

Policy Committee

17 September 2025



Reading
Borough Council
Working better with you

Title	Broad Street Mall Redevelopment
Purpose of the report	To make a key decision
Report status	Partly open to the public and part exempt - see reasons below
Executive Director/ Statutory Officer Commissioning Report	Emma Gee, Executive Director of Economic Growth and Neighbourhood Services
Report author	Emma Gee, Executive Director of Economic Growth and Neighbourhood Services
Lead Councillor	Cllr Micky Leng, Lead Councillor for Planning and Assets, Deputy Leader
Council priority	Secure Reading's economic & cultural success
Recommendations	<p>That Policy Committee:</p> <ol style="list-style-type: none">1. Approves the Heads of Terms for the full surrender of the Council's lease of the Broad Street Mall carpark recommended under Option A.2. Agrees the principles proposed for an overarching Construction and Management Agreement.3. Notes the proposed route map and timeline up to exchange of the agreement for surrender of the carpark and related conditionality for the completion of the surrender.4. Delegates Authority to the Executive Director for Economic Growth and Neighbourhood Services in consultation with the Leader, Lead Councillor for Planning and Assets, the Assistant Director of Legal and Democratic Services, the Director of Finance; and the Assistant Director of Property and Asset Management to:<ol style="list-style-type: none">(a) negotiate and conclude terms with the relevant parties in respect of the Heads of Terms for the surrender and the Construction and Management Agreement;(b) negotiate and conclude terms for disposals and acquisitions in accordance with s.123 and s.120 of the Local Government Act 1972; and,

	<p>(c) negotiate to enter into any required and/or ancillary documentation and agreements to facilitate the Broad Street Mall development;</p> <p>(d) procure the necessary commercial, professional technical and legal advisors and consultants as, to facilitate the Broad Street Mall development</p>
--	---

This report contains exempt information within the meaning of the following paragraph of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

And in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because:

The proposed contractual terms, land transactions and ultimate development is subject to confidential legal financial and other negotiations and to reveal details of these would adversely impact upon the Council's ability to manage its commercial, financial and business affairs and could also be detrimental to the Council's ability to achieve best value for money in relation to this and future land-related negotiations.

1. Executive Summary

- 1.1. Broad Street Mall (**BSM**) shown in purple on the plan attached at *Appendix A*, is a town centre shopping mall that has been around and served the Borough since it was built in the 1970s.
- 1.2. The Council holds a long leasehold interest of the BSM carpark dated 30th March 1974 which expires in March 2097 and comprises circa 784 spaces.
- 1.3. The BSM development forms a significant part of the wider regeneration of Minster Quarter, which represents a longstanding and major strategic ambition for the Council for the town centre.
- 1.4. To secure BSM's longevity in the Borough as a town centre shopping centre, the current landlord and freeholder, UREF III LP (**AEW**), intends to redevelop part of Broad Street Mall to deliver a residential led development whilst retaining part of the shopping centre in order.
- 1.5. AEW have appointed McLaren Living Limited (**McL BSM**) as their developer and a planning application for the development was submitted by in February 2024. On 30th April

2025, Planning Application Committee resolved to grant planning permission, subject to the completion of a s106 agreement.

- 1.6. To enable the development, AEW and McLaren BSM will require access to the carpark; and would also need to make alterations to the carpark and adjoining Council-owned land and structures at Minster Quarter, including parts of Minster Quarter Central (MQC) and reducing the number of parking spaces available to the public.
- 1.7. This report details the options available for the Council in relation to providing the BSM carpark to the AEW for MCL BSM to carry out the development and sets out the proposals for managing the access requirements for the BSM development over the Council's adjoining land in Minster Quarter.
- 1.8. This report also sets out the matters the Council, McL BSM, AEW and McLaren Living Limited Minster Quarter Central (**McL MQC**) will need to address to facilitate the delivery of the BSM development including the legal agreement through which works and approvals for land in Council ownership will be managed.
- 1.9. Further details of the recommended commercial transaction, construction requirements and parties involved are provided in the *Exempt Report* and *Exempt Appendices*.

2. Background and Policy Context

Policy Context

- 2.1. BSM is part of a long-standing opportunity for the redevelopment of the southwestern part of the town centre known as the 'Minster Quarter'. It is a key component of the West Side Opportunity Area allocated in the Reading Borough Local Plan (2019) and the Partial Update of 2024 under Policy CR12e Hosier Street. It is also supported by the *Minster Quarter Area Outline Development Framework* which was adopted as a Supplementary Planning Document (SPD) by the Council in December 2018.
- 2.2. The Minster Quarter area is shown on the plan attached at *Appendix A* and is made of the following landholdings:
 - 2.2.1 BSM shopping centre, including Fountain House and the carpark
 - 2.2.3 Thames Valley Police former HQ building
 - 2.2.3 The Hexagon Theatre; and
 - 2.2.4 Minster Quarter Central
- 2.3. The Council's vision for Minster Quarter, including the BSM development, is to deliver over 1,200 new homes, commercial space, a hotel, and community facilities. It will also feature improvements to the Hexagon Theatre and a new Studio Theatre, all set within a high-quality public realm designed to support community uses and the continued operation of the Hosier Street market.
- 2.4. There are commercial and placemaking interdependencies between the various land holdings and proposed developments that are essential to delivering the overall vision for the Minster Quarter. These interdependencies are relevant to the Council's consideration of its legal interest in the carpark and are also relevant to the structure and the terms of

the proposed overarching Construction and Management Agreement (**CMA**) which is intended to govern how the schemes are built out.

Development Overview and Background to BSM Car Park Surrender

- 2.5. The Car Park is located on the upper two floors of the building and the roof space) and the BSM development proposal is to deliver the residential units across three new towers constructed within the curtilage of the shopping centre car park. This will require a partial demolition of the car park, resulting in the permanent reduction in the size of the car park and the loss of circa 330 car parking spaces. Extracted drawings from the BSM planning application are included in *Appendix B*, these show the planning redline boundary and the extent to which this overlaps the car park.
- 2.6. The development proposes the delivery of circa 643 Build To Rent (BTR) units including a negotiated circa 12.44% affordable housing contribution with associated public realm improvements.
- 2.7. The primary reason for the Council's consideration of options for the surrender of the BSM Car Park is to facilitate the BSM development and deliver the Council's strategic vision for Minster Quarter.
- 2.8. To deliver the development, AEW and McLaren BSM are relying on possession of the Car Park as well as rights to access and make required alterations to the Council's adjoining land in Minster Quarter. This dependency is an essential consideration for the Council in negotiating the Car park Surrender Heads of Terms and the CMA; and is also a key reason for linking the two agreements.
- 2.9. The key proposed parties involved in the BSM development are:
 - 2.9.1. UREF III LP and UREF III GP Limited, the Landlord for the Mall and carpark (AEW)
 - 2.9.2. McLaren Living (Broad Street Mall) Limited (McL BSM) – Developer BSM (Development Management Agreement with AEW).
 - 2.9.3. The Council – Tenant of BSM car park; and the freehold owner of the adjoining MQC development site, the Hexagon Theatre and the private roads and walkways in Minster Quarter (including Queens Walk and Dusseldorf Way).
 - 2.9.4. McLaren Living (MQC) Limited (McL MQC) – Developer of and future leaseholder of adjoining land at Minster Quarter Central development site

Considerations for delivery of the BSM Development

- 2.10. The Council's objective is to assist in facilitating the development in order to deliver the long-term strategic vision for Minster Quarter.
- 2.11. The following considerations have informed the options for the surrender of the Council's lease of the car park, the structure for the overarching CMA, the route map to delivery of the BSM development; and link and interdependencies between them:
 - 2.11.1. Delivery of the Council's strategic objectives for Minster Quarter.

- 2.11.2. Mitigating risks to the delivery of the projects being the Hexagon Studio Theatre, Minster Quarter Central and the Reading Heat Network.
- 2.11.3. Obtaining best consideration (capital receipts) for the car park lease surrender.
- 2.11.4. Mitigating risks to the Council, generally – including financial, legal, health and safety, operational and public relations.
- 2.11.5. Maintaining town centre parking provision and the associated income stream from the car park, until there is certainty that the BSM development will proceed; and, for as long as is feasible before construction commences.
- 2.11.6. Mitigating impact for day-to-day operation of the Hexagon Theatre

3. Broad Street Mall Carpark Transaction

3.1 As noted in paragraph 1.6 of this report, AEW require access to, and a transfer of, the whole or part of the carpark to AEW to enable delivery of the BSM development. Council officers with the Council's external advisers considered 3 options as set out below:

- 3.1.1 Option A – Surrender of the whole carpark to AEW (**Full Surrender**)
- 3.1.2 Option B – Surrender of part of the car park to AEW (**Part Surrender**)
- 3.1.3 Option C – Do Nothing

3.2 Option A - Full Surrender (recommended option)

The principles of the Full Surrender are as set out below:

- 3.2.1 The Council surrenders (being a disposal/sale) the lease of the carpark to AEW for a capital receipt that is best consideration. Best consideration is the best value that can be reasonably obtained for the asset, and typically takes account of commercial, economic and monetary value.
- 3.2.2 The disposal of the carpark to AEW would be subject to certain conditions being met to ensure that the carpark remains operational and in Council ownership until such time as there is certainty that the development will proceed.
- 3.2.3 The Conditions proposed include:
 - (a) a requirement that the Construction and Management Agreement (Section 4 of this report) is agreed and entered into;
 - (b) certainty as to funding arrangements and deliverability of the development;
 - (c) timelines for key events including completion of the CMA and transfer of the carpark to the developer
- 3.2.4 The disposal will be subject to a minimum number of car parking spaces being retained for public use for an agreed period, subject to conditions including carpark

usage. The Council also proposes retaining car parking spaces to facilitate the operations of the Hexagon Theatre on an underlease.

3.3 Options B and C – Partial Surrender and do Nothing

The Council have also considered a surrender and regrant option where the Council would make the car park available to AEW to enable them carry out the BSM development. The car park would be given up to AEW for the time required for the BSM development without disposing (surrendering) of the car park lease to AEW; and following BSM development, the Council would surrender its lease of the whole car park to AEW and AEW would grant the Council a new lease of the part of the car park which has not been developed.

3.4 Options Evaluation and Recommendation

- 3.4.1 The options were considered by Council Officers and the Council's consultants, Vails, and following careful deliberations with Council's appointed consultant, officers recommend Option A as the preferred option.
- 3.4.2 The Council Officers retained Vails to provide a valuation for the surrender of the Carpark under Option A and their report notes that proposals under Option A on the principles agreed with AEW represents Best Consideration.
- 3.4.3 Further details on the Options and considerations for the recommendation of Option A are set out in the *Exempt Report* and at *Exempt Appendices C and D respectively*

3.5 BSM Car Park Capacity Considerations

- 3.5.1 With recommended Option A, the BSM development will provide circa 453 car parking spaces, including a minimum of 325 public car parking spaces, circa 30 spaces for Council use (including for Hexagon staff), and up to 100 for Build to Rent residents.
- 3.5.2 It is proposed that the existing ratio of accessible parking spaces is retained in the new development, with no fewer accessible spaces provided than required by the Council's Parking Standards and Design SPD (2011).
- 3.5.3 The long-term loss of spaces from the car park is not considered a concern for Parking Services. This is supported by occupancy figures in the Council's Town Centre Parking Study which was commissioned by the Council in February 2025.
- 3.5.4 During the temporary closure of the car park (currently envisaged to be for a period of approximately 12 months), additional traffic pressures are anticipated because there will potentially be no replacement parking on the western edge of the town centre.
- 3.5.5 Current build programmes for the BSM development and future and MQC development indicate that closure of the BSM car park and Civic Car park B in Minster Quarter will not overlap.

4 Overarching Construction and Management Agreement

4.1 The Development – Background

- 4.1.1 To enable the developer, MCL BSM to deliver the proposed development for AEW, they will require access and, in some cases, permanent changes to the Council's adjoining land and structures including to Dusseldorf Way and Queens Walk.
- 4.1.2 The developer, McL BSM's requirements cover a range of themes, and can be broadly categorised as follows:
- (a) Temporary (e.g. Access, construction plant, including heavy machinery, hoarding, scaffolds, site accommodation)
 - (b) Temporary – Reinstatement to existing standard or to approved planning design (e.g. where crane base and access ramp are installed)
 - (c) Permanent – Reprovision (e.g. podium alterations, Hexagon sub-podium storage demolition and reprovision)
 - (d) Permanent – Legal interest in land (e.g. balcony oversailing))
 - (e) Facilitation - Surveys and Investigations etc
- 4.1.3 The land required sits within the development boundary for MQC which is to be let via a long leasehold to the Council's development partner McLaren MQC (McL MQC) in accordance with the terms of the Minster Quarter Central Development Agreement.
- 4.1.4 The current, provisional high-level programmes for the parallel Minster Quarter projects (Broad Street Mall, Minster Quarter Central, the Hexagon Studio and the Decarbonisation and Heat Network) indicate there will, at points be overlaps in the timelines for demolition, enabling and/or construction.
- 4.1.5 These inter-dependencies, and particularly the robust safeguarding of the delivery the MQC development and protections for the Hexagon's day-to-day operation, are key considerations in the structure and terms of the agreement.

4.2 The Development Strategy – Current Position

- 4.2.1 Council officers anticipate that the developer will not be able to provide sufficient detail for their access requirements until the technical design is underway and the developer's construction programme and logistics planning is further developed.

- 4.2.2 In recognition of the matters set out in paragraph 4.2.1 above, Council officers have proposed there is an overarching construction and management agreement (CMA), setting out terms and obligations of the parties during the construction process and in relation to management after the development has been completed, including provisions for dealing with land and title matters; This strategy provides AEW, the Council, McL MQC and McL BSM a degree of certainty ahead of the finer details of the construction / technical solutions being confirmed.
- 4.2.3 The CMA is proposed to create a framework to ensure appropriate mechanisms are in place for Council officers to approve the detail of the proposed works, access, and management plans under the Policy Committee delegation, helping to mitigate risk and streamline work for efficient management of Council resources.
- 4.2.4 The CMA will have supplementary agreements such as a lease and licences that will cascade from it to facilitate its operation. These supplementary documents would be subject to agreement later, when the necessary details are available from the Developer and, where required, under the officer delegations recommended by this report.
- 4.2.5 McL BSM, the BSM developer, has proposed that most of the construction logistics matters are dealt with under single lease or licence of the part of the Minster Quarter Central site which they need to occupy for a period to enable them to construct the BSM scheme. The occupation by BSM and AEW of part of the Minster Quarter Central Site and the works they intend to do will be governed by the CMA. .
- 4.2.6 The Council is exploring options with McL BSM for whether a lease or Licence is granted for the main BSM works requirements on the MQC site. The key considerations for determining the most appropriate solution are:
- a) Compatibility with the Council's Development Agreement and lease terms for the Minster Quarter Central site, including development programmes
 - b) Protections for the Hexagon Theatre
 - c) The McL BSM development funding requirements and arrangements
 - d) Continuity of construction logistics for BSM
 - e) Termination rights for the Council
 - f) Potential S123 requirements (for lease, subject to terms)
- 4.2.7 The option of a lease or licence will be subject to further legal advice from external solicitors. However, it is recommended by Officers that in either case suitable obligations are placed on AEW/McL BSM, (the BSM developer) in the CMA to govern their occupation and their works on the Minster Quarter Central Site whilst giving them flexibility to conduct the work in line with their development requirements. McL BSM would be required to provide the usual warranties and indemnities to provide comfort to the Council as freeholder and in relation to the Minster Quarter Central development site.

- 4.2.8 The approach referred in paragraph 4.2.7 above, is proposed also because it is considered that it would enable the parties to take a more flexible approach to how the works are managed, carried out and monitored without impeding BSM development works' progress. It also allows for any works that may affect the Hexagon Theatre and or its operations or matters on the Council's adjoining or neighbouring land, to be monitored to ensure as little impact as possible on such land and property and the Hexagon Theatre operations, whilst facilitating the progression of the BSM development.
- 4.2.9 It is proposed that the car park surrender and the CMA are linked, with completion of the car park surrender deed conditional on the exchange of the CMA along with other conditions. This is to provide the Council with certainty that the BSM development will proceed prior to the Council surrendering the car park lease.
- 4.2.10 Officers' recommendation is for the Council to proceed with the CMA for the reasons stated in the above paragraphs

5 Contribution to Strategic Aims

- 5.1 The recommendations in this report align with the Council's five priorities for the years 2025-28 by facilitating the development of a vibrant, mixed-use urban quarter that benefits residents, businesses, and the wider community.

5.2 Promote more equal communities in Reading

The integrated uses expected to be provided by the development, and the wider Minster Quarter regeneration are intended to support holistic economic growth while ensuring benefits are accessible to people from diverse backgrounds and promoting equality and diversity in the town centre.

5.3 Secure Reading's economic and cultural success

The proposed carpark surrender will create a capital receipt for the Council and will reduce the ongoing management and operational risk and costs currently borne by the Council.

The terms of the CMA will protect the ongoing operations of the Hexagon to secure the success of this important cultural venue. The terms of the recommended carpark surrender option provides rent free spaces for Council employees, including for Hexagon staff, further supporting the Theatre's day-to-day operations.

5.4 Deliver a sustainable and healthy environment and reduce our carbon footprint

AEW's proposals for the BSM carpark include a rooftop carpark improvement scheme, with hard and soft landscaping and green walls. The proposed and expected output is to bring biodiversity gains to the existing carpark whilst maintaining access and circulation.

5.5 Safeguard and support the health and wellbeing of the Council's adults and children

The BSM development, with MQC will deliver significant upgrades to the public realm alongside public realm stewardship strategies. This will provide improved access to high quality outdoor space and will positively contribute to biodiversity, active travel, wayfinding and play strategies in the Town Centre.

5.6 Ensure Reading Borough Council is fit for the future

The capital receipt from the recommended carpark transaction (Option A - surrender of the carpark) will make a positive contribution to the Council's budget, supporting investment in strategic priorities for the future.

6 Environmental and Climate Implications

6.1 The structure and terms of the Overarching Construction and Management Agreement seek not only to facilitate the BSM development but to safeguard the delivery of the Council's own projects at the Minster Quarter – in particular Minster Quarter Central and the potential Heat Network which will in combination deliver energy efficient new homes on this strategic site.

7 Community Engagement

The obligation to engage with adjoining owners and stakeholders will be detailed in the terms of the Overarching Construction and Management Agreement.

8 Equality Implications

8.1 The development proposes to deliver investment in public realm including new; improved and accessible public and private spaces for the benefit of residents and visitors to the wider area; and, inclusive public spaces that will cater for all users, considering neurodiversity, age, and ability.

8.2 Equality implications in relation protected characteristics in the context of the Development were reviewed as part of the planning application process. This process considered that there is no indication or evidence that the protected groups have or will have different needs, experiences, issues and priorities in relation to this particular application.

9 Legal Implications

9.1 Surrendering the whole or part of the carpark Lease is a disposal and thus, triggers the Council's obligation to obtain best consideration reasonably obtainable under section 123 of the Local Government Act 1972 (LGA).

9.2 In relation to the proposal under Option A for the Council to retain some parking spaces under a new lease granted by AEW to the Council, s.120 of the Local Government Act 1972 applies which provides that the Council (as a local authority) may by agreement acquire land for any of its statutory functions; or for the benefit, improvement or development of its area.

9.3 Principal Lawyer for Regeneration from the Directorate of Resources, has cleared these Legal Implications.

10 Financial Implications

10.1 Carpark Transaction

10.2.1 The recommended Option A for Full Surrender has the most financial benefit to the Council, as it provides a capital receipt, removes future service charges, and the costs to implement are either recoverable from AEW or able to be charged against the capital receipt proceeds.

10.2.2 The downside of Full Surrender is the permanent loss of income from the carpark. This financial impact has been built into the Medium-Term Financial Strategy as part of the 2025/26 Budget & 2025/26-2027/28 Medium-Term Financial Strategy Report approved by council in February 2025. Maximising the remaining carparking income in the period before closure will provide a further small benefit to the Council.

10.2 Construction and Management Agreement

The Overarching Construction and Management Agreement will set out terms for reimbursement of costs related to this agreement, supplementary agreements and any technical, monitoring or project management costs.

10.3 Further details are provided in the *Exempt Report* and *Exempt Appendix E*.

10.4 Strategic Finance Business Partner – Economic Growth & Neighbourhood Services, has cleared these Financial Implications.

11 **Timetable for Implementation**

A provisional timeline with key dates is provided in the Exempt Report.

12 **Background Papers**

There are none.

Public Appendices

Appendix A: Indicative Plan showing BSM and adjoining ownerships in the context of the Minster Quarter Central development site for identification purposes only

Appendix B: Extract from Planning Drawings for BSM showing extent to which BSM development redline includes BSM carpark.

Exempt Documents

1. **Exempt Report (Part Two)**
2. **Exempt Appendices**
 - 2.1 **Exempt Appendix C:** BSM Carpark Options Table
 - 2.2 **Exempt Appendix D:** Carpark Heads of Terms (Principles)
 - 2.3 **Exempt Appendix E:** Indicative Structure of Agreements