

Report of: Land and Property

Report to: Director of City Development and Chief Financial Services Officer

Date: March 2019

Subject: Design and cost report for a Strategic Land Acquisition – Swinegate Multi Storey Car Park, Leeds

Capital Scheme: 32554SWI

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): Hunslet and 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:	1	

Summary of main issues

1. The proposals contained in this report are linked to the Council's ambitions for its investment portfolio, at the Executive Board meeting on 8th 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.
2. This report sets out the details for a potential acquisition of property, known as Swinegate Multi Storey Car Park located at Sovereign Square, 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.
3. The details are set out in the confidential appendix.

Recommendations

It is recommended that the Council acquires the property known as Swinegate Multi

Storey Car 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 report.
- b) The Director of City Development is recommended to:
 - i) Authorise the purchase of the property at the price outlined in the confidential appendix to this report.
 - ii) Approve the authority to spend as outlined in the confidential appendix to this report
 - iii) Authorise the Head of Land & Property to instruct the agent to act on the Council's behalf as outlined in the confidential appendix to this report.
 - iv) Approve the surrender of the existing head lease.
 - 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 seek approval for the purchase of a property known as Swinegate Multi Storey Car Park, Leeds as detailed in the confidential appendix to add to the Council's investment portfolio. This is further to the Executive Board resolution from its meeting on 8th February 2017.

2 Background information

- 2.1 The subject property is identified on the attached plan. The Council owns the freehold interest of the site of the car park and which is subject to a 125 year head lease currently held by Q Park Real Estate UK 111 Ltd. The head lease was originally granted in 1999 for the purpose of the construction of the car park and the Bibis restaurant which occupies the ground floor by way of a long term sub-lease.
- 2.2 The car park is strategically located adjoining the Council owned Sovereign Square and vacant development site (known as plot B). The acquisition will allow the Council to consolidate any access rights that may be required in order to permit the proposed development of plot B. The car park is also close to the proposed HS2 station and the South Bank.
- 2.3 The Council 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

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.

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 with a view to make strategic acquisitions that enhance its ability to produce income.
- 2.5 In its meeting of 8th 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.

3 Main issues

- 3.1 The potential acquisition of the subject property, on the terms detailed in the confidential appendix, is in line with the Council's aspirations to improve its investment portfolio and consolidate any access rights that may be required in order facilitate the development of the Council's adjoining site (Plot B).
- 3.2 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.
- 3.3 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.
- 3.4 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 and Group Leaders of Executive Board as per the Executive Board resolution from its meeting of 8th 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 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 and the acquisition completed before the end of March 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 a fair market price 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 proposed that the property as detailed in the confidential appendix be acquired by the Council for the reasons detailed in this report.

6 Recommendations

6.1 It recommended that the Council acquires the property known as Swinegate Multi Storey Car 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 report.

b) The Director of City Development is recommended to:

i) Authorise the purchase of the property at the price outlined in the confidential appendix to this report.

ii) Approve the authority to spend as outlined in the confidential appendix to this report.

iii) Authorise the Head of Land & Property to instruct the agent to act on the Council's behalf as outlined in the confidential appendix to this report.

iv) Approve the surrender of the existing head lease.

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.