

Agenda Item No:

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Report of: Land and Property

Report to: Director of City Development

Date: 23 October 2018

Subject: Former Richmond Hill Leisure Centre & Land at Upper Accommodation Road, LS9

Capital Scheme Number: 33029 / 000 / 000

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s):	Burmantofts & Richmond Hill	
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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:	10.4(3)	
Appendix number:	1	

Summary of main issues

1. Following its vacation, the former Richmond Hill Leisure Centre was declared surplus to service requirements in 2015. Since this time it has been used temporarily on two occasions pending a decision being taken about its future use. The property is now vacant again.
2. A nearby business has approached the Council seeking to acquire the premises for use as a bakery skills training centre. The Council had also been negotiating with the same business to secure an easement through their land at Upper Accommodation Road for a gas pipe as part of the Council's District Heating Network.
3. This report sets out a proposal that the former Richmond Hill Leisure Centre be sold by way of a land exchange to the owner of land at Upper Accommodation Road on terms outlined in the confidential appendix. The report also sets out terms for the subsequent sale of land at Upper Accommodation Road for the development of affordable housing.

Recommendations

4. It is recommended that approval is given to:
 - a) Declare surplus to Council requirements the former Richmond Hill Leisure Centre.
 - b) A land exchange of the former Richmond Hill Leisure Centre for the land at Upper Accommodation Road with the owners of land at Upper Accommodation Road on terms outlined in the confidential appendix.
 - c) A subsequent sale by negotiation of the land at Upper Accommodation Road to a registered provider for the development of affordable housing, on terms outlined in the confidential appendix.
 - d) A capital injection and authority to spend (details of both sums are given in the confidential appendix) to facilitate the land exchange.
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1 Purpose of this report

- 1.1 The purpose of this report is to seek approval to:
 - a) Declare surplus to Council requirements the former Richmond Hill Leisure Centre.
 - b) A land exchange of the former Richmond Hill Leisure Centre for the land at Upper Accommodation Road with the owners of land at Upper Accommodation Road on terms outlined in the confidential appendix.
 - c) A subsequent sale by negotiation of the land at Upper Accommodation Road to a registered provider for the development of affordable housing, on terms outlined in the confidential appendix.
 - d) A capital injection and authority to spend (details of both sums are given in the confidential appendix) to facilitate the land exchange.

2 Background information

- 2.1 The former Richmond Hill Leisure Centre, shown as Site A on the attached plan, comprises a purpose built sports centre facility with library that was constructed in around 1983. The site, which includes car parking facilities, extends to approximately 0.34 ha (0.85 ac).
- 2.2 Following the vacation of the property, it was declared surplus to operational requirements on 6 August 2015 by the Head of Sport & Active Lifestyles. Since this date the property has been used on a temporary basis by Voluntary Action Leeds for storage of donated goods and most recently as site office by the contractors working on the conversion of the adjacent former York Road Library building. The property is now vacant.
- 2.3 The land at Upper Accommodation Road, as shown as Site B on the attached plan, is in third party ownership. It was acquired in two separate transactions by the

owners of Country Style Foods Limited (CSF) in 2002 and 2008. The site, which measures approximately 0.39 ha (0.97 ac), is a cleared fairly level site, which was formerly occupied by a public house. It was acquired by the owners with the intention of using it for car parking, but two planning applications in 2002 were refused for this use and the site has been left vacant. The site is allocated for housing in Phase 1 of the draft Site Allocations Plan (SAP). The site includes small areas of unregistered land, which the owners are seeking adverse possession of through the Land Registry.

- 2.4 CSF is national bakery company specialising in high volume production of bakery products. The business has been based at Pontefract Lane, between the two subject sites, since 1986 and currently employ around 600 people at the Leeds base. The company is in the process of establishing a bakery skills training centre and has recently acquired a former church premises to the west of the former Richmond Hill Leisure Centre site for this purpose.
- 2.5 To assist with the delivery of the Council's District Heating Network, part of Site B is required to lay a gas pipe along the northern boundary. The Council has been helping to facilitate the grant of an easement from Country Style Foods to Northern Gas Networks.

3 Main issues

- 3.1 To realise CSF's ambitions of recruiting at least 300 local apprentices over the next three years, they would like to acquire the former Richmond Hill Leisure Centre for use as a bakery training skills centre.
- 3.2 Whilst CSF's land at Upper Accommodation Road is allocated in the SAP for housing, they have not brought this site forward for this use as they were hoping to use it for car parking in association with their business.
- 3.3 It is therefore proposed and recommended that approval be given to a land exchange of the two sites and a subsequent sale of the land at Upper Accommodation Road on the terms outlined in the confidential appendix, which would deliver the following benefits:
 - a) A capital receipt at market value to the Council of the former Richmond Hill Leisure Centre, a property which is surplus to Council requirements;
 - b) Unlock an otherwise land-banked residential site at Upper Accommodation Road which it is proposed be sold to a registered provider of affordable housing on terms outlined in the confidential appendix;
 - c) Facilitate the use of the land at Upper Accommodation Road for the Council's District Heating Network;
 - d) Assist with the delivery of apprenticeships through the use of the former Richmond Hill Leisure Centre as a bakery skills training centre by CSF.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Ward Members were consulted by email on 4 May 2018 and meetings were subsequently held with Councillor Ronald Grahame on 16 May 2018 and 27 June 2018 regarding the proposed land exchange.

- 4.1.2 Some concern was expressed about the loss of a community facility and how its sale could impact on parking for the nearby school. The proposed buyer has offered to local community groups to use the building occasionally free of charge and has offered to allow informal parking at school drop off and pick up times to help alleviate any issues.
- 4.1.3 Councillor Ronald Grahame subsequently confirmed his support at the meeting. He had liaised with Councillor Asghar Khan on the matter, who had no objections. Councillor Denise Ragan confirmed her support by telephone meeting on 27 June 2018.
- 4.1.4 Ward Members were consulted by email on 21 September 2018 regarding the proposal to sell the land at Upper Accommodation Road to a registered provider of affordable housing once the acquisition is completed. Councillor Denise Ragan and Councillor Asghar Khan have since confirmed their support to the proposal. No response has been received from Councillor Ronald Grahame, but he was included in replies by both Councillor Ragan and Khan. Further consultation regarding the operation of the housing is planned with Ward Members and the registered provider.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are no equality, diversity, cohesion or integration implications arising from this proposal.

4.3 Council Policies and the Best Council Plan

- 4.3.1 The disposal of the former Richmond Hill Leisure Centre will generate a capital receipt, which will support the best Council policy of promoting sustainable and inclusive economic growth by generating income for the Council, as well as creating jobs and improving skills through its proposed use a bakery skills training centre.
- 4.3.2 The acquisition of the land at Upper Accommodation Road will also contribute to the Best Council Plan by helping to tackle poverty and reduce inequalities. This will be achieved through the subsequent sale of the land for the construction of affordable housing and helping to promote a low carbon environment through the District Heating Network which will help reduce emission and tackle fuel poverty.

4.4 Resources and Value for Money

- 4.4.1 The former Richmond Hill Leisure Centre is surplus to the Council's requirements and no operational reason has been identified to justify its retention. In these circumstances, its disposal represents prudent and economic asset management, obviating holding costs associated with managing the site and therefore supports best value objectives of the Council.
- 4.4.2 The acquisition by way of a land exchange of the land at Upper Accommodation Road will be the subject of an accounting adjustment as the sale price for Richmond Hill Leisure Centre makes allowance for the value of the site. This allowance in value will be recouped through the sale of the land at Upper Accommodation Road to the registered provider. Further details are given in the confidential appendix.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 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.
- 4.5.2 The Chief Officer Asset Management and Regeneration, Head of Asset Management and Head of Land and Property have authority to take decisions in relation to Asset Management as delegated in the Director of City Development's sub delegation scheme.
- 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 in his opinion the terms offered to the Council represent the best consideration that can reasonably be obtained under Section 123 of the Local Government Act 1972 (or under the Housing Act 1985).
- 4.5.5 The information contained in the Appendix attached 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 since this information was obtained through one to one negotiations for the disposal of the property/land then 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.

4.6 Risk Management

- 4.6.1 The risks associated with the proposal is considered below:
- a) If Richmond Hill Leisure Centre is not sold, the maintenance responsibility will remain with the Council. The risk that the sale of the property may not complete is low given that the buyer is keen to proceed and the transaction is part of a land exchange arrangement.
 - b) If the land exchange does not proceed, the Council would still be able to offer the site on the open market.
 - c) There is a risk that the subsequent sale of the land at Upper Accommodation Road will not proceed, but terms have been provisionally agreed and the registered provider is keen to proceed. It is the Council's intention to seek a back to back deal with the registered provider to mitigate the risk to the Council. In the event that a back to back deal cannot be agreed and the sale did not proceed, the Council could either develop the site itself for Council housing or seek to sell the site to an alternative party.

4.6.2 Options relating to the proposal are considered below:

- a) **Option 1: Not to sell Richmond Hill Leisure Centre.** This is not recommended as there is no operation reason to justify its retention.
- b) **Option 2: To sell Richmond Hill Leisure Centre on the open market.** This is not recommended as the Council can achieve market value through the proposed land exchange and subsequent sale of the land at Upper Accommodation Road to a registered provider for affordable housing.
- c) **Option 3: To agree to the proposed land exchange and subsequent sale of the land at Upper Accommodation Road.** This is the recommended option as the Council can achieve market value through the proposed land exchange and subsequent sale of the land at Upper Accommodation Road to a registered provider for affordable housing.

5 Conclusions

- 5.1 This report recommends that the former Richmond Hill Leisure Centre be sold by way of a land exchange to the owner of land at Upper Accommodation Road and that the land at Upper Accommodation Road is subsequently sold to a registered provider of affordable housing on terms outlined in the confidential appendix.

6 Recommendations

6.1 It is recommended that approval is given to:

- a) Declare surplus to Council requirements the former Richmond Hill Leisure Centre.
- b) A land exchange of the former Richmond Hill Leisure Centre for the land at Upper Accommodation Road with the owners of land at Upper Accommodation Road on terms outlined in the confidential appendix.
- c) A subsequent sale by negotiation of the land at Upper Accommodation Road to a registered provider for the development of affordable housing, on terms outlined in the confidential appendix.
- d) A capital injection and authority to spend (details of both sums are given in the confidential appendix) to facilitate the land exchange.

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.