

Agenda Item No:

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Report of : Head of Property Services

Report to : Director of City Development

Date: December 2012

Subject: Headingley Annexe, 8 North Lane, Headingley Leeds LS6

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s):	Headingley	
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. Headingley Annexe at 8 North Lane Headingley Leeds LS6 was formerly used as office accommodation in conjunction with the nearby Headingley Community Centre. The subject property and the Community Centre have been declared surplus and have been vacated by the service users. The Community Centre has since been sold.
2. The subject property was declared surplus by the owning department on 30th October 2012.
3. This report proposes and recommends that the Headingley Annexe at 8 North Lane Headingley be declared surplus to the Council's operational requirements and is sold on the open market by way of a public auction.

Recommendations

4. The report recommends that Headingley Annexe at 8 North Lane, Headingley Leeds LS6 be declared surplus to the Council's requirements and be sold on the open market by way of a public auction.

The auction reserve would be set by the Head of Property Services on behalf of the Acting Chief Asset Management Officer.

1 Purpose of this report

1.1 The purpose of this report is to recommend and seek authority to the following:

- i) declare the property known as the Headingley Annexe at 8 North Lane, Headingley Leeds LS6 surplus to the Council's operational requirements.
- ii) to sell the subject property on the open market by way of a public auction.
- iii) That the auction reserve price will be agreed by the Head of Property Services on behalf of the Chief Asset Management Officer.

2 Background information

2.1 The subject property was last in use as office accommodation in relation/support to the nearby Headingley Community Centre. It is now vacant having been declared surplus by the owning Department.

2.2 The property is built in a mock Tudor style and dates to 1914. The Council acquired the building in the 1920's. Its most recent Council use was as offices but this use has now ceased and the property sits empty.

2.3 The property is located on the north side of North Lane close to the traffic light controlled junction with Otley Road. Other occupiers in the vicinity include sandwich bars, bank, library and a church. The property occupies a prominent location in a busy district centre. Town Centre uses would apply in planning terms.

2.4 Externally, the property has a virtual 100% site coverage, the exceptions being a small yard/access path to both its east and west elevations. The property has no parking facility within its curtilage nor the ability to create one. The property is extended to the rear at ground floor level only.

2.5 Internally, the property has accommodation planned over ground and first floors, plus a basement. It extends to approximately 1,500 sqft GIA. There are 2 access points at ground floor level, the main centrally located front entrance and a second side entrance which is accessed from the side yard area. It is divided into offices with ancillary kitchen and toilet facilities.

2.6 The property has a very tired feel both externally and internally. It would require a programme of decoration and refurbishment to achieve a letting in the market place for office accommodation or an extensive rent free period to attract a tenant. However, the property is likely to attract a purchaser who may consider a redevelopment of the premises, which would again create a need for significant expenditure.

2.7 The property is unique. It is highly stylised and should attract interest when it goes into the public auction. It is a good opportunity to acquire freehold premises in a popular and busy location.

3 Main issues

3.1 The property was declared surplus by the owning department on 30 October 2012. It has been vacated and now stands empty.

3.2 No Council re-use of the property has been identified and as such its retention represent a financial liability. A disposal of the property represents prudent and economic asset management.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 Ward Members were consulted by letter on 1 November 2012 with regard to the proposal to declare the property surplus and market by way of public auction.

4.1.2 One Ward Member replied by e-mail on 13 November 2012 advising that whilst having no particular objections to the disposal they would personally be unhappy if the Council disposed to someone who might wish to use the premises as a bar or take away. They went further to ask if such a use could be restricted by the sale contract and that if the advert could encourage uses for retail and for office space.

4.1.3 Property Services responded on 13 November 2012 advising the Ward Member that in attempting to restrict uses, it may fetter the Council's general legal obligation to secure best consideration from the sale of its assets. Advice had previously been sought from Legal Services regarding restricting uses which otherwise may not be unacceptable in principle in planning policy terms albeit that they maybe difficult to achieve in practice. The advice received confirms that the placing of restrictive covenants on a sale where, as here, the Council has no retained adjoining property which is capable of benefiting from their retention, are of doubtful enforceability and cannot be relied upon to control use in the manner suggested. In addition, imposition of conditions within a long lease have the same limitations after 25 years. Reliance on covenants of doubtful enforceability could place the Council in a position where it may inhibit bidding without achieving any additional material benefit. It may also place the Council at risk of being challenged for breach of its 'less than best consideration' obligations in respect of the disposal."

4.1.4 No further comments have been received from this Ward Member.

4.1.5 A second Ward Member also replied by e-mail on 13 November 2012 advising that they would prefer to see the building retained and used in some way and if it can do that whilst bringing the Council much needed capital receipt then that was good. However, this Ward Member went on to mention that there is a cumulative impact Policy within Headingley that limits the further growth in the number of bars, pubs, restaurants, off licences and the sale of the building to a party with those intentions is a none starter.

4.1.6 Property Services spoke to this Ward Member to state that user restrictions could not be placed in to the sales contract for the reasons mentioned in 4.1.3, which this Ward Member accepted. However, it was stated that Property Services would share the planning information with the Ward Members and invite their comments prior to the auction pack being finalised.

4.1.7 The third Ward Member responded via email to reiterate the points raised by the Second Ward Member, in that Headingley should not have any more licensed establishments. The third Ward Member was aware of the comments Property Services made to the second Ward Member.

4.1.8 In conclusion, whilst supportive of a disposal of the building there was resistance to any new owner using the property for a licensed establishment. To help ease this, Property Services will share the planning information that will accompany the

legal pack prior to it being finalised to invite their comments. The sale contract can not restrict the use.

- 4.1.9 Following the comments made by the Ward Members, consultation has taken place with the Executive Member for Development and the Economy and he is supportive of the disposal of the property by way of public auction.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are no equality issues arising from this proposal. The auctioneer will be requested to provide details in other languages, Braille etc if required.

4.3 Council Policies and City Priorities

- 4.3.1 The disposal of the site will generate a capital receipt that will contribute to the Council's Capital Programme, which supports a wide variety of projects across the city meeting a number of policies and priorities.

4.4 Resources and Value for Money

- 4.4.1 The property is surplus to Council 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 the best value objectives of the Council.

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 Acting Chief Asset Management Officer has authority to take the decisions requested in this report under Executive functions 1 and 10 (specific to the Director of City Development) of 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 Property Services confirms that the proposed method of sale will result in the Council achieving the best consideration that can be reasonably obtained under Section 123 of the Local Government Act 1972 (or under the Housing Act 1985).

4.6 Risk Management

- 4.6.1 The risks associated with the proposed disposal are considered below:
- A. If the property is not sold, the maintenance responsibility for it will remain with the Council.
 - B. There is a risk that the property may not sell however it is located in a popular location and has already received enquiries as to when it may be

available. The near-by Community Centre recently sold and achieved a good level of interest at auction.

4.6.2 Options relating to the proposed disposal are considered below:

1. **Not to sell the site.** This is not recommended, as there is no operational reason to justify its retention.
2. **To sell the site on the open market by way of public auction.** The property is of a lot size currently generating a good level of interest at auction. It should be well received and it is anticipated to generate bids. Some parties have already identified themselves as being interested in the property and were not adverse to bidding at auction. A sale by auction would provide for a much quicker sale than by inviting offers, as the sale is unconditional and the successful bidder would exchange contracts at the auction and be obliged to complete the transaction within 4 weeks.
3. **To sell the site on the open market by way of offers.** The subject property is not complicated in terms of size or development options such as a residential development site, where it would be more prudent to consider working with potential purchasers to obtain planning consent in order to guarantee a level of security needed for funding and the comfort required to exchange contracts. The likely purchase price is at a level that is currently still popular at auction. Unlike auction, the purchaser could withdraw their offer at any time prior to completion.

5 Conclusions

- 5.1 In conclusion this report makes recommendations to and seek approval for Headingley Annexe at 8 North Lane, Headingley Leeds LS6 to be declared surplus to the Council's requirements and offered on the open market for sale by way of public auction. The auction reserve will be set by the Head of Property Services on behalf of the Acting Chief Asset Manager.

6 Recommendations

- 6.1 It is recommended that Headingley Annexe at 8 North Lane, Headingley Leeds LS6 :-
- i) Be declared surplus to Council's requirements,
 - ii) Be offered for sale on the open market by way of public auction,
 - iii) Have the auction reserve agreed by the Head of Property Services on behalf of the Chief Asset Management Officer.
- 6.2 In the event of a sale by auction not being successful then approval be given for the property be advertised for sale on the open market with informal offers being invited.

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.