
Executive Decision

Freehold sale by auction of 12 Castle View,
The Newarke, Leicester, LE1 5WH.

Decision to be taken by: City Mayor

Decision to be taken on: 6 February 2023

Lead Director: Matthew Wallace

Useful information

- Ward(s) affected: Castle Ward
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- Report version number: FINAL

1. Summary

The purpose of the report is to seek approval to proceed to the sale by auction of 12 Castle View, The Newarke, Leicester, LE1 5WH and associated land and out-buildings.

2. Recommended decision

The City Mayor is asked to formally approve:

- the sale by auction of 12 Castle View, The Newarke, Leicester, LE1 5WH due to its significant value. The Director of Estates and Building Services has approved the valuation and reserve.

3. Scrutiny / stakeholder engagement

N/A

4. Background and options with supporting evidence

The Council owns a number of property assets at Castle View, a historic site in the centre of Leicester. Numbers 5, 6, 7, 8-9 and 12 Castle View were leased to a tenant on 35-year lease arrangements commencing during various months in 2018. The tenant, following the Covid-19 pandemic has determined to enact their break clauses on all these property assets as surplus to their requirements. The properties were laid to offices and a micro-pub.

The tenant has served break notices on each of these properties. All will become vacant by 12 July 2023 and the tenant would welcome early release from their leases if possible.

The properties are in one of the most historic areas of Leicester and sit within the walls of the former Leicester Castle. The buildings are close to the Turret Gateway, built in 1422 and next to 12 Castle View which itself was the former Castle Inn public house dating back hundreds of years.

Numbers 5, 6, and 7 Castle View comprise of three historic red brick and slate former houses that were built in 1850: with a total GIA of 2,872 sq. ft (1,582 + 645 + 645).

Numbers 8 and 9 Castle View (combined GIA of 656 sq. ft) comprise the historic conversion in 2018 of two red brick and slate former cottages that were built in 1850. Now known as The Castle Inn micro-pub and until 2020 was open - the building has been temporarily

closed since the covid-19 pandemic. Previously, 8 and 9 Castle View were last used as an antique shop in the 1990s and prior to that were offices.

Number 12 Castle View, built in 1850 as The Leicester Castle (public house) and was built over in 1928 to create the Old Castle Inn, comprising of a two-storey stone and timber building adjacent to the Turret Gateway (also known as Rupert's Gateway); with a GIA of 3,919 sq. ft. In 1968 the Old Castle Inn closed and was eventually converted to offices. The building was refurbished in 2018 by DMU and is used as offices for their Faculty of Business and Law.

Extensive work has been conducted by officers exploring re-purposing options for the buildings.

Options reviewed have included re-purpose for affordable housing, consideration as Special Educational and Disability Support Service and Leicester City Council's Prevention and Safer Communities Teams.

Following extensive consideration of all options proposed, disposal at public auction to potentially return to private residential accommodation and a café/micro pub (Number 8/9) is recommended to achieve best consideration for the Council. Any future change class of use will be determined between the purchaser and the planning authority.

5. Detailed report

Property

12 Castle View, Castle Gardens, The Newarke, Leicester, LE1 5WH.

5.1 Background

- 5.1.1 On 30 March 2022 the tenant, advised their intention to enact break clauses for the above property as it became due.
- 5.1.2 An asset development review was undertaken during April 2022 including a site meeting on 25 April 2022 with attendees from the SEND Support Service: along with Estates and Building Services and tenant representatives. The meeting was held to ascertain whether this (Number 12) or any of the other Castle View properties (Numbers 5,6,7,8-9) would be suitable for the purposes and requirements of the Special Educational and Disability Support Service for Leicester City Council.
- 5.1.3 SEND Support Services decided following their visit on 25 April 2002 that although the properties were of interest, they would not be following up a proposal to occupy any of the properties listed above due to the cost of re-modelling for their specific use.
- 5.1.4 The properties have been available for viewing to Leicester City Council's Prevention and Safer Communities Teams. Both the Domestic and Sexual Violence Management Team and Women's Aid Leicestershire have confirmed that these properties are not suitable for their needs.

5.2 Historical Context

5.2.1 12 Castle View has been valued and is sited in one of the most historic areas of Leicester, sitting within the walls of the former Leicester Castle. The building is close to the Turret Gateway, built in 1422. Built in 1850 as The Leicester Castle (public house) it was built over in 1928 to create the Old Castle Inn, comprising of a two-storey stone and timber building adjacent to the Turret Gateway (also known as Rupert's Gateway); with a GIA of 3,919 sq. ft. In 1968 the Old Castle Inn closed and was eventually converted to offices. The building was refurbished in 2018 by De Montfort University and is used currently as offices for their Faculty of Business and Law.

5.3 Break Notice

5.3.1 The break notice was correctly served upon Leicester City Council by their tenant and the property will become vacant on 26 April 2023.

5.3.2 A dilapidation survey has been arranged now that official break clause notification has been received. The tenant is likely to claim a supersession based on their investment in refurbishing the properties in 2018 which would result in a nil cost dilapidation certificate. The property is currently in a turn-key condition.

5.4 Current Open Market Valuation

A current open Market Valuation has been undertaken and with competing interested parties, the sale price may exceed the upper valuation.

5.5 Planning authority

The property is situated within the Castle Conservation Area and in the Scheduled Monument Area. 12 Castle View is not listed but is adjacent to listed buildings on three sides.

5.6 Current Situation

5.6.1 12 Castle View along with other Castle View properties are being advertised on the open market, in line with their existing uses, however, the properties are also being considered for a variety of different uses subject to planning guidance and consent, as follows:

5, 6 and 7 Castle View

Available to let or freehold sale. Historic residential use to be permitted in line with planning guidance and Listed Building consent. Consideration to include sale at auction 15 February 2023.

8-9 Castle View

Available to let or freehold sale for use as a micro-pub/bistro/coffee shop.

Consideration to include sale at auction 15 February 2023.

12 Castle View

Available to let or freehold sale. Historic residential use to be permitted in line with Planning Authority consent. Consideration to include sale at auction 15 February 2023. With its enclosed outdoor space suitable for a garden, parking, and access 12 Castle View would be appropriate for use as a single large residential dwelling.

5.6.2 The interest in these properties, particularly number 12 has been sizeable, and viewings are on-going.

5.6.3 Several “second” viewings being arranged, and prospective formal offers have been received in the region of the estimated value.

5.7 Formal Offers Received

5.7.1 Offers received in the region of market value of the properties suggest that the property is likely to achieve ‘best consideration’ at open market auction. Leicester City Council must meet best consideration in its disposal decisions and meet its fiduciary duty in line with S123 of the Local Government Finance Act 1972.

5.8. Recommendation

5.8.1 Due to the large local interest and numbers of viewings being recorded, along with guide price offers for freehold purchase, all five properties are recommended to be prepared for individual sale by auction on 15 February 2023. Due to the valuation of 12 Castle View the City Mayor is requested to approve this sale in line with section 8 of the Scheme of Delegation.

5.8.2 This will give all interested parties the opportunity to bid for each property and also provide Leicester City Council with market value and favourable timescales in terms of completion, i.e. six weeks from the auction date. This would also achieve best consideration.

6. Financial, legal, equalities, climate emergency and other implications

6.1 Financial implications

The sale is expected to generate a capital receipt, which will become available to support the corporate capital programme.

Colin Sharpe, Deputy Director of Finance, Leicester City Council

The property is currently under lease; however the lease break has been enacted and will expire on 26 April 2023. There will be no rental receipts due after this date.

John Parnell, Senior Valuation Surveyor, Estates and Building Services, Leicester City Council

6.2 Legal implications

Under Section 123 of the Local Government Act 1972 the Council is required to dispose of land for the best consideration that is reasonably obtainable in the circumstances.

The disposal will also need to be in accordance with the Council's Property Disposal Policy Framework. The City Mayor will need to be satisfied that the disposal accords with the relevant provisions of the Framework.

The intended disposal by way of auction should satisfy the requirements to obtain best consideration, although the Council will also need to ensure that the Council's general fiduciary duty is complied with in disposing of assets in accordance with the Disposals Framework.

Zoe Iliffe, Acting Principal Lawyer, Legal Services, Leicester City Council

6.3 Equalities implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The recommendation of the report does not have any direct equalities implications; however, it is important that the process is open, transparent, and accessible.

Surinder Singh, Equalities Officer, Leicester City Council

6.4 Climate Emergency implications

Buildings are one of the largest sources of carbon emissions in Leicester. Following the city council's declaration of a Climate Emergency and aim to achieve net zero carbon tackling these emissions is key.

The removal of this building from the council's portfolio is not expected to have a significant impact on the council's carbon emissions. However, any redevelopment of the building following its sale will be required to abide by local planning policy and building regulations in respect of energy efficiency.

Aidan Davis, Sustainability Officer, Leicester City Council

6.5 Other implications

Planning Authority comments.

The property although not listed is adjacent to listed properties on three sides within the Castle Conservation Area. Consultation with Justin Webber, Senior Building Conservation Officer, Leicester City Council is advised.

7. Background information and other papers:

N/A

8. Summary of appendices:

Appendix 1 – Financial Appraisal **Exempt from Publication see Paragraph 9 below**

9. Is this a private report

The general covering report is not confidential, but the specific details given about the property and tenants in Appendix 1 is considered exempt from publication. This is because it gives specific information about the property and the owner(s). This is exempt information as defined in Paragraphs 1 and 3 of Schedule 12A of the Local Government Act 1972, as amended. Appendix A is therefore marked “Not for Publication”.

Paragraph 1 – Information relating to any individual.

Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

10. Is this a “key decision”?

No