

**Report of Director of City Development**

**Report to Executive Board**

**Date: 18<sup>th</sup> November 2015**

**Subject: South Bank Regeneration**

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. Leeds has an expanding city centre that is a critical part of the city's ambitions to have a strong economy and be a compassionate city. The growth of the city centre is seeing further investment through new developments within the South Bank. This includes residential led developments at Tower Works, Ironworks and Low Fold, the new contemporary arts venue the Tetley and the major hubs for the digital economy at Round Foundry and Leeds Dock.
2. In recent months, there have been further investments made in the South Bank. Vastint has acquired the 21 acre Carlsberg Tetley site and Commercial Estates Group, developers of Kirkstall Forge, has acquired 6 acres of land along Globe Road referred to as the Holbeck portfolio. The HS2 station location review is nearing completion and this will provide further impetus to regeneration opportunities within the South Bank.
3. Building on this momentum, on November 3<sup>rd</sup> 2015, the global luxury brand Burberry detailed that they had undertaken a strategic review of their UK operation given their need to modernise and expand their UK manufacturing operations. The outcome of this is that Burberry intend to:
  - Locate their UK manufacturing operation to Leeds South Bank for the production of its most iconic product, the heritage trench coat.
  - Develop new state of the art manufacturing facilities with a key focus on environmental sustainability that will provide increased capacity for Burberry to produce the trench coat and potential to produce other products.

- Invest an initial sum of over £50m in this proposal.
  - Through this facility, provide employment for more than 1,000 people and a commitment to deliver a bespoke apprenticeship programme designed to preserve unique textile manufacturing skills in Yorkshire.
4. This report therefore seeks Executive Board approval to the principles by which the Council will support this initial investment in the South Bank by Burberry. In particular this seeks approval to commence close working with city region partners to maximise the economic and employment benefits across the city region.
  5. Burberry also has initial proposals for future phases of development to restore and renew the Grade I listed and at risk Temple Works building and develop on land neighbouring Temple Works within the South Bank.
  6. Members will recall that large parts of Temple Works are vacant and there was a structural failure in 2008 with significant investment required to bring about its restoration. This has contributed to there being no viable development proposals in place to restore Temple Works and Historic England placing it on its 'buildings at risk' register. The challenges facing Temple Works mean that a conventional development has not been viable.
  7. In July 2015, after a failed Heritage Lottery Fund bid by a charitable trust to restore Temple Works, Executive Board agreed to *"re-affirm that securing funding to support the restoration of Temple Works is a priority for the city given its at-risk status, and request that officers continue to work with third parties to facilitate its restoration"*.
  8. Burberry's initial proposals for the potential restoration of Temple Works are subject to further technical appraisal, scheme design, cost planning, approvals, land assembly and securing the support of the Council. Prior to Burberry finalising proposals to restore Temple Works, further certainty is required on these areas. A critical component of this is Council support and Council support is required to provide greater certainty to this phase of development.
  9. Accordingly, this report therefore also seeks Executive Board approval on how the Council proposes to work with Burberry to secure investment that results in the full restoration and long term sustainable use of Temple Works as well as regeneration of surrounding land. Agreeing to the policy principles will enable proposals to be developed in further detail, prior to any final commitments being made by Burberry and the Council.
  10. Securing the initial investment and proposals for investment in Temple Works would be transformational to the Leeds South Bank and reinforce the city's international reputation as a centre for excellence in the cloth and textile industry. The proposals would achieve objectives to secure sustainable and inclusive economic growth through the major investment and supply chain and employment growth that the investment would provide.

## Recommendations

11. Executive Board is asked to agree:

- i) The Council's support for Burberry's proposals to relocate a significant part of its UK manufacturing operations to Leeds South Bank as detailed in this report.
- ii) The Council's support for Burberry's initial proposals to restore Temple Works and land neighbouring Temple Works as part of future phases of development.
- iii) The policy principles set out at section 5 of this report and the commercial terms detailed at exempt appendix 1 as a basis by which the Council will seek to help to secure the delivery of this inward investment opportunity, and produce legal documents for agreement with Burberry.
- iv) That the Director of City Development, in accordance with recommendations i), ii) and iii):
  - a. produces and negotiates legal agreements with Burberry for the disposal of Council assets at Bath Road, Sweet Street and Leodis Court and where necessary develops a vacant possession strategy for these assets.
  - b. produces and negotiates a grant agreement with Burberry setting out the terms by which the Council will provide a restoration grant to help to restore Temple Works.
  - c. produces and negotiates a grant agreement to a cap of £750,000 for the provision of new public open space at the front of Temple Works and allocates £560,000 of moneys held in the Holbeck Urban Village Public Realm fund for this provision.
  - d. commences close working with city region partners on how to mitigate any potential adverse implications, and develops proposals to maximise the economic and employment benefits across the city region.
  - e. brings a report back to Executive Board by June 2016 providing an update on progress and seeking approval to enter into legal agreements once negotiated and finalised, and, if required, approval to make a Compulsory Purchase Order to ensure that the land assembly required to deliver Burberry's scheme can be fulfilled.
- v) That the Chief Planning Officer prepares a bespoke and updated Planning Guidance document for Temple Works and surrounding sites to guide the development proposals in this area and for this to be submitted to Executive Board by March 2016 as a basis for public consultation.
- vi) That the Council's land at Bath Road, Leodis Court and Sweet Street be appropriated for the purposes of the Town and Country Planning Act 1990 as to facilitate Burberry's proposals and the proper planning of the area.

## **1. Purpose of this report**

- 1.1. This report seeks Executive Board approval for the Council's support to a major inward investment opportunity for the city. Specifically this is to support Burberry's initial proposals to relocate their UK manufacturing operations to Leeds South Bank. It also sets out the policy principles by which the Council would work with Burberry to secure the restoration and long term sustainable use of Temple Works as part of further plans for future phases of development.

## **2. Background information**

- 2.1. The South Bank regeneration area is one of the largest city centre regeneration initiatives in Europe. At its July meeting, Executive Board considered progress being made within the South Bank and agreed policy principles to help guide forward future investment.

- 2.2. Since that report, there have been further investments made within the South Bank. Vastint has acquired the 21 acre Carlsberg Tetley site and Commercial Estates Group, developers of Kirkstall Forge, has acquired 6 acres of land along Globe Road referred to as the Holbeck portfolio. The HS2 station location review is nearing completion and this will provide further impetus and certainty to regeneration opportunities within the South Bank.

- 2.3. One area of the South Bank that is a priority for regeneration is Temple Works and sites in its hinterland within Holbeck Urban Village. Members will recall that the third party owned Temple Works is located in the Holbeck Urban Village district of the South Bank and is a building of international significance. Notable elements include:

- an Egyptian style frontage modelled on the Temple of Edfu
- it being the location of the world's first hydraulic lift and home to what was proclaimed to be the largest room in the world at 2 acres.
- innovative engineering techniques in its construction and demonstrates pioneering techniques environmental sustainability.
- use as a flax mill in the 19<sup>th</sup> century and was used in the latter parts of the 20<sup>th</sup> Century as a factory and warehouse for Kays catalogue until closure in 2004.

- 2.4. Since its closure, the building has had a challenging history and:

- the condition of the building has deteriorated. In 2008, there was a structural failure at the building that resulted in part of the frontage being removed and scaffolding has provided support since. The extent of repairs required to secure the future of the building longer term is substantial.
- Historic England placed the building on its buildings at risk register.

- parts of the building that are safe to use have been used for a diverse range of cultural and arts activities since 2008, although the main space remains out of use

- 2.5. The challenge in restoring this unique heritage asset makes securing a sustainable long term use challenging and a traditional development has not proved to be viable to date.
- 2.6. The Council holds and has acquired land neighbouring Temple Works with a view of helping to facilitate its timely restoration (see plan A). In November 2014, Executive Board gave in principle support (subject to the production of a viable business case), to a Charitable Trust seeking to progress a Heritage Lottery Fund grant application to restore Temple Works as an Art Gallery. The bid was unsuccessful owing to HLF concerns on the deliverability and sustainability of the proposals. In the absence of HLF support, it is not considered that this proposal is viable.
- 2.7. With the Trust's bid being unsuccessful, Executive Board agreed at its July meeting to *"re-affirm that securing funding to support the restoration of Temple Works is a priority for the city given its at-risk status, and request that officers continue to work with third parties to facilitate its restoration"*.

### **3. Main issues**

- 3.1. On 3<sup>rd</sup> November 2015, Burberry PLC announced their proposals to locate their manufacturing operations in Leeds South Bank, and initial plans for a future phase of development to restore Temple Works and neighbouring land. Details of Burberry, their proposals and how the Council can support the proposals are set out below

#### **3.2. Burberry PLC**

- 3.2.1. Founded in 1856, Burberry is a global luxury brand with a distinctive British heritage built around its core iconic outerwear. Burberry is listed on the London Stock Exchange is a constituent of the FTSE 100 index.
- 3.2.2. The Company designs, makes, sources and sells products under the Burberry brand. Product design and development are centred in Burberry's London headquarters. Fabrics and other materials are bought from, and finished products manufactured at, both Company-owned facilities in the UK and through an external supplier network, predominantly located in Europe.
- 3.2.3. Burberry sells through a diversified network of retail (including digital), wholesale and licensing channels worldwide. In the year ended 31 March 2015, Asia Pacific represented 38% of Burberry's revenue, Europe, Middle East, India and Africa (EMEIA) 35% and Americas 27%. At 30 September 2015, Burberry globally had 218 retail stores, 218 concessions, 57 outlets and 60 franchise stores.
- 3.2.4. Burberry employs 11,000 employees across 34 countries.

- 3.2.5. In the year ended 31 March 2015 Burberry's revenue was £2.5 billion with adjusted profits before tax of £456 million. Burberry allocates 1% of its profits before tax to social and charitable causes including The Burberry Foundation which was created to help young people realise their full potential.
- 3.2.6. Since its launch in 2008, the Foundation has supported over 40 youth charities around the world, directly and indirectly impacting the lives of over 150,000 young people. Further Burberry was the UK's first luxury retailer and manufacturer to achieve accreditation as a UK Living Wage employer. This focus is aligned to the city's ambition for compassionate and inclusive growth and child friendly status.

### **3.3. Burberry's Proposals**

- 3.3.1. Burberry oversee a large global operation. On November 3<sup>rd</sup>, Burberry detailed that they had undertaken a strategic review of their UK operation given their need to modernise and expand their UK manufacturing. The outcome of this is that Burberry intend to:
- Locate their UK manufacturing operation to Leeds South Bank for the production of its most iconic product, the heritage trench coat.
  - Develop new state of the art manufacturing facilities with a key focus on environmental sustainability that will provide increased capacity for Burberry to produce the trench coat and potential to produce other products.
  - Invest an initial sum of over £50m in this proposal.
  - Through this facility, provide employment for more than 1,000 people and a commitment to deliver apprenticeship programme designed to preserve unique textile manufacturing skills in Yorkshire.
- 3.3.2. In doing so, Burberry would close and relocate smaller operations from Wakefield and Craven districts within the city region. However, Burberry has indicated that employees at their existing operations would have their roles transferred to Leeds and is committed to bringing about the timely reuse of the vacated sites in the City Region. The intention would be for the first phase of development to commence along Sweet Street West for the delivery of this state of the art manufacturing facility.
- 3.3.3. Burberry's facilities in Leeds would be a key part of its global operation. Burberry also has plans for future phases of development in the South Bank. Plan A shows an indicative boundary of land that Artisan may potentially develop on as part of their expansion in Yorkshire.
- 3.3.4. Specifically, this includes initial proposals for Burberry to restore and secure the long term sustainable future of Temple Works and Burberry has an agreement to acquire Temple Works. Future phases of development are not yet finalised and are subject to further technical appraisal, scheme design, cost planning, approvals, land assembly and securing the support of the Council.

### **3.4. Benefits to the City**

- 3.4.1. The proposals of Burberry to relocate their manufacturing operations to the UK are beneficial to the city in that
- They will bring over 1,000 jobs to the city.
  - Burberry's commitment to social programmes, directly and through the Burberry Foundation, would provide substantial benefits to the city's employment and skills agenda, and the opportunities for collaboration with the city's schools, colleges and universities and aspiring designers.
  - they would bring about the physical regeneration of a substantial part of the South Bank.
  - they would re-invigorate and provide impetus to the city's core strengths in the cloth trade and profile for the local supply chain to major international markets in America and Asia.
- 3.4.2. The initial proposals to restore Temple Works and develop other sites in the South Bank, would be even more transformational to Leeds as they would bring about the restoration of the at risk Temple Works and will secure its long term sustainable future. Securing future phases of development would also bring about the physical regeneration of over 20 acres of land in the Leeds South Bank and would, in effect, bring about the near completion of the physical regeneration of Holbeck Urban Village
- 3.4.3. Put simply, the proposals have the potential to be transformational for the city and represents an inward investment and regeneration opportunity of national significance.

### **3.5. Council's Role**

- 3.5.1. In light of the substantial benefits that would be delivered to Leeds, it is proposed, therefore, that the Council agrees at this early stage the level of support it can provide to the inward investment opportunity to help ensure that the scheme proposed is deliverable and the inward investment to Leeds is secured.
- 3.5.2. Given the status of Temple Works as a complex listed building 'at risk', a conventional development at this site is not considered to be viable. In absence of a viable proposition, the long term future of Temple Works is very uncertain. There is clear rationale for the Council to provide support to proposals that seek to bring about the restoration of Temple Works given its international significance.
- 3.5.3. The principles by which the Council can support the proposals are set out below for Executive Board approval both for the manufacturing facility and initial proposals for future phases - specifically the proposed restoration of Temple Works.

### **3.6. Council Assets**

- 3.6.1. The Council owns 7 acres of land surrounding Temple Works at Bath Road, Leodis Court and Sweet Street after Executive Board approved the acquisition of Leodis Court in March 2014. (see plan A).
- 3.6.2. Executive Board previously supported the principle of the Council's land being used to facilitate the restoration of Temple Works. This was on the basis of the land being sold to an organisation developing Temple Works.
- 3.6.3. To support the land assembly of the proposals and to enable the restoration of Temple Works, it is proposed that the Council disposes of its assets within Holbeck Urban Village to Burberry on a best price open market basis as per the terms set out in exempt Appendix 1 and on the basis that the disposal will support the full restoration of Temple Works.
- 3.6.4. Whilst values and specific terms are to be agreed, they will be brought back for Executive Board approval in June 2016. There will also be further diligence to produce a vacant possession plan for the Council owned assets.
- 3.6.5. Executive Board is advised that these assets are currently held either for general purposes pursuant to the Local Government Act 1972 (Leodis Court and Sweet Street) or for housing purposes pursuant to the Housing Act 1985 (Bath Road) or for planning purposes pursuant to the Town and Country Planning Act 1990.
- 3.6.6. In order to facilitate Burberry's proposed future phases of development and in the interests of the proper planning of the area, it is proposed that, in so far as it is not already held for such purposes, all of the Council's land should be appropriated for the purposes of the Town and Country Planning Act 1990. If appropriated for this purpose, this means that any disposal of the land must then comply with the provisions of Section 223 of the Act. This means that the land must be disposed of in such manner and subject to such conditions as are expedient to secure the best use of the land or the proper planning of the area.
- 3.6.7. Section 122 of the Local Government Act 1972 provides that the Council may appropriate any land which it owns and which is no longer required for the purpose for which it is held for any other purpose which the Council is authorised to acquire land by agreement.
- 3.6.8. Section 227 of the Town and Country Planning Act 1990 provides that (subject to the Council being satisfied that the proposed works are likely to contribute to the promotion or improvement of the economic, social or environmental well-being of the area) the Council may acquire by agreement any land which is required to facilitate the carrying out of development, redevelopment or improvement work on or in relation to that land. Section 227 also authorises the Council to acquire by agreement any land which is required in the interests of the proper planning of the area.
- 3.6.9. As set out in this report, Burberry's initial and proposed development will have a significant impact on the economic, social and environmental well-being of the area, and it is recommended that Executive Board should agree to the Council's



land being appropriated for the purposes of the Town and Country Planning Act 1990 (in so far as it is not already held for such purposes) on the basis that the land in question is no longer required for the purposes which it is currently held and that the development is likely to promote and/or improve the economic, social and environmental well-being of the area.

### **3.7. Funding**

- 3.7.1. Alongside selling its land, it is also proposed that the Council provides Burberry with a restoration grant for the restoration of Temple Works subject to compliance with the European Commission's rules as to the provision of State aid. Put simply, these rules prevent state resources from being used in a way which would give an undertaking an advantage over its competitors and would be likely to distort competition between EU member states. Certain exemptions to the rules do exist including an exemption for the provision of up to 100m euros' worth of aid for acquiring, safeguarding, preserving, restoring and rehabilitating historic buildings or sites, and any grant to Burberry will have to comply with the terms and conditions of this exemption.
- 3.7.2. The proposed terms by which a restoration grant would be provided and recommendations on next steps are proposed for approval in exempt appendix 1. The next steps would be to negotiate a grant agreement and to agree funding sources for this. It could, for example, be funded using the sales proceeds from the Council selling its assets.
- 3.7.3. Executive Board had previously agreed the principle that Temple Works is a priority project in terms of securing third party funding. The proposals of Burberry are dependent on securing external funding support and there is scope for the proposals to secure Local Growth Fund, or Regional Growth Fund investments. It is proposed that the Council works with Burberry to support funding bids that may be required to enable the delivery of the scheme as well as associated activities that provide benefits to the local economy.

### **3.8. More Jobs: Better Jobs**

- 3.8.1. This proposal presents one of the single largest employment opportunities in the South Bank. This would be a major opportunity to secure employment and training opportunities for residents across the city and city region and ensure that this growth is compassionate and benefits local communities.
- 3.8.2. There is also a major opportunity to support the economic growth of the local supply chain across the Leeds City Region – particularly in the cloth sector and creative organisations and designers. There are opportunities for Burberry to collaborate with local universities and colleges to support the city region's skills agenda.
- 3.8.3. Notwithstanding this, the proposals will bring about displacement of existing employment within the Leeds City Region at Burberry's existing operations. As highlighted above, Burberry intends that all staff at these operations will have their roles transferred to Leeds and is committed to securing the timely reuse of

vacated sites in the city region. Burberry is also committed to developing proposals to ensure a positive economic benefit for the city region's supply chain.

- 3.8.4. The proposed future phases of development may also see existing businesses in Holbeck Urban Village relocated.
- 3.8.5. Executive Board will recall that parts of Temple Works that are safe to use are used as an arts facility through a licence agreement and a temporary planning consent. Managed by Cornerstone Strategies, the programme of activities and commitment of volunteers have ensured Temple Works remains operational and open to the public in recent years. In doing so, Cornerstone and their tenants have helped raise awareness of the unique heritage of Temple Works and the challenges it faces. On the basis that proposals to restore Temple Works are finalised, there would be a long term and permanent use for Temple Works. It is understood that the current use will therefore come to an end at an appropriate time. It is proposed that, should it be required, officers offer advice and support to Cornerstone and their tenants to identify how their operations could best be supported moving forward in the short, medium and long term.
- 3.8.6. Whilst the proposals of the potential inward investment opportunity may not be positively received by the potentially affected businesses and organisations where there is displacement, the proposals will, overall, be beneficial to the city region.
- 3.8.7. It is considered that the Council can support the proposals whilst offering advice to businesses and cultural operations who may be displaced. Accordingly, it is proposed that the Council supports Burberry's proposals on the basis that:
  - a clear plan is in place to minimise any potential job losses to the city region economy.
  - the Council and Burberry offers support to existing businesses and cultural organisations in Holbeck Urban Village that may be affected by the initial developments and proposed future phases
  - both Burberry and Leeds City Council work proactively with relevant councils in the Leeds City Region area to ensure that there is a mitigation plan in place to address the impact of displacement and the timely reuse of vacated sites.
  - Burberry and the Council will work together to leverage an enhanced economic impact across the Leeds City Region including the development of the supply chain in partner districts outside of Leeds.
  - the Council and Burberry develop an employment and skills plan to maximise training and employment opportunities across the city region, including close collaboration with training and education providers.

### **3.9. Enabling Public Realm**

- 3.9.1. The proposed inward investment opportunity will facilitate the regeneration of a substantial part of HUV and the development will be expected to contribute to public space and highways works as part of their development.

- 3.9.2. The Council is responsible for the delivery of public realm, highways works and connectivity improvements on adopted highways within Holbeck Urban Village. Under the previous Section 106 regime, developers paid S106 sums to the Council and these sums are, under the terms of the S106 agreements, available to fund Public Realm enhancements in and close to the area.
- 3.9.3. It is proposed that a priority is to use this funding to support the delivery of a major new public space in front of Temple Works - a space that is in close proximity to successful developments across the area at Marshall Mill, Round Foundry, the Mint and the residential developments at Ingram Row. This space would benefit residents and businesses across the area and act as a central arrival space for South Bank. It is proposed that the Council contributes a maximum of £750,000 of grant funding to support the delivery of this new public open space.
- 3.9.4. Accordingly, it is proposed that £560,000 of remaining S106 sums from the Holbeck Urban Village Public Realm fund is allocated to help fund new public space at the front of Temple Works. This will be delivered as part of Burberry's proposed scheme but the space would be accessible and a major new city centre public space and would be then owned and controlled by the Council.
- 3.9.5. In terms of State Aid, the proposed grant is permissible under EU legislation, subject to there being no commercial exploitation of the space and access to it being available to all on a non-discriminatory basis
- 3.9.6. It is proposed that the Council can also enable the delivery of the inward investment opportunity by making improvements to the highway network and public realm near to the proposed investment.

### **3.10. Compulsory Purchase Order**

- 3.10.1. The proposals for the initial investments in manufacturing facilities and future phases of development cover 20 acres of land of the South Bank and will require the assembly of land owned by third parties. There are a number of landowners in the vicinity of Temple Works and Burberry is proactively seeking to acquire relevant land interests. An indicative boundary of land that Burberry is seeking to assemble to deliver their proposals is set out in Plan A. This boundary is subject to further refinement and finalisation, although some landownerships are considered necessary to bring about the restoration of Temple Works.
- 3.10.2. Given the scale of land necessarily involved for the comprehensive scheme and interests and rights potentially affected by this proposal, Burberry is seeking the support of the Council in terms of land assembly including the use of compulsory purchase powers should this prove necessary. The Council has powers under Section 226 of the Town and Country Planning Act 1990 to acquire land compulsorily if they think that acquiring the land in question will facilitate the carrying out of development, redevelopment or improvement of the land and that this is likely to contribute to achieving the promotion or improvement of the economic, social or environmental well-being of the area. The Council must be satisfied that there is a compelling case in the public interest and that the purpose for which it is making a CPO sufficiently justifies interfering with the human rights of those with an interest in the land affected.

- 3.10.3. The Council has in recent times used its CPO powers to assemble land to facilitate the delivery of both Trinity Leeds and the Victoria Gate development. Given the benefits outlined in section 3.4 of this report, it is clear that the proposals could substantially improve the economic, social and environmental well-being of the area.
- 3.10.4. To progress a CPO, the Council would be required to submit an order to the Secretary of State for confirmation. The Secretary of State, in approving or otherwise the order, would consider how: the proposals fit with adopted planning frameworks, core strategy and area action plans; how the proposed scheme will contribute to the achievement of the promotion or improvement of the economic, social or environmental well-being of the area; the financial viability of the scheme and whether the acquisition could be achieved by other means. It would be the intention to provide further information to Executive Board on all of these matters prior to seeking a formal resolution to make a CPO.
- 3.10.5. At this stage it is proposed that Executive Board approve the principle of the Council using CPO powers should it be required to assemble land as per the terms set out in exempt appendix 1. Should Burberry be unable to reach agreement to acquire the required land by private treaty, it would be the intention to seek a formal resolution of Executive Board in June 2016 to use its CPO powers to facilitate the delivery of the scheme against an agreed boundary.

### **3.11. Planning Policy and Guidance**

- 3.11.1. It is proposed that the Council can support the delivery of the scheme by producing a bespoke and updated Planning Framework to guide any development proposals for the boundary shown in Plan A. Supplementary Planning Guidance for Holbeck Urban Village was adopted in 2006 and part of the land Burberry will develop on is within the boundary of this guidance. A number of the policies have been superseded by the Core Strategy and Community Infrastructure Levy and land that is part of Burberry's proposals includes land not included in the existing HUV planning guidance area. These sites do not therefore have formal guidance to guide new development proposals or specify how they should relate to proposals HUV.
- 3.11.2. Developing a refreshed guidance document can help to ensure that the emerging proposals are developed in accordance with the city's vision for the regeneration of the South Bank and that Planning Guidance takes into account sites not currently included in existing Planning Guidance for HUV. Such guidance will consider land usages, key conservation requirements, public realm and highways guidance as well as key design principles.
- 3.11.3. If approved, the approved Framework can then be a basis by which a CPO is promoted in showing that there are no planning impediments that may restrict the delivery of the scheme. Should Executive Board agree, it would be the intention to commence public consultation on a bespoke Planning Framework in early 2016. This is with a view to seek final Executive Board approval to the Statement in June 2016 and it being adopted thereafter.

- 3.11.4. Members are asked to recognise that the proposals will require the Local Planning Authority to consider the impacts on the Draft Site Allocations Plan and the proposals may see amendments made to the Plan.

### **3.12. Next Steps**

- 3.12.1. Should Executive Board approve the recommendations in this report, the Council will commence detailed work across all areas with view to reporting back to Executive Board in June 2016. Agreeing to the policy principles will enable proposals to be developed in further detail, prior to any final commitments being made by Burberry and the Council.

## **4. Corporate Considerations**

### **4.1. Consultation and Engagement**

- 4.1.1. Burberry did not announce its proposals until 3<sup>rd</sup> November 2015. Consequently, there has not been public facing consultation to date as there has been limited opportunity for meaningful engagement with residents, groups or others who may have an interest in these proposals on how the Council proposes to support the principles.
- 4.1.2. Notwithstanding this, it is the intention to commence public consultation on a Planning Guidance document Temple Works in early 2016 and, subject to Executive Board agreeing the Council's support, dialogue will commence with stakeholders to ensure that a wide range of views feed into this. There will also be continued dialogue with representatives from districts across the city region. There will be further consultation with the Holbeck Neighbourhood Forum, Local Ward Members and community groups.
- 4.1.3. There has been consultation with the Leader of the Council, Executive Member for Regeneration, Transport and Planning, Chief Executive, Deputy Chief Executive, and City Solicitor and Chief Planning Officer on the proposals detailed 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 included in appendix 2.
- 4.2.2. There will be potentially positive benefits arising from the proposals, including the potential for substantial employment growth and the opportunities for employment and training across the city. This is likely to include entry level jobs that may help address unemployment in areas of low employment. There are also the benefits of enhancing the local environment and securing major economic benefits to the area. There are potential impacts with the proposals, due to potential displacement of existing businesses in HUV and impacts upon the current operations of Burberry in the Leeds City Region.
- 4.2.3. These matters have been carefully considered in developing the principles by which the Council may support Burberry's proposals. In particular a focus of the

Council will be to maximise the benefits and minimise any potential displacement impacts that may be a consequence of the proposals.

### **4.3. Council policies and Best Council Plan**

- 4.3.1. Achieving a re-development at Temple Works and securing regeneration at surrounding sites will support the objective of promoting sustainable and inclusive economic growth with particular opportunities to achieve ambitions to boost the local economy.
- 4.3.2. By helping facilitate private sector led regeneration at this location, the Council would achieve principles set out in the Civic Enterprise proposition and help achieve Best Council objectives of 'becoming a more efficient and enterprising council' by making the best use of our assets and becoming more enterprising in its activities.
- 4.3.3. The Best Council Plan sets out a vision for an economically prosperous city, where all residents benefit from the effect of the city's growth. The major employment opportunities can help to ensure that neighbouring communities benefit from the proposals.

### **4.4. Resources and value for money**

- 4.4.1. The delivery of Council activities will be managed through existing resources from within the Asset Management and Regeneration service. Agreeing to the principles at this stage will not see the Council incur expenditure on a grant or to enable public realm, nor will the Council receive income through a disposal of their assets
- 4.4.2. Exempt appendix 1 sets out the capital receipts the Council would receive through a disposal of its assets, and sets out the proposed capital grant that the Council proposes to make. At this stage, it is considered that moneys received through the disposal of the assets can be used to fund the restoration grant.
- 4.4.3. The decisions made in this report will allow for detailed diligence and contractual negotiations to take place with Burberry and there will be a period of detailed diligence on the financial implications of the proposals. A further report will be produced for June's Executive Board setting out in detail the financial implications, including the funding strategy, and approvals will be sought to incur expenditure and the final terms for a disposal of Council assets. In particular, there will be further work to explore on costs to secure vacant possession at Council owned assets, VAT implications and cash flow implications.

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

- 4.5.1. By agreeing to the recommendations in this report, the Council will commit to working with Burberry to finalise legal agreements and undertake detailed work to help secure the inward investment. It will provide certainty to proposals but it is proposed that June's Executive Board paper will provide final approvals to legal agreements, a CPO order if required, LCC's financial commitments and the

informal planning statement. There will also be further diligence into any potential State Aid implications.

- 4.5.2. Under the Localism Act 2011, the local authority has the power to do anything (subject to limitations that individuals generally may do) and this would include promoting or improving the economic, social or environmental well-being of its area. It is on this basis the recommendations are made to Executive Board.
- 4.5.3. Executive Board is advised that appropriating the Council's land for planning purposes will mean that certain interests and rights that might otherwise hamper the development of the land will, subject to compensation being paid to the affected party, effectively be extinguished pursuant to Section 237 of the Town and Country Planning Act 1990 (though it should be noted that this will not extend to the rights of the Council's tenants). Further diligence will take place to establish where compensation may be required.
- 4.5.4. As regards the Council's land at Bath Road (which is currently held for the purposes of the Housing Act 1985) it should be noted that as there are no houses on the land the restriction contained in Section 19 of the Housing Act 1985 (that land held for the purposes of the Act and consisting of a house or part of a house may only be appropriated with the consent of the Secretary of State) will not apply.
- 4.5.5. 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. Temple Works remains at significant risk. Its condition continues to be a cause for concern. The building is at risk and unless investment is secured in the short term, there is a major risk of a loss of a significant part of the region's heritage. There is a lack of a viable alternative to restore Temple Works and the Council not providing support may leave very few options to secure the future of this building.
- 4.6.2. The proposals will see Burberry close existing facilities in the city region, and will require the relocation of existing businesses in HUV to facilitate its delivery. The proposals may therefore generate negative publicity and challenge from impacted parties. The Council will work with Burberry to maximise the economic benefits across the entire city region, mitigate any displacement impacts and look to provide advice to displaced businesses.
- 4.6.3. In the next stage of this project, there will be a comprehensive review of risks and these will be reported to Executive Board as a final decision is sought to enter into contracts or otherwise with Burberry. This will include thorough reviews on State Aid and CPO legal matters.

## **5. Conclusions**

5.1. The proposals of Burberry have the potential to have a transformational impact for the city. It is proposed that the following policy principles are the basis of the Council providing support for the proposition to secure the investment and the full restoration of Temple Works as part of a future phase of development:

- a) Both Burberry and Leeds City Council will work proactively with relevant councils in the Leeds City Region area to ensure that there is a mitigation plan in place to address the impact of displacement and the timely reuse of any vacated sites. This will include working together to leverage an enhanced economic impact across the Leeds City Region including the development of the supply chain in partner districts outside of Leeds.
- b) The Council and Burberry will develop an employment and skills plan to maximise training and employment opportunities across the city region, including close collaboration with training and education providers.
- c) The Council will dispose of its land at Sweet Street, Bath Road and Leodis Court to Burberry on a best price open market basis for Planning Purposes under the Town and Country Planning Act 1990, and develop a vacant possession plan for these assets. The Council will sell its assets as a means by which to support the full restoration of Temple Works.
- d) The Council will provide a grant for restoration works to Temple Works under 'Culture and heritage conservation' (Article 53 General Block Exemption Regulation 2014-20). The Council will also work closely with Burberry to support any funding bids that may be required and the proposals for Temple Works are a priority for the city in terms of securing third party funding.
- e) The Council will promote a Compulsory Purchase Order, should it be required, to facilitate the delivery of the proposed scheme.
- f) The Council will support and contributes to enabling public realm, with the Council utilising existing S106 funds to help create a new public open space for the South Bank in front of Temple Works.
- g) The Council will develop an updated Planning Framework document to guide the development of the proposed scheme.

## **6. Recommendations**

6.1. Executive Board is asked to agree:

- i) The Council's support for Burberry's proposals to relocate a significant part of its UK manufacturing operations to Leeds South Bank as detailed in this report.
- ii) The Council's support for Burberry's initial proposals to restore Temple Works and land neighbouring Temple Works as part of future phases of development.
- iii) The policy principles set out at section 5 of this report and the commercial terms detailed at exempt appendix 1 as a basis by which the Council will seek to help



to secure the delivery of this inward investment opportunity, and produce legal documents for agreement with Burberry.

- iv) That the Director of City Development, in accordance with recommendations i), ii) and iii):
  - a. produces and negotiates legal agreements with Burberry for the disposal of Council assets at Bath Road, Sweet Street and Leodis Court and where necessary develops a vacant possession strategy for these assets.
  - b. produces and negotiates a grant agreement with Burberry setting out the terms by which the Council will provide a restoration grant to help to restore Temple Works.
  - c. produces and negotiates a grant agreement to a cap of £750,000 for the provision of new public open space at the front of Temple Works and allocates £560,000 of moneys held in the Holbeck Urban Village Public Realm fund for this provision.
  - d. commences close working with city region partners on how to mitigate any potential adverse implications, and develops proposals to maximise the economic and employment benefits across the city region.
  - e. brings a report back to Executive Board by June 2016 providing an update on progress and seeking approval to enter into legal agreements once negotiated and finalised, and, if required, approval to make a Compulsory Purchase Order to ensure that the land assembly required to deliver Burberry's scheme can be fulfilled.
- v) That the Chief Planning Officer prepares a bespoke and updated Planning Guidance document for Temple Works and surrounding sites to guide the development proposals in this area and for this to be submitted to Executive Board by March 2016 as a basis for public consultation.
- vi) That the Council's land at Bath Road, Leodis Court and Sweet Street be appropriated for the purposes of the Town and Country Planning Act 1990 as to facilitate Burberry's proposals and the proper planning of the area.

## **7. Background Documents<sup>1</sup>**

7.1 None

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<sup>1</sup> 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.