

# Eastgate and Harewood – Termination of Development Agreement (Deed of Release) and Disposal of Land (Sale Agreement)

Date: 3 December 2024

Report of: Land & Property

Report to: Chief Officer Asset Management & Regeneration (Interim)

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## Brief summary

On 22 November 2023, the Council's Executive Board resolved (Minute Reference 68) that approval be granted to progress the heads of terms, as outlined within the submitted report and Delegate to the Director of City Development (in consultation with the Executive Member for Resources) the ratification of the final details and any further amendments to the terms agreed and to the developer selected by Hammerson.

The terms approved related to the majority of property that comprised the Eastgate Phase 2 redevelopment proposal namely AEU House on Bridge Street, 7/25 Eastgate and Provident House at 106-118 Vicar Lane including all the associated highway land and the land already held on trust, as part of the original CPO and indemnity agreement.

The purpose of this report is to seek approval to the final Heads of Terms and the details are in the accompanying confidential appendix.

## Recommendations

It is recommended that approval be granted to enter into the sale agreement as detailed (in the confidential appendix) and to enter into the deed of release relating to the original development agreement and rights and restrictive covenants.

## What is this report about?

- 1 This report provides an update on the negotiations and final details of the terms agreed, consistent with the Executive Board decision of 22 November 2023. This relates to property that comprised the Eastgate Phase 2 redevelopment proposal namely AEU House on Bridge Street, 7/25 Eastgate and Provident House at 106-118 Vicar Lane including all the associated highway land and the land already held on trust, as part of the original CPO and indemnity agreement.

### What impact will this proposal have?

- 2 The recommendation to approve revised sale terms will enable contracts to be exchanged and, subject to various conditions being satisfied, the sale to be completed. This will assist in the delivery of a phased mixed use development of a gateway site, providing high quality public realm and connectivity to adjoining communities and areas of the city centre that has been under-utilised for many years.

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

Health and Wellbeing       Inclusive Growth       Zero Carbon

- 3 The proposal supports Inclusive Growth as the disposal of the site will facilitate a mixed use scheme, including residential, commercial and associated uses bringing about much needed development activity on the site.
- 4 The proposal supports Health and Wellbeing as a new area of public realm will be provided and this will have a positive impact for the residents of the ward and users of the city centre.
- 5 The proposal supports Zero Carbon as the proposed development will be built in accordance with the statutory planning regime including new Part L building regulations (Conservation of fuel and power) providing energy efficient homes within the ward.

### What consultation and engagement has taken place?

Wards affected: Little London and Woodhouse

Have ward members been consulted?     Yes                       No

- 6 Ward Members were consulted by Land & Property Officers prior to the decision of the Council's Executive Board. Ward Members have not been consulted for this report recommending final sale terms as it is an integral part of the overall disposal which Ward Members are supporting and there are no substantive changes from the Executive Board decision of 22 November 2023.
- 7 The Executive Member for Resources has regularly being briefed and is supportive of the approach proposed within this report.

### What are the resource implications?

- 8 On completion of the sale the Council will receive phased capital receipt payments relating to the properties involved. The levels of the capital receipts will be determined by an independent valuation exercise.

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

- 9 A key element of the sale will remain subject to the receipt by the developer of a satisfactory planning permission and other conditions to be satisfied, but the risk of the sale not completing is considered low.
- 10 This is a large complex city centre redevelopment site that will extend over a number of years through a phased construction approach. Such sites are always subject to changing macro and micro conditions in the economic market. It is difficult to fully mitigate against any such changing financial and associated viability challenges. However, the Council will work closely with the developer to manage how the scheme goes forward, in accordance with the terms of the transactions.

## **What are the legal implications?**

- 11 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.
- 12 The Chief Officer Asset Management and Regeneration (Interim), the Head of Land and Property (Interim) and the Executive Manager Land and Property (Deputy) have authority to take decisions in relation to Asset Management as delegated in the Director of City Development's sub delegation scheme.
- 13 The proposal constitutes a publishable Administrative Decision and is therefore not subject to call in.
- 14 The information contained in Appendix 1 to this report relates to the financial or business affairs of a particular person, 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 as this information was obtained through detailed negotiations for the disposal of the property/land then it is not in the public interest to disclose it as to do so would or would be likely to prejudice the Council's commercial interests in relation to other similar transactions in that prospective purchasers of other similar properties would have access to information about the nature and level of consideration which may prove acceptable to the Council. It is also considered that the public interest in maintaining the information concerned outweighs the public interest in disclosing it at this point in time. It is therefore considered that this element of the report should be treated as exempt information under Rule 10.4.3 of the Access to Information Procedure Rules.
- 15 The Executive Manager Land and Property (Deputy) confirms that in their opinion the terms offered to the Council represent the best consideration that can reasonably be obtained for the purposes of Section 123 of the Local Government Act 1972 and Section 233 of the Town and Country Planning Act 1990. In addition, it is also believed that the proposed disposal of the land will secure the best use of the land and any buildings or works which will be constructed or carried out on it and/or the erection, construction or carrying out on the land of buildings or works needed for the proper planning of the area.

## **Options, timescales and measuring success**

### **What other options were considered?**

- 16 The Council considered alternative options as part of the decision of the Council's Executive Board decision on 22 November 2023. These were discounted and nothing has changed since that decision in the recommendation made within this report.

### **How will success be measured?**

- 17 Exchange of contracts and subsequent completion of the sale, delivery capital receipts to the Council.

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

- 18 The disposal is subject to a number of conditions being satisfied, significantly this includes planning permission for the majority of the site. It is anticipated contracts will be exchanged

shortly. Part of the disposal site is on an unconditional basis with completion proposed in financial year 2024/25. For the majority of the site, the timeline will be dictated by the outcome of the statutory planning process. Whilst the timeline is not yet finalised, it is hoped that the transactions for the Council assets will take place in financial year 2025/26. If planning permission is delayed or appealed, then completion will be delayed. The Executive Manager within the Council's Land and Property team, in conjunction with the Council's internal and external legal advisers is responsible for implementation.

### **Appendices**

- Confidential Appendix 1

### **Background papers**

- There are none.