

British Library at Temple Works

Date: 21 July 2021

Report of: Director of City Development

Report to: Executive Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- This report considers proposals for how the Council could help to facilitate a British Library location to be brought forward in the Grade I listed, and at risk, Temple Works (see location plan and image at appendix 1).
- The British Library is one of the world's greatest libraries and cultural organisations. Their core mission is to make their intellectual heritage accessible to everyone for research, inspiration, and enjoyment. They collect a copy of every book, journal, magazine and newspaper published in the UK as well as every .uk domain website, e-books and other UK digital publications, the vast majority of which is preserved at Boston Spa within Leeds, which itself is currently undergoing a major expansion and refurbishment.
- The Library's collection, of some 170m+ items and over a petabyte of digital content, powers research that can help people make life-changing discoveries, launch new businesses, or create new artistic products. Researchers—ranging from academics to entrepreneurs—already access more than one million collection items a year in the Library's Reading Rooms at St Pancras in London, and at Boston Spa, and their cultural and learning programmes reach millions more people throughout the UK and the world. British Library have selected Leeds as the location for a new public facing facility, further to detailed engagement with the Council.
- The creation of a new British Library at Temple Works will transform the accessibility of their collections and services in line with their primary purpose: to make their intellectual heritage available to everyone, for research, inspiration and enjoyment. Their vision is to operate British Library at Temple Works, with a range of facilities that will provide spaces for the local community, schools and life-long learners, cultural and leisure visitors and businesses alike. Central to the vision is active engagement with local stakeholders, which will embed the Library at Temple Works in the surrounding neighbourhoods of Holbeck and Beeston.
- Further to reports in November 2018 and March 2021, Executive Board will recall the challenges facing Temple Works, which is owned by CEG. Executive Board previously agreed policy principles by which the Council could facilitate a solution at Temple Works.

This focussed on LCC disposing of land it owns surrounding Temple Works (see appendix 2) at open market value to the owners of CEG; hypothecating the capital receipt and utilising it as a grant towards the conservation deficit at Temple Works. In addition, the principle of potential compulsory purchase action was outlined, and was also subsequently reaffirmed in March 2021.

- The viability of heritage assets, such as Temple, is established by calculating the conservation deficit. This is the amount by which the cost of repair (and conversion to optimum viable use if appropriate) of a heritage asset exceeds its market value on completion of repair and conversion, allowing for all appropriate development costs. The conservation deficit for a British Library at Temple Works is estimated to be c£75m, inclusive of optimism bias and contingency.
- Following a submission by the Council, £25m of devolution monies were secured “to support the work of Leeds City Council with the British Library” in establishing a new northern site for the British Library in Leeds and in a heritage building. This funding is held and managed by the West Yorkshire Combined Authority as part of the devolution deal settlement. The Council, British Library and CEG have been collaborating over the last 20 months and have developed a funding strategy (see appendix 3) and road map which could lead to a British Library opening at Temple Works. Further to this collaboration, in May 2021, the British Library determined to more formally commit to the Temple Works proposition. The Library now propose to enter into a conditional tripartite agreement with LCC, and CEG. This will include the Library setting out a ‘road map’ of the conditions to be satisfied, leading to British Library fully committing to operating from Temple Works, potentially from 2028.
- The main area of conditionality relates to clarifying the costs and scope of the scheme at Temple Works. Given safety concerns and risks to the structure, it has not been possible for CEG to undertake detailed surveys within the property nor undertake works to ensure no further collapses at the property. Without these works, it is not possible to validate the British Library propositions nor achieve cost certainty. It is proposed that £5m of the devolution monies are expended to deliver temporary stabilisation works, as well as more detailed design for Temple’s full stabilisation and the Library’s fit out for occupancy. This will allow the project to move forwards through the RIBA design stages, and achieve further cost certainty. At the end of the £5m spend, a ‘gateway’ decision will be made by parties to determine whether the project will move to the next stage of design development. Thereafter, and once a technical design is commissioned and completed, this will enable contracts to be entered into between the Library, CEG and LCC, and a construction contract tendered and awarded.
- The proposal represents a cultural and heritage led regeneration proposition of international significance. It would simultaneously secure a new major cultural facility and help bring Temple Works back into use. It would achieve a wide range of ambitions as set out in the Inclusive Growth Strategy and Economic Recovery Framework by providing new public space and access to research, cultural, learning and business services for people of all ages in an area of high strategic regeneration priority, with clear links to be developed to the priority neighbourhood work in Holbeck. Wider regeneration activity will be delivered on sustainable brownfield sites, in close proximity to the Station, and sustainable transport modes: responding to the climate emergency declaration.
- Temple Mill is a grade listed 1 building of international significance and remains at considerable risk. If a proposal is not brought forward, and the proposals above do not

progress at this stage, then the future of this important heritage building, and the regeneration around it, remains uncertain.

- In this context, this report seeks Executive Board approval on the drawing down £5m of devolution monies, subject to WYCA approval, to grant fund Temporary Stabilisation Works, and more detailed design for stabilisation and fit out required to achieve further cost and risk certainty at Temple Works. As part of this, approvals are sought to enter into a tripartite agreement to cover this period of work. Endorsements are sought to the updated principles by which LCC can support the delivery of the scheme via updated agreements for the sale of land, provision of grant and Compulsory Purchase Indemnity agreements. Endorsement is sought on a longer-term agreement between LCC, British Library and CEG. Subject to Executive Board endorsements, and the completion of financial and legal due diligence, it would be the intention to bring a further paper back seeking approval to the detailed heads of terms on each of these legal agreements. A report will also be brought back to Executive Board once the outputs of the £5m are concluded.

Recommendations

Executive Board is asked to:

- a) Note the status of proposals for a British Library at Temple Works and the funding strategy as set out in exempt appendix 3.
- b) To inject £5.0m into Capital Scheme Number 33490/000/000 , funded from the £5m of devolution deal monies, to fund a grant for temporary stabilisation and more detailed design and surveys; and agree that the necessary authority be delegated to the Director of City Development and the Chief Officer -Financial Services to enable the Director and Chief Officer to provide 'authority to spend', subject to subsidy control compliance and entering into the legal agreements set out in exempt appendix 3.
- c) Endorse the principles of the longer term tripartite legal agreement with the British Library and CEG should British Library's commitment to Temple Works become unconditional, as set out in exempt appendix 3.
- d) Endorse the principles of the Council entering into legal agreements with CEG for a) the disposal of LCC land surrounding Temple Works, b) grant agreement(s); c) and CPO Indemnity Agreement as set out in exempt appendix 3.
- e) Request a further report on Temple Works and the British Library with recommendations on the final detailed heads of terms for the legal agreements set out in exempt appendix 3 following further financial and legal due diligence.

Why is the proposal being put forward?

- 1 **To help secure the future of Temple Works** – Temple Works remains a designated at risk heritage asset, further to structural failings in 2008. It is located within the South Bank Regeneration area, and represents one of the most unique heritage buildings in the city in the heart of Holbeck. Securing its permanent stabilisation and long term sustainable use can achieve a wide range of inclusive growth ambitions. It is not currently possible to gain a safe means of access into the property, and its condition remains of considerable concern.
- 2 As set out the conservation deficit is substantial, and there have been a number of unsuccessful attempts to secure the future of the building. The proposals, as contained in exempt appendix 3, provide a potential long-term solution that could lead to the sustainable re-use of Temple Works. The proposals for £5m of Temporary Stabilisation will provide much needed certainty to the technical viability of the proposals whilst eliminating safety risks. Securing the long term sustainable re-use of the property will also be a major catalyst

for regeneration and help to unlock the regeneration of c20 acres of land; delivering new homes and employment opportunities on brownfield sites in close proximity to Leeds Station.

- 3 **To help to achieve the British Library's ambitions to open and establish a British Library at Temple Works** – British Library presents by far the most detailed and mature proposition for Temple Works since its structural failings. The British Library, as set out above, see this as a major opportunity to deliver increased public engagement across all services in the North. British Library's proposition is still being developed, but it is envisaged that it will comprise a mixture of public space, research space, temporary exhibitions, permanent displays which explore both the Library's collection and the history of the building, space for families and communities to spend time together, cultural events, space for business and entrepreneurs, and ancillary leisure. This would provide an offer for people of all ages and backgrounds.
- 4 The British Library now wish to commit to a conditional agreement which could ultimately lead to a British Library at Temple, and the delivery of the Temporary Stabilisation Works and detailed design development will provide greater certainty to the overall proposal.
- 5 **To refresh the Council's role in facilitating British Library at Temple Works**
- 6 As highlighted above, the Council has previously agreed in November 2018 the policy principles by which it would help to support the re-use of Temple Works, summarised as LCC:
 - Disposing of land owned at Sweet Street, Bath Road and Leodis Court (see appendix 2) on a one-to-one basis at open market value to the developers of Temple Works, as per terms of a development agreement.
 - Hypothecating the capital receipt received for this land to finance a grant towards the costs of stabilising Temple Works, and provide a grant of £560k for public realm works funded from Section 106 agreements, as per the terms of a grant funding agreement.
 - Supporting the potential of compulsory purchase action in a defined zone, subject to certain conditions being met (including the link of any CPO action to Temple Works) and a sufficient case being made, as per the terms of a CPO indemnity agreement (updated principles of the CPO were subsequently agreed in March 2021)
- 7 Whilst Heads of Terms were previously agreed, these were agreed prior to the British Library's interest and the securing of £25m devolution monies. Accordingly, the Council did not enter into the legal agreements with CEG. In the context of the British Library, the devolution monies and further due diligence undertaken, it is proposed to refresh the principles of these legal agreements to ensure they reflect as well as endorsing the principles of a tripartite agreement with British Library and CEG as per the proposals contained in exempt appendix 3. Executive Board endorsement to the principles is sought further to a future paper seeking formal approval to the detailed Heads of Terms.

What impact will this proposal have?

Wards affected: Beeston and Holbeck

Have ward members been consulted? Yes

No

- 8 Beeston and Holbeck members have been consulted and are supportive of the proposals. More detailed engagement will now commence with Local Ward Members on the proposals and during the next 18 months.

- 9 Should Executive Board agree to the proposals contained within this report, there will be certainty on the road map that could lead to British Library occupying Temple Works. In the immediate short-term, the agreements will lead to substantial capital investment into Temple Works via 'Temporary Stabilisation' and through the detailed design, there will be much greater cost certainty for the proposed scheme at Temple Works' which will reduce the risks of further collapse and allow safe access to the property.
- 10 In the 18 months of this work taking place, there will be further collaboration and work with the British Library on their service proposition, as well as work to implement the funding strategy as set out in exempt appendix 3.
- 11 Securing the long term future of Temple Works, with a permanent home for the British Library , will ensure the delivery of major social, economic and environmental outcomes for the city, including:
 - A new open public space which celebrates the city's industrial heritage.
 - The delivery of a new nationally significant cultural facility, with major exhibitions and events hosted by the Library.
 - Learning, research and engagement opportunities provided for people of all ages by the Library.
 - A major boost to the city's innovation ecosystem
 - The permanent stabilisation of a Grade 1 listed heritage asset
 - It being a catalyst of the regeneration of the Temple District, providing new employment opportunities and homes, including through the development of Council land.
- 12 If the Temporary Stabilisation findings mean that the conditions of British Library are not satisfied, then an alternative strategy will need to be developed for both Temple Works and the British Library in Leeds. However, the investment into Temple will not be abortive as the building will have received investment which vastly reduces risks of any further structural collapse.
- 13 An equality screening assessment has taken place and is included within appendix 4. There are substantial equality and inclusion benefits of a British Library at Temple Works. The potential of CPO, subject to March's decision of Executive Board, was screened at that time.
- 14 To optimise social and economic benefits for residents and adjoining communities a number of measures are in place. For the capital works at Temple, it will be a requirement for an employment and skills plan including heritage apprenticeships and wider engagement. The British Library is a member of the Leeds Anchors network, and through this work and other initiatives, will specifically engage with surrounding communities and develop plans to maximise the inclusive growth opportunities associated with their proposition

What consultation and engagement has taken place?

- 15 At this stage, there is no legal requirement to consult on the proposals contained in this report. Local Ward Members have been consulted on the proposals. Local ward members have been kept informed of progress at Temple Works since CEG acquired it.
- 16 The proposals for Temple Works' permanent stabilisation will be subject to a listed building application, and will be determined by the Local Planning Authority. There will be public

engagement and consultation with statutory consultees as part of this process by CEG. There has, however, been comprehensive engagement with Historic England.

- 17 As previously highlighted to Executive Board in March 2021, the Council will produce a Planning Statement for the Temple District, including Temple Works. Public consultation will take place on this document in the summer.
- 18 British Library intend to undertake engagement across the city to further refine and define their service proposition for Temple Works.

What are the resource implications?

- 19 The proposed deal structure has been developed to ensure that, overall, the transaction is seen as no unsupported borrowing taking place.
- 20 LCC will provide a grant towards the conservation deficit, in compliance with subsidy control legislation, and finance this from the sale of its land. The agreed sales price, and maximum grant level, is set out in exempt appendix 3. At this stage, Executive Board is asked to endorse the principles of the land transaction and the terms for payment. Once the Temporary Stabilisation works are completed, Grant Funding Agreements entered into and necessary financial due diligence undertaken, it would be the intention for there to be a future Executive Board paper to seek approval to inject this sum into the capital programme and seek necessary authority to spend. There will be further due diligence on security, taxation and subsidy control measures prior to the detailed heads of terms being agreed.
- 21 By entering into a CPO indemnity agreement, the Council's costs will be fully indemnified by CEG throughout the process.
- 22 The Council will, subject to the approvals of WYCA, draw down the first £5m of devolution monies and grant this to CEG as per a funding agreement with WYCA and the Library, and also a funding agreement with CEG. It is a condition of LCC that all procurement for services or works funded via public grant must comply with Public Contract Regulations and the Council's Contract Procedure Rules. This will help to ensure value for money throughout the process.

What are the legal implications?

- 23 By agreeing to the recommendations in this report, the Council will commit to working with the Library and CEG to finalise legal agreements and undertake detailed work to help secure the inward investment. These arrangements must comply with the UK subsidy control commitments and further diligence will be carried out in this respect as well as in relation to security arrangements.
- 24 CPO matters were considered in detail in March 2021 by Executive Board. Entering into a CPO indemnity does not commit the Council to utilise its CPO powers, but sets a framework for their potential use.
- 25 The information contained in appendix 3 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.

What are the key risks and how are they being managed?

- 26 Commercial risks are covered in further detail within exempt appendix 3. Thorough assessments of risks will take place across all areas, with a senior group of officers overseeing the Council's management of risks, informed by frequent legal reviews. The proposals have been developed to mitigate, wherever possible, Council risks.
- 27 The Temporary Stabilisation and detailed survey and design work will allow a much greater level of understanding of the technical risks associated with Temple and provide cost certainty. There is a risk that the Temporary Stabilisation and Survey work uncovers unforeseen issues which make the British Library proposition unviable and undeliverable. Whilst the cost proposals developed to date include a substantial amount of optimism bias, risk and contingency, as set out in the exempt appendix, this is a risk that can only be understood fully upon the completion of the Temporary works.

Does this proposal support the council's three Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

- 28 The proposals will support the delivery of outcomes across all three pillars as specified in the above sections and Executive Summary

Options, timescales and measuring success

a) What other options were considered?

- 29 **Do Nothing/ Withdraw Support** – the Council could withdraw its support for Temple Works and British Library. This would make the scheme unviable, British Library would not be able to proceed as proposed and the future of Temple Works would be uncertain with the property remaining at risk. The temporary stabilisation costs are fair costs to be included within a conservation deficit calculation and therefore available for public funding.
- 30 **Maintain 2018 terms without change** – the 2018 terms do not consider a British Library World nor the £25m devolution funding. Therefore, they must be updated as to reflect the position of the project at this stage, although fundamental principles remain in place.
- 31 **Only grant works for permanent stabilisation** – the initial strategies would have seen public grant payable for full stabilisation works. However, the lack of safe access has meant intrusive surveys and therefore detailed design has not been possible. Without this access, it is unlikely that a contractor could price meaningfully for the contract, and value for money may not be achieved. Undertaking temporary stabilisation and detailed design development shall provide cost and risk certainty and allow British Library to make a final decision.

b) How will success be measured?

- 32 Success will be measured by

- Ensuring temporary stabilisation works, and design development (to agreed standard) are complete within a set timescale of entering into agreements
- Achieving risk and cost certainty in order for British Library to agree to commit more definitively and to allow the design to progress to the next stages.
- Ensuring that the positive progress is retained.

c) What is the timetable for implementation?

- 33 It would be the intention to enter into all legal agreements by 2022, with Temporary Stabilisation contractors and design teams procured by CEG ahead of this at CEG's risk

until the agreements are signed. It would be the intention for Temporary Stabilisation works to last 18 months, with a report issued back to Executive Board upon completion of works. At this stage, an indicative date of 2028 has been mooted for a potential British Library to open but this is subject to much greater due diligence and work.

Appendices

- 34 Appendix 1 – Location Plan and Image of Temple Works
- 35 Appendix 2 – Location plan of LCC land to be disposed of
- 36 Appendix 3 – exempt under Access to Information Rule 10.4 (3)
- 37 Appendix 4 – Equality Screening Assessment

Background papers

- 38 N/A