and Continental Railways is a wholly UK Government-owned company which specialise in railway led regeneration. LCR delivered schemes for HS1 at St Pancras and Ebbsfleet. The company was a lead regeneration partner for Kings Cross and played a leading role in the exemplary transformation of the surrounding area. It is understood that the HS2 regeneration company will seek to provide national intelligence, land assembly, funding opportunities and a broader inward investment support. It will have specialists of international rail led regeneration and draw together a national approach to regeneration at station locations.
- 3.8 London and Continental Railways is already providing commercial and property advice to HS2 Ltd. Other Local Authorities such as Birmingham City Council and Manchester City Council are working with London and Continental Railways and HS2 Ltd, and drawing upon this expertise.
- 3.9 Regeneration impacts will not be specific to locations with a dedicated HS2 station. It is recognised that HS2 will bring benefits across the city region – particularly those around other stations such as Bradford’s development zone. Our wider HS2 programme will continue to be developed on the basis that we

maximise these benefits through improved connectivity. The positive impact HS2 could have for our young people through enhanced skills and jobs and for our supply chain through being part of the delivery of the scheme are also benefits that should be felt city region wide.

- 3.10 Notwithstanding this, HS2 must deliver specific physical, social and economic regeneration around the Leeds HS2 station that benefits the entire city and in a way that is complementary with wider proposals for the South Bank. To achieve this, Leeds requires short and long term proposals for a Leeds regeneration delivery vehicle to help to deliver detailed and Leeds specific regeneration activities and deliver local benefits. Key to this is ensuring that arrangements have the right skills resources to facilitate the delivery of regeneration associated with HS2 in a timely manner.
- 3.11 Further to Executive Board previously approving collaborative working with HS2 Ltd and Central Government to develop proposals for a Council led regeneration delivery vehicle, the Council has been in dialogue with HS2 Ltd and London and Continental Railways.
- 3.12 It is proposed that the city is now in a position to agree its preferred option for a regeneration delivery vehicle and also to the principles that will underpin the longer term role of a delivery vehicle.
- 3.13 **Leeds Proposals**
- 3.14 **Short Term Delivery Vehicle Proposals**
- 3.15 In the short term, there is significant activity to be developed over the next 12-18 months to support regeneration and enabling work in relation to HS2. This includes:
- The ongoing station review work to finalise the location of the HS2 station and the review of the role of Leeds Station given future rail demand, HS2 and HS3.
 - The development and completion of the HS2 Masterplan for the area around the station. This will include infrastructure requirements proposals for a world class station and its environment. The detailed work will commence, working closely with stakeholders, once the review of station location options is concluded.
 - Development and finalisation of the Leeds HS2 Growth Strategy, and specific recommendations to maximise regeneration opportunities, such as funding mechanisms and enabling interventions where these are required to deliver the masterplan vision.
 - Minimising and eliminating risks of physical blight HS2 may bring and assembling land to help accelerate the delivery of the regeneration visions.
- 3.16 These are activities that are being and will continue to be led by the Council and are complementary to wider South Bank initiatives. However, in undertaking these HS2 related activities it is proposed that the Council's preferred option would be to enter into a collaboration agreement with London and Continental Railways in

order to benefit from a broader expertise and skill set for this type of rail led regeneration. This is with view of combining Council's local knowledge and leadership role in regeneration and economic growth with London and Continental Railways's national knowledge, HS2 remit and expertise in rail led regeneration. Combining these skills bases at an early stage is considered to be a positive way to maximise the regenerative impacts to the city and formulate a robust growth strategy and ensure the masterplan learns lessons from other locations with infrastructure of this type.

- 3.17 Because they are wholly owned by the Government, working collaboratively with London and Continental Railways can also ensure that Leeds' local ambitions combine with and influence national regeneration agendas and further demonstrate the city's collaborative approach in delivering growth.
- 3.18 Accordingly, it is proposed that the Council takes steps to formalise joint working between London and Continental Railways on regeneration around the HS2 station. To do so it is proposed that the Council enters into a Memorandum of Understanding with London and Continental Railways. The proposed draft heads of terms are set out in Exempt Appendix 1 and a visual representation of the proposed arrangements are shown in appendix 2.
- 3.19 In summary, the approach will see the Council and London and Continental Railways collaborate on the areas identified at 3.15 – with the Council retaining its local leadership role and responsibilities. London and Continental Railways will attend key meetings and be a proactive part of the city's HS2 regeneration planning. It is envisaged that an action plan of deliverables will be agreed between the parties.
- 3.20 Over and above this, it is also proposed that the Council's preferred option is for the Council and London and Continental Railways to formalise discussions for a joint venture regeneration delivery body as a legal mechanism for more formal joint working. This could be a basis by which land could be jointly acquired or funding jointly secured. To do so would see a company limited by guarantee formed – jointly owned by LCC and London and Continental Railways. The Heads of Terms for such a body are set out in Exempt Appendix 1.
- 3.21 Until decisions are made between parties to acquire land or seek funding, it is proposed that the vehicle will remain as a legal entity that can be called upon should it be needed. Much of the early work with London and Continental would be to establish the specific remit and function of this Joint Venture, informed by the outcomes of the joint working of items shown at 3.15.
- 3.22 Accordingly, any decisions by the Council to invest funds, human resources or land into the Joint Venture Vehicle would be subject to the Council's decision making procedures and Financial Procedure Rules. Initially, it is proposed that no human resources from the Council would be seconded to the vehicle and the primary and initial focus of the vehicle will be a means by which to look to jointly acquire land and as a legal mechanism that provides a means for more formal joint working should either party wish to commission the Joint Venture vehicle to do so.

- 3.23 In terms of the day to day governance of the Joint Venture, initially the Joint Venture would have 4 directors (comprising of 2 Directors from LCC and London and Continental Railways). The Board will be chaired by the Council. Initially, based on the initial role of the Joint Venture, it is proposed that the Executive Member for Transport and the Economy and Director of City Development act as the Council's directors. An annual business plan would be produced setting out the remit and role of the Joint Venture. Any proposals to commission the vehicle for activities would be subject to the Council's decision making procedures. Should the remit of the vehicle expand, there will be ongoing reviews of LCC representation to ensure the most suitable attendees.
- 3.24 In summary, agreeing to the proposals will allow a basis for formal collaboration between LCC, HS2 Ltd and London and Continental Railways and draw together wide ranging expertise to help steer forward the major regeneration opportunities associated with HS2. They will also provide a legal mechanism for the joint acquisition of land and further joint working.
- 3.25 Executive Board is advised that the Council's proposed preferred solution as set out in this report would be subject to the formal agreement of London and Continental and HS2 Ltd. Executive Board agreeing to the Council's preferred solution will allow a decision to be taken by HS2 Ltd and London and Continental Railways on their agreement to the proposals. It is currently anticipated that a final decision could be taken by June 2015 and any proposals implemented from this point onwards.
- 3.26 **Longer Term Proposals**
- 3.27 It is considered that the proposals above will allow for positive progress to be made on the priority short term activities. Once the masterplan and growth strategy for HS2 are completed, there will be further clarity on the extent of intervention required including site assembly, infrastructure and funding requirements to deliver the city's vision for regeneration associated with HS2.
- 3.28 This will inform the longer term shape, remit and role of a regeneration delivery vehicle as the Deighton report envisaged. Once these exercises are completed, it would be intention to seek Executive Board approval to the longer term role and responsibilities of a vehicle, and re-evaluate the role and function of the Joint Venture proposed above. For example, the remit of the Joint Venture proposed above may evolve and change to reflect circumstances at a future point in time. This may involve it being commissioned to deliver more activities, staff recruited and seconded into the vehicle and renewed governance arrangements.
- 3.29 The longer term role of a delivery vehicle is likely to be subject to negotiations and ongoing dialogues with HS2 Ltd and Central Government. Given the importance of the delivery vehicle, it is considered important that the Council agrees at an early stage the key principles by which it will support the longer term role of a delivery vehicle to deliver regeneration to help inform dialogue with government.
- 3.30 It is therefore proposed that Executive Board provide its endorsement to the following principles that will underpin the Council's approach moving forward.

- **Role** – It is proposed to form a vehicle that forms with a small role or responsibility in the first instance, and its remit and responsibilities would evolve and grow over time depending on the context of regeneration intervention required and the performance and effectiveness of the vehicle. The activities the vehicle could deliver could vary from land assembly, master-planning, and the delivery of infrastructure. It would not be the intention to start ‘big’ but gradually build up the capacity of a vehicle.
- **Local Authority Led Leadership** – The Growth Taskforce recommends that the vehicles should be local authority led. It is considered important that vehicle should ultimately be led by and accountable to the Council: with clear accountability and involvement of elected members in any governance arrangements, and forums such as Plans Panel, Executive Board and Scrutiny Board continuing to provide decision making, challenge and guidance on regeneration and growth associated with HS2.
- **Agile and Efficient** – It is considered important that any delivery mechanisms are efficient and do not add a financial burden to the local authorities for their management and delivery. To deliver the required regeneration, it is important that the delivery mechanisms, including governance and decision making, are agile and able to respond quickly and efficiently to emerging opportunities and challenges. Where possible, existing human resources from the Council, HS2 Ltd and LCR will deliver regeneration activities.
- **Planning Powers** – The Council has a range of statutory powers that are used to facilitate regeneration – particularly through its role as the Local Planning Authority. It is proposed that no statutory Planning powers will be legally delegated to a delivery vehicle. However, the delivery vehicle may benefit from the Council’s planning powers, planning policies and other statutory powers. For example, LCC would retain CPO powers, but the delivery vehicle may acquire land through the Council exercising its CPO powers, and deliver development in accordance with local planning policy.
- **Boundary** – The actual boundary of activity of the vehicle will depend on a) the location of the station, b) the type of activity being commissioned. The vehicle’s remit may have different boundaries depending on the nature of activity and what is approved by the Council. A land assembly boundary may vary to a delivery of highways infrastructure to initiatives for employment and training.
- **Inclusive** – Any delivery vehicle will have a focussed remit on delivery of regeneration and it is considered important that any vehicle is open and transparent, and positively builds relationships with stakeholders, landowners, communities and Members in delivering its activities. This will include city region working with the West Yorkshire Combined Authority and the LEP. Ensuring a transparent and inclusive approach that allows residents to engage and shape proposals is a priority.
- **Powers and Funding** – It is considered to be of major importance that the Council, City Region and Vehicle has the appropriate powers and funding flexibilities to deliver the scale of regeneration required. This may include, for

example, powers to retain all business rate up-lift associated with new developments nearby to HS2 that can be captured and invested in the area or Enterprise Zone style incentives to incentivise private sector growth in the surrounding area. The current flexibilities may not be sufficient and additional powers held locally that benefit the delivery vehicle could have a major impact on regeneration for the benefit of the entire City Region.

- 3.31 Should Executive Board approve these principles, they will form the basis of the city's longer term planning for the delivery vehicle and ongoing joint working with HS2. Agreeing these principles does not commit the Council to any course of action or fetter any future decisions, but provides a foundation for more detailed planning to take place on the longer term role of a vehicle.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 These proposals have been subject to consultation with the Executive Member for Transport and the Economy and the Executive Member for Neighbourhoods, Planning and Personnel. There has been close liaison on these emerging proposals with HS2 Ltd. It is envisaged that there will further engagement with a broader range of consultation if and when there are longer term proposals for the delivery vehicle.

- 4.1.2 Executive Board is advised that the partnership arrangement, and Joint Venture, will focus primarily on regeneration directly associated with HS2. The partnership will seek to engage with stakeholders. Further, there will continue to be a number of mechanisms above and beyond this vehicle for stakeholders to engage on broader South Bank work and the many aspirations and initiatives for the area. Members of Executive Board are advised that regeneration of the South Bank is broader than that associated with HS2 and the Council will progress its work by continuing to engage closely with stakeholders, within South Bank above and beyond the vehicle identified in this report.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 An equality and diversity, cohesion and integration screening assessment has taken place and is attached as an appendix. This has highlighted that an equality and diversity, cohesion and integration impact assessment is not required. Notwithstanding this, as an outcome from the screening exercise, there will be ongoing monitoring of any equality impacts of the proposals for the delivery vehicle, and any decisions made by the partnership will be subjected to further monitoring.

4.3 Council policies and City Priorities

- 4.3.1 The Best Council Plan sets a best Council objective of promoting sustainable and inclusive economic growth – improving the economic wellbeing of local people and businesses with a focus on boosting the local economy, providing housing as the City grows and helping people into jobs. The Commission on the Future for Local Government outlines a proposition for local government to stimulate jobs,

homes and good growth, with local government creating conditions for enterprise to thrive.

- 4.3.2 Ensuring that there are robust delivery arrangements and having the necessary expertise, agility and flexibility will be key in ensuring that regeneration proposals associated with HS2 achieve these relevant Council Policies and City Priorities. The recommendations in this report will help ensure that the Council is collaborating effectively in order to help achieve the objectives above.

4.4 **Resources and value for money**

- 4.4.1 By agreeing to the recommendations, there is an opportunity to secure expertise and additional resources from HS2 and London and Continental Railways to support the regeneration planning associated with HS2. This will combine with the skills and expertise of existing resources from the Council, and agreeing a partnership arrangement will not see any expenditure incurred.

- 4.4.2 If the Council ultimately establishes a Joint Venture, this will not see costs incurred, aside from small administrative costs that are budgeted for within the HS2 programme. As the Joint Venture owns no assets or staff seconded initially, it would be relatively straightforward to cease the arrangement if necessary. Any proposals from the Council to incur expenditure through the Joint Venture would be subject to the Council's decision making procedures and any proposals for the Joint Venture to incur expenditure would be subject to Value for Money checks on a case by case basis, in line with Financial Procedure Rules. This will include careful consideration of any VAT implications, particularly if the vehicle secures funding directly or acquires land on a case by case basis.

4.5 **Legal Implications, Access to Information and Call In**

- 4.5.1 The Council's general power of competence, to do anything that individuals generally may do, in Section 1 of the Localism Act 2011, will enable the Council to participate in the collaboration agreement, and in the joint venture agreement as described in this report. In addition, insofar as the Joint Venture will provide services to the Council and/or London and Continental Railways, the "in-house" ("Teckal") exception, now contained in Regulation 12 of the Public Contracts Regulations 2015 can be relied upon as long as the contracting authorities exercise over the delivery vehicle a control which is similar to that which it exercises over its own departments and second, at the same time, the delivery vehicle carries out more than 80% of its activities with the controlling authorities. In relation to control, this means the Council and London and Continental Railways will need to retain collective control over strategic objectives and significant decisions, and there must be no private investment in the company with the exception of non-controlling and non-blocking forms of private capital participation required by legislation, which do not exert a decisive influence over the company. Investments made to and by the company would be subject to ongoing reviews to ensure compliance with the Teckal principle and the Council and London and Continental Railways maintaining control over significant decisions.

4.5.2 The information contained in Appendix 1 is exempt under Access to Information Rule 10.4 (3) as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that the public interest in maintaining the content of appendices as exempt outweighs the public interest in disclosing the information.

4.6 Risk Management

4.6.1 HS2 provides a unique opportunity to deliver major regeneration and secure substantial physical, social and economic benefits for the city. Should the delivery arrangements not be sufficient, there is a risk that the city may not effectively exploit the opportunities to secure this growth. Forming suitable delivery vehicle arrangements will help to minimise this risk. There is a risk that agreement is not reached on the Council's preferred solution with the relevant Government departments. This is mitigated by the Council's close dialogue to date with HS2 and London and Continental on the proposals. Gaining Executive Board approval can provide more certainty to the proposals.

4.6.2 There will be regular reviews of risk to identify both the risks associated with the partnership arrangements and the regeneration proposals for the city. This will seek to ensure that the partnership is as robust as possible, with risks shared, eliminated or mitigated wherever possible.

5 Conclusions

5.1 The Lord Deighton authored Growth Taskforce report made clear recommendations for the establishment of local authority led delivery vehicles to steer forward regeneration around the HS2 stations. The proposed area around the Leeds HS2 Station presents one of the largest and most substantial city centre regeneration opportunities in the country.

5.2 It is important for the city to develop robust proposals for the delivery of regeneration activities associated with HS2 in the short and long term. Accordingly, there is an opportunity for the Council to proactively take early steps to form delivery vehicle arrangements to help achieve multiple objectives. The Council's preferred solution is to combine Leeds' local expertise and knowledge of regeneration with the national knowledge and rail led regeneration expertise of London and Continental Railways through a formal collaboration agreement. Over and above this, it is the Council's preference to formalise a Joint Venture with London and Continental Railways as a means by which land can be jointly acquired, funding secured and as a mechanism for more formal joint working. This would see the Council retain its leadership role and powers for regeneration but benefit from a wider pool of expertise.

5.3 By agreeing to the Council's preferred solution, Leeds will be one of the first authorities to develop its proposals for delivery vehicle arrangements for HS2 associated regeneration. This will help to maximise the regeneration benefits for the city and further strengthen relationships between the city and key public sector agencies responsible for facilitating HS2 regeneration activities.

5.4 In the short term, the preferred option of collaboration with London and Continental Railways will seek to consider land assembly challenges, with wider collaboration on Council led activities such as the HS2 masterplan, growth strategy and funding strategy. Longer term, it is proposed that the role of a delivery vehicle will be shaped by the outcomes of the HS2 masterplan and Growth Strategy. Should Executive Board agree to the recommendations set out in this report, the principles that will underpin the longer term function of a delivery vehicle will be agreed and provide a strong basis and clarity for the future role of a vehicle.

6 Recommendations

6.1 Executive Board is asked to:

- i) Agree to enter into an agreement with London and Continental Railways for collaborative working on regeneration based activities associated with HS2 in accordance with the Heads of Terms set out in exempt appendix 1.
- ii) Agree to the heads of terms set out in Exempt appendix 1 for a joint venture regeneration delivery vehicle between the Council and London and Continental Railways, with both parties owning 50% of the vehicle.
- iii) Agree to the policy principles for the formation of a HS2 regeneration delivery vehicle as set out in paragraph 3.30 of this report.
- iv) Authorise the Director of City Development, in consultation with the Executive Member for Transport and the Economy, to negotiate and finalise agreements with HS2 Ltd and London and Continental Railways to establish a Joint Venture and enter into a formal partnership arrangement.
- v) Note that agreement to the proposals for joint working with London and Continental Railways contained in this report will be subject to the approval of HS2 Ltd and the relevant Government departments.
- vi) Note that the Head of Regeneration will be responsible for the implementation of these actions.

7 Background documents¹

7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.