



Report of the Director of City Development

Report to Executive Board

Date: 16 December 2020

Subject: Arena Development Plots, Clay Pit Lane, Leeds

Are specific electoral wards affected? If yes, name(s) of ward(s): Little London and Woodhouse	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Has consultation been carried out?	<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
Will the decision be open 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

1. Main issues

- The Council owns two development plots (Site A and Site B on the plan in Appendix 2) to the front of the Arena, which were originally identified for complementary leisure uses to the Arena.
- The Yorkshire Bank building (Site C and Site D on the plan in Appendix 2) is in the process of being acquired by a third-party buyer, who intends to redevelop the site for student housing once vacant possession is obtained, which might not be until 2025.
- An opportunity has arisen to agree a land exchange of Site A for Site C, which would facilitate the creation of a single more versatile development plot with future development potential for leisure uses complementary to the Arena. The proposal would also enable the buyer of the Yorkshire Bank site to bring forward much earlier a student residential development on Site A. Provisional terms for the proposed land exchange are detailed in the confidential Appendix 1 of this report and are recommended for approval, with a recommendation that officers negotiate final terms to be approved by the Director of City Development under delegated powers.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- The proposed land exchange will facilitate the creation of a single more versatile development plot with future development potential for uses complementary to the

Arena. Such development would contribute to the Best City Priorities of Culture and Inclusive Growth by enhancing the image of Leeds through the hosting of major events and attractions, as well as supporting growth and investment into the city. The proposal will also bring forward purpose-built student housing, which shall support the Best City Priorities of Housing and Child-Friendly City.

- In relation to Climate Emergency, the development plots were temporarily landscaped pending their development. As part of any development, it is anticipated that any planning permission would require lost trees to be replaced in a greater number. New buildings constructed shall be required to meet modern construction standards.

3. Resource Implications

- The proposed land exchange will facilitate the creation of a single more versatile development plot that has the potential to be developed in the future for complementary uses to the Arena. Such a development would bring a capital receipt or revenue income to the Council.

Recommendations

It is recommended that Executive Board approves:

- a) The Council exchanging conditional contracts with the buyer of the Yorkshire Bank site for the land exchange of the Council-owned northern development plot (Site A) with part of the Yorkshire Bank site (Site C) on the terms detailed in the confidential Appendix 1;
- b) That officers negotiate final terms for the land exchange to be approved by the Director of City Development under delegated powers.
- c) The continuation by officers of informal discussions with the Arena operator, regarding the scope of redevelopment and identification of complementary uses for the development plot precipitating from the land exchange, with proposals to be reported back.

1. Purpose of this report

- 1.1 The purpose of this report is to seek Executive Board approval to the provisional terms, as outlined in the confidential Appendix 1, of a land exchange to facilitate the creation of a single larger development plot, which can be brought forward for a potential future complementary use to the Arena.
- 1.2 This report also seeks authority for officers to negotiate final terms for a land exchange to be approved by the Director of City Development under delegated powers.
- 1.3 The report further seeks approval to the continuation by officers of informal discussions with the Arena operator, regarding the scope of redevelopment and identification of complementary uses for the development plot precipitating from the land exchange, with proposals to be reported back.

2. Background information

- 2.1 The area on which the Arena was constructed was previously a largely incoherent brownfield site made up surface car parks belonging to both the Council and the then Leeds Metropolitan University (LMU), together with a 1970s redundant former LMU building. Since its development, the area and its surroundings have seen a number of improvements, including the modernisation and redevelopment of the Merrion Centre/Merrion House and the development of a number of both purpose-built and converted former offices into student residential schemes. The proposal outlined in this report has the potential to bring further improvements to this part of the city centre through a possible new complementary cultural offer to the Arena Quarter and additional student housing with similar ground floor complementary uses.
- 2.2 As a consequence of the development of the Arena, two development plots fronting onto Clay Pit Lane were created (identified as Site A and Site B on the plan in Appendix 2). The sites have always been considered to offer the opportunity to accommodate complementary leisure uses to the Arena.
- 2.3 Initially it was intended to bring forward the development of the two sites simultaneously with the Arena. However, as the sites and the Arena are in close proximity to each other and the sites were used by the contractor during the construction of the Arena as the base for their offices, welfare facilities and materials compound this did not prove feasible. Accordingly, temporary landscaping to the two development sites was introduced, which had an appearance of being permanent having regard to the security measures required around the boundary of the Arena to restrict and divert unwanted access to the building.
- 2.4 Executive Board members should note that at Plans Panel on 8 October 2009 it was reported that an area for future development was identified which would *“provide opportunities to introduce uses at ground level to help activate the public space during times when the Arena is not in use”*. The report also noted that *“the development could provide scope to respond to tall buildings on the west side of Clay Pit Lane at the northern gateway to the city centre”*, but *“in the interim the space would be soft landscaped”*. When the design of the Arena was originally envisaged, it was always considered by the Council’s Civic Architect that it would be ‘embedded in the urban fabric’ of the city centre, so that glimpses of the building could be seen when approaching it but that the building would not be highly visible given the scale of surrounding developments. This sentiment is reflected in a

further Plans Panel report on 4 February 2010, which noted that *“the development of these areas would help frame the piazza space and would assist in screening the space from traffic on Clay Pit Lane”*.

- 2.5 The Arena operator is fully aware of the Council’s aspiration that the two sites would be brought forward for development and, as they were not developed simultaneously with the Arena, the Council gave an undertaking to the operator that the two sites would not be under construction when the Arena opened and for at least six months afterwards..
- 2.6 .Against this background the Chief Asset Management and Regeneration Officer gave approval on 13 January 2014 to advertise the two sites as available for leisure developments, with interest and proposals to be reported back for consideration. Whilst a number of potential uses were considered, including a hotel on Site A and a bar on Site B, neither interest led to detailed terms or a final transaction. Since this time the sites have remained vacant pending a future development opportunity.
- 2.7 Sites A and B were featured in Appendix B to the Revenue Budget Proposals and Capital Programme for 2018/19 report approved by Executive Board 7 February 2018, decision ref D46263, <https://democracy.leeds.gov.uk/ieDecisionDetails.aspx?ID=46263>. The sites were shown for disposal in financial year 21/22 onward. The sites were also part of the Capital Receipts Programme approved by Executive Board in January 2020.

3. Main issues

- 3.1 The Yorkshire Bank head office building, shown as Site C and D on the plan in Appendix 2, was recently marketed by its owner following a decision by the tenant of the building to reorganise its banking operations. Terms for the unconditional sale of the building have been agreed with a third party buyer, as named in the confidential Appendix 1. It is the buyer’s intention, once vacant possession is obtained, to redevelop the site for student residential accommodation. The buyer, however, cannot bring forward such a development until 2025 after the existing lease to the parent company of Yorkshire Bank expires.
- 3.2 In light of these circumstances an opportunity has arisen whereby a land exchange of Site A and Site C would benefit both the Council and the buyer of the Yorkshire Bank site (hereafter referred to as the Buyer). . From the Council’s perspective it would create a single, larger and more versatile development plot, which, subject to further considerations, could be brought forward for future complementary leisure uses to the Arena. From the Buyer’s perspective, it would enable them to bring forward a student residential scheme on Site A much earlier than otherwise would be possible on the Yorkshire Bank site. This proposal also enables the Council to help deliver a mixed use scheme with wider regeneration benefits than a purely student residential scheme would realise, as has been seen with surrounding student developments. The balance of the Arena site has always been considered for development that would increase the footprint and economic impact of the area beyond the student homes and this proposal offers a unique opportunity to realise this ambition.
- 3.3 The Council’s new development plot would incorporate Site B and Site C, together with some of the adjacent public realm to create a more regular shaped site. Subject to appropriate planning approvals being in place, it is envisaged that the site could be capable of being developed for a conference / banqueting / indoor sports type venue, with vehicular access off Brunswick Terrace, which could

operate ancillary to the main arena. Similarly subject to planning permission, it is anticipated that Site A could be capable of accommodating a tall building (c.30 plus storeys), with Site D being developed as two lower rise buildings, all for the provision of student residential development, with potential ancillary ground floor leisure / restaurant uses to complement the Arena.

- 3.4 A pre-application is to be submitted by the Buyer, which shall consider both the student development on Site A and Site D and principle of the development of a conference/leisure facility on land including Site B and Site C. The proposed land exchange shall be conditional, however, on the grant of detailed planning permission for the student development on Site A and Site D. The rest of the terms of the proposed land exchange of Site A and Site C are detailed in the confidential Appendix 1 of this report. It is recommended that Executive Board gives approval to the terms of the land exchange, with the final terms to be approved by the Director of City Development under delegated powers.
- 3.5 It is also recommended that Executive Board approves the continuation of informal discussions with the Arena operator regarding the scope of redevelopment and identification of complementary uses for the development plot that will precipitate from the land exchange.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The Executive Members for Resources, for Inclusive Growth and Culture and for Climate Change, Transport and Sustainable Development have been consulted in the preparation of this report and the proposals brought forward.
- 4.1.2 Ward Members were consulted on 6 November 2020 and had no objections to the principle of the proposal.
- 4.1.3 Consultation and ongoing engagement is taking place with the Arena operator to determine the scope of redevelopment and identification of complementary uses.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An Equality, Diversity, Cohesion and Integration screening has been carried out, which is contained in Appendix 3. The screening shows no impacts on any of the protected characteristics.

4.3 Council policies and the Best Council Plan

- 4.3.1 The proposed land exchange will facilitate the creation of a single more versatile development plot that has the potential to be developed in the future for complementary uses to the Arena. Such development would contribute to the Best City Priorities of Culture and Inclusive Growth by enhancing the image of Leeds through the hosting of major events and attractions, as well as supporting growth and investment into the city. The proposal will also bring forward purpose-built student housing, which shall support the Best City Priorities of Housing and Child-Friendly City.

Climate Emergency

- 4.3.2 The development plots were temporarily landscaped pending their development. As part of any development, it is anticipated that attached to any planning permission will be a requirement to replace the lost trees in a greater number than the plots currently contain. The new buildings constructed shall be required to meet modern construction standards to meet Climate Emergency requirements.

4.4 Resources, procurement and value for money

- 4.4.1 The proposed land exchange will facilitate the creation of a single more versatile development plot that has the potential to be developed in the future for complementary uses to the Arena. Such a development would bring a capital receipt or revenue income to the Council.

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

- 4.5.1 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 a particular organisation 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 was obtained through one to one negotiations for the proposed land exchange then it is not in the public interest to disclose this information at this point in time. 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 transacting parties for other similar sites 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.

4.6 Risk management

- 4.6.1 In agreeing to the proposal, there is a risk that planning permission may not be granted for the proposed student development and/or the conference/leisure facility. The terms of the land exchange are conditional on the grant of planning permission of a student residential development on Site A and Site D. Whilst there is a risk planning permission may not be granted, initial comments by planning have generally been positive in terms of the principle and a number of other developments have been approved recently for the same use. Should planning permission not be granted, however, the Buyer could withdraw and the Council would retain its ownership of Site A and B. To mitigate the planning risk to the Council in terms of a conference/leisure facility, a pre-application is to be lodged that will consider the principle of development of both the student residential scheme and a conference/leisure facility. Conditional contracts for the land exchange shall not be entered into without a positive pre-application response. Whilst there is a risk that full planning permission may not be granted in due course for a conference/leisure facility, this risk is mitigated as far as is reasonably possible at

this stage through the pre-application process, which shall include comments from design, highways and conservation.

5. Conclusions

- 5.1 It can be concluded that the land exchange presents an opportunity for the Council to obtain a single more versatile development plot that has the potential to be developed in the future for complementary uses to the Arena. The land exchange will also bring forward, subject to planning, the development of the northern plot (Site A) for a high-rise student development, which will complement the existing and ongoing student housing provision in this area. It is concluded that a recommendation can be made to Executive Board to exchange conditional contracts for the land exchange, with final detailed terms being delegated to the Director of City Development to approve.

6. Recommendations

- 6.1 It is recommended that Executive Board approves:
- a) The Council exchanging conditional contracts with the buyer of the Yorkshire Bank site for the land exchange of the Council-owned northern development plot (Site A) with part of the Yorkshire Bank site (Site C) on the terms detailed in the confidential Appendix 1;
 - b) That officers negotiate final terms for the land exchange to be approved by the Director of City Development under delegated powers.
 - c) The continuation by officers of informal discussions with the Arena operator, regarding the scope of redevelopment and identification of complementary uses for the development plot precipitating from the land exchange, with proposals to be reported back.

7. Background documents¹

- 7.1 None.

8. Appendices

- 8.1 Appendix 1: Confidential appendix outlining main heads of terms.
- 8.2 Appendix 2: Plan.
- 8.3 Appendix 3: Equality, Diversity, Cohesion and Integration Screening.

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.