

Report of Director of City Development

Report to Executive Board

Date: 24th April 2013

Subject: Wade's Charity: Proposed Contribution Agreement for the use of Future Capital Receipts

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Burmantofts and Richmond Hill; Middleton Park	<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 checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. This report seeks approval to the establishment of a Contribution Agreement between Wade's Charity and the Council about the use of future capital receipts from future sales of land leased by the Council from Wade's Charity.
2. This proposal has been put forward by Wade's Charity and seeks to adopt the principle of the equal allocation of funds from the potential disposal of their assets between themselves, and the Council and the earmarking of the receipts on the Council to future improvement projects to Wade's land or property that is leased by the Council, the majority of which is open space in community settings. The remainder of any receipts would be accrued to Wade's capital account from which Wade's draws the income to make grants to Leeds Charities. A fund created from these periodic Wade's asset sales could be the catalyst for match funding investment into land and property leased by the Council from Wade's Charity.
3. In addition Wade's are seeking agreement to terms for the division of sale proceeds for land at Cross Green Approach upon disposal. This would give Wade's a capital receipt of £222,500 before the equal division of any surplus between Wade's and the Council which would be at less than best consideration. This is to address the previous imbalance of funding Wade's contributed to the Middleton Park refurbishment project. Any disposal of this site however, would be subject ward member consultation.

4. Wade's Charity owns a significant amount of land and property in Leeds, including Middleton Park, Gott's Park, Snake Lane Recreation Ground, Woodhouse Square and Gott's Mansion.
5. The Council leases a number of these facilities on 999 year leases with managerial and maintenance responsibility. This partnership has been very successful for the city, particularly in meeting the Charity's primary objectives of providing and maintaining open spaces for the benefit and recreation or health of the inhabitants of Leeds.
6. However, whilst there has been significant investment to improve some of the facilities, notably Middleton Park improvements of over £1.8m through the Heritage Lottery Fund, a number of the properties will require investment now or in the future
7. Wade's would like to develop a list of potential priority schemes, that they would seek to develop in partnership with the Council, for the improvement/refurbishment of assets/sites owned by them and managed by Leeds City Council. Wade's proposes to allocate their capital receipts as a financial contribution or match funding to secure additional grant funding for the delivery of future projects, through a contribution agreement. In addition, higher than anticipated costs and lower than forecast receipts meant that Wade's needs to cover a shortfall of £225,000 on the Middleton scheme. This proposal could allow Wade's to cover this.
8. In current budget circumstances, managing and maintaining recreation sites and property is challenging. Securing grant funding, or funds in general for the improvement of assets for both the Council and Wade's is difficult. Greater co-operation and partnership working between the two organisations to deliver objectives provides an opportunity to increase the potential to improve well liked and important public facilities. Establishing a Contribution Agreement and developing an agreed list of priority projects will assist this.

Recommendations

1. Executive Board is recommended to approve:-
 - (i) equal sharing of any capital receipts received from the future disposal of assets owned by Wade's Charity;
 - (ii) that the Council's proportion of such receipts is earmarked to future projects to improve property and land leased by the Council, from Wade's;
 - (iii) the development of a priority list of projects between Wade's and the Council for which these receipts would be used;
 - (iv) the terms for the division of sale proceeds for land at Cross Green Approach upon disposal, subject ward member consultation, which gives Wade's a capital receipt of £222,500 before the equal division of any surplus between Wade's and the Council at less than best consideration.

1.0 Purpose of this Report

- 1.1 The purpose of this report is for Executive Board to consider a proposal from Wade's Charity for the equal sharing of any capital receipts received from the future disposal of assets owned by Wade's Charity and leased by Leeds City Council. The report seeks agreement to the proposal from Wade's that the Council's proportion of such receipts is earmarked to future projects to improve property and land leased by the Council, from Wade's. Wade's Charity will work with the Council to develop a priority list of projects between Wade's and the Council for which these receipts would be used.
- 1.2 The report also outlines a specific proposal from Wade's to dispose of land at Cross Green Approach, subject to ward member consultation, which gives Wade's a capital receipt of £222,500 before the equal division of any surplus between Wade's and the Council.

2.0 Background information

- 2.1 Wade's Charity is the working name of The Charities of Thomas Wade and Others, a charitable trust which provides grant funding for the benefit of the inhabitants of the inner city of Leeds. Wade's Charity arose from the will of Thomas Wade dated 4 February 1530, Alice Lodge, Henry Ambler, Richard Simpson and others. A fund is held in permanent endowment and income deriving from this fund is distributed in the form of monetary grants to registered charities fulfilling our charitable objectives.
- 2.2 They are members of the Association of Charitable Foundations and the Yorkshire Grant Makers' Forum.
- 2.3 Wade's has two primary charitable objectives and all grant applications must clearly fulfil at least one of these objectives:-
 - i) "providing and maintaining open spaces within the pre-1974 Leeds City boundary, for the benefit and recreation or health of the inhabitants of Leeds".
 - ii) "the provision of facilities for recreation, amusement, entertainment and general 'social intercourse' for citizens of every age of areas of population in the City of Leeds occupied in the main by the working classes including in any objects the establishment of what are commonly known as Community centres and Youth Centres".
- 2.4 The area of benefit is the pre-1974 city boundary of Leeds, this is covered very approximately by Leeds postal districts 1 to 17, but does not include areas that previously came within the jurisdiction of Wetherby Rural District Council.
- 2.5 In partnership with the Council, Wade's has assisted with several improvement projects, such as Middleton Park refurbishment using funds from the disposal of their property a contribution to the scheme and as match funding to grant providers such as the Heritage Lottery Fund. The disposal process requires that the Council would need to agree to surrender their 999 year lease on the Wade's site in question and the Council will then benefit from 50% of the capital receipt from its

sale. The proposal is that this receipt, and the Wade's share, is used to invest in Wade's assets in Leeds which are leased by the Council. As the Council has responsibility for maintenance of these assets the proposition from Wade's provides a potential opportunity to the Council in the future to access improvement funds from Wade's or other sources.

2.6 To illustrate the potential benefit with experience from a recent project. Middleton Park is operated and managed by Leeds City Council, with the majority of the Park being leased to the Council by way of a 999 year lease from Wade's Charity. Following a series of consultation events a scheme was submitted to the Heritage Lottery Fund for the refurbishment of the Park. The scheme, which has just reached Practical Completion, consisted of :-

- Extension of the visitor centre;
- Restoration of the paths and of the infrastructure;
- Development of historic trails and interpretation of the old mining remains;
- Improvement of the boundaries to the park and improvement of the entrances' appearance;
- The re-instatement of the historic band stand as a performance area.

2.7 To finance the project, two cottages in Middleton Park which had at one time been occupied by Council staff, had their leases surrendered by the Council and were sold on the open market by the Council on behalf of Wade's. Wade's Charity and the Council used this capital receipt, through a contribution agreement as match funding towards the £1.8m capital project for the refurbishment of the Park that was supported by the Friends of Middleton Park.

2.8 However the financial contributions towards the scheme from the receipt were disproportionate, with Wade's contributing £287k to the scheme and the Council's contribution being £125k.

2.9 Wade's Charity owns many sites across the city, that are managed on 999 term leases by the Council, expiring after the year 2900. These are listed in the table below. However, Wade's has indicated that its most pressing priority is Gott's Park. Using the Middleton Park project as a framework, Wade's Charity would like to consider, with the Council, a plan for the future reinvestment and maintenance of Gott's Park and Mansion.

Wade's Assets leased to the Council	Lease End
Land to West of Otley Road, Far Headingley	31/08/2955
Land at Middleton Park	03/09/2941
Open Space at Meadow Road	31/12/2919
Open Space at Gledhow	30/12/2927
Open Space at Marsh Street and York Lane	22/07/2907
King Georges Gardens, York Road	16/03/2937
Gott's Park and Mansion	
Open Space at Jack Lane	

Open Space at Seacroft	
Open Space at Abbey Road & Spen Lane	
Open Space at Adel	
Open Space at Holbeck	
Open Space at Lady Pit Lane (2 leases)	
Cricket ground to the rear of the Dog & Gun Inn, York Road	
Land at Throstle Lane Middleton	
Open Space at Woodhouse Square	
Open Space at Snake Lane	
Land to South of York Road	
Open Space at Becketts Park	
Smithies Garth Open Space Bow Street	
South ward Open Space, Clarence Road	
Holbeck Open Space	

3 Main issues

- 3.1 Wade's Charity has approached the Council with a proposal for how the allocation of funds and use of receipts from the disposal of their assets could be apportioned. The proposal involves the equal sharing, between Wade's Charity and Leeds City Council of any capital receipts received from the future disposal of assets owned by Wade's and that the Council's proportion of such receipts is earmarked to future projects to improve property and land leased by the Council, from Wade's Charity.
- 3.2 Currently, there is no approved approach to the sharing of receipts from the sale of Wades assets although an equal share principle is applied, generally each disposal is dealt with on a case by case basis. This in the past has led to unnecessary delay and additional legal costs being incurred by both parties.
- 3.3 Wade's Charity's view, is that by establishing a Contribution Agreement to cover any future use of receipts from the disposal of Wade's land and property. It is proposed that for any future sales, 50% of the net receipt will be used for a Council capital project on Wade's land. The remainder would be accrued to Wade's capital account from which Wade's draws the income to make grants to Leeds Charities. A fund created from periodic Wade's asset sales, could be the catalyst for match funding and project development funding delivered on a much shorter timescale.
- 3.5 Wade's Charity has identified two sites that it would like to consider for disposal to help fund future investment in the retained estate. These potential sites are:-
- the remaining cottages at Middleton Park – Middleton Park
 - Cross Green Approach – Burmantofts and Richmond Hill
- 3.6 Whilst Wade's would be the main decision maker in relation to their disposal however, the Council would need to be in agreement and be prepared to surrender the lease on these facilities. Their sale would come forward for disposal under the delegated powers of the Director of City Development, who has the authority to discharge any function of Executive Board in relation to the management of land and Asset Management.

3.7 Middleton Park Cottages

- 3.7.1 Following the disposal of two of the cottages in 2010, there are only 4 cottages remaining on site (Plan A). For some time these have been in poor repair, one housing a café that was closed some time ago and one housing a member of Council staff.
- 3.7.2 The cost of addressing backlog maintenance issues with these properties, probably outweigh their value, being that only 2 years ago the sale of the two cottages only generated £125k. Disposal of these properties would remove the maintenance liabilities for both the Council and Wade's.

3.8 Cross Green Approach – Burmantofts and Richmond Hill

- 3.8.1 Under discussion already is the site at Cross Green Approach is owned freehold by Wades Charity with LCC having a 999 year lease for use of the land as recreational space.
- 3.8.2 Cross Green Approach used to form the corner of Snake Lane Recreation Ground. Construction of the East Leeds Link cut this section off from the remainder of the open space at Snake Lane leaving it isolated as open space and cut of from Snake Lane Recreation Ground. However, the site is currently allocated as N1 green space in the UDP.
- 3.8.3 Internal discussions with planning highlight that it no longer functions as open space and is now more in keeping with the adjacent industrial / employment sites. In the Aire Valley Area Action Plan (not yet adopted) this site is designated as employment land (Plan B).
- 3.8.4 Wade's Charity would like to market this site, using their own agent, as employment land on the open market. This would require the Council to surrender its leasehold interest upon completion of a disposal. Wade's feel they need to bring this site forward at this time to address a funding issue that arose through the development of the Middleton Park scheme.
- 3.8.5 Wade's entered into a Contribution Agreement with the Council whereby they would contribute £287,500 into the park refurbishment works. As stated previously Middleton Park has had a large scale refurbishment, including a new visitor centre. To fund the scheme Heritage Lottery Funding was secured and 2 cottages owned by Wade's and leased by the Council were sold. The proceeds of £130k were divided equally between Wade's and the Council (£65k each).
- 3.8.6 Due to the terms of the Contribution Agreement, Wade's still needed to find funds of £222,500 for the project.
- 3.8.7 Wade's Charity has stated that they entered into the agreement to disproportionately fund the scheme at Middleton Park, on the proviso that the receipt for any disposal of land at Cross Green, is used to redress the balance of their contribution at Middleton Park.

- 3.8.8 The terms for this would be that upon disposal of the land at Cross Green, costs to market the site would be deducted from the gross receipt (1.5% of gross sale value plus advertising costs), then the first £225,000 would be transferred to Wade's Charity. Any surplus would be divided 50/50 between the Council and Wade's.
- 3.8.9 All other Wade's Charity disposals have been dealt with on an equal split of the gross receipt and hence this is seen as a less than best disposal. It is however, a windfall receipt, as the site does not appear on any Capital Receipts list and its sale was not anticipated by the Council. Wade's, as a charity, is obliged to achieve best consideration for the disposal of its assets and a sale on the open market will achieve this. It is the division of proceeds thereafter which the Council is identifying as a less than best disposal.
- 3.8.10 Without this redress to their financial position, following the Middleton Park scheme, Wade's has indicated that their ability to fund other projects across the city could be hindered.
- 3.8.11 Legal Services have advised that this split of proceeds should link directly to Middleton Park funding, in that from the initial £222,500 paid to Wade's, any outstanding monies for Middleton Park are deducted by the Council first.
- 3.9 In addition to the sites listed above, there are two other sites that may be considered for disposal at some future point in time. These are:-
- Dog & Gun site – Burmantofts and Richmond Hill
 - Throstle Recreation Ground – Middleton Park
- 3.10 It is not proposed to move forward with either of these until schemes have been worked up in greater detail, including addressing planning, and highways issues. Any proposal to dispose of, or improve sites would also be subject to Ward Member consultation at the appropriate time.

3.11 Proposal to develop an improvement scheme for Gott's Park

- 3.11.1 The funds generated and accrued through any disposal of the sites listed above, or other future site disposals, have the potential to attract match funding and form part of a larger funding package for the improvement of other Wade's assets.
- 3.11.2 As stated in 2.9 using the Middleton Park project as a framework, Wade's Charity with the Council, would like to consider a plan for the future reinvestment and maintenance of Gott's Park and Mansion.
- 3.11.3 Gott's Park was designed by the famous landscape gardener Humphrey Repton. Located in west Leeds, sitting between Stanningley Road and the River Aire, the site is over 50 hectares of green space (Plan C). It consists of a large municipal golf course, tennis courts, playing pitches, a skate park, an old walled garden and places to walk and picnic. In addition it is also the site of Gott's Mansion and contains the golf shop, a private room for the golf club and a flat which is home to a member of staff for Parks and Countryside,

- 3.11.4 This Grade II listed building is now in poor condition and requires significant investment to prevent it from deteriorating further and to improve its condition in the long term. Wade's would like to address the condition of Gott's Mansion, dealing with backlog maintenance issues in the first instance but then exploring additional potential uses for the building. The Council continue to manage the site, however funding for improvements is difficult to secure and in isolation may not form part of a more holistic vision for Gott's Park. Therefore the development of an agreed vision or framework for the site will be a significant step forward to identifying the appropriate funding bodies that could support our combined aspirations.
- 3.11.5 The greenspace has received some investment to the play facilities, however the walled garden has been half grassed over following the loss of roses due to disease, which is now affecting the remaining roses. Wade's Charity, the Council and BTCV have been in discussions regarding potential opportunities for the redevelopment of the walled garden. BTCV Hollybush are considering developing a new project focused on a social enterprise around growing food and other produce could be developed in a modern day interpretation of the original purpose of the site.
- 3.11.6 All of these elements need to be brought together into a combined project for the improvement of Gott's Park. The project would seek to address issues with Gott's Mansion, formalise the use of the site by BTCV and the improvements to the rose garden, assess and identify the potential for other improvements to the park. In addition, the project will consider potential future uses for Gott's Mansion and how these could benefit the golf course.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 This proposal has been discussed with the Leader of the Council and the Executive Member for Development and the Economy, both of whom are supportive of the proposal.
- 4.1.2 As individual proposals around individual disposals are developed, further consultations would be required with ward members, local community groups and end users. These will also require consultation through the planning process. These consultations at that point can be co-ordinated through forums, feedback documents and Talking Point.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 An equality screening form has been completed for this proposal and is attached as an appendix. There were no specific equality issues raised around the proposed purpose of the report. However any specific individual proposals coming forward relating to the development of a specific site will require further screening and an Equality Impact Assessment.

4.3 Council Policies and City Priorities

4.3.1 The projects developed in partnership with Wades Charity will assist the Council in achieving several of its objectives, most notably:-

Leeds Strategic Plan 2008 – 2011

- **Enterprise and Economy:** increased international competitiveness through marketing and investment in high quality infrastructure and physical assets, particularly in the city centre
- **Culture:** enhanced cultural opportunities through encouraging investment and development of high quality facilities of national and international significance
- **Health and Wellbeing:** reduced health inequalities through the promotion of healthy life choices and improved access to services.

The Council's new Vision 2010-2030

By 2030, Leeds will be internationally recognised as the best city in Britain – a city that is fair, open and welcoming with a prosperous and sustainable economy, a place where everyone can lead safe, healthy and successful lives.

4.4 Resources and Value for Money

4.4.1 In establishing the Contribution Agreement, Wade's Charity and the Council will streamline the process for disposal of assets, managed by the Council on behalf of Wade's. However, where there is the potential for any variation to this agreement, and there is a less-than-best consideration this will require consideration by Executive Board.

4.4.2 Funds generated by the Council from the sale of Wade's assets will be earmarked for use on Wade's assets as match funding against bids to grant funding bodies to help generate external finances towards projects.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The proposal is subject to call-in.

4.5.2 Legal Services have been consulted about the proposed Contribution Agreement and the principle around the equal sharing of receipts from the disposal of Wade's assets, managed by the Council. This approach did not raise any specific legal issues or comments.

4.5.3 Legal Services have advised that the split of proceeds, in relation to the disposal of Cross Green Approach should link directly to Middleton Park funding, in that from the initial £222,500 paid to Wade's, any outstanding monies for Middleton Park are deducted by the Council first.

4.5.4 Property services advise that the funds to be received by the Council, from the disposal of Cross Green Approach will be at less than best consideration. This is

because, although the site will be sold at open market value, as is the requirement for Wade's, the Council will not receive an equal share of the receipt.

4.6 Risk Management

4.6.1 The potential risk to the Council in agreeing this proposal are relatively minor and limited, as the assets already belong to Wade's themselves. The more comprehensive risk will relate to each individual project developed between Wade's and the Council. Risks for these will be managed through a risk register and managed by the specific Project Board/team set up for that individual project.

5 Conclusions

5.1 This report considers the potential establishment of a Contribution Agreement between Wade's Charity and the Council about the use of future capital receipts from sales of any land leased by the Council from Wade's Charity. This proposes the equal allocation of funds from the potential disposal of their assets between themselves and the Council and the restriction on the Council to only use their share of the funds on Wade's land.

5.2 In current budget circumstances, managing and maintaining recreation sites and property is challenging. Securing grant funding, or funds in general for the improvement of assets for both the Council and Wade's is difficult. Greater co-operation and partnership working between organisations to deliver objectives will be essential. Establishing a Contribution Agreement and developing an agreed list of priority projects be of benefit both organisations and Leeds' communities.

5.3 It is proposed that for any future sales, the Council's receipt will be earmarked through an agreed list, for the improvement of recreational facilities on Wade's land. A fund created from periodic Wade's asset sales, could be the catalyst for the release of match funding and project development funding for which funding may be difficult to secure.

5.4 The outcome of this could be the ongoing delivery of green space and property improvements across the city, by the Council and Wade's Charity, through internal and external funding.

6 Recommendations

6.1 Executive Board is recommended to approve:-

- (i) equal sharing of any capital receipts received from the future disposal of assets owned by Wade's Charity;
- (ii) that the Council's proportion of such receipts is earmarked to future projects to improve property and land leased by the Council, from Wade's;
- (iii) the development of a priority list of projects between Wade's and the Council for which these receipts would be used;

- (iv) the terms for the division of sale proceeds for land at Cross Green Approach upon disposal, subject ward member consultation, which gives Wade's a capital receipt of £222,500 before the equal division of any surplus between Wade's and the Council at less than best consideration.

7 Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.