

Temple Works RIBA Stage 2 Funding – Deeds of Variation to existing Grant Funding Agreements with West Yorkshire Combined Authority and The British Library Board

Date: 19th September 2024

Report of: Regeneration

Report to: Director of City Development

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

In July 2021 Leeds City Council's Executive Board endorsed a £5m funding package from the West Yorkshire Devolution Deal into the Capital Scheme Number 33490/000/000 in order to support the development of technical design work for the stabilisation and re-use of Temple Works in Holbeck as a new British Library North. This paper sets out progress that has been made through the initial design stages and seeks a draw down of funds under the same delegation to support a second stage of design. This is a fully funded proposal and these funds will be received from West Yorkshire Combined Authority and defrayed to the British Library on the delivery of agreed outputs and milestones.

In order to receive the relevant funding from the West Yorkshire Combined Authority, and to defray this to the British Library, existing grant agreements will be amended by virtue of Deeds of Variation.

There has been positive progress since the July 2021 Executive Board report, with the parties continuing to develop scheme design and working collaboratively to progress the scheme. In March 2023 Leeds City Council and HM Government announced a new partnership, Leeds Transformational Regeneration, and a vision for investment and growth in the city. The report outlining this new partnership underlined the significance of the British Library North, committing a further £10m to the scheme (subject to business case) and an ambition to bring the site into public ownership through Homes England.

Recommendations

1. In accordance with the key decision and delegations set out in July 2021 by the Executive Board, The Director of City Development is asked to:
 - a. Approve that Leeds City Council enters into a Deed of Variation with West Yorkshire Combined Authority for the draw down of £646,145 of funding relating to RIBA Stage 2 works, as per the terms summarised in this report;
 - b. Approve that Leeds City Council enters into a subsequent Deed of Variation with the British Library for the onward defrayal of these funds to support RIBA 2 stage design for the Library's fit-out of Temple Works, as per the terms summarised in this report; and
 - c. Note the general progress of the British Library North proposition as per paragraph 13 below

What is this report about?

- 1 In March 2021 HM Government agreed a Devolution Deal with West Yorkshire, which set out a range of measures and powers to support opportunities through inclusive growth and productivity. The Devolution Deal stated "In recognition of West Yorkshire's ambition for the conservation and re-use of heritage buildings, the Government will provide West Yorkshire Combined Authority with £25m to establish a Heritage Fund. This will support the work of Leeds City Council with the British Library on establishing a potential 'British Library North'. The funding will be paid into the West Yorkshire Combined Authority Investment Fund in 2020/21. It is provided by Government on the understanding that the West Yorkshire Combined Authority will provide this funding where needed to enable the British Library to find an appropriate site in Leeds for a British Library of the North."
- 2 The British Library's preferred location for this new northern site is Temple Works, a Grade I Listed building in third party ownership in the Holbeck South Bank area of Leeds.
- 3 In July 2021 Leeds City Council's Executive Board endorsed the injection of £5.0m into the Capital Programme, fully funded from West Yorkshire Devolution monies, to fund a grant for the temporary stabilisation, surveys and designs relating to the British Library at Temple Works. Leeds City Council has taken on the role of 'scheme promoter' in relation to the drawdown of devolution funding from West Yorkshire Combined Authority, and the Council developed, with input from the British Library and other relevant parties, a Strategic Outline Business Case (SOBC) and submitted the SOBC to the West Yorkshire Combined Authority to provide an initial business case for the British Library North at Temple Works proposal, and sought the early draw down of £5.0m to fund the development costs.
- 4 In July 2021 Leeds City Council's Executive Board also agreed that the necessary authority be delegated to the Director of City Development and the Chief Officer (Financial Services) to enable the Director of City Development and the Chief Officer (Financial Services) to provide 'authority to spend', subject to subsidy control compliance and entering into the relevant legal agreements.
- 5 This funding was to be released in tranches against stages of design work, with an initial grant agreement entered into for the defrayal of funds against RIBA 1 designs. The release of further funding would be informed by the first stage of work. A pre-condition of any funding being payable either to the developer/ owner of Temple Works or the British Library themselves was/ is the Library having exclusivity at Temple Works, supported by appropriate agreements.
- 6 Since this time there has been progress against these proposals and RIBA stage 1 designs for the fit-out of Temple Works for the occupation of the British Library have been produced. This

stage of design sets out the project brief; information and analysis relating to the site and its wider context; a vision for the project; key requirements of the site and component spaces and uses; relationships between uses and user journeys; and, at a high level, logistics and back-of-house functions. The report also contains high level approaches to mechanical and electrical engineering, security, sustainability, building information and the structural elements of fit-out.

- 7 The Stage 1 report was concluded in June 2023, and grant funding of £198,554 was provided to the British Library in early 2024 following the Council's review of the work as grant funder. RIBA 1 designs for the design of shell and core – the responsibility of the landowner – has not progressed in parallel.
- 8 Notwithstanding this, the British Library have since progressed to RIBA Stage 2 design of the British Library North fit out.
- 9 In accordance with the Executive Board approval, this report seeks to implement the existing Key Decision and seeks approvals to enter into Deeds of Variation to vary the terms of the existing Grant Funding Agreements as set out from paragraph 34 of this report, but remaining subject to the original conditions of grant funding. This will help to facilitate the proposed route to occupation by British Library North, with the ultimate aim of completing restoration works and bringing the Grade I listed building back into use.
- 10 A Deed of Variation has been drafted which amends the existing Grant Funding Agreement entered into between West Yorkshire Combined Authority and Leeds City Council, and a further Deed of Variation has been drafted to amend the existing Grant Funding Agreement entered into between Leeds City Council and the British Library. These Deeds vary the amount of grant funding to the scheme, enabling the costs of RIBA Stage 2 design to be funded. In addition, the following elements are covered under the Deeds of Variation which in effect update the terms of the Grant Funding Agreements accordingly:
 - a) The scope of the project and eligible costs have been amended to reflect RIBA Stage 2 work;
 - b) The required project outputs are amended to include RIBA Stage 2 work – this applies to both Grant Funding Agreements, so that they are consistent;
 - c) The key milestone dates have been amended to cover the relevant stage of work – this applies to both Grant Funding Agreements, so that they are consistent; and
 - d) The budget and funding profile has been updated to cover the relevant schedule of costs – this applies to the Grant Funding Agreement entered into between West Yorkshire Combined Authority and the Council only.
- 11 Both the Deeds of Variation are now in agreed form (please see the exempt appendices to this report) and therefore there is no scope for further negotiation of the terms.
- 12 The costs covered under this varied agreement relate to a subset of the work set out under the initial £5m scheme development budget, specifically focused on the British Library's fit-out design.
- 13 As indicated at paragraph 7, RIBA design work for shell and core works at Temple Works has not progressed. As part of the Spring Statement of 2024, and contained within the "Vision for Leeds: a decade of city centre growth and wider prosperity", it was announced that Homes

England had entered a Memorandum of Understanding with the owners of the Temple Works site with a view to acquiring it as a home for the Library.

- 14 Once these conversations between Homes England and the owners of Temple Works have concluded, it would be the intention for the strategy for delivery at Temple Works to be refreshed between partner organisations, including the scope and potential drawdown of remaining devolution funds. Until these dialogues have completed, it is not currently proposed that any further funding will be drawn down. It is also considered that a priority action will be to see the design development of a fundable and viable scheme at Temple Works, focussing on shell and core. Until shell and core design works progress and a preferred solution further developed, it would not be the intention to fund further fit out design stages.
- 15 In this context, it is proposed that, at such a time when dialogues conclude between Homes England and the owners, a report be prepared seeking the necessary approvals on a refreshed delivery strategy at Temple Works considering, amongst other matters: scope and process for the drawdown of the remaining funding of the existing £5m and devolution funding; LCC's funding as per 2018 approvals; the role of LCC's adjacent landholdings and an updated route map for delivery.

What impact will this proposal have?

- 16 Approval to enter into separate Deeds of Variation with the West Yorkshire Combined Authority and the British Library will enable the Council to receive and defray grant funding in relation to the second stage of the project. This will provide important momentum for the project, for the drawdown of the second phase of devolution deal heritage fund monies, and the delivery of outputs and milestones will further shape the British Library proposal. This funding will reimburse the British Library for costs that are incurred in the development of RIBA Stage 2 fit-out designs up to the maximum sum of £646,145. This stage provides for conceptual designs, including an outline specification for the scheme and an outline cost plan.
- 17 This is an important stage of work for the broader scheme, enabling the Library to detail its fit-out specification and to set out the costs associated with this.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 18 The British Library vision is to establish a new cultural anchor with international profile and reach in Leeds that will increase the impact of the Library and broaden public engagement in activity through access by the population of Leeds. This would enhance the city's cultural and heritage offer, attracting visitors, providing new public space to encourage dwell time, promoting health and wellbeing, and contributing to growth and tourism.
- 19 This Decision relates to an important stage in the delivery of the British Library North at Temple Works. In progressing the development of an end-user specification for this project, this work will support the wider funding and delivery strategy for this project. This project is identified in the Leeds Inclusive Growth Strategy 2023 as an anchor regeneration scheme, forming a southern point in the city's Innovation Arc and connecting to the existing community in Holbeck.
- 20 Temple Works is a Grade I Listed building, and its construction dates to the 1830's. Utilising existing buildings is an inherently sustainable approach, and in principle presents a lower carbon model for development than the construction of new buildings. Sustainability and building efficiency are key considerations for the developing specification of the scheme. The large-scale development could achieve a high quality, innovative building design, whilst

preserving the heritage and this could provide an exemplary project for restoration of a listed building.

21 The other positive impacts are as follows:

- a) redevelopment will bring about economic investment, social investment and connectivity improvements throughout the area which will reduce isolation and inequality, whilst improving health and wellbeing;
- b) reuse of the property will form part of the wider Temple District development, acting as a catalyst for further regeneration, creating better places to live and work, providing new employment and housing and maximising the benefits for surrounding communities;
- c) specifically, occupation by the British Library will allow access to a heritage asset, enable access to cultural experiences, employment and skills provision, and promote inclusive growth in an area of deprivation;
- d) provision of a new British Library North will support the profile and promotion of Leeds as a digital city, supporting innovation and business growth through the activity and facilities the Library could offer, and maximising the economic benefits of culture; and
- e) British Library North could provide the opportunity for skills enhancement for residents in Leeds by engaging in learning and training, and the building could also offer access to culture and participation in community activity through exhibitions, events and meeting space, accessible to all.

What consultation and engagement has taken place?

Wards affected: Beeston and Holbeck

Have ward members been consulted? Yes No

22 This Decision is an Administrative Decision as it is linked to an existing Key Decision. The report author has determined that the exemption from the definition of a Key Decision set out at Article 13.6.2(b) of the Constitution applies to this decision. The report author has decided not to treat this decision as a new Key Decision after considering whether the additional spend reaches the threshold for a Key Decision.

23 In July 2021 Beeston and Holbeck members were consulted on the proposals, which are now being delivered through this linked Decision. Executive Board also endorsed the approach, and provided delegations to the Director of City Development to enter into the relevant Grant Agreements and any supplemental legal agreements.

24 A briefing was held for Beeston and Holbeck ward members on 26 April 2023. The former Executive Member for Sustainable Development & Infrastructure was also briefed on 6 June 2023, with the current Portfolio holder briefed on the 5th September 2024.

25 Early engagement by British Library has included co-creation projects with the community in Holbeck and learning opportunities with local Primary Schools. The Library is also a major partner in Leeds City of Culture. British Library will undertake wider public engagement in the detailed design stages on their proposals.

What are the resource implications?

26 The July 2021 Executive Board provided authority up to £5m to support the outputs outlined. Within this allocation, £939,554 was provided for the British Library's RIBA 1 and 2 design for fit-out.

- 27 £283,554 was allocated under an initial Grant Funding Agreement including £198,554 of costs for the RIBA Stage 1 fit-out design, and there will be a recharge for both internal resourcing and external elements of the work, recovered as part of the Grant Agreement with WYCA. An amount of £85,000 has been agreed with WYCA to cover the Council's costs, including internal officer resource time and external fees incurred in the administration of the grant funding.
- 28 £48,847.82 of LCC costs and external fees have been recovered to date against this allocation. Any resource costs or fees associated with reviewing and signing off the RIBA 2 stage work as grant funder; with drafting and entering into the Deeds of Variation; or with managing and administering the grant funding can be reclaimed against the remaining allocation (£36,152.18).
- 29 Appropriate resource has been allocated across the relevant Council teams to support this work, provide appropriate technical review and manage the grant funding. The Deputy Chief Officer of Financial Services has been consulted and is supportive of this proposal.
- 30 Entering into Deeds of Variation, will require ongoing grant administration, monitoring and evaluation by the Council, in line with WYCA requirements for monitoring of funding and reporting.
- 31 External resources have provided a subsidy control assessment and legal work on the Grant Agreements. There has also been an internal legal review of subsidy and an internal legal and finance review of the Grant Agreements.

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

- 32 Risks relating to the Grant Agreements will be reviewed on an ongoing basis and the legal documents contain conditions to mitigate any risks to the Council. The 2021 Exempt Appendix is attached (Appendix 1) detailing a full assessment of risks and mitigation measures that are in place.

What are the legal implications?

- 33 The Council is currently in back-to-back legal agreements with West Yorkshire Combined Authority and the British Library. These agreements will be amended by virtue of Deeds of Variation to reflect the updated outputs, milestones and costs associated with RIBA Stage 2 work.
- 34 WYCA did not treat the grant funding for RIBA Stage 2 work as a new scheme or different programme which would require a new grant agreement instead of a deed of variation. The Council has used the same approach with the forward funding arrangement with the British Library.
- 35 It is a condition of the Council that all procurement for services or works funded via public grant must comply with Public Contract Regulations and the Council's Contract Procedure Rules. Assurance has been given from British Library that commissioning of work is compliant with regulations and a procurement summary has been provided to the Council which has been reviewed.
- 36 The payment of the British Library grant is contingent upon the obligations of the WYCA grant agreement being met and is established in the grant agreement with the Library. The grant agreement with the Library does not commit the Council to further funding after the initial agreement. Grant funding would not be defrayed if milestones or outputs are not delivered by the British Library, and in the event of non-delivery the grant would be repaid to WYCA. If the outputs are successfully delivered, this does not guarantee that the next phases of the project will proceed, or that further design work will be undertaken.
- 37 External legal advice was sought on subsidy control implications for the project, and a Subsidy Control Assessment/Analysis was carried out on the total grant by the Council to the British

Library to fund design and engineering works in relation to the fit-out of Temple Works (including Stage 1 and Stage 2 works). It was concluded that the grant funding does not give rise to or constitute a subsidy to British Library, provided that British Library is not considered an 'enterprise' for the purposes of the Subsidy Control Act 2022, and, therefore, the grant will fall outside the scope of the Subsidy Control Act 2022. This would be the case provided that British Library does not carry out any economic activities at Temple Works on completion (the operation of a public library is considered a non-economic activity, in the sense that it is a service provided to the public for free) and provided that British Library's use of Temple Works in the future does not involve more than merely ancillary economic activities (to the extent that British Library may carry out some economic activities at Temple Works on completion, such as operating a café or gift shop or renting out facilities, these would only cause it to be regarded as an enterprise if they were more than merely ancillary to its non-economic activities). The existing Grant Funding Agreement includes that any breach of subsidy control regulations will be the responsibility of British Library as the ultimate recipient of funding and British Library have obtained independent advice on subsidy control.

- 38 Given the position set out in paragraph 34 of this report which hasn't changed, subsidy control doesn't impact the British Library Deed of Variation.
- 39 The decision is not to be taken by Executive Board and is not a key decision to be taken by an officer therefore the decision is not open to a call-in period between publishing and implementing the decision
- 40 The information contained in all the appendices to this report has been identified as exempt under Rule 10.4(3) of the Access to Information Procedure Rules 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 information is exempt if and for so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Options, timescales and measuring success

What other options were considered?

- 41 This report relates to a decision which is a direct consequence of implementing a previous Key Decision, and was in the contemplation of the decision maker at the time the decision was taken and as such no other options were considered at this time.
- 42 It is not recommended that the Council withdraw grant funding support to British Library as this would make the scheme unviable. British Library would not be able to proceed as proposed (British Library is a public organisation and they would not be able to self-fund the progress and completion of the works, so would have to find alternative funding) and the future of Temple Works would be uncertain with the property remaining at risk.

How will success be measured?

- 43 Outputs and milestones are set out in the Grant Funding Agreements as varied by the Deeds of Variation, and monitoring delivery against these outputs and milestones will provide a measure of success.
- 44 The RIBA Stage 2 fit-out design will provide a cost plan and delivery specification which will be used to inform the wider scheme delivery approach and funding strategy. The utility of this study in informing these wider strategies will also provide a measure of success.
- 45 The parties will ensure that positive progress is maintained throughout the project.

46 These measures will also ensure successful outcomes from the spend are evidenced and important standards are met.

What is the timetable and who will be responsible for implementation?

47 The Deeds of Variation for the respective Grant Funding Agreements have been drafted and reviewed internally by Legal Services and City Development. These legal documents will be entered into by the parties as soon as practicable following the decision being taken in line with this Decision Report.

48 At the point that the RIBA Stage 2 design work has been concluded, the Council will undertake review of the Stage 2 report in line with the Council's role as grant funder.

49 It is anticipated that a funding claim will be received in September 2024, and will be processed following appropriate review.

50 British Library will be responsible for spend and making grant claims once costs have been incurred. The Council will be responsible for assessing claims for eligibility, monitoring spend and ensuring agreed outcomes are met, and making grant claims and reporting progress to WYCA.

Appendices

- Exempt Appendix 1: July 2021 Executive Board Exempt Appendix
- Exempt Appendix 2: RIBA 2Scope
- Exempt Appendix 3: LCC- BL Draft Deed of Variation
- Exempt Appendix 4: Grant Funding Agreement
- Exempt Appendix 5: EDCI Screening
- Exempt Appendix 6: LCC-WYCA Deed of Variation

Background papers

n/a