

Approval of lease and user agreement for land adjacent to the Corn Exchange

Date: 16th August 2021

Report of: Head of Asset Management

Report to: Chief Officer Asset Management and Regeneration

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

- In February 2021, Executive Board approved expenditure of up to £1,546,655 on delivery of the Corn Exchange Public Realm scheme and approved the principles of a lease and management agreement between Leeds City Council (LCC) and CX (Leeds) Limited. The approval of the final terms of these agreements was delegated to the Director of City Development. Negotiations have now concluded on the agreements although there are no substantive changes to the principles approved by Executive Board there are some minor amendments to the originally agreed terms and plan. Further to this the previous detailed management agreement will now be referred to as a user agreement however the legal principles of the agreement remain the same. This report seeks approval to enter into the lease and user agreement with CX (Leeds) Limited on the basis of the agreed overview of the amended terms as detailed in confidential appendix C to this report.
- This report seeks approval to enter into a lease of land adjacent to the Corn Exchange which will enable the construction of a pavilion building within a new public space outside the Grade I listed Corn Exchange Building; and a user agreement for the use of the public realm as detailed by CX (Leeds) Limited for a series of annually reviewed and approved, events and activities. The agreements will secure a capital receipt which in turn will support the delivery of an enhanced public realm scheme at the Corn Exchange, utilising residual Highways land from the Connecting Leeds (LPTIP) Programme.
- A planning application for the proposed Pavilion was submitted in May 2021. The Council, in its capacity as landowner and working collaboratively with CX (Leeds) Limited, reviewed the design prior to submission.
- Approval of these agreements will facilitate the creation of a vibrant, accessible public realm and the development of a new café or retail building to complement the Corn Exchange and enhance the day/night time economy in this area of the city, supporting the Best Council Plan ambitions and priorities for inclusive growth, sustainable infrastructure, culture and

health and wellbeing whilst also contributing to child and age friendly priorities through inclusive design.

Recommendations

The Chief Officer Asset Management and Regeneration:

- a) Approves entering into an Agreement for Lease as detailed in the report between LCC and CX (Leeds) Limited (part of Rushbond PLC) for the construction of a pavilion building.
- b) Approves granting a Ground Lease ending on 27 November 2267 (coterminous with the Corn Exchange lease) between LCC and CX (Leeds) Limited (part of Rushbond PLC) upon satisfactory completion of the pavilion building within the public space.
- c) Approves entering into a user agreement as detailed in the report between LCC and CX (Leeds) Limited to facilitate use of the public space by CX (Leeds) Limited for an approved programme of trading and events.
- d) Notes that an overview of the terms of the agreements is provided at confidential appendix C.

Why is the proposal being put forward?

- 1 The remodelling of the highways around the Corn Exchange through the Connecting Leeds programme has unlocked a significant area of new public realm, within which also provides a specific opportunity to establish a new 'pavilion' building within the space.
- 2 The public realm scheme started on site in May 2021 and has evolved through a collaborative and comprehensive design process to ensure that the space is designed to be stimulating yet relaxing, safe and inclusive, with more seating, a dedicated cycleway, the elimination of street clutter, the integration of signage and furniture into the setting, with space for pop-up events and activities including the spill-out of the Corn Exchange. In particular the space is designed to be usable, accessible, vibrant and active - managing the complementary but diverse needs of different people: bus passengers, workers, city shoppers, residents, cyclists, visitors to the Corn Exchange, as well as being responsive to the Climate Emergency.
- 3 The new Pavilion building, enabled by the proposed agreements with CX (Leeds) Limited, will be an integral element of the transformational programme, designed to match the ambitions and aspirations of the public realm design in respect to quality, design integrity and climate change responsiveness. Designed to be a satellite building to the Corn Exchange and an integral part of the public space design, it can support and complement the Corn Exchange visually, functionally and symbolically and assist in enhancing the economic performance and sustainability of this important City asset.
- 4 Leeds' Corn Exchange is one of the most recognised buildings in the City, a commercial asset which is very much public and cherished by the people of Leeds, and which is in the process of being transformed by CX (Leeds) Limited through investment and by a series of physical and programming works to improve its economic performance.
- 5 CX (Leeds) Limited is a wholly owned subsidiary of the Rushbond PLC group, a longstanding developer in the city recently leading key developments to transform

landmark, historic buildings The Majestic and First White Cloth Hall. CX (Leeds) have a 250-year lease of the Corn Exchange building and the proposed ground lease for the Pavilion will be co-terminus with the lease for the Corn Exchange. Given CX (Leeds) interests in and commitment to the Corn Exchange and the wider Kirkgate area, they are best positioned to work collaboratively with LCC on this transformational programme of works and to bring forward the Pavilion building.

- 6 The Pavilion, designed by award winning architects Carmody Groarke, will be capable of being used by one or two occupiers for a variety of uses, one of which is likely to be café, with a responsible design in relation to energy usage, choice of materials, biodiversity and life-cycle demands, supporting and contributing both directly and indirectly to the vibrancy, vitality and sustainability of the Corn Exchange and the wider renaissance of the Kirkgate area.
- 7 LCC will receive a capital receipt from CX (Leeds) Limited on completion of the agreements. These monies form part of the whole scheme budget approved at Executive Board, and without which the current scheme would not have sufficient funding for full delivery. The capital receipt will be made up of a lease premium and advanced user agreement fee, full details of this can be found in the confidential appendix c.

What impact will this proposal have?

Wards Affected: Little London & Woodhouse

Have ward members been consulted? Yes No

- 8 The capital receipt will support LCC in bringing forward a vibrant and inclusive public realm that supports the city's green, health and wellbeing and active travel ambitions. The space will improve the look and feel of the area, attracting inward investment, boosting the economy and providing outdoor space for events, socialising and for use by city centre residents.
- 9 The Pavilion will support the economic performance of the Corn Exchange, a key city asset and also support the wider regeneration of the Kirkgate area by demonstrating investment in this vibrant and evolving part of the city centre.

What consultation and engagement has taken place?

- 10 In 2019, extensive public consultation and engagement was undertaken on the Our Spaces Strategy and the Connecting Leeds Corn Exchange Gateway Project. This supported the proposals for the new public realm. The Connecting Leeds consultation identified specific support for:
 - Limiting access to the city centre by private car, including for environmental reasons; and
 - Improved public realm and greenery.
- 11 Statutory consultation has been undertaken by CX (Leeds) on the Pavilion as part of the Planning process. Key stakeholders have included Historic England, the Civic Trust and the Chamber of Commerce's Quality Spaces and Places group (QPS). Wider consultation as part of the separate planning application for the public realm works has previously taken place with other groups, including Access and Use-Ability Group to ensure that the public realm will be accessible for all.

What are the resource implications?

- 12 The agreements will generate a capital receipt, made up of a market value premium and advance license fee, details of which are provided in confidential appendix C.

What are the legal implications?

- 13 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.
- 14 The Chief Officer Asset Management and Regeneration, Head of Asset Management and Deputy Head 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.
- 15 The proposal constitutes a Significant Operational Decision and is not subject to call in.
- 16 The Deputy Head of Land and Property confirms that the proposed method of disposal set out above will assist in Council determining the best consideration that can reasonably be obtained under Section 123 of the Local Government Act 1972 (or under the Housing Act 1985).
- 17 The information contained in appendix C to this report relates to the financial and business affairs of the Council and other parties. 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. It is considered that 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.

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

- 18 Risk that relates to the public realm scheme and its interface with the Pavilion scheme is managed through application of 'best practice' project management tools and techniques via the City Council's 'PM Lite' risk methodology.
- 19 There is a risk that the Pavilion does not obtain Planning Permission which would prevent completion of the lease. However, the Council has been consulted in the development of the Pavilion early design development and there has been ongoing engagement with statutory consultees and other key stakeholders. Therefore it is felt that this is low risk.

Does this proposal support the council's 3 Key Pillars?

Inclusive Growth

Health and Wellbeing

Climate Emergency

- 20 The delivery of new public realm at the Corn Exchange will support the ambitions and a number of the priorities set out in the Inclusive Growth strategy, Health and Wellbeing Strategy, Economic Recovery Framework and the Best Council Plan as reflected earlier in this report. The scheme supports the Best Council Plan 2020-2025 priorities on:
 - contributing to inclusive growth by providing sustainable infrastructure and boosting the economy
 - reducing health inequalities and supporting active lifestyles by providing access to greenspace and facilitating active travel
 - delivering sustainable infrastructure that supports the Council's climate and biodiversity ambitions
 - making Leeds the best city for children and young people to grow up in by providing child and young people friendly spaces

- making Leeds the best city to grow old in by providing inclusive and accessible spaces and improved bus waiting environs
- supporting housing delivery by improving the city centre environment for residents and therefore making it attractive for future investment
- providing inclusive spaces for communities
- improving the quality of lives and growing the economy through cultural and creative activities

21 The Pavilion building will also support inclusive growth by providing sustainable infrastructure that supports the Council’s climate ambitions and boosts the economy. The programme of events proposed by CX (Leeds) Limited will grow the economy through cultural and creative activities.

Options, timescales and measuring success

a) What other options were considered?

22 The remodelling of the highways infrastructure around the Corn Exchange provided an opportunity to work collaboratively with CX (Leeds) Limited to develop the public realm at the Corn Exchange and create a setting that befits the Grade I listed building and for CX (Leeds) Limited to develop the Pavilion building as a satellite to the Corn Exchange, further animating and enhancing the public realm.

23 A more limited scheme option was considered that would have involved simply paving the residual highways land resulting from the road closure and not providing a building such the Pavilion. This option was dismissed, however, as it was considered it would have been a missed opportunity to provide a much-enhanced public realm to complement the Grade I listed Corn Exchange.

b) How will success be measured?

24 Success will be measured by completion of the public realm scheme, delivering 1710m2 of new public realm in the city centre and by the construction by CX (Leeds) Limited of the new Pavilion building.

c) What is the timetable for implementation?

25 The proposed timetable for implementation is:

May 2021	Construction commences on the public realm
September 2021	Agreement for Lease completes between LCC and CX (Leeds) Limited and funding released
September 2021	Planning approval for the Pavilion
October 2021	Construction commences on the Pavilion (subject to Planning approval)
February 2022	Construction completes on the public realm
June 2022	Potential completion of Pavilion construction

Appendices

Appendix A – Lease Plan

Appendix B – User Agreement Plan

Appendix C - Confidential overview of terms

Background papers