

Report of Director of City Development

Report to: Scrutiny Board (Infrastructure, Investment and Inclusive Growth)

Date: 12 December 2018

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

Are specific electoral Wards affected? If relevant, 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 type="checkbox"/> Yes	<input checked="" 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. The purpose of this report is to enable Members of Scrutiny Board to consider the detailed background and recent history of Otley Civic Centre which informed a recommendation to Executive Board on 21 November 2018 that the property should be sold.
2. In considering the future ownership of Otley Civic Centre the provision and enhancement of cultural and community facilities in Otley were considered and it is possible to improve the provision by the City Council working with Otley Courthouse, whilst still selling Otley Civic Centre. This will have associated links to the Council's 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 attractions.
3. The Executive Board report relating to Otley Civic Centre and Otley Courthouse is with recommendations that the Civic Centre be disposed of and that the Director of City Development be authorised to enter into negotiations with the Courthouse to enable the Courthouse expansion plans which will include public access.

Recommendations

4. Members of Scrutiny Board are recommended to consider the more detailed background information relating to Otley Civic Centre and agree the recommendations made in the Executive Board Report "Otley Civic Centre, Cross Green, Otley, LS21 1HD – Future ownership" 21 November 2018.

1 Purpose of this report

- 1.1 The purpose of this report is to provide Members of Scrutiny Board with detailed background information and recent history relating to Otley Civic Centre which informed the recommendations to Executive Board that the property be sold.

2 Background information

- 2.1 Executive Board on 21 November 2018 considered a report from the Director of City Development relating to the future ownership of Otley Civic Centre. The report, attached herewith as Appendix 1 containing a confidential appendix being exempt under Access to Information Procedure Rule 10.4(3), advised that the City Council has no future use for the property either for itself or letting commercially and that the Director of City Development had authorised officers to seek expressions of interest from the open market. This marketing exercise would determine whether there was any interest in the market for the building which would, importantly, provide a sustainable and viable use for the long term preservation of this Grade II Listed building.
- 2.2 The Otley and Yeadon Ward Members and some Otley residents would like the Civic Centre refurbished and put to community use with some requesting that Otley Town Council re-occupy, together with Otley Museum. During the City Council's marketing exercise a campaign was launched locally for the property to become a Town Hall for Otley. The campaign has had limited traction and does not appear to be currently active.
- 2.3 Otley Civic Centre 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. A plan is included in the appended Executive Board report. It was let to Otley Museum, Citizens Advice Bureau and the Otley Town Council but a fire safety report deemed the property to have substandard fire safety measures and the occupiers vacated in May 2010. The property has remained vacant.
- 2.4 Officers considered options for refurbishing the building, retaining it in City Council ownership and occupying it or re-letting it. Refurbishment costs were estimated to be in the region of £2.77m. The previous occupiers did not wish to move back as some had found alternative accommodation, and briefly the Police Authority considered occupying, but withdrew. A local theatre company was interested, but its business plan and proposals were not considered acceptable. From 2011 work was also undertaken to determine whether a bid for Heritage Lottery Funding could be submitted to facilitate re-use for a range of community based uses. However, it became evident in September 2014 that after extensive searches no parties could be identified to occupy the property.
- 2.5 The Council's Asset Management Board considered the options, costs and future of the building and it was decided most appropriate to dispose as the Council could not justify spending significant sums refurbishing and had no use itself for the building. Significant work was undertaken by Officers, with five reports being considered by the Asset Management Board on 8 December 2011, 10 May 2012, 14 February 2013, 5 September 2013 and 11 September 2014. At the meeting on 11 September 2014 it was decided as no viable option could be found for the

property that AMB would support it being placed on the open market, following consultation with the Executive Member Regeneration, Transport and Planning and the Ward Members. The AMB reports are attached as Appendices 2, 3, 4, 5 and 6.

3 Main issues

- 3.1 The main part of Otley Civic Centre was constructed in 1870, with the rear part being added in 1895. It is a Listed Building in poor condition which requires significant capital investment which budgetary pressures do not allow the Council to incur on a building which if reopened could adversely impact on the sustainability of other similar venues in Otley as its use could be in direct competition with other operations. Introduction of new community facilities must be complementary. Refurbishment of the property by the City Council would not be a commercially viable option.
- 3.2 Taking into account the options considered for refurbishment of the property and the decision by Asset Management Board it was considered appropriate to seek expressions of interest. Following consultation with the Executive Members Regeneration, Transport and Planning the Head of Asset Management advised the Otley and Yeadon Ward Members, MP for Leeds North West, and the Chair of Otley Town Council that it was proposed to advertise for expressions of interest. A copy of the consultation email of 12 November 2015 is attached as Appendix 7.
- 3.3 The Director of City Development on 23 November 2015 authorised that the Civic Centre be advertised for expressions of interest from the open market, with refurbishment and financial proposals being invited at an appropriate time. A copy of this report and Delegated Decision Notification is attached herewith as Appendix 8. On 26 November 2015 Greg Mulholland the Leeds North West MP at that time advised "We - LCC, OTC, city councillors, me and residents - need to be absolutely clear on the likelihood or not of the Courthouse large theatre possibility from an LCC perspective before any decision is made to lease or sell Otley Civic Centre." At this time the Director of City Development had not authorised the sale, but the invitation of expressions of interest.
- 3.4 Marketing for expressions of interested commenced on 11 December 2015. A closing date was not initially set as it was not known how much interest, if any, there would be. During marketing interest became apparent and a closing date for receipt of proposals of 24 March 2016 was set.
- 3.5 Submissions were assessed by Asset Management, Planning and Conservation Officers to determine whether there were any interested parties who had the ability, funding, business plan, experience, and long term interest needed to guarantee the future of the Listed Civic Centre. The submissions were shared with the Executive Member Regeneration, Transport and Planning, then subsequently with two of the Ward Members. A briefing session was then held with the Ward Members and Executive Member Regeneration, Transport and Planning on 19 May 2016.
- 3.6 The interested parties were invited to submit more detailed proposal by 1 July 2016 for consideration by Officers.
- 3.7 Before resubmission one of the interested parties asked for advice on the possibility of the Civic Centre being transferred under Community Asset Transfer legislation. Transfer of the property in this way is an option that could be

considered, but relies on the interested party putting forward a robust case. The Council was not eventually requested to consider such a transfer. The Council has never received an application to register the property as an Asset of Community Value.

- 3.8 Following receipt of revised proposals the Executive Member Regeneration, Transport and Planning was briefed. Brief details of the submissions were emailed to the Ward Members on 18 July 2016 with advice that a report would be submitted recommending further discussions are conducted with two of the interested parties to explore their proposals further.
- 3.9 On 27 September 2016 the Chief Officer Economy and Regeneration authorised further discussions should be held with a shortlist of interested parties. A copy of the report and Delegated Decision Notification is attached as Appendix 9. The report contains a confidential appendix designated exemption under Access to Information Procedure Rule 10.4(3).
- 3.10 In October 2016 Otley Town Council sent the Executive Member Regeneration, Transport and Planning an open letter it was intending to send to the Wharfedale Observer (local to Otley) requesting the City Council to provide a detailed update and that no formal decision relating to the future of the Civic Centre would be taken until the public had been consulted. Details of the submitted schemes were provided and on 29 November 2016 a meeting was held between City Council Officers, Ward Members, Chair Otley Town Council and the Executive Member Regeneration, Transport and Planning to discuss the Civic Centre. The meeting included discussion about the Otley Courthouse expansion plans. The City Council confirmed these would be explored further with the Courthouse and it could be recommended the Courthouse be given a period of time in which their plans could be developed further in which the City Council would not deal with the Depot with any other party.
- 3.11 Following detailed consideration of submissions it was decided detailed negotiations should be held with two of the shortlisted parties. This recommendation was made on the basis of the criteria followed throughout the marketing and assessment period that any interested party must demonstrate a deliverable, sustainable, fundable and long term proposal which would guarantee the future of the Listed Civic Centre.
- 3.12 On 16 December 2016 the Chief Officer Economy and Regeneration approved that detailed negotiations be entered into with two parties. A copy of the report and Delegated Decision Notification is attached as Appendix 10. The report contains a confidential appendix which is exempt under Access to Information Procedure Rule 10.4(3).
- 3.13 Revised submissions from the two shortlisted parties were received on 3 February 2017. Briefing sessions were held with the Executive Member Regeneration, Transport and Planning, Ward Members and Chair of the Town Council. Cllr Campbell reminded officers of the need for public consultation.
- 3.14 On 16 March 2017 the Otley Courthouse provided high level details of its expansion proposals to the City Council. These are shown in Appendix 11, the text of which contains financial information which is considered to be commercially confidential and is exempt under Access to Information Procedure Rule 10.4(3). The proposals require part of the City Council's North Parade Depot. 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.

- 3.15 A meeting was held on 5 April 2017 between the Courthouse, Executive Member Regeneration, Transport and Planning, the Director of City Development and City Development Officers to discuss the Courthouse expansion plans and North Parade Depot. It was confirmed it could be recommended the City Council could make the Depot available for a period of time in which the Courthouse could develop their proposals further, and significantly to a stage where funding could be secured. The Courthouse would not, however, be able to progress further until an arrangement had been formalised by the Council.
- 3.16 A number of email exchanges and briefing continued until the consultation with key stakeholders commenced on 25 May 2018. This took the form of an email consultation to the Ward Members, Chair of Otley Town Council and Leeds North West MP, with an invitation that the email be distributed as they felt appropriate. A copy of the consultation email to attached as Appendix 12. The consultation advised of the proposal to dispose of the Civic Centre for conversion to apartments as this proposal was the only one that could guarantee the long term future of the building which be recommended for approval. Reference to other schemes and the Courthouse expansion proposals were not made as the consultation related to the future of the Civic Centre.
- 3.17 The consultation closing date was 18 June 2018. Eleven responses were received, including three from the Ward Members and one from the Chair of Otley Town Council. Three responses were supportive and eight objecting. A schedule of responses is attached as Appendix 13; the general themes of the responses were:

Objections

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

Support

- New housing is needed, and better if truly affordable units are included.
 - Capital receipt should be returned to Otley for new facilities.
 - Adequate parking is needed.
 - Impact on highways needs careful consideration.
- 3.18 The Executive Member Regeneration, Transport and Planning and Ward Members were advised of the public consultation responses. The report recommending the sale of Otley Civic Centre and seeking authority to enter into negotiations with Otley Courthouse was then considered at the Executive Board meeting on 21 November 2018.
- 3.19 Sale to Mandale Homes for conversation to apartments will guarantee the long term future of the Listed building. The Officer view is that conversion to any

alternative use will be reliant on funding which may not be forthcoming it may not be possible to formulate an adequate business case. It may also result in this Listed building remaining vacant for longer. Mandale Homes will invest significantly in refurbishing the building to secure sales of the new apartments. Purchasers of those apartments will require assurances the building will be maintained in perpetuity to protect their investments. A management company will be incorporated of which the apartment owners will be shareholders with the sole purpose of maintaining the building. Following successful refurbishment of the building the Council's involvement will cease. A number of affordable apartments will be provided in the property.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Reference to consultation with Ward Members, Otley Town Council, the Leeds North West MP and the public is made in Section 3 above. It is considered the consultation has been extensive and adequate. In addition at Executive Board on 21 November 2018 the Director of City Development advised Members verbally of additional comments that had been received from a Ward Member that proposals for the whole of North Parade Depot should be agreed before any commitments are made to make part of it available for the Courthouse expansion. The Courthouse requires approximately one third of the depot, and the Ward Member would like Otley Museum to be accommodated in the buildings fronting North Parade, and affordable housing on the balance of the site. The Depot features in the Council's Capital Receipts Programme against which financial planning decisions are made.
- 4.1.2 As the Courthouse proposals evolve consultations with the Ward Members et al will continue, however, for the Courthouse to continue work the Council is requested to formally resolve that North Parade Depot will be available in part to enable the expansion to take place.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 An Equality, Diversity, Cohesion and Integration screening was completed for the report submitted to the Executive Board meeting on 21 November 2018. This identified that there were no impacts which required further consideration in relation to the disposal of Otley Civic Centre.

4.3 Council policies and the Best Council Plan

- 4.3.1 Section 4.3 of the Executive Board report attached herewith as Appendix 1 outlines the links to Council policies and the Best Council Plan.

4.4 Resources and value for money

- 4.4.1 Section 4.4 of the Executive Board report attached herewith as Appendix 1 outlines issues relating to resources and value for money. Additional, whilst the Civic Centre is vacant it has associated holding costs relating to repairs, security, insurance, services and Officer time. Being a Listed building it does not have a Business Rates liability whilst vacant. It is not good asset management for the Council to continue to own this vacant building for which it has no use. Presently

there is a willing purchaser offering the Council a capital sum for the building and will commit to refurbish it to guarantee its long term preservation.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 The information contained in a number of the accompanying appendices 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 Risks relating to the proposal to dispose of Otley Civic Centre are detailed in Section 4.6 of the Executive Board report attached herewith as Appendix 1.
- 4.6.2 There is an additional risk that if the proposal to dispose of Otley Civic Centre is not agreed then the liabilities and costs associated with owning a vacant Listed building will remain with the City Council for longer than necessary and the recommended purchase may withdraw from the purchase to pursue other opportunities. Officers have requested authority to continue negotiations with Otley Courthouse and support the current high level expansion proposals.
- 4.6.3 Suggestion is sometimes made that Otley Town Council could return to the Civic Centre. The Town Council, however, resolved on 27 March 2017 it will be staying at its current location.

5 Conclusions

- 5.1 Otley Civic Centre is a Listed building which has been vacant since 2010. It needs to be brought back into use. The proposals brought to Executive Board for sale for residential purposes will achieve this, including the delivery of seven affordable apartments. Any alternative proposals are likely to be contingent on securing third party funding, or funding from the City Council which neither are secured. Accordingly, a further prolonged period of time during which the condition of the building will further deteriorate is not recommended and progressing with the proposal should be progressed as it will result in a sustainable future for the property. At the same time negotiations should be progressed with Otley Courthouse and the City Council's North Parade Depot be reserved for the Courthouse for a period of three years which should be sufficient for the Courthouse to fully develop its plans and secure funding.

6 Recommendations

6.1 Scrutiny Board is requested to note the content of this report and the appended Executive Board report relating to the future of Otley Civic Centre and:

- 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 Background documents¹

7.1 There are none.

8.0 Appendices

Appendix 1 - Executive Board report "Otley Civic Centre, Cross Green, Otley, LS21 1HD – Future ownership"

Appendix 1a - Confidential Appendix to Executive Board Report 21 November 2018

Appendix 2 - Asset Management Board report and minutes of 8 December 2011

Appendix 3 - Asset Management Board report and minutes of 10 May 2012

Appendix 4 - Asset Management Board report and minutes of 14 February 2013

Appendix 5 - Asset Management Board report and minutes of 5 September 2013

Appendix 6 - Asset Management Board report and minutes of 11 September 2014

Appendix 7 - Head of Asset Management's consultation email of 12 November 2015.

Appendix 8 - Report and Delegated Decision Notification of 23 November 2015
Director of City Development to seek expressions of interest.

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.

Appendix 9 - Report and Delegated Decision Notification of 27 September 2016
Chief Officer Economy and Regeneration.

Appendix 9a - Confidential Appendix to Delegated Decision Notification 27
September 2016

Appendix 10 - Report and Delegated Decision Notification of 16 December 2016
Chief Officer Economy and Regeneration.

Appendix 10a - Confidential Appendix to Delegated Decision Notification 16
December 2016

Appendix 11 – Confidential Otley Courthouse expansion proposals.

Appendix 12 - Otley Civic Centre key stakeholder consultation email 25 May
2018.

Appendix 13 - Consultation responses June 2018.