

Report of: Director of City Development

Report to: Executive Board

Date: 21 November 2018

Subject: Otley Civic Centre, Cross Green, Otley, LS21 1HD – Future ownership

Are specific electoral wards affected? If yes, name(s) of ward(s): Otley & Yeadon	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" 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. Otley Civic Centre sits prominently in Otley town centre adding to its rich heritage. The report sets out the proposals to dispose of Otley Civic Centre for housing which will support the delivery of the Best Council Plan outcomes.
2. The Civic Centre is owned by Leeds City Council and until 2011 accommodated a variety of users including Otley Town Council. Since 2011 the building has been vacant and the City Council has no operational requirements. This report details the City Council's attempts to secure interest in Otley Civic Centre, how the future of this heritage building can be secured, public interest in the property and how the City Council can assist the growth of the cultural sector in Otley.
3. The City Council can assist the growth of Otley's cultural sector by being involved in the expansion of Otley Courthouse. This will have associated links to the Culture Priority with the outcome of growing the cultural and creative sector, ensuring culture can be created and experienced by everyone and the image of Leeds is enhanced through major events and attraction.
4. Members of Executive Board are requested to consider options for the future of Otley Civic Centre and agree a recommendation that it be disposed of for conversion to residential apartment. Members are also advised of proposals by Otley Courthouse to expand and the opportunity there could be for the City Council to be involved in this cultural and community project.

5. At this meeting of Executive Board, Members will receive a report relating to Yeadon Town Hall (situated in the Otley and Yeadon Ward). This report recommends the Community Asset Transfer of Yeadon Town Hall for use as a community performance venue and rooms for community lettings. This may increase access to community spaces in the Otley and Yeadon Ward.

Recommendations

6. Executive Board is requested to:
 - i) Note the interest in Otley Civic Centre and the options available to the Council relating to the future of the property.
 - ii) Approve the disposal of Otley Civic Centre on the terms recommended in the accompanying confidential appendix, and delegate the approval of any variation to the final terms to the Director of City Development in consultation with the Executive Members for Regeneration, Transport and Planning.
 - iii) Note the Otley Courthouse emerging expansion proposals, agree that part of the Council's North Parade Depot be reserved for the expansion of the Courthouse, and authorise the Director of City Development to enter into negotiations with the Courthouse to agree appropriate terms, which will include public access.

1. Purpose of this report

- 1.1 The purpose of this report is to advise Members of the options available to Leeds City Council regarding the future of Otley Civic Centre, the public consultation relating to its future, and the Council's possible involvement in the expansion of Otley Courthouse which will provide more performance and community space in Otley.

2. Background information

- 2.1 Otley Civic Centre is a Grade II Listed building, originally constructed as two buildings which were at some time connected. The main building fronting Cross Green was constructed in 1870 with the second building in 1895. The Civic Centre was let to Otley Museum, Citizens Advice Bureau and the Otley Town Council until 2011. All occupiers have moved to alternative accommodation in Otley and the Civic Centre has remained vacant since. It extends to approximately 1,440m² (15,500ft²) mainly over two floors, accommodating a small theatre / dance hall and extensive basement. The building has 100% site coverage so does not benefit from any on-site parking, as shown on plan ref 18597.
- 2.2 The Civic Centre is situated in a prominent location in Otley town centre. Since Otley Town Council decided to vacate the building and other users relocated the building has remained vacant. Given the importance of the building to Otley there is a need for the City Council to determine a future for it as there is no Council requirement to retain it. Being of historical importance and Listed a sustainable use needs to be secured.
- 2.3 Conscious of the need to identify a sustainable use for the Civic Centre the City Council advertised for expressions of interest. Funding the refurbishment of the property and identifying a self-financing new use and occupier is clearly important. This report will detail the interest received and recommend the property be disposed of. Additionally, Members are advised of how the City Council can be involved in the Otley Courthouse expansion plans which could extend the cultural offer in Otley. Also at this meeting of Executive Board, Members will receive a report relating to Yeadon Town Hall, with a recommendation that a Community Asset Transfer be completed to a Community Involvement Company for its use as a community performance venue and rooms for community lettings. Yeadon Town Hall, Otley Civic Centre and Otley Courthouse are situated in the Otley and Yeadon Ward.

3. Main issues

- 3.1 To determine whether there was interest from third parties in refurbishing and bringing the Civic Centre back into use the City Council invited expressions of interest from the open market in 2016. Submissions were received of varying substance which Officers considered, shared the information with the Executive Member for Regeneration, Transport and Planning, Otley & Yeadon Ward Members and Chair of Otley Town Council. Proposals had to be acceptable in planning terms, be financially viable, guarantee the long term preservation of the Listed building, and from a party demonstrating a strong track record in undertaking such developments. Officers were able to determine there was one party with an appropriate track record proposing a sustainable scheme which could be

recommended for selection. The proposed use is conversion to residential apartments.

- 3.2 It was decided public consultation would be undertaken in Otley on the proposal to dispose of the property for conversion to apartments. Consultation responses are detailed later in this report.
- 3.3 There are several options for the future of the Civic Centre the City Council can consider:
 - a) Occupy the property for its own purposes, such as a library, housing office, one-stop centre and other local services accommodated in other properties in Otley. The refurbishment costs were estimated and found to be prohibitive, and there are no proposals to change the provision of services locally.
 - b) Make the property available for community use. The City Council would be responsible for refurbishing the property, its management, and long term maintenance. This cannot be justified with the current budgetary pressures where priority must be given to services provided for the most vulnerable. Additionally, Otley Courthouse is proposing an extension which would increase the level of community space in Otley, and Yeadon Town Hall (also in the Otley and Yeadon Ward) is proposed for disposal by way of Community Asset Transfer for community uses.
 - c) Retain the property until a community proposal is formulated which can attract sufficient funding to refurbish and maintain the property in perpetuity. No such proposals were forthcoming when expressions of interest were invited.
 - d) Dispose of the property to a party demonstrating a track record of such development, who can fund and guarantee the long term future of the property.
- 3.4 In assessing the options the City Council needs to consider a number of factors including:
 - a) The extent of operational need.
 - b) Willingness to invest the substantial sums, previously estimated at c.£2m, to refurbish the property.
 - c) The impact cultural and community uses in the property could have on other such venues in Otley.
 - d) Suitability of any proposals in the property with its heritage status, deliverability, a use that can be financed and sustained.
- 3.5 Taking account of these factors no operational purpose for the Civic Centre was identified upon which a business case could be formulated. The property is surplus to the Council's requirements and is recommended for approval.
- 3.6 Whilst considering the future of the Civic Centre, Otley Courthouse approached the Council to discuss expansion plans which would require an area of Council owned property known as North Parade Depot to the rear of the Courthouse.

- 3.7 Otley Courthouse is an arts and resource centre run by Otley residents. It occupies the former magistrates' court on Courthouse Street, a property owned by the City Council and leased to The Otley Courthouse Project (Otley) Limited at a peppercorn rent following refurbishment of the building in 2003. The building accommodates a theatre with a capacity of 140 seats, meeting rooms, a café/bar, and was refurbished/converted with the assistance of Lottery Heritage Funding. The Courthouse has early proposals to extend, which would require part of the North Parade Depot. The Courthouse say expansion would result in Otley having a large, central, multi-use, public space with bar facilities for events. The Courthouse has operated in Otley since 2004 and has a full programme of event and productions. Expansion would result in a new 400 seat auditorium, which the Courthouse say can be supported by the infrastructure already in place at the current venue. In addition, new artists' studios, small business spaces, meeting rooms, music practice rooms, gallery space and public media rooms are proposed. The Courthouse propose that approximately a third of the North Parade Depot would be required, leaving the remainder available for the City Council to sell to realise a capital receipt.
- 3.8 The Courthouse is developing its proposals, business plan and identifying funding sources. With further detailed investigation into the Courthouse expansion plans the City Council could support the proposals which would result in Otley realising a larger and more flexible arts and resource centre with meeting space and community access.
- 3.9 Responses to the public consultation undertaken by the City Council showed a desire locally for cultural and community facilities to be increased in Otley. Concentration of this at the already established Courthouse would result in complimentary and strengthened offers rather than it being located at the Civic Centre which could be considered to be a competing venue. The City Council can support this expansion by making that part of the North Parade Depot required for the Courthouse extension available thereby ensuring public access. A commitment by the City Council to make an area of land available and be involved in the expansion will show major backing to the proposals and enable the Courthouse to progress further. Additionally, through a lease of the land the City Council could secure access to the new venue for public events which could satisfy demand which cannot be accommodated elsewhere in Otley.
- 3.9.1 North Parade Depot - The Depot is a complex of stone and brick buildings with a floor area of approximately 829m² (8,923ft²) on a site of approximately 0.17 hectares (0.42 acres). It is currently tenanted in part as a car repair workshop, part used for storage of Otley's market stalls, and there is a range vacant offices. The depot is located within Otley town centre where a variety of town centre uses would be acceptable. The buildings are not Listed, but are within a Conservation Area. Planners' preference is for the buildings fronting North Parade to be retained to maintain the existing street scene. The Depot is adjacent to Otley Courthouse.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The Otley and Yeadon Ward Members and Otley Town Council are all very interested in the future of the Civic Centre and regularly seek updates from the City Council. The City Council has provided updates of the exercise to seek and assess expressions of interest. The submissions have been shared, and the Members were joined into the public consultation which took place in May / June 2018. Throughout consultations Members have advised Officers of their concerns that the level of City Council investment in Otley has declined to an unacceptable level over recent years with the responsibility of many services now being passed to community associations. It was stated that the level of investment is disproportionately low compared to other Wards. Ward Members have requested the City Council to invest in Otley using the capital receipts realised from the sales of the Civic Centre, North Parade Depot and Ashfield Works. Of most concern was the lack of large public meeting space which was previously available at the Civic Centre. Ward Members advised they would only agree to the disposal of the Civic Centre if a large public meeting space would be guaranteed. Access to such a space can be secured by the City Council making land at North Parade Depot available for the Courthouse expansion.
- 4.1.2 In response to the public consultation the Ward Members specifically commented that a community facility would be lost and money raised from the sale should be used to reprovide the lost facility. The conversion to apartments is not supported until a replacement facilities have been agreed. Capital receipts from some or all of the sales of City Council property in Otley should be reinvested in the town.
- 4.1.3 Otley Town Council commented that the capital receipt from the sale of the Civic Centre should be re-invested in the community and the sale of the property is not supported unless all capital receipts are returned to Otley. In recognition of these comments, this report proposes that land owned by the Council at North Parade, Otley is reserved for future expansion of the adjacent Otley Courthouse.
- 4.1.4 Separately, Otley Town Council formally considered whether it should move back to the Civic Centre. At its Policy and Resources Committee meeting on 27 March 2017 the Town Council resolved that it would not be in a position to consider a move to alternative accommodation until March 2023. The Town Council further resolved, "our desire remains for the former Civic Centre to be developed in a way which benefits our community, provided this does not compromise the Courthouse's expansion plans, and encourage Leeds City Council to take account of this in their consultation and evaluation of the Expressions of Interest."
- 4.1.5 From the public consultation 11 responses were received (including those from the 3 Ward Members and Chair of the Town Council). The general themes were:

Objections

- a. Civic Centre should be returned to community use.
- b. There is little community investment by the City Council in Otley.
- c. Services are being cut by the City Council.
- d. Alternative uses need to be considered.

Support

- e. New housing is needed, and better if truly affordable units are included.
- f. Capital receipt should be returned to Otley for new facilities.

- g. Adequate parking is needed.
- h. Impact on highways needs careful consideration.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An Equality, Diversity, Cohesion and Integration screening has been completed. This identified that there are no impacts which require further consideration in relation to the disposal of Otley Civic Centre.

4.3 Council policies and best council plan

- 4.3.1 Conversion of the Civic Centre to residential apartments will guarantee the future of the Listed building and realise a capital receipt for the City Council. Supporting the Courthouse to expand will assist in building the local economy and support the Council's policy of making Leeds' communities successful. The Civic Centre scheme will include affordable homes which supports the delivery of the Best Council Plan outcomes, in particular that everyone lives in good quality affordable homes within a clean and well cared for environment. The proposed purchaser has the ability to deliver a high quality redevelopment scheme in a prominent location.

4.4 Resources and value for money

- 4.4.1 The Council has no operational reason to retain the Civic Centre or North Parade Depot. It is therefore prudent economic asset management to proceed as proposed. Disposal will relieve the City Council of holding costs associated with managing the property and the best value objectives of the Council are supported.
- 4.4.2 At this stage it is not possible to justify the capital receipt from the sale of the Civic Centre being invested fully in Otley, however the Council's Capital Receipts Incentive Scheme will apply. This is a scheme approved by Full Council which enables 15% of the net capital receipt realised from the disposal of properties added to the Council's capital receipts programme since 2011 to be allocated to the Ward in which they are located. Additionally, a further 5% of the net capital receipt is allocated to spending in Wards with little or no property disposal activity.
- 4.4.3 North Parade Depot features in the Council's capital receipts programme and it is anticipated a capital receipt will be realised from its future disposal. A transaction with Otley Courthouse is likely to be by way of lease at a peppercorn (no rent or premium being received by the Council). When the land take is defined the surplus balance will be the subject of further consideration and consultation over its future.

4.5 Legal implications, access to information, and call-in

- 4.5.1 The information contained in the Exempt Appendix 1 attached to this report relate to the financial or business affairs of a particular person, and of the Council. This information is not publicly available from the statutory registers of information kept in respect of certain companies and charities. It is considered that since this information is subject to one to one discussions further negotiation, it is not in the public interest to disclose this information at this point in time.
- 4.5.2 Also it is considered that the release of such information would or would be likely to prejudice the Council's commercial interests in relation to other similar transactions

in that prospective purchasers of other similar properties would have access to information about the nature and level of consideration 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.

4.6 Risk management

4.6.1 The risks associated with disposing of Otley Civic Centre are considered below:

4.6.1.1 The purchaser decides not to proceed. This is a risk associated with all property transactions. The purchaser is showing a high level of commitment to acquiring the property and wishes to secure planning permission before completing the acquisition. This is quite normal in any property transactions and a sale on this basis is recommended.

4.6.1.2 The purchaser may not be able to secure planning permission. Planning Officers have commented on the proposals to convert the Listed building. Major sub-division works are proposed to the theatre space which will substantially change the character and internal lay out of this space. There is a risk planning permission may not be secured, but the purchaser is prepared to make a robust justification that the use of the property be changed, involving this internal sub-division.

4.6.1.3 The purchaser may fail to complete the conversion. This risk arises with any development. The purchaser has demonstrated a track record in completing other similar conversion projects. The City Council will, however, retain control of the property during conversion works by retaining the freehold interest and only granting a leasehold interest to the purchaser with development obligations. In the event of the obligations not being fulfilled then the Council will have the ability terminate the lease and to take the building back, subject to the usual commercial step-in rights the purchaser's funder will require. Only on satisfactory completion of the refurbishment will the freehold interest in the property be transferred to the purchaser.

4.6.1.4 The long term preservation of the building may be at risk. This is considered to be extremely low risk. To convert the property the purchaser is making a substantial financial investment. The purchasers of the apartments will be making substantial personal financial commitments to acquire new homes and will require assurances that the long term maintenance and preservation of the building is guaranteed. Residential use of the property is the ideal way of ensuring the long term future of the property.

5. Conclusions

5.1 In relation to Otley Civic Centre it can be concluded that as the City Council has no operational use for the property then conversion to residential apartments is a use that will guarantee its long term use and preservation. Uses proposed by other parties do not come with this level of assurance. It is recommended that the property be sold on the terms reported in the accompanying confidential appendix.

The sale will be subject to the receipt of full planning permission and listed building consent which will be a matter for Members of Plans Panel to determine.

- 5.2 In relation to Otley Courthouse it can be concluded the City Council should set aside part of North Parade Depot and allow the Courthouse a period of time in which expansion plans can be formulated further. The City Council should be involved in discussions with the Courthouse to advance the expansion plans further and an appropriate legal agreement could be entered into with the Courthouse for a period of two years which should be sufficient for proposals to be finalised. The City Council's involvement will assist in enhancing the cultural and community offer in Otley.

6. Recommendations

6.1 Executive Board is requested to:

- i) Note the interest in Otley Civic Centre and the options available to the Council relating to the future of the property.
- ii) Approve the disposal of Otley Civic Centre on the terms recommended in the accompanying confidential appendix, and delegate the approval of any variation to the final terms to the Director of City Development in consultation with the Executive Members for Regeneration, Transport and Planning.
- iii) Note the Otley Courthouse emerging expansion proposals, agree that part of the Council's North Parade Depot be reserved for the expansion of the Courthouse, and authorise the Director of City Development to enter into negotiations with the Courthouse to agree appropriate terms, which will include public access.

7.0 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.