

Agenda Item No:

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Report of: Head of Land and Property
Report to: Chief Officer Asset Management and Regeneration
Date: **October 2018**
Subject: **Land off Viaduct Road Kirkstall**

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s):	Little London and Woodhouse	
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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

Summary of main issues

1. The subject property is owned by the Council and is broadly split into two elements. The first being a building which was leased to Thyssen Krupp who until early 2016 operated a manufacturing facility from the adjacent site to the north. The second is an area of land which was previously leased to Carillion immediately adjacent to the river. Both are currently vacant, with demolition being progressed of the building formerly leased to Thyssen Krupp.
2. The area suffered from the flooding as a result of Storm Eva in December 2015. Thyssen Krupp's facility was badly affected and as a result they took the decision not to re-establish the facility. The Council discussed the scope for a joint disposal with Thyssen Krupp, but ultimately they progressed a marketing exercise solely for their freehold land and completed a sale to Prospect Estates in late 2017.
3. The Council has held informal discussions with Prospect Estates as to the potential for a comprehensive scheme incorporating the Council's land.

Recommendations

4. It is recommended that approval be granted to :

- (a) Declare the site (shown as the subject site on Plan 18909/c) surplus to Council requirements and:
- (b) Enter into 'one to one' negotiations with Prospect Estates for the sale of the Council's freehold interest in the subject land with any provisionally agreed terms to be reported for formal approval.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval to declare the site surplus and enter into 'one to one' negotiations with Prospect Estates for the sale of the Council's freehold interest in land at Viaduct Road which adjoins the former Thyssen Krupp factory.

2 Background information

- 2.1 The subject land is identified on the attached plan and extends to c2.4 acres and is vested in City Development. The former Thyssen Krupp sites extends to c4 acres.
- 2.2 The subject sites comprises an area of open land previously used for storage together with a number of vacant buildings; all of which are in a poor state of repair. Demolition of the buildings on the subject site has been approved and is being progressed by Corporate Property Management. The aim is to have a cleared site by December 2018.
- 2.3 The buildings on the subject site comprise a c5,000 sq ft industrial unit on the eastern boundary which was previously leased to Thyssen Krupp. The other buildings were not previously let. Until recently, the majority of the site had been let as a site compound to the construction company Carillion. When Carillion ceased to trade, this use stopped. A large modular office that was used by Carillion as site offices remains. Land and Property are liaising with Legal Services and Carillion's liquidators to activate the removal of the offices. Land and Property will endeavour to include in the proposed wider demolition scheme if early legal resolution can be achieved.
- 2.4 Thyssen Krupp operated a factory immediately to the north of the Council's land and which was operational until the flooding which resulted from Storm Eva in December 2015. Since this time, Thyssen Krupp have decommissioned the site and despite discussions with the Council in which the scope for a joint disposal was raised, they marketed only their site in early 2016. They have subsequently sold the site to Prospect Estates who have now demolished the factory.
- 2.5 The Environment Agency operate a river level monitoring station which is located in the south east corner of the site. It is a permanent structure and will have to be incorporated into any redevelopment of the site. Recent discussions have been held with the Environment Agency to advise of the Council's intentions.
- 2.6 The sites marked A and B are in private ownership and are occupied.

3 Main issues

- 3.1 Asset Management and Regeneration have considered how the area of the city may change in time. The site is no longer desirable for heavy manufacturing industries and there is expanding interest along the Kirkstall Road corridor for residential development. Whilst Prospect Estates initially considered a retail scheme for their site focusing on trade counter and discount retailing, the proposals that they presented to plans panel as a pre-application were for a residential scheme which sensitively deals with the site and its proximity to the Listed railway viaduct to the west.
- 3.2 Prospect Estates have indicated a willingness to acquire the Council's site to undertake a comprehensive redevelopment but, are very keen to make urgent progress given the investment they have already made. They had prepared development proposals for only their site and progressed these through pre-application discussions with the planning authority. However, plans panel members asked that they further explore the potential to bring the Council's land into the development scheme, which they have done. However, if urgent progress is not made then Prospect Estates will be forced to pursue their own land in isolation.
- 3.3 Following the flooding in 2015, the City Council working with the Environment Agency is progressing a Flood Alleviation Scheme 2 (FAS2) for the River Aire, up stream of Leeds city centre. This includes the scope for a river front footpath along the section of river from Canal Road to the A58 inner ring road, which would include the river frontage of the subject site. However, the FAS2 scheme will provide a greater level of flood protection along the corridor including the land owned by Prospect Estates and the City Council. Prospect Estates are aware of this.

3.4 Options

1. Declare surplus and dispose of the land on the open market

Whilst the Council owned land could be developed in isolation, the benefit of bringing forward a scheme which covers the subject land and the adjoining former Thyssen Krupp site will deliver a comprehensive and holistic development approach for the wider area.

2. Declare the site surplus and enter into one to one negotiations with Prospect Estates for the sale of the freehold interest

This is the preferred option as this would allow a comprehensive development scheme to be brought forward working with Prospect Estates.

3. Retain and market for letting

As detailed above, part of the site was previously let to Carillion for a site compound and office base. A series of contractor compounds will be required to deliver the FAS2 scheme and this land could lend itself for such a use moving forward.

- 3.5 The recommended option is to declare the site surplus and enter into one to one negotiations with Prospect Estates. However, through initial discussions with the developer, there appears to be scope to phase development to allow the former Carillion compound to be utilised by the FAS2 contractor, if so required, prior to development.

4 Corporate considerations

4.1 Consultation and Engagement

4.1.2 Ward Members have been consulted and no objections to the proposed course of action have been received.

4.2 Equality and Diversity / Cohesion and Integration

4.2.2 There are not considered to be any equality and diversity / cohesion and integration issues arising.

4.3 Council Policies and the Best Council Plan

4.3.1 The proposed course of action offers an opportunity to pro-actively deal with the issues relating to this under performing asset and to generate a capital receipt, whilst supporting housing growth and delivering a positive solution for a brownfield site.

4.4 Resources and Value for Money

4.4.1 Disposal of the Council's freehold interest to the adjoining owner will generate a capital receipt. In addition, the disposal could be phased to allow part of the site to be leased out for site compound purposes to support the delivery of the FAS2 scheme.

4.5 Legal Implications, Access to Information and Call In

4.5.1 Under Part 3 Section 3E Paragraph 2(a) of the Council's Constitution (Officer Delegation Scheme (Executive Functions)) the Director of City Development has authority to discharge any function of Executive Board in relation to the management of land (including valuation, acquisition, appropriation, disposal and any other dealings with land or any interest in land) and Asset Management.

4.5.2 The Chief Officer Asset Management and Regeneration has the authority to take the decisions requested in this report.

4.5.3 The proposal constitutes a significant operational decision and is therefore not subject to call in.

4.5.4 The Head of Land and Property confirms that the proposed method of disposal set out above is the method most likely to result in the Council achieving the best consideration that can reasonably be obtained under Section 123 of the Local Government Act 1972 (or under the Housing Act 1985).

5 Risk Management

5.1 It is considered that if the recommended course of action is not pursued then the Council will continue to hold a vacant underperforming asset and lose an opportunity to generate a capital receipt.

6 Conclusion

6.1 The proposed course of action is considered to be the most appropriate in the circumstances to deal with the issues arising and has the potential to deliver a comprehensive development solution for a prominent site on Kirkstall Road which is a primary transport corridor in to and out of the city centre.

6 Recommendations

7.1 It is recommended that approval be granted to :

- (a) Declare the site surplus to Council requirements and:
- (b) Enter into 'one to one' negotiations with Prospect Estates for the sale of the Council's freehold interest in the subject land with any provisionally agreed terms to be reported for formal approval.