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# **Executive Decision**

Freehold sale by auction of  
1-7 Greyfriars, Leicester, LE1 5PH

Decision to be taken by: City Mayor

Decision to be taken on: 6 February 2023

Lead director/officer: Matthew Wallace

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## Useful information

- Ward(s) affected: Castle Ward
- Report author: John Parnell, Senior Valuation Surveyor, Estates and Building Services
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0116 454 3935
- Report version number: FINAL

### 1. Summary

The purpose of the report is to seek approval to proceed to the sale by auction of 1-7 Greyfriars, Leicester, LE1 5PH, including the associated car park to the rear (noting exclusions for easements and wayleaves for access by associated properties).

### 2. Recommended decision

The City Mayor is asked to formally approve:

- The sale by auction of 1-7 Greyfriars, Leicester, LE1 5PH, including the car park to the rear.
- 1-7 Greyfriars and the rear car park, have been valued by the Council's Senior Estates Valuation Surveyor and RICS registered valuer; additionally, an external independent valuation has been undertaken. The Director of Estates & Building Services has approved the valuation in line with the scheme of delegation and has set the reservation price accordingly.
- Existing easements and wayleave agreements across the car park will be included in the sale.
- A new easement for the benefit of Leicester City Council and King Richard III Visitors Centre, 4a St Martins, LE1 4DB for access to, and the use of, the designated parking area within the car park adjacent to the King Richard III Visitors Centre.

### 3. Planning Authority engagement

Close consideration of the heritage of this site with the Planning Authority has provided a heritage and planning brochure to assist any prospective purchaser.

### 4. Background and options with supporting evidence

The vacant buildings of 1-7 Greyfriars have been reviewed in line with the Council's disposal and acquisition strategic property review.

These properties are considered surplus to the Council's requirements following extensive efforts to either repurpose the property assets, (noting carefully their heritage (and listed) status), a number of letting options and development proposals garnered from open market interest.

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

Options reviewed have included re-purpose for affordable housing and various other future use, including development for offices, residential, a boutique hotel and cinema complex in line with planning guidance and business interest.

Following extensive consideration of all options proposed, disposal at public auction is recommended to achieve best consideration for the Council.

## **5. Detailed Report**

### **5.1 Site Details and Heritage**

1-5 Greyfriars has a total Gross Internal Area of 3,177 sqm (34,194 sq. ft) over four floors, plus basement. 7 Greyfriars has a total Gross Internal Area of 995 sqm (10,714 sq. ft) over three floors, plus a basement.

The buildings are suitable for a range of uses including various forms of residential, offices, hotel and other leisure purposes.

The entire site is located within the Greyfriars Conservation Area and the site is also within the Greyfriars Townscape Heritage Initiative (THI) area and is of significant interest being closely associated with the discovery of burial site of Richard III. Full particulars of the Greyfriars Site Development Guidance 2023 are attached at Appendix 1.

Brief details of conservation matters in the area:

- 17 Friar Lane is Grade II\* listed and is considered by Historic England to be “a particularly important building of more than special interest.” Pevsner: “A really fine design of 1750”. SOLD and being sensitively restored.
- 1-3 Greyfriars is not listed.
- 5 Greyfriars is Grade II listed.
- 7 Greyfriars (Conway Building) is Grade II listed.
- The Greyfriars site is best known as the original site of a medieval Friary dissolved in 1538, best known as the burial place of King Richard III who was hastily buried in the friary church following his death at the Battle of Bosworth. An archaeological dig in 2012-13 successfully identified the site of Greyfriars church and the location of Richard III’s burial site. The grave site was incorporated into the ‘Dynasty, Death and Discovery’ museum which opened in 2014. In December 2017, Historic England scheduled the site.

### **5.2 Options**

Options have been considered with a number of agreed actions which included the following:

- follow up with interested commercial parties in 1-3 (only) Greyfriars as a cinema/residential combined project.
- Architects conducted a test-fit analysis for higher-level residential development of the space above a proposed four-screen cinema complex.

- Following a test-fit analysis, further consideration was made to determine if the proposal would be of interest and financially viable for Leicester City Council. And, to consider if not, next steps.

## **Option 1**

### **5.2.1 Cinema and residential flats proposal (1-3 Greyfriars)**

**Cinema:** Securing a 25-year lease with no break clause would result in a 9-year payback on the capital investment required which we conclude is a promising investment, however, the volatility of utility charges and cost of security and ongoing management charges makes this unattractive from a management perspective.

**Residential Flats:** Income from private rented sector would also result in a 9-year payback (excluding maintenance of the building and service charges, management costs and arrears costs) An external management costs would also need to be paid at Leicester City Council expense. If the flats were Local Authority managed by Housing the payback would increase to 15 years (all maintenance costs would be service charge deductible which would not fall within affordability for social rents and service charges).

### **5.2.2 The Test-Fit Analysis (Residential Flats)**

The test-fit analysis concluded that fewer flats (15 flats) could be achieved than originally thought (19 flats) due to circulation requirements of the cinema operator and the need for two means of escape/access for the flats.

#### **Conclusion:**

Although the cinema complex/residential proposal appears attractive, there are substantial hidden costs and risks in the offer (capping the service charges/maintenance of the building/multi-occupied residential/cinema building increases the management cost and risks/insurance); and a considerable capital investment required from the council.

The yields proposed by the interested developers were considered very optimistic in an economically challenged market.

## **Option 2 – Disposal at Auction for 1-3, 5 and 7**

The properties as outlined above, have been valued by the council's Senior Estates Valuation Surveyor and RICS registered valuer and additionally an external independent valuation has been undertaken. The reserve, based on this valuation, has been set by the Director of Estates & Building Services.

We do not recommend limiting the class of use, which we anticipate would reduce auction interest and value. 1-3 is not listed; 5 and 7 are Grade 2 listed which would restrict unattractive development through planning.

**Conclusion:** Disposal at auction would realise best consideration for the council in the disposal, generating a capital receipt for other future development.

**Recommendation: Option 2** is recommended.

## **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. On-going revenue costs such as security, maintenance, and business rates will be saved.

No income currently being enjoyed by Leicester City Council; therefore, no income will be lost.

**Colin Sharpe, Deputy Director of Finance, 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**

### 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.

Whilst these buildings are not currently in use, their removal from the council's portfolio will lead to small reduction in emissions associated with the energy used to keep the buildings in a good condition.

This will have little or no immediate impact on Leicester's city-wide carbon footprint, however any redevelopment of the buildings following their sale will be required to abide by local planning policy and building regulations in respect of their energy efficiency.

**Aidan Davis, Sustainability Officer, Leicester City Council.**

## 6.5 Other implications

Planning Authority:

Greyfriars Site Development Guidance 2023 attached at Appendix 1

## **7. Background information and other papers:**

N/A

## **8. Summary of appendices:**

- Appendix 1 Greyfriars Site Development Guidance 2023
- Appendix 2 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/developers and interested parties in Appendix A 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 Paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended. Appendix A is therefore marked "Not for Publication".

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