

Report of Head of Station Development

Report to Chief Officer Asset Management and Regeneration

Date: 10 February 2021

Subject: Leeds Station Sustainable Travel Gateway project - Tenant compensation

Are specific electoral wards affected? If yes, name(s) of ward(s): Beeston and Holbeck, Riverside and Hunslet	<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 type="checkbox"/> No
Will the decision be open 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:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Summary

1. Main Issues

- The purpose of this report is to seek approval to pay compensation as detailed in the confidential appendix to enable the vacation of Network Rail's tenants Shabab, Tick Tock Escape Rooms and Evans Cycles from their respective properties on New Station Street and Bishopgate Street to allow the construction of the Leeds Station Sustainable Travel Gateway project.
- The Leeds Station Sustainable Travel Gateway project represents the first phase of the Leeds Integrated Station Masterplan (LISM). LISM is an over-arching strategy developed by Leeds City Council, West Yorkshire Combined Authority, Network Rail, High Speed 2 Limited, Transport for the North, London Continental Railway, Department for Transport and the Department for Communities and Local Government which integrates the redevelopment of the existing station, HS2 and NPR.
- The project will require the demolition of the Shabab Restaurant, Tick Tock Escape Rooms and the existing Evans Cycles hub to allow for the development of the new wide staircases, the two large 21 persons passenger lifts and the 700 space multi layered cycle hub. See image on Appendix A designed to meet the projected growth of passenger numbers over the next 20 years.
- The Shabab Restaurant, Tick Tock Escape Room and the Evans Cycles hub properties sit within Network Rail's land boundary and are Network Rail's tenants. As such Network Rail are responsible for managing the lease termination process.

- The lease agreements for Tick Tock Escape Room and Evans Cycles hub contain a break clause for redevelopment therefore termination is straightforward. Notice to terminate was issued to Tick Tock Escape Room on the 17th July 2020, 6 months in advance of the required vacation date. According to the terms of the lease Tick Tock Escape Room are entitled to 2 x Rateable Value. The Evans Cycles lease was agreed with Network Rail in January 2020 and also contains a 6 month notice period. Under the terms of the lease Evans Cycles are entitled to 50% of their original fit out costs which diminishes on a monthly basis.
- The lease agreement for the Shabab Restaurant does not contain a termination clause for redevelopment and expires in December 2021. Due to the Department of Transport (DfT) Transforming Cities Fund (TCF) timescales and the proposed phasing programme it is not viable for the Shabab Restaurant to remain in the premise until December 2021 therefore a financial compensation package has been agreed between Network Rail and the owners of the Shabab Restaurant.
- The Leeds Station Sustainable Travel Gateway project would not be delivered within the timescales established by the DfT without the early vacation of the Shabab Restaurant, Tick Tock Escape Rooms and Evans Cycle hub.

2. Best Council Plan Implications

- The enhancements described within this report will contribute to the delivery of the Best Council Plan by:
 - Health & Wellbeing
The creation of the largest station cycle hub in the North helps meet forecasted growth in cycle usage and supports and promotes healthy and physically active lifestyles.
 - Sustainable Infrastructure
Installation of segregated cycle lanes on Bishopgate, Neville Street, Dark Neville Street as well as the wider City will help support the modal shift towards sustainable forms of transport. This will improve air quality in these areas by reducing harmful nitrogen dioxide (NO₂) levels. An air quality survey conducted earlier in the year by 'Friends of the Earth' found Neville Street to be the most polluted street outside of London.
 - Inclusive Growth
The proposed works for a multi-modal transport hub will facilitate modal shift, circulation and capacity and improve connectivity to key and strategic areas of the city, in particular the South Bank which is Europe's largest regeneration project. Failure to address these constraints will be a barrier to growth

3. Resource Implications

- Staff time
Colleagues from the Station Development Team have been working alongside Network Rail and LCC Land and Property to deliver this work stream.
- Funding
The compensation for the Shabab Restaurant, Tick Tock Escape Room and Evans Cycle will be funded from Leeds Public Transport Investment Programme (LPTIP) allocation for Leeds Station.

Recommendations

The Director of City Development is recommended to:

- a) Give authority to spend the amount as detailed in the confidential Appendix B to enable the early vacation of the Shabab Restaurant, Tick Tock Escape Room and Evans Cycle Hub to allow for the construction of the Leeds Station Sustainable Travel Gateway project.

1. Purpose of this report

- 1.1 The purpose of this report is to seek authority to pay compensation as detailed in the confidential appendix B to enable the early vacation of the Shabab Restaurant, Tick Tock Escape Room and Evans Cycle Hub to allow the construction of the Leeds Station Sustainable Travel Gateway project.

2. Background information

- 2.1 The Leeds Station Sustainable Travel Gateway project represents the first phase of the Leeds Integrated Station Masterplan (LISM). LISM is an over-arching strategy developed by Leeds City Council, West Yorkshire Combined Authority, Network Rail, High Speed 2 Limited, Transport for the North, London Continental Railway, Department for Transport and the Department for Communities and Local Government which integrates the redevelopment of the existing station, HS2 and NPR.
- 2.2 With more than 34 million passengers per year Leeds Station is one the busiest stations in the North of England. Passenger numbers are increasing; in 2019, 34 million passengers used the station and the Department for Transport, West Yorkshire Combined Authority and Network Rail have forecast this to increase to 70 million by 2043. Despite the impact of COVID Leeds Station is seeing monthly increases in passengers using the station. DfT has advised that the forecasts should continue to be used as it is anticipated the long term impact will continue.
- 2.3 By 2026 passenger numbers at Leeds Station will be at a level where, if no action is taken, the station's gateline and boarding procedures will need to be managed. This will result in significant numbers of people, particularly at peak times, spilling into New Station Street increasing the risk of pedestrian / vehicle conflict. This will have further implications for the security cordon for the station which must expand to accommodate the queuing on New Station Street.
- 2.4 New Station Street does not have enough footpath width to accommodate the necessary space required for pedestrians, cyclists and a vehicle route. Pedestrian pinch points already exist by the Queens Portico, the Platform Building and the element of New Station Street that leads to Boar Lane. Analysis undertaken using the Transport for London Pedestrian Comfort Model clearly shows the footpaths failing as pedestrian numbers start to increase.
- 2.5 British Transport Police and Counter Terrorism Police as well as Network Rail have advised that additional security measures are required to meet the increasing volume of passengers on New Station Street. This will include the installation of bollards at the New Station Street and Boar Lane junction and the introduction of a time-limited servicing provision outside peak pedestrian times, operating in a similar way to the existing city centre pedestrian core
- 2.6 In order to meet the long term needs of Leeds Station it is proposed to create a pedestrian priority area on New Station Street which is a Network Rail owned structure and relocate the taxis and buses. The proposed location of the taxi rank on Bishopgate Street has been considered as this would address both the existing accessibility concerns for safely boarding taxis kerbside and the wider safety concerns around future station operation and security as well as increased efficiency of the rank itself. It is proposed to relocate the bus services to new stops to Boar Lane although this is still to be agreed with the West Yorkshire Combined Authority and Bus Operators.
- 2.7 The pedestrian priority proposals to New Station Street will be supported by the installation of two large 21 person passenger lifts and multiple staircases that will provide connectivity and step free access to the new taxi rank, Bishopgate and the South Bank.

2.8 To facilitate the development of a multi modal transport exchange and to contribute to the Council Climate ambitions a new 700 space multi layered cycle hub will developed as part of the proposals. Located on Bishopgate the cycle hub will provide storage space for all types of cycle alongside retail and maintenance facilities.

3. Main Issues

3.1 Leeds Station is a constrained site therefore the existing cycle hub, Shababs restaurant, Tick Tock Escape Room premises, rotunda stairs and part of the retaining wall that connects New Station Street and Bishopgate will need to be demolished in order to provide space for the new stairs, passenger lifts and cycle hub.

3.2 The demarcated demolition areas are within Network Rail's land boundary and as such Shababs, Tick Tock Escape Rooms and Evans Cycles are all Network Rail's tenants. As land owner and landlord Network Rail are responsible for providing vacant possession of these premises.

3.3 The tenancy agreements between Network Rail, Tick Tock and Evans Cycles are straightforward as they contain clauses within the agreement that allows the termination of the lease following a 6 month notice period. Network Rail are obliged to pay Tick Tock Escape Room 2 x the rateable value of lease.

3.4 The lease agreement with Evans Cycles was signed in January 2020 and allows for the termination of the lease following a 6 month notice period it entitles Evans Cycle to a 50% refund on their original fit out costs. This value will decrease on a monthly basis for every month that Evans Cycle remain in the existing cycle hub until their lease expires.

3.5 Network Rail are yet to initiate discussions with Evans Cycles regarding the lease for the new cycle hub although it is anticipated that those discussions will commence following the sign off for the new cycle hub layout. Network Rail have also confirmed that there is no requirement to provide temporary accommodation for the cycle hub during the construction works. With the exception of the Sheffield cycle stands in the station and in Princes Square there will be no other cycle storage provision at the station during the construction works.

3.6 The lease agreement for the Shabab Restaurant does not contain any relevant clauses in which to terminate the lease for redevelopment purposes and does not expire until December 2021. Therefore Network Rail have negotiated a compensation package with the Shabab owners for the early termination of the lease.

3.7 The Shabab owners have since identified an alternative premise in which relocate their business and part of the compensation sum includes relocation and fit out costs for the new restaurant.

3.8 Network Rail have provided a rent free period for Shabab and Tick Tock Escape Room during the period of negotiation and until vacant possession. Leeds City Council are required to fund the financial compensation packages for the Shabab Restaurant, Tick Tock Escape Room and the Evans Cycles as they are project costs and would not be incurred if the project was not being undertaken.

3.9 A full financial breakdown of the costs payable by Leeds City Council can be found in Appendix B attached, further supported by the Network Rail approval report included as Appendix C.

3.10 The compensation packages to the Shabab Restaurant, Tick Tock Escape Rooms and the Evans Cycles will be funded by TCF.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 A number of meetings both in person (pre COVID) and electronically have been held over the last 12 months with the owners of the Shabab restaurant to discuss the financial compensation package.
- 4.1.2 Fortnightly meetings with colleagues from Network Rail, LCC Station Development and LCC Land and Property have taken place to discuss progress of the negotiations and implications on the project.
- 4.1.3 The Executive Member for Climate Change, Transport and Sustainable Development was brief on the xxxxx on the need for early vacation and the progression of the negotiation process.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An Equality Impact Assessment and Diversity Impact Assessment have been produced for the project.

4.3 Council policies and the Best Council Plan

- 4.3.1 The Leeds Sustainable Travel Gateway project will contribute towards the following Best Council Plan 2015-20 priorities; Transport & Infrastructure and Good Growth.
- 4.3.2 The project also contributes towards the Inclusive Growth Strategy 21st Century Infrastructure priority supporting requirement for additional capacity to meet the projected passenger growth at Leeds station from 34 million in 2019 to 70 million in 2043.
- 4.3.3 Infrastructure improvements in the city centre will help support the Climate Emergency agenda through the encouragement of sustainable forms of transport. The increased usage of sustainable forms of transport will make a significant contribution to the reduction of carbon emissions in an already busy and congested area. The delivery of the Leeds Station Sustainable Travel Gateway project, along with the other MBARC highways schemes, will reduce the volume of traffic on Bishopgate and Neville Street. Pedestrian footways and cycle routes will be prioritised as the main mode of transport, supported by the creation of the 700 space cycle hub the largest cycle hub in the north with charging points for electric bikes.

4.4 Resources, procurement and value for money

- 4.4.1 A professional services contract has been awarded to Balfour Beatty to complete the detailed design phase of the project.
- 4.4.2 The Leeds Station Sustainable Travel Gateway project will be delivered by a Principal Contractor (Balfour Beatty) procured via the Scape Group, a nationally recognised public sector partnership, using the Scape Civils Framework. The framework utilised for this project was set up following a competitive, open market and OJEU compliant tender process. LCC have signed an 'Access Agreement' to the framework, enabling access to all Building and Engineering Services covered by the framework.
- 4.4.3 Additional consultancy support will be sought from Steers to assist with the development of the Economic Case and specialist transport modelling necessary to complete the Full Business Case (FBC) plus. For this element of work Steers will be appointed via the Crown Service Framework, which will be subject to a separate approval report.

4.4.4 Development funding of £5M has been approved by the West Yorkshire Combined Authority (WYCA) a funding agreement is being finalised.

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

4.5.1 Under Part 3, Section 3E(g) of the Council's Constitution (Officer Delegation Scheme (Executive Functions)) the Director of City Development has authority to discharge any function of the Executive in relation to Asset Management.

4.5.2 The Chief Officer - Asset Management and Regeneration, Head of Asset Management, and Executive Manager of Land and Property have authority to take decisions in relation to Asset Management as delegated in the Director of City Development's sub delegation scheme.

4.5.3 The proposal constitutes a significant operational Decision and is therefore not subject to call in.

4.5.4 The Executive Manager for Land and Property confirms that the agreed compensation is fair and reasonable and matches the statutory provisions as they apply and the method most likely to result in best value to the project.

4.5.5 The information contained in Appendix B attached to this report relates to the financial or business affairs of a particular person (s), 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 discussions then it is not in the public interest to disclose this information at this point in time as this could lead to random competing bids which would undermine this process. 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 tenants of other similar properties would have access to information about the nature and level of offers which may prove acceptable to the Council or to Network Rail. 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

4.5.6 The compensation will be funded from the LPTIP programme allocation of £5m to support the redevelopment of Leeds Station.

4.6 Risk management

4.6.1 The key risk to the project is the Shabab owners declining the agreed financial compensation package and refusing to vacate the premises until December 2021 when their lease expires.

- 4.6.2 The risk is reduced as the Shabab owners and their legal representatives have been fully involved in the negotiation process with Network Rail and have already agreed the compensation sum. The Shabab owners have already sourced an alternative premise and are looking to relocate as soon as possible.
- 4.6.3 A project risk register has been developed to ensure all project risks are allocated to a relevant, appropriate risk owner. The project risk register is reviewed on a monthly basis.

5 Conclusions

- 5.1 The Leeds Station Sustainable Travel Gateway project is necessary to help transform the station into a 21st Century multi modal transport exchange promoting sustainable travel and that accommodates the increasing capacity at the station
- 5.2 To achieve this ambition the project proposes to create a pedestrian priority area on New Station Street complemented by multiple staircases and two passenger lifts to provide connectivity and step free access to the taxi rank, Bishopgate and the new 700 space cycle hub.
- 5.3 To construct the staircases, passenger lifts and cycle hub a proportion of the external footprint of the station on New Station Street needs to be demolished. This includes the Shabab restaurant, Tick Tock Escape Room, Evans cycle hub, the rotunda stairs and part of the retaining wall.
- 5.4 These structures sit within Network Rail's land boundary and requires the early vacation of the Shabab Restaurant and Tick Tock Escape Room with both leases not due to expire until December 2021. Evans lease agreement includes a 6 month notice period to terminate.
- 5.5 Network Rail have agreed a financial compensation package with the Shabab owners for early vacation as the existing lease does include a redevelopment clause unlike Tick Tock.
- 5.6 In order to meet the DfT funding timescales the project requires the early possession of these premises.

6. Recommendations

The Chief Officer Asset Management and Regeneration is recommended to

- a) Give authority to spend the amount as detailed in the confidential Appendix B to enable the early vacation of the Shabab Restaurant, Tick Tock Escape Room and Evans Cycle Hub to allow for the construction of the Leeds Station Sustainable Travel Gateway project.

