

**Report of Director of City Development and Director of Adults and Health**

**Report to Executive Board**

**Date: 20<sup>th</sup> March 2019**

**Subject: Acquisition of Unit 6 Waterside Road, Stourton for service re-provision**

Are specific electoral wards affected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, name(s) of ward(s): Hunslet & Riverside	
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If relevant, access to information procedure rule number: 10.4 (3) Appendix number: 2	

**Summary of main issues**

1. This report is put forward in the context of the Best Council Plan 2018/19-2020/21 and specifically the ambitions of being 'an efficient and enterprising organisation' and 'A strong economy and a compassionate city', and in particular the outcomes of 'Health and Wellbeing,' and 'inclusive growth'. In addition the acquisition of Unit 6 Waterside seeks to support the delivery of the Inclusive Growth Strategy under the People, Place and Productivity themes and in particular the 'Best city for health and wellbeing', 'Doubling the size of the city centre', and 'promoting inward investment'.
2. Assisted Living Leeds (ALL) is a centre that brings together a number of assistive technology services under one roof including the Leeds Community Equipment Service, Telecare, Blue Badge Assessment, associated training for staff and is developing a front facing information service. The service currently occupies a warehouse and offices at 81 Clarence Road. The land on Clarence Road and Armouries Drive represents a strategic growth opportunity for the city centre.
3. A property search has been ongoing for in excess of 18 months to find a suitable property for ALL. However, industrial premises are currently in high demand and until recently there have been no suitable premises which have come to the market for freehold sale. This in part is due to the office, location and parking requirements of the service, making a number of properties unsuitable.

4. Unit 6 Waterside Road is a c36,000 sq ft industrial unit in Stourton which includes 11,000 sq ft of office space. It was introduced to the Council prior to being brought to the open market and following a viewing it was deemed as suitable for the service and has scope to be utilised for other Council uses to support our broader asset rationalisation approaches. It is therefore proposed to acquire Unit 6 Waterside Road on a freehold basis, following which works will be undertaken to fit out the building for ALL and the Council's requirements.
5. Unit 6 Waterside Road is large enough to accommodate not only the current ALL provision but also provides an opportunity for plans to be developed for the Phase 2 proposals which would not be possible at the current site.

## **Recommendations**

6. Executive Board is recommended to:
  - i. Approve the acquisition of Unit 6, Waterside Road on the terms identified in the confidential appendix 2, including the financial business case set out in this paper;
  - ii. Delegate authority to the Director of City Development to agree the final detailed terms and complete the acquisition;
  - iii. Approve authority to spend the £5.6m injected into the Capital Programme in February 2019 to support the relocation of Assisted Living Leeds.
  - iv. Delegate authority to the Director of City Development and Chief Financial Officer to agree the fit out and refurbishment works to the building once acquired;
  - v. Approve the injection and authority to spend a further £1.4m into the capital programme to enable the undertaking of the expansion of the Assisted Living Leeds Service in line with the Directorate's priorities.
  - vi. Delegate the authority to spend the additional £1.4m to the Director of Adults & Health.
  - vii. Note that the Head of Asset Management is responsible for the proposed acquisition;
  - viii. To exempt the resolutions arising from this report from the 'Call-In' process, on the grounds of urgency, as detailed within section 4.5.5 of this report.

## **1. Purpose of this report**

- 1.1 The purpose of this report is to seek Executive Board approval to the principle of acquiring Unit 6 Waterside Road in Stourton and provide authority to spend of the funding injected into the Capital Programme to deliver the relocation of Assisted Living Leeds from their current location at 81 Clarence Road. The report also seeks to inject and authority to spend a further £1.4m into the Capital Programme, on an invest to save basis, to deliver the expansion of the Assisted Living Service in line with Adults & Health priorities.

## **2. Background information**

- 2.1 Assisted Living Leeds (ALL) currently occupy a 24,000 sq ft unit at 81 Clarence Road. This includes a 17,000 sq ft warehouse and 7,000 sq ft of office accommodation. This is a c1960's building which now requires some maintenance works particularly to the roof. ALL is a centre that brings together a number of assistive technology services under one roof including the Leeds Community Equipment Service, Telecare, Blue Badge Assessment , associated training for staff and is developing a front facing information service . ALL moved into the property in 2014 on a temporary basis as their service requirements developed, on the basis that the land at Clarence Road/ Armouries Drive was earmarked for development within the Aire Valley Area Action Plan which was being prepared at the time.
- 2.2 The redevelopment of the site is a critical component of the regeneration of the area and growth of the city, as further detailed in the Council's Hunslet Riverside Regeneration Framework. The site sits between Leeds Dock, and land currently being considered for residential/ mixed use development and a primary school, which will form an additional phase to the Climate innovation District scheme which is currently being developed by Citu. Within the Clarence Road/ Armouries Drive development site there are five plots of land including ALL and a further unit owned by the Council. There are three further units in private ownership and initial dialogue has been held with these property owners to explore opportunities for land assembly to enable the entire site to come forward for redevelopment. This will be the subject of a further report to Executive Board later in the year and is on the basis that the form and use of the low rise industrial units at this site are not compatible with the potential of the site to contribute to the regeneration of this part of the city. It is therefore crucial to find an alternative property for ALL to operate from.
- 2.3 A property search has been ongoing for in excess of 18 months. Since bringing services together at the current site ALL have explored ways in which their service provision can be further enhanced through the creation of a SMART House and Innovation Lab which will be funded by Adults and Health. This brings the total floorspace requirement to 30,000 sq ft as well as a requirement to accommodate 24 fleet vehicles and parking for staff and visitors.
- 2.4 There is nothing within the Council's ownership which is suitable and as such a search for freehold properties has been undertaken on the open market. The strength of the industrial sector at present has meant that few properties have been brought to the open market and the majority of those that have become available, have been unsuitable due to their size, availability of parking/ service yard or conversion costs due to the higher than average office requirement.
- 2.5 In February 2019, Unit 6, Waterside Road in Stourton was introduced to the Council by property agents Knight Frank, prior to it being brought to the open market. A

viewing of the property confirmed its suitability and an offer has subsequently been made and accepted.

### **3. Main issues**

- 3.1 Unit 6, Waterside Road is a 36,460 sq ft modern warehouse including 11,274 sq ft of office space. The offices have recently been redecorated and the warehouse has 4 full height loading doors, 6.6m high eaves and is a steel portal frame. The total site extends to 2.8 acres and includes 79 car parking spaces plus a large secure yard. The site will be purchased on a freehold basis.
- 3.2 The property is located close to Pontefract Road which is served by a number of bus services from the city centre towards Rothwell, Castleford and Pontefract. This makes the property accessible to staff who may not have their own private transport as well as visitors and service users. Whilst the property is close to the River Aire and Canal, it has been assessed as having a low risk of flooding equating to less than a 1 in 1000 annual probability. To this end, the property did not flood during Storm Eva the effects of which severely affected the current ALL site, other parts of Stourton and Kirkstall in December 2015. Further to this, the site will have benefitted from the Flood Alleviation scheme – Phase One which officially opened on 4 October 2017.
- 3.3 The building will more than easily accommodate the requirements that ALL have identified, but also provides a potential opportunity for further development of flexible office accommodation, particularly for services with a clear synergy with ALL services, including the opportunity for collaboration spaces and partnership working. It provides a wider opportunity to provide potential office solution to support wider workspace rationalisation and delivery of changing the workplace within localities through the provision of locality office space and touch down space which could be allocated to specific services or used on a more flexible basis.
- 3.4 Due diligence including a building condition survey and independent valuation will be completed prior to acquisition. Additionally, NPS Leeds have been commissioned to design the space to ensure that the building is utilised efficiently and that its layout meets the requirements of ALL and its service users. This work is ongoing and subject to the agreement of Executive Board, separate approval will be sought from the Director of City Development and Chief Financial Officer to implement the scheme.
- 3.5 The benefits that would be achieved through acquiring Unit 6 waterside Road are:
  - i. Vacant possession of 81 Clarence Road can be achieved, which will allow regeneration plans to be progressed for this and adjacent sites which are strategically important to support the growth of the city.
  - ii. It will provide good quality modern accommodation for ALL and offers the potential to improve the efficiency of service delivery and customer service/experience.
  - iii. The building configuration is a significant improvement on 81 Clarence Road as not only does it provide a purpose built distribution warehouse it also has a separate large goods inward and a number of smaller more suitable goods outward bays more suitable for the ALL distribution operation.

- iv. Given the size of the unit there is the potential opportunity to utilise space for wider Council requirements, including fleet parking/ storage and office accommodation, supporting the wider locality asset rationalisation agenda.
- v. It represents a good property investment to sit within our wider operational portfolio given its established industrial location. Should service requirements change, the property will be highly attractive to the market as either a freehold sale or lease out based on current market predictions.

- 3.6 The purchase of this property not only offers the opportunity to re-provide the current service at Clarence Road it also offers the opportunity for the further development of the premises to meet the future needs of the service including the creation of a SMART House, Innovation Lab and a retail offer. The business case for this expansion has undergone significant development and has been supported by Adults & Health Directorate Management Team. The cost for this further development as estimated to amount to a further £1.4m and it would be prudent to inject this sum into the capital programme at this stage. The borrowing costs, assumed at £94k pa based upon borrowing over 20 years will be met from the resulting revenue savings which can be achieved within the Adults & Health budget.
- 3.7 The development of a SMART House will allow the service to demonstrate the operation and value of assistive technology within a mocked up domestic setting, including new and innovative products, to professionals, citizens and their families. This will support the further use of assistive technology in preference to more expensive formal care. Although it is difficult to accurately predict the increased usage of assistive technology from this development the Adults & Health 2018/19 budget was predicated upon a modest increase in use from other initiatives with estimated savings of £187k from a 15% increase in telecare packages. A SMART House would enable telecare usage to be expanded at a significantly faster rate. To meet the estimated borrowing costs outlined above would only require an increased usage of assistive technology of 7.5% pa and thus it is anticipated that the savings from this initiative alone would be more than sufficient to meet the cost of borrowing for the whole of the above developments.
- 3.8 The Innovation Lab not only ensures that Leeds remains at the forefront of developments in Assistive Technology, but also ensures that end users can influence research and development in the field through contributing to the design and development of Assistive Technology solutions via focus groups with designers and manufacturers. Whilst this in itself is not a major income generator, this does ensure that future developments are more focussed on meeting end user needs and expectations.
- 3.9 The Retail Offer – including on-line, will provide access to a range of Assistive Technology products, including for those people who support their own care needs without recourse to formal support from Adults & Health. This is a market that is currently underdeveloped and represents an opportunity for an established Assistive Technology retailer together with a rental income stream to Adults & Health.

## **4. Corporate considerations**

### **4.1 Consultation and engagement**

- 4.1.1 The Executive Member for Regeneration, Transport & Planning and Health, Wellbeing and Adults has been consulted on the acquisition detailed in this report and are supportive of the proposal.
- 4.1.2 Asset Management Board has been consulted (20<sup>th</sup> February 2019) and has given its support to the proposed acquisition.
- 4.1.3 ALL staff and the Trade Unions have been aware of the need to relocate and have been updated on the current proposals.

### **4.2 Equality and diversity / cohesion and integration**

- 4.2.1 An equality screening exercise has been carried out and the outcome is that a full impact assessment is not required as there are no impacts on equality for the approvals requested. The screening document is attached at appendix 1.
- 4.2.2 An Inclusion & Diversity in the Built Environment audit will be undertaken on the property as part of the scope of works assessment. An estimated allowance has been made for carrying out required works within the financial business case detailed in confidential appendix 2.

### **4.3 Council policies and best council plan**

- 4.3.1 The work of Asset Management, including the acquisition of Unit 6 Waterside Road, supports the Best Council Plan 2018/19-2020/21 and specifically the ambitions of being 'an efficient and enterprising organisation' and 'A strong economy and a compassionate city', and in particular the outcomes of 'Health and Wellbeing,' and 'inclusive growth'. In addition the acquisition of Unit 6 Waterside Road seeks to support the delivery of the Inclusive Growth Strategy under the People, Place and Productivity themes and in particular the 'Best city for health and wellbeing', 'Doubling the size of the city centre', and 'promoting inward investment'.
- 4.3.2 The proposal also supports the council's value of spending money wisely, through enabling the disposal of the Council's ownerships at Clarence Road and investing in a fit for purpose, modern building that will have less overall maintenance over the next 20+ years than the current property. In addition the acquisition supports the wider asset rationalisation programme by providing opportunities to reconfigure locality accommodation and change the way in which staff are able to undertake their work.
- 4.3.3 The range of services delivered through Assisted Living Leeds support the Council's Health and Well Being Strategy by supporting people with health and social care needs to live healthy, productive, independent and dignified lives, and to participate in education, employment and civic life. Assistive technology can also delay or reduce the need for formal health and social care, including by reducing the demands on paid or unpaid care givers.
- 4.3.4 The proposal is also in line with Leeds' involvement in the One Public Estate programme, working across public sector partners to make more efficient use of the public estate through supporting co-location and integrated services.

4.3.5 In addition the acquisition will contribute towards the council's aim of having a modern and fit for purpose estate, with Changing the Workplace principles to be applied throughout.

#### **4.4 Resources and value for money**

4.4.1 Details of the proposed acquisition costs are provided in confidential appendix 2.

4.4.2 Executive Board approved the injection of £5.6m into the Capital Programme in February 2019 to support the relocation of ALL. This report also seeks to inject a further £1.4m into the Capital Programme and give authority to spend that amount to fund the service expansion plans outlined in 3.6 to 3.9 above.

4.4.3 The purchase of this property also enables the Adults & Health Directorate to progress with ALL Phase 2 which includes a SMART House, Innovation Lab and a retail model for assisted living services. This will support the directorate's priorities to provide a wider range of assistive technology to support more people to live independently in their own homes. The expansion of this service will have the impact of obviating potentially more expensive types of care, for example, residential care and home care the savings from which will be utilised to fund the borrowing arising from this additional expenditure. As outlined in paragraph 3.7 of this report it is estimated that a further 7.5% increase in the use of Assistive Technology would be sufficient to meet the additional estimated borrowing costs of £94k pa from the development of Phase 2.

#### **4.5 Legal implications, access to information, and call-in**

4.5.1 The Executive Board has authority to discharge any function in relation to the management of land, (including valuation, acquisition, appropriation, disposal and any other dealings with land or interest in land) and Asset Management.

4.5.2 The Council has the power to make the acquisition under section 120 (1) (a) of the Local Government Act 1972.

4.5.3 The information in confidential appendix 2 attached to this report relates to the financial or business affairs of a particular person and 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 since this information relates to a financial offer that the council has submitted to purchase the property in a one to one negotiation it is not in the public interest to disclose this information at this point in time. Also 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 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 considered that whilst there may be a public interest in disclosure, much of this information will be publicly available from the Land Registry following completion of this transaction and consequently 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.

- 4.5.4 The Head of Land and Property confirms that in his opinion the terms offered to the Council represent market value for the property.
- 4.5.5 Given the pressure to purchase the property and the strength of the industrial market, it is important that the acquisition is concluded as quickly as possible. The Council has successfully secured a short period of exclusivity during which the vendor will not negotiate with any other party. However, should the decision be subject to call in then there is a risk that the acquisition could not be concluded within the exclusivity period and the vendor may agree a sale to another party, impacting upon the Council's ability to relocate ALL and supporting the regeneration and growth of the city. The 20<sup>th</sup> March meeting of Executive Board is the first meeting to be held since the Council's offer for the building was accepted and exclusivity period agreed. On this basis it is proposed to exempt the resolutions arising from this report from the 'Call-In' process.

## **4.6 Risk management**

- 4.6.1 The sale of the Council's assets at Clarence Road is dependent on the council securing vacant possession of the property. Due to the Council's experience so far of identifying a suitable property for ALL, should the acquisition not proceed then the regeneration of land at Clarence Road will be delayed.
- 4.6.2 The full details of the refurbishment are as yet unknown. However, the property represents a good opportunity for a strategic acquisition and due diligence undertaken so far indicates that all works can be accommodated within the funding injected into the Capital Programme by Executive Board in February 2019.

## **5. Conclusions**

- 5.1 Unit 6 Waterside Road has been introduced to the Council for freehold purchase. The property fits the requirements of Assisted Living Leeds and provides an opportunity for wider service use to support the Council's asset rationalisation agenda.
- 5.2 The acquisition of the property will allow the Council to progress with the release of its assets at Clarence Road which will support the regeneration and growth of the Hunslet Riverside area of the city. This will be subject to a further report to Executive Board.
- 5.3 Subject to Executive Board approval of this report, the acquisition of the property will be progressed and works will be undertaken to fully define the refurbishment and fit out necessary to meet the requirements of Assisted Living Leeds. This will be subject to delegated approval and it is anticipated that the service will be able to relocate within the next 18 months.

## **6. Recommendations**

- 6.1 Executive Board is recommended to:
- i. Approve the acquisition of Unit 6, Waterside Road on the terms identified in the confidential appendix 2, including the financial business case set out in this paper;



- ii. Delegate authority to the Director of City Development to agree the final detailed terms and complete the acquisition;
- iii. Approve authority to spend the £5.6m injected into the Capital Programme in February 2019 to support the relocation of Assisted Living Leeds.
- iv. Delegate authority to the Director of City Development and Chief Financial Officer to agree the fit out and refurbishment works to the building once acquired;
- v. Approve the injection and authority to spend a further £1.4m into the capital programme to enable the undertaking of the expansion of the Assisted Living Leeds Service in line with the Directorate's priorities.
- vi. Delegate the authority to spend the additional £1.4m to the Director of Adults & Health.
- vii. Note that the Head of Asset Management is responsible for the proposed acquisition;
- viii. To exempt the resolutions arising from this report from the 'Call-In' process, on the grounds of urgency, as detailed within section 4.5.5 of this report.

## **7. Background documents<sup>1</sup>**

7.1 None.

---

<sup>1</sup> 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.