

Report of: Land and Property
Report to: Director of City Development and Chief Financial Services Officer
Date: February 2019
Subject: Design and Cost Report for a Strategic Property Acquisition – Paradigm, 3175 Century Way, Thorpe Park, LS15 8ZB

Capital Scheme: 32554PAR

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
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. The proposals contained in this report are linked to the Council's ambitions for its investment portfolio and for the part of the city in which the subject property is located; this is most notably relating to the East Leeds Extension (ELE) and the East Leeds Orbital Road (ELOR), and Thorpe Park. ELOR is integral to the development of the ELE, a major strategic growth area for the city, estimated to accommodate around 5,000 new homes by the time it is fully built out, alongside major new mixed use development at Thorpe Park. The Council is taking a leading role in the delivery of ELOR.
2. At the Executive Board meeting on 8 February 2017, it was approved that future injections and authorities to spend relating to additions to the investment portfolio would be delegated to the Director of City Development and the Chief Finance Officer in consultation with the relevant Executive Board Member for Regeneration, Transport and Planning and Group Leaders of Executive Board.
3. This report sets out the details for a potential acquisition of property, known as Paradigm located at Thorpe Park, Leeds. At the present time the value of the property is confidential however the price paid will be publically available once the transaction

is formally completed.

4. The details are set out in the confidential appendix.

Recommendations

5. It is recommended that the Council acquires the property known as Paradigm, 3175 Century Way, Thorpe Park, Leeds as detailed in the confidential appendix to add to its Investment Portfolio and become a strategic land holding within a growth area of the city. This is in line with the Executive Board approval from the meeting on 8 February 2017.

a)The Chief Officer Financial Services is recommended to:

- i) Approve the injection to the capital programme as outlined in the confidential appendix.

b)The Director of City Development is recommended to:

- i) Authorise the Head of Land & Property to instruct the agent to act on the Council's behalf and provide specialist property support as outlined in the confidential appendix.

- ii) Authorise the purchase of the property at the cost outlined in the confidential appendix, and as a consequence of the acquisition to enter into the Thorpe park management company.

- iii) Approve the authority to spend as outlined in the confidential appendix.

- iv) Waive of the Contracts Procedure Rules nos 8.1 and 8.2 and authorise the direct appointment of CBRE to temporarily manage the property on the Council's behalf as outlined in the confidential appendix.

- v) Agree that this report is made exempt to Call-In for the reasons set out in paragraph 4.5.5 in the open part of the report.

1 Purpose of this report

- 1.1 The purpose of this report is to recommend the purchase of a property known as Paradigm, 3175 Century Way, Thorpe Park Leeds as detailed in the confidential appendix to add to its investment portfolio. This is further to the Executive Board resolution from its meeting on 8 February 2017.

2 Background information

- 2.1 The East Leeds Orbital Road (ELOR) is integral to the development of the East Leeds Extension (ELE), a major strategic growth area for the city, estimated to accommodate around 5,000 new homes by the time it is fully built out, alongside major new mixed use development at Thorpe Park. The Council is taking a leading role in the delivery of ELOR which will underpin and unlock the full development of the ELE. In recent years the Council has played a key role in bringing forward development which has helped to drive economic growth in the city. Headline examples include:

- The development of the First Direct Arena;
- Facilitating the land assembly for the development of Victoria Gate;
- Bringing forward Sovereign Square as new public realm and offices.

- 2.2 Recognising the important role that the Council has played in the delivery of these schemes, the Council has, where appropriate, sought to value capture new income opportunities that this has helped to create. This has included:
- The ownership of the First Direct Arena, leased to SMG Europe;
 - The purchase of the head lease of the Harper Street car park next to Victoria Gate;
 - The purchase of 3 Sovereign Square, which now hosts Addleshaw Goddard as the principal tenant.
- 2.3 The proposal outlined in this report relates to a further opportunity for the Council to capture the value of its regeneration and economic development activity to secure long-term revenue for the Council.
- 2.4 The Council's investment portfolio has been reviewed and decisions taken to make strategic acquisitions that enhance its ability to produce income.
- 2.5 In its meeting of 8 February 2017, the Council's Executive Board resolved that any future acquisition would be delegated in terms of future injections and authorities to spend to the Director of City Development and the Chief Finance Officer in consultation with the relevant Executive Board Member for Regeneration, Transport and Planning and Group Leaders of Executive Board.
- 2.6 The acquisition of Paradigm will realise additional revenue for the Council, with the net income providing a budget return to support on-going regeneration work and economic growth throughout the city.

3 Main issues

- 3.1 The potential acquisition of the subject property on the terms as set out in the confidential appendix, is in line with the Council's aspirations to improve its investment portfolio as it meets the requirements for acquisition and supports wider ambitions focused around the regeneration benefits brought about by ELOR.
- 3.2 The East Leeds Extension (ELE) and ELOR are one of the key elements for the future vision for the city, creating new homes, meeting housing needs as the city grows, boost the local economy, deliver new social and physical infrastructure and improve travel and access to new employment opportunities. In addition, there is a proposal to bring forward a new rail halt at Thorpe Park together with a park and ride facility.
- 3.3 The acquisition of this property therefore provides the Council with an opportunity to capture the value of its regeneration and economic development activity to secure revenue for the Council.
- 3.4 Thus, the value and strength of the Council's property investment portfolio will be enhanced and make the Council's financial position stronger and more resilient.
- 3.5 This proposed acquisition is also part of the strategy to increase the Council's investment income by 2020/21.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The Director of City Development and the Chief Finance Officer have consulted with the relevant Executive Board Member for Regeneration, Transport and Planning, Executive Member for Resources and Sustainability (Deputy Leader of the Council) and Group Leaders of Executive Board as per the Executive Board resolution from its meeting of 8 February 2017.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are no issues in relation to the recommendation being made herein.

4.3 Council Policies and the Best Council Plan

- 4.3.1 The purchase of the property will increase the revenue stream to the Council and this will in turn support a number of Council objectives. As the acquisition will generate net additional income for the Council this will support revenue budgets that are linked to the expansion and regeneration of the City.

4.4 Resources and Value for Money

- 4.4.1 This is set out 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 acquisition of this investment property is supported by Section 120(1) of the Local Government Act 1972 which authorises local authorities to acquire any land for their functions, including their investment functions, and for the 'benefit, improvement or development of their area'. The acquisition of the Property will be for the benefit of the area in that it will improve the Council's financial position generally, and will improve and develop the area by providing the Council with assets which will generate income to facilitate and enable future regeneration projects.
- 4.5.4 In addition, Section 12 of the Local Government Act 2003 authorises the Council to invest for 'any purpose relevant to its functions' and for 'the purposes of the prudent management of its financial affairs'. Investing in the properties will generate an income for the Council and enhance the strength of the Council's investment portfolio.
- 4.5.5 The terms provisionally agreed for the property in the attached confidential appendix have been concluded on the basis that contracts are exchanged before the end of February 2019. Should the sale not complete within the above timescale the Council would be at risk of the purchase price being re-opened for negotiation in

open competition with other parties. For this reason it is proposed that this purchase is exempt from Call-in.

4.5.6 The proposal constitutes a Key Decision.

4.5.7 The Head of Land and Property confirms that in his opinion the terms offered to the Council represent market value for the property.

4.5.8 The information contained in the Appendix 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 relation to certain companies and charities. It is considered that since this information was obtained through negotiations for the purchase of the property referred to then it is not in the public interest to disclose this information at this point in time. Also the release of such information would or would be likely to prejudice the Council's commercial interests in relation to and undermine its attempts to acquire by agreement similar properties in the locality in that owners of other similar properties would be aware 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 available from the Land Registry following completion of the purchase 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 These are detailed in the confidential appendix.

5 Conclusions

5.1 It is concluded that the property as detailed in the confidential appendix is acquired by the Council.

6 Recommendations

6.1 It is recommended that the Council acquires the property known as Paradigm, 3175 Century Way, Thorpe Park, Leeds as detailed in the confidential appendix to add to its Investment Portfolio and become a strategic land holding within a growth area of the city. This is in line with the Executive Board approval from the meeting on 8 February 2017.

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v) Agree that this report is made exempt to Call-In for the reasons set out in paragraph 4.5.5 in the open part of the report.

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.