

## Aire Street Workshops – Approval to Market

Date: 15 October 2024

Report of: Land and Property

Report to: Chief Officer, Asset Management & Regeneration

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

### Brief summary

This report is seeking approval to market the freehold interest of Aire Street Workshops (“the Property”). Executive Board on 7 February 2024 declared the Property surplus to requirements, and approved as a Key Decision disposal of the Property as part of the Capital Receipts Programme (Decision Ref: [D57167](#)).

On 31 July 2024, the Chief Officer Asset Management & Regeneration approved the appointment of a marketing agent to give pre-marketing advice whilst licensees were afforded the opportunity to bring forward a financial offer for the Property. The licensees submitted their offer on 3 October 2024, which is detailed in Confidential Appendix 2. It is proposed the property be advertised for sale on the open market as the receipt of offers will provide a transparent way of reviewing the licensees’ offer and enable the Council to determine if the licensees offer represents market value and can be recommended for approval. Received offers and a recommendation as to disposal route will be detailed in a further report, once the marketing period has finished.

### Recommendations

It is recommended that Aire Street Workshops be marketed with offers being invited for consideration.

#### What is this report about?

- 1 Aire Street Workshops is situated within Leeds City Centre. The Property is leased to a social enterprise company who offer affordable workspace to start-up companies via licence agreements. A contracted-out lease is due to expire in January 2025, and on expiry of the lease the tenant is obliged to deliver vacant possession of the Property.
- 2 At a meeting of Executive Board on 7 February 2024 Members agreed the Property could be added to the Council’s capital receipts programme of property disposals. This was agreed as a Key Decision (ref D57167).
- 3 The licensees of the Council’s tenant wish to remain in occupation of the building and were afforded the opportunity to consider how it could form an entity which could submit an offer at market value for Aire Street Workshops. LCC gave assurance that the Property would not be advertised on the open market before the Licensees had explored such over the summer 2024 period. A meeting was held on 3 October 2024 where licensees presented an offer for the Property, which is detailed in Confidential Appendix 2. At this meeting, the licensees were advised that the Council had been made aware of other interest in the building and that the only way to determine whether the licensees value represents best consideration would be to test the market. The licensees accepted this approach.

- 4 Once the marketing period has concluded, a further report will be submitted detailing offers received and a recommended disposal route.

### **What impact will this proposal have?**

- 5 Marketing the property will enable the Council to determine the best offer from market exposure and whether the requirement to achieve best consideration has been achieved. Offers received during the marketing period will be reported back.

### **How does this proposal impact the three pillars of the Best City Ambition?**

Health and Wellbeing       Inclusive Growth       Zero Carbon

- 6 The eventual capital receipt received by the Council will have a positive impact on the key pillars of the Best City Ambition.

### **What consultation and engagement has taken place?**

Wards affected: Hunslet & Riverside

Have ward members been consulted?     Yes       No

- 7 Aire Street Workshops was considered at Executive Board on 7 February 2024, where the following report was approved: "Capital Receipts Programme". The report was considered as a Key Decision ref: [D57167](#). Aire Street Workshops was included in Appendix A of the report, it was resolved:

"[To] declare surplus and approve the disposal of those assets identified in Appendices A and B "Proposed for Inclusion" and agree their addition to the Council's Capital Receipts Programme of surplus properties for disposal."

- 8 The Executive Member for Resources has been consulted regularly since the proposal to dispose of the property was brought forward and supports inclusion of Aire Street Workshops in the Capital Receipts programme for disposal.
- 9 Councillors Carlisle, Iqbal and Wray were consulted via email on 25th January 2024. Cllr Carlisle was supportive; Cllr Iqbal and Cllr Wray had no comment.

### **What are the resource implications?**

- 10 There will be a cost to market the property, however this was included in the cost approved as part of the appointment of a marketing agent to give pre-marketing advice on 31 July 2024 by the Chief Officer Asset Management & Regeneration. There may be additional fees relating to marketing materials, these will be funded from the capital receipt generated by the disposal of the property.

### **What are the key risks and how are they being managed?**

- 11 Should the open market not generate offers that are as good as the licensee's offer, there may be an argument that marketing the Property was a waste of resource. However, in the event of a sale to the licensees, testing the market would give decision makers at the Council assurance that the licensees offer was the best consideration, which has to be obtained. Furthermore, the appointed agent could be employed to provide much needed capacity to assist in the sale providing expert advice.

### **What are the legal implications?**

- 12 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.
- 13 The Chief Officer Asset Management and Regeneration, Head of Asset Management, Technical Services Lead (Land and Property) and Executive Manager Land and Property (Deputy) have authority to take decisions in relation to Asset Management as delegated in the Director of City Development's sub delegation scheme.
- 14 The proposal constitutes a Publishable Administrative Decision and is therefore not subject to call in.

15 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. It is not in the public interest to disclose this information prior to marketing as it is considered that the release of such information would or would be likely to prejudice the Council's commercial interests. 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.

## **Options, timescales and measuring success**

### **What other options were considered?**

16 Officers considered not marketing the Property. The Council is in receipt of an offer from the licensees and an independent valuation, however, the further step of marketing the property will give further assurance market value and best consideration will be achieved.

### **How will success be measured?**

17 A sale being completed.

### **What is the timetable and who will be responsible for implementation?**

18 It is proposed that marketing of the Property and receipt of offers will be undertaken to enable a sale to be completed in the current financial year.

## **Appendices**

- Appendix 1 – Site Plan
- Appendix 2 CONFIDENTIAL – Licensee's offer

## **Background papers**

There are none.