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## Joint Report of the Director of City Development and the Director of Environment & Neighbourhoods

### Executive Board

Date: 11 September 2007

Subject: The former Headingley Primary School

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**Electoral Wards Affected:**  
Headingley

**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

The report addresses the issues that have been raised through the submission of a business case from Headingley Development Trust seeking the transfer of the ownership of the former Headingley Primary School, at less than best consideration. The Trust has previously been offered a six-month period to develop its business plan and funding arrangements.

The Trust has submitted the latest information that it has prepared and is now requesting a further period to May 2008, with a review to be undertaken in December 2007, to finalise the plan and funding. The Trust is also indicating that it is likely that it will be seeking the transfer of the ownership of the building at nil consideration and the support of the Council to a joint bid to the Community Asset Transfer Fund.

This report recommends that the request from the Trust for an additional period of exclusivity should be declined because of the continuing uncertainty that surrounds its funding requirements, the limited contribution that the business proposal makes to supporting the output targets of the Council, because of the loss of the envisaged capital receipt and the total extent of financial and other support required from the Council and because of the subsequent risks to which the Council would be exposed.

So far as the Community Asset Transfer Fund is concerned, it is felt that the request is premature because neither the bidding process nor the criteria have been established. The bid from the Trust would represent the whole of the maximum grant (£400,000) likely to be available in the district through the pilot programme. The proposal made by the Trust would

require the Council to support the Headingley project in advance of any others that might be forthcoming.

The conditional financial support that the Inner North West Area Management Committee has offered to the Development Trust has been noted in the evaluation.

Should Executive Board approve the recommendation that is made, it also seeks approval for the marketing of the property, on an open market basis, to support the Capital Receipts programme

## **1.0 Purpose Of This Report**

- 1.1 This report considers the request made by the Headingley Development Trust to transfer the former Headingley Primary School site the Trust for less than best consideration so that it can be developed as an enterprise and arts centre. Following an appraisal of the proposal by officers the report recommends to Executive Board that the request of the Headingley Development Trust is declined and arrangements are put in place for the marketing of the former Headingley Primary School to support the Capital Receipts programme.

## **2.0 Background Information**

- 2.1 The former Headingley Primary School is a two storey late Victorian building of 598 m<sup>2</sup>, with a modern detached single storey block of 159 m<sup>2</sup> and a separate two storey superintendent's house located in the Headingley conservation area on Bennett Road (See Plan 1). The school closed at the end of the 2005/06 academic year following public consultation on a proposal to close Headingley and St Michael's CE Primary Schools and establish a one form entry primary school on the St Michael's site.
- 2.2 In reporting to Executive Board (21 October 2005) when seeking approval to the closure of the school, Education Leeds did note the view expressed by community representatives and those associated with the school that the building should be retained for some form of community use.
- 2.3 However, Capital Programme assumptions have been made about the funding required for the decanting and temporary remodelling works required at the St Michael's (now Shire Oak) estimated to cost over £1m.
- 2.4 Executive Board did determine in October 2005 that any capital receipt generated from the disposal of the school would be used to fund primary review works including improvements on the St Michael's Primary School site.
- 2.5 Accordingly, the building was declared surplus and passed to Development Department for disposal.
- 2.6 However, a proposal was received from a new local development trust seeking a period of exclusivity during which the property would not be disposed of to allow that trust to prepare a case for the transfer the ownership of the former school to the trust and its subsequent refurbishment of the property as a centre for social and community enterprises as well as private businesses.
- 2.7 This proposal was reported to Executive Board in December 2006 with a recommendation that the request should be declined and that arrangements for the marketing of the property (for disposal at market value) should continue.
- 2.8 Executive Board resolved to accept the request for a period of exclusivity to be granted to the Headingley Development Trust to allow it to work up a business case to support its proposal for the transfer of the ownership of the property.
- 2.9 The six-month period of exclusivity has now come to a close and the Trust has presented the progress it has made to officers of Environment & Neighbourhoods and City Development for consideration by the Council. A summary of the Trust's business plan is attached as Appendix 1 with a more detailed development plan and

financial statement being provided by the Trust and used as the basis for the appraisal by officers.

- 2.10 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 would or would be likely to 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.

### **3.0 The Trust's Proposals**

- 3.1 Further to the resolution made by Executive Board officers have liaised with representatives of the Headingley Development Trust about the development of its business plan proposals for the facility. In summary the Trust proposes that:
- 3.1.1 the Headingley Primary School building is sold to them at less than market value. As a maximum, the Trust forecasts that it could pay up to £200k for the property,;however, their ability to pay this amount is subject to it assembling funds of £1.3m. Should this level of funding not be achieved, then the proposal would be reduced on a pound for pound basis down to a peppercorn (£1) transfer.
- 3.1.2 the City Council supports the Trust's bid for £400k of Asset Transfer Funding from the Government's recently established £30m national fund.
- 3.2 a business plan summary developed by the Trust is attached as Appendix 1 to this report. In addition to the headline proposal identified above, the Trust has developed a full business plan outlining their proposals for the building. A summary of the proposals is provided below:
- 3.2.1 **Aims and objectives** – the Trust has developed specific aims and objectives for their proposal, the Headingley Enterprise and Arts Centre (HEART) which are:
- 3.2.2 to support the start-up of new businesses in Headingley, particularly arts and media related enterprises.
- 3.2.3 to provide a flexible set of well-designed spaces that can be used commercially and by the community for meetings, training, conferences, exhibitions, performances, classes etc.
- 3.2.4 to ensure that HEART will be self-financing after the initial investment and refurbishment period.
- 3.2.5 to contribute to the renewal of Headingley as a sustainable community
- 3.2.6 in the long-term, the Trust wishes to stimulate a lively mix of commercial activity in the centre of Headingley to influence the housing market and to provide additional high quality community facilities.

- 3.2.7 **Capital Proposals** – The Trust has sought to identify the capital funding package that it can put together to support its proposals for the building. The Trust plans to spend up to £1.1m on the refurbishment and remodelling of the building, which would leave £200k to cover a less than best purchase of premises.
- 3.3 The Trust has been awarded £15,000 by the Adventure Capital Fund as a step towards an application for total support of £400,000.
- 3.4 The North West (Inner) Area Committee has indicated that it is prepared to grant £100,000 capital to the project and this is a measure of the support from local Members. It should, however, be noted that this support is conditional upon all of the other necessary funding being in place
- 3.5 Around £50,000 has been raised from a share issue to local supporters and the target of this share issue is £200,000.
- 3.6 In total, the Trust has raised around £65,000 to date with an offer of an additional £100,000 from the Area Committee as the final component in the funding package.
- 3.7 Unfortunately, the Trust’s application for £480,000 from the Big Lottery Fund has been declined. Similarly, the Trust made an application for £100,000 from the Leeds Enterprise Growth Initiative (LEGI) but this was declined. The Trust is hopeful that it may be able to re-apply in January 2008.
- 3.7.1 Accordingly, it is proposed that the £1.3m of funding would come from the following sources:

Funding Source	£ 000's
Adventure Capital Fund	400
Community Share Issue	200
Inner West Area Committee	100
Community Asset Transfer Fund (pilot)	400
European Funding	150
Arts Funding	50
Total	1,300

- 3.8 At the request of Council Officers, the Trust has undertaken its own sensitivity analysis of the capital funding proposed. By undertaking this analysis they have developed a ‘worst case’ scenario which forecasts £700,000 of capital funding for the project. Should this scenario arise, the Trust would look to deliver an £800,000 ‘low cost’ refurbishment of the premises and raise the additional £100,000 required through fundraising activity. This would be based on a £1 asset transfer of the ownership of the building by the Council.
- 3.9 **Planned outputs** – The Trust has sought to identify the intangible and tangible outputs that they will generate should their proposal be accepted. In terms of the intangible benefits, the Trust sees the facility as a focus for graduate enterprise activity in the digital and media industries. In addition, the Trust plans to contribute to the overall revitalisation of Headingley by increasing the footfall for existing local businesses.
- 3.10 In terms of tangible outputs, the Trust’s plans include the creation of 10 jobs per annum, the creation of 8 new businesses per annum and the support of 120 businesses through their proposed catalyst centre network.

3.11 **Revenue Funding** – The Trust has developed its revenue forecasts for its first three years of operation. It forecasts an annual operating cost of £163k in the first year against an income position of just over £130k, which equates to a deficit of nearly £33k. By year 3 the Trust forecasts a surplus of nearly £28k.

3.12 The primary income stream is rent generated through the catalyst centre which is supported by Café income and room/venue hire.

#### **4.0 Commentary upon the proposal, the business plan and the implications for the Council**

4.1 In considering the proposal from the Headingley Development Trust outlined above, officers have considered whether:

4.1.1 the proposal is aligned to the Council's stated strategic outcomes and priorities;

The proposals outlined by the Trust would contribute to the Council's strategic outcome of 'All communities are thriving and harmonious places where people are happy to live' although at this stage the extent to which this could be the case is difficult to assess.

4.1.2 the capital funding proposals are robust and deliverable

The capital funding proposals of the Trust are at risk of not delivering sufficient investment to enable the project to progress as planned. The Trust is seeking £400,000 from the Community Asset Transfer Fund pilot project. It is likely that the maximum grant available from this fund for the whole of the Leeds metropolitan area will be £400,000. Accordingly, the proposal made by the Trust would require the Council to support this proposal in advance of and to the exclusion of any other schemes that may be forthcoming. At this time, officers are not in a position to recommend this. Even if the Trust reaches its target of raising £200,000 through share issue and is successful in securing Adventure Capital funding, this would still amount to less than two thirds of the required capital to achieve the minimum refurbishment level of the building.

4.1.3 the tangible and intangible outputs afford value for money in the context of the value of the property and the opportunity cost to the Council's existing Capital Programme priorities

Was the Trust submitting a proposal for funding to Council administered schemes, such as Safer, Stronger Communities and ERDF, the projects outputs would be required to be in line with the outcomes of Leeds' Local Area Agreement. If the Trust were applying for the value of the building to the Council they would have to evidence tangible outputs far greater than what is presently detailed, and provide a more robust alignment with strategic objectives in order to prove value for money. It is probable that the proposed centre would bolster community spirit among long-term, permanent residents. The proposal will not have any effect upon the main issues faced by the permanent community such as noise nuisance and streetscene and shared housing issues.

4.1.4 the revenue funding proposals are realistic and sustainable?

Officers have considered the robustness of the revenue projections particularly in terms of the Trust's ability to finance any ongoing increases in expenditure forecasts and/or shortfalls in income. The trust forecasts a surplus at the end of year 3 of £27,834 against a total income of £226,000 in that year. Consequently, should the actual income or expenditure vary by only a small amount, it is apparent that the Trust would not be in a position to finance its operations without further fundraising or drawing on any additional resources it may have. It is recognised that for new organisations operating in the third sector, this position is not unique but, with the other considerations, it is an added risk. Officers consider that there are questions regarding the viability of the proposed café business which is intrinsic to the income of the centre. The café would be in direct competition with many others in Headingley Town Centre, plus the location is not central in terms of attracting passing custom, leading officers to conclude that the majority of the café's patrons would be those using the centre, rather than users of Headingley centre.

- 4.2 The LEGI application was declined because as the proposed development is not in a target area, although it does fall within the wider sphere of influence. For all of the LEGI investments, and in particular for the capital projects, the intention is to maximise the impact on those Super Output Areas that fall into the worst 35 nationally. For this reason, the Council is currently supporting the establishment of Development Trusts and community owned assets in Chapeltown, Harehills, Beeston, Seacroft, Belle Isle, Middleton, Gipton and Bramley.
- 4.3 Although there will be a further commissioning round in the new year, this will not be targeting Headingley. The Development Trusts Association project for support to emerging trusts in Leeds will not include specific support to Headingley Development Trust in its work programme. Whatever the merits of the organisation or the robustness of its business plans, there are no plans to provide LEGI support to Headingley Development Trust as any outputs or outcomes from its work would be of only marginal relevance to the programme.
- 4.4 In conclusion it is suggested that there are five key issues for Members to consider in determining this request. These are:-
- 4.4.1 the links between the proposal and the Council's Corporate Priorities
  - 4.4.2 the opportunity cost to the Council of foregoing a potential Capital Receipt and the subsequent impact upon the funding of the Primary Review works.
  - 4.4.3 the risk of revenue costs being incurred should the project be only partially successful and subsequent requests for further funding
  - 4.4.4 the limited financial support that the Trust has been able to gather over the past nine months from other potential funders such as the Big Lottery Fund and the Local Enterprise Growth Initiative
  - 4.4.5 the precedent that would be set in other areas of the district through supporting a project which is not demonstrably viable.

## **5.0 Ward Members consultation**

- 5.1 Ward Members are supportive of the Trust's proposals but acknowledge the need for the Trust and/or the Council to identify resources to cover the costs of the proposed improvements at the Shire Oak School and the need to ensure that the Enterprise and Arts Centre could support its own revenue running costs.

- 5.2 The North West Inner Area Committee has shown its support for the principle of the project and has offered £100,000 capital, conditional upon all other necessary funding being in place.
- 5.3 Ward Members have expressed the view that the Council should require the retention of the fabric of the former school building in any disposal of the property. The Trust's proposal would accord with this view. However, the Council could, if it so determined, impose a similar requirement upon any other potential purchaser.
- 5.4 Ward Members have also expressed the view that the Council should, in any disposal of the property, exclude student accommodation and bars from the range of uses which could be considered. They are of the opinion that this exclusion would contribute to the Council's strategic outcome of 'All communities are thriving and harmonious places where people are happy to live' Here again, the Trust's proposal would accord with this view as no licence would be sought for the proposed café. Similarly, the Council could, if it so determined, impose this restriction upon any potential purchaser.
- 5.5 Ward Members have indicated that it is their view that the whole of the capital receipt that might be generated from the disposal of the former school, be it to the Trust or some other purchaser, should be ear-marked to meeting some or all of the cost of the works planned to the Shire Oak Primary School

## **6.0 Implications For Council Policy And Governance**

- 6.1 Community ownership of assets – the Council seeks to empower community organisations to underpin the creation of strong and prosperous communities. To this end, the Council has traditionally granted a range of leases of land or buildings to community organisations, which are aligned to delivery of strategic outcomes set out in the Council Plan. Where a request is received for property at less than market value, it is evaluated through the Council's 'Less Than Best Consideration' policy which assesses the capital opportunity cost of the proposal to ensure that it is appraised on a consistent basis and satisfies Council Plan objectives. Organisational capacity, financial and constitutional safeguards on revenue resources are included within this evaluation
- 6.2 In relation to the Quirk Review on Community Ownership of Assets and the Government White paper on Strong and Prosperous Communities, the Council could, if it so wished, accept this request to transfer the ownership of the former primary school as being in line with the Community Centre Strategy which is aimed at optimising the distribution, level of usage and quality of community facilities across the district. In this instance, officers advise that this would not be appropriate because of the concerns expressed with 4.1 above

## **7.0 Legal And Resource Implications**

- 7.1 For the Council to forgo some or all of the planned receipt from the disposal of the former Primary School would mean a shortfall in the Capital Receipts programme. The case made as to why the council should accept less than best consideration for Headingley Primary School has not been made sufficiently clearly and no Council department has stepped forward to sponsor the Trust's proposals. It is therefore not clear how Council could demonstrate that the Trust's proposals would support the Council in delivering its corporate objectives. This would be an essential component in justifying the requested less than best consideration disposal to the Trust.



- 7.2 Although the immediate shortfall could potentially be made up through the disposal of other properties in the area these would then no longer be an asset to be realised at some future date.
- 7.3 It would be possible to make up the shortfall through a reduction in the support provided to Education Leeds. It is estimated that to implement both the temporary and permanent proposals at the Shire Oak site a cost of £1,182,500 (exclusive of fees) will be incurred. A significant reduction in the support to Education Leeds would mean that the primary education facilities in the area would be inadequate and, accordingly, this approach is not recommended.
- 7.4 The grant of a long lease could protect the Council's position through ensuring that it had first call upon the assets of the Trust, in the event of its failure. This would impact upon the Trust's ability to raise funding against those assets.
- 7.5 Supporting the request may set a precedent which would militate against the Council delivering its corporate objectives. There are many instances across the city of Council premises no longer required for their original operational purpose. It is common for local organisations to seek to retain these buildings for community use. If such requests are supported, the buildings are no longer available for disposal to contribute to the Capital Receipts programme which in turn supports the Council's approved Capital Programme.
- 7.6 The establishment of a commercial café, as proposed in the Trust's business plan, may breach the rules on State Aid given that the Council is being asked to transfer the ownership of the property as less than best consideration. This would have to be investigated further, during any additional period of exclusivity, should Members decide to support the request from the Trust. The impact upon the Trust's business plan would be quite significant if the proposed rental from the café had to be discounted.
- 7.7 The Council could, if it so decided, support the request from the Trust for a further period of exclusivity whilst further fundraising and business planning was undertaken in an effort to complete the project funding. However, this course of action is not recommended because of the implications for the Capital Receipts programme and the risks identified below in Section 8.

## **8.0 The risks for the Council in supporting the request from the Trust**

- 8.1 The Council would be exposed to the risk and cost of securing the building whilst the Trust seeks funding support for its proposals.
- 8.2 Even if the building is secured, there would be the risk that the condition of the building would deteriorate during that time and the Council would end up in possession of a building with a reduced value should the Trust be unsuccessful in its fund-raising efforts.
- 8.3 There is a risk of market conditions changing adversely during that time because of events entirely outside the Council's control. Any significant rise in the general level of interest rates could impact quite severely on the demand for and value of residential developments.
- 8.4 There is a risk that, even if the Trust is successful in its fund-raising efforts, its long term business plan could fail. It is probable that the Trust would seek loan support

against the security provided by the value of the building. In these circumstances, the loan provider would have first call upon the Trust's assets. However, it should be noted that officers would recommend that the Council should not agree to the grant of a first charge on the property to any other party.

- 8.5 There is a risk that the Trust will not be able to achieve all of the funding support that it is seeking for even the lower cost fallback scheme. If that is the case, then the only recourse open to the Trust would be to seek a greater level of support from the Council.

## **9.0 Conclusions**

- 9.1 The Trust argues that there would be benefits in supporting the request. These would include the retention of a well-remembered building in and for the community, the potential for contributing to the economic well-being of the area and the creation of exhibition and arts facilities in the area.
- 9.2 However, supporting the Trust's request for a further period of exclusivity would have an immediate impact upon the Council's Capital Receipts programme with the deferment of the envisaged receipt. The Capital Receipt is required to fund the current Capital Programme. No Council department has stepped forward to support/sponsor the Trust's proposals and therefore no case is made as to why the Council should accept less than best consideration for this building.
- 9.3 The Council could, in theory, make up the immediate cash flow shortfall in the Capital Receipts programme by relocating services into the refurbished primary school and by disposing of property. This could only be achieved if the Trust met the cost of the refurbishment and if the revenue cost of that space were no greater than that currently incurred.
- 9.4 There are significant risks to the Council in supporting the request for an additional period of exclusivity. These relate to the security of the building, the Health & Safety risks flowing from keeping the building vacant, the possible reduction in its value should market forces change, and the extended period during which the Council could be open to accusations of inactivity.
- 9.5 Additionally, the Council would be exposed to the possibility of requests for financial support from the Trust should the business plan prove less than robust once the property was in use as proposed by the Trust. It could be difficult to decline such requests if the building was in reasonably substantial use but the revenue stream was less than necessary. The Trust claims that this risk is small because it would undertake not to make any such request but clearly this cannot be guaranteed.
- 9.6 Should the business plan fail, then the Council would be left with a building from which a third party had been providing services but was less than fully utilised. To dispose of the building at that stage, it might be necessary to relocate these services once again and other premises would have to be acquired. It is not certain that works proposed by the Trust would add to or protect the value of the building because of the alterations that it is proposing and because it is seeking to minimise the investment it would make in these alterations. A period of gradual decline in the viability of the proposed centre could reduce the expenditure on routine maintenance and this could also affect the value of the asset.
- 9.7 When viewed overall, the Headingley Development Trust's proposals would require the Council to face a significant reduction in its Capital Receipts programme and

would expose the Council to a high level of financial risk both in the short and long term.

9.8 The business plan prepared by the Trust is not thought to be fully credible at present.

## **10.0 Recommendations**

10.1 Members of Executive Board are recommended:

- i. to decline the request from Headingley Development Trust to be given a further period of exclusivity to finalise its business plan and funding arrangements.
- ii. to decline the request from Headingley Development Trust to support a joint bid to the Community Asset Transfer Fund
- iii. and to continue with the previously planned marketing of the property to support the Capital Receipts programme.



heart

**headingley enterprise and arts centre**

business plan summary

**July 2007**

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**heart** is a project of Headingly Development Trust

# What's the idea?

For the Headingley Development Trust to buy and convert the disused Headingley Primary School on Bennett Road, into the Headingley Enterprise and Arts Centre (HEART) that will:

Develop a business incubator (the Catalyst) in partnership with the successful London Hub in Islington, which is now expanding to Kings Cross and the South Bank.

Provide events, exhibition, performance, conference and training space in the heart of Headingley.

User-membership in the Catalyst of 100 culture and media businesses housing up to 30 at any one time in a flexible workspace and generating up to 10 new businesses a year.

Bring together permanent residents, students, graduates and the universities in an exciting mix of community driven enterprise and cultural activity.

# What are the numbers?

- 9,400 square foot building, with 6,500 square foot of lettable space
- Users: a mix of voluntary and community groups, residents and private businesses
- Space and offering: events / conference hall 15%, training / meeting rooms 25%, workspace 50%, Café 15%
- Investment requirement: £1 to £1.3m + purchase cost
- Turnover: £130,000 in year 1, £226,000 in year 3
- Profit before tax of 13% of income from year 2.

# What's the offering?

The core offering includes:-

- A hall with stage (and backstage) that will seat around 80 — 100
- Three meeting rooms (300 sq ft) and a dividable training room of 1,000 sq ft
- First floor and mezzanine workspace for start-ups and mobile professionals (2,750 sq ft), which will offer a fully serviced IT environment, workspaces, relaxation areas and meeting rooms
- A Café to seat 40 -50 people with outdoor seating.

# What's the impact?

In addition to the advantages of keeping the building in community use and introducing much needed facilities to central Headingley, HEART will

- Create a cultural buzz in Headingley
- Provide a focal point for the whole community
- Extend the local business base
- Encourage graduates to stay on and make Headingley their permanent home.

# Who is it for?

- Voluntary and community groups
- Start ups, home based professionals, local business members
- Events organisers and individuals organising social occasions
- Musicians, artists, actors and exhibitors
- Businesses and professionals needing training space
- University graduates
- Local residents, including long-term and transient (e.g. student) population.

# What's the value proposition?

In just two years, Headingley Development Trust (HDT) has attracted over 600 members and sunk deep roots in the residential and business community.

We are part of the rising Development Trust movement in Leeds (e.g. Tiger 11 in South Leeds, BARCA in West) that represents a new form of community activism that uses enterprise and asset ownership to regenerate communities and move away from grant dependence.

HDT's development of a monthly Deli market and community buy out of a local shop has generated enormous enthusiasm. We will capture that enthusiasm and the networks of our university partners to develop the user base of HEART.

The combining of cultural activity with cultural enterprise will demonstrate the potential of community enterprise to excite people. The world of work is changing. We are experiencing the emergence of more flexible working patterns, the growth of self-employment, the heightened sensitivity to work-life balance and the increasing desire to pursue more meaningful, values-driven opportunities. The Catalyst will provide the platform, resources and networks to capitalise on these global trends.

# What's the business proposition?

- Breakeven is expected in year two. Turnover is expected to be approximately £226000 per annum with a profit rate of 13%
- £1.5m development capital is being sought from the following sources to buy and refurbish the property (£k)
  - • Community Share Issue 200
  - • Adventure Capital Fund 400
  - • North West (Inner) Area Committee 100
  - • Asset Transfer Fund 400
  - • LEGI 100
  - • European Funds (or bank loan) 250
  - • Arts Funding 50
- The cost of refurbishment is between £1m and £1.3m dependent on the standards of the finish
- An additional £35k loan will be needed to finance cash flow
- HDT is seeking a development / equity investment partner to reduce the level of lending. We are interested in Leeds City Council receiving part cash, part equity in exchange for the building.

# What's the management structure?

HOT is in discussion with Wrigleys, Solicitors about the form of HEART governance, its relationship to HOT and the options around charitable status.

The intention is that HEART will have operational independence with a Board of specialists in the arts, media, marketing, legal, finance and property fields, but that HDT will have a controlling share in the business and use surpluses for community reinvestment.

HDT itself is an Industrial and Provident Society with a Board of 10 elected by the membership. Business and regeneration experts are already present on the Board, but co-opted support has been agreed with individuals from Yorkshire Bank and Schofield Sweeney (property lawyers).



# What's the progress?

## **The Building**

The professional team has completed designs and costings, which include the integration of the modern block with the old school and the creation of a mezzanine in the business area.

It includes environmentally sensitive ventilation, heating and energy saving designs.

## **The Finance**

£100k has been granted by Leeds City Council's North West (Inner) Area Committee.

The Adventure Capital Fund has awarded £15k of development money as a step towards accessing the full £400k.

£40k of share money was raised in the first four weeks of the issue

Sources of arts funding are currently being explored.

Triodos Bank have expressed an interest in financing the cash flow needs of HEART.

Discussions with both universities about investment and usage (through their Arts, Media and Business Schools) are on-going.

The business plan has been independently reviewed by a major facilities management company (Operon) and accountants Horwath Clark Whitehill.

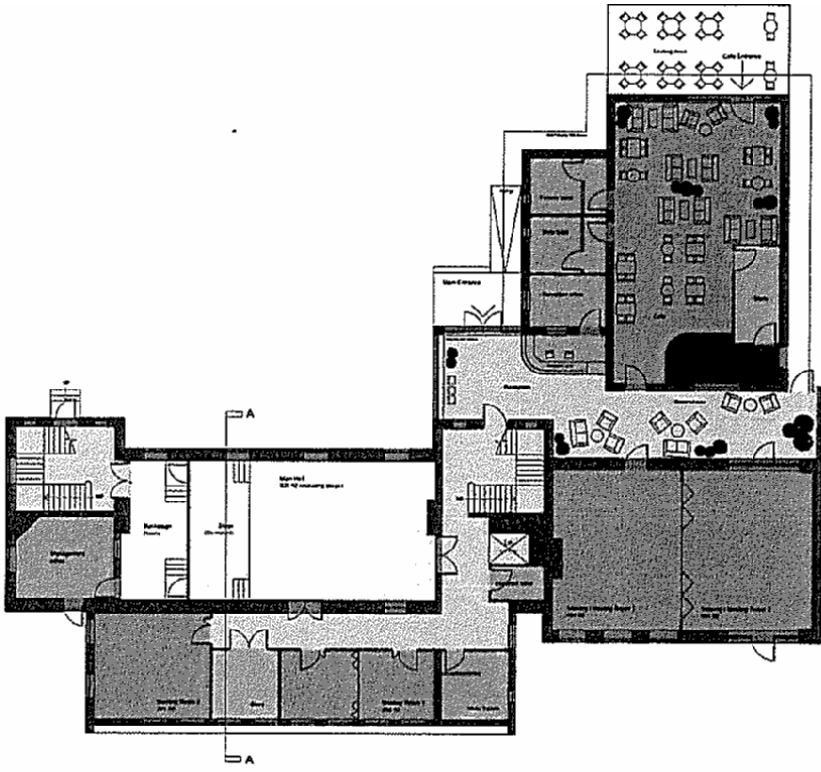
## **The Users**

Five potential Café tenants have approached HOT (the opportunity will be put out to tender), four of them existing businesses. HOT is being professionally advised on the tender process and lease conditions.

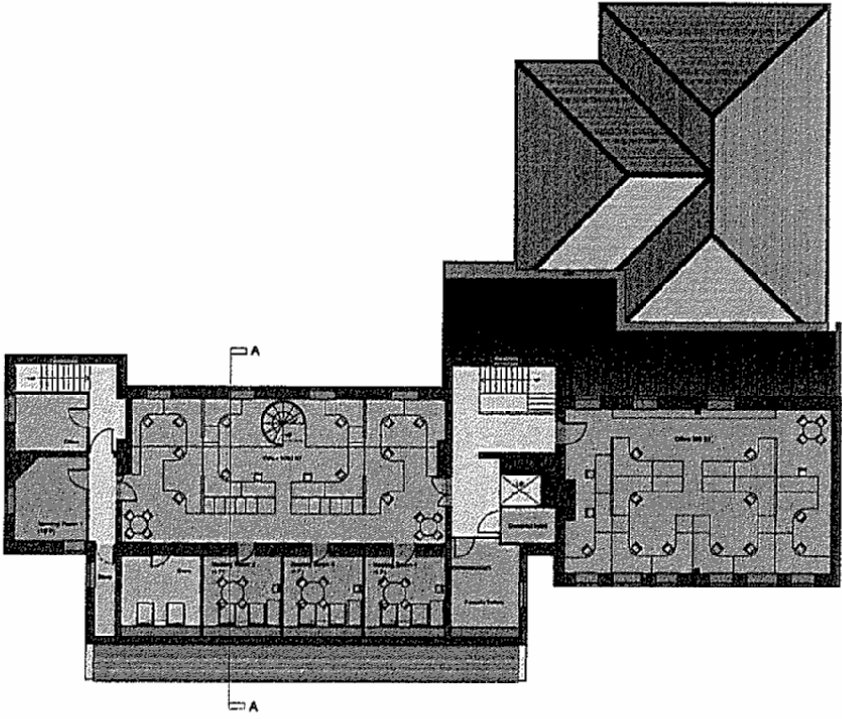
Twenty-seven groups and businesses have expressed an interest in regular use of HEART — none of them currently using alternative venues.

## **The Management**

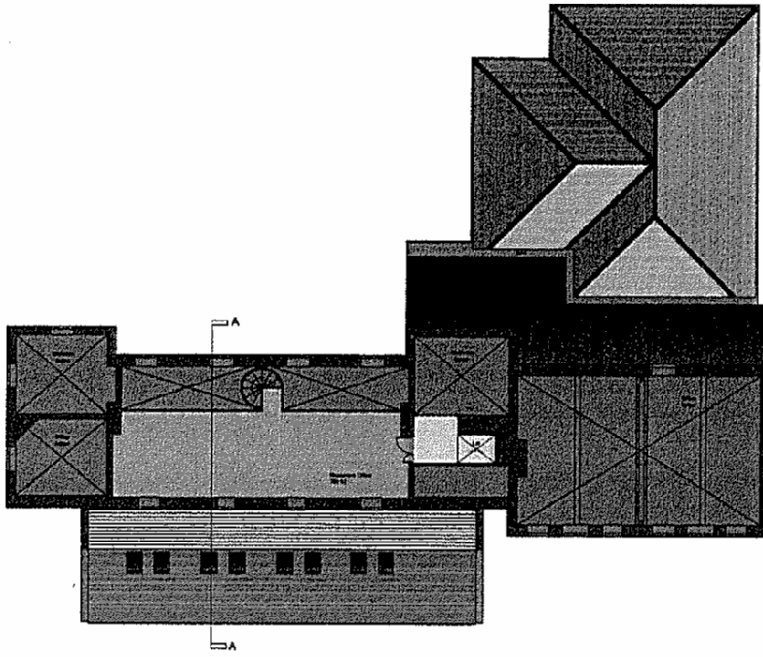
HOT has recently secured funds of over £100k to support a full time equivalent development worker over the next three years. The worker will project manage the HEART development. The skills of the Board have been enhanced with recent offers of support from Yorkshire Bank, Brahm, The Workhaus and Schofield Sweeney.



**Ground Floor Plan**



**First Floor Plan**



**Mezzanine Level Plan**



**Side elevation**

# HEADINGLEY PRIMARY SCHOOL BENNETT ROAD HEADINGLEY LEEDS LS6



← SUBJECT SITE



LAND OWNED BY  
LEEDS CITY COUNCIL



LAND LEASED OUT BY  
LEEDS CITY COUNCIL



LAND SOLD BY  
LEEDS CITY COUNCIL



FORMER CARETAKERS  
HOUSE



# Leeds

CITY COUNCIL

PREP BY SUE HALLIDAY

DATE 14/08/2007

OS No SE2736SE

Scale 1:1,250

## PLAN No 10141/A

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