
Executive Report

Freehold Acquisition
The Heathers Industrial Estate
Leicester

Decision to be taken by: City Mayor

Decision to be take on: 28th September 2023

Lead Director: Matthew Wallace, Director of EBS

Useful information

- Ward(s) Affected: Saffron
- Report author: Caroline Deane, Service Manager, Corporate Estate, Estates and Building Services
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- Checked by: Kathryn Ellis FIRRV, Head of Strategic Property, Estates and Building Services.
- Report Status: FINAL

1 Summary

To recommend Leicester City Council acquires the freehold interest in the Subject Premises known as The Heathers Industrial Estate from the vendor for £500k.

2 Recommended Decision

2.1 It is recommended that the City Mayor approve:

- 2.1.1 The acquisition of The Heathers Industrial Estate for £500k plus stamp duty.
- 2.1.2 The addition of £515k to the capital programme as an immediate start to for the acquisition of The Heathers Industrial Estate, to be funded from the strategic acquisitions policy provision.

3 Background and options with supporting evidence

- 3.1 Leicester City Council entered a ground lease from 25 March 1984 on the Subject Premises known as the Heathers Industrial Estate.
- 3.2 The Heathers Industrial Estate comprises 9 single storey light industrial units on a 0.57 acre site in the Freemans Common area of Leicester.
- 3.3 The current ground lease has a term remaining of 84 years, with a rental paid to the freehold owner by Leicester City Council.
- 3.4 Leicester City Council have been offered the opportunity to purchase the freehold interest in the site from the current landlord.

4 Financial Implications

The purchase price for the proposed freehold of the site is £500k , and £15k in Stamp Duty Land Tax. The budget to fund the purchase is held within the Strategic Acquisitions Policy Provision, and this report seeks to release that provision as an immediate start within the capital programme. The Council has opted to tax to enable the recovery of a VAT associated with the purchase.

The purchase of the freehold will result in the Council avoiding rental costs with index-linked inflation for the remaining 84-year lease period. The purchase represents an acceptable financial benefit for the Council.

The purchase of this freehold will give the Council full control of the site, protecting our existing commercial investment. As such the Director of Finance, in consultation with our Treasury Advisors, has determined that this purchase would be a permitted acquisition under Treasury Guidance, without affecting future borrowing which may need to be undertaken from the Public Works Loan Board.

Stuart McAvoy – Head of Finance

5 Legal Implications

The Council has various powers to acquire land. The power utilised to acquire is determined by the intended use. It would appear that, in this instance, the Council would need to rely on its general power of acquisition under section 120 of the Local Government Act 1972.

An investment decision made by the Council must have regard to proper accounting practices and relevant CIPFA Guidance including the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes and Prudential Property Investment published in November 2019.

In addition, the Council has a fiduciary duty to its tax-payers in relation to proper stewardship of public monies.

Any acquisition of the freehold will of course be subject to the usual due diligence exercise in terms of title investigation, searches and enquiries.

**Zoe Iliffe, Principal Lawyer (Property, Highways & Planning),
Ext 37 2180**

6 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.

7 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. Acquisition of the freehold of the site will have little or no immediate impact on Leicester's city-wide carbon footprint.

Aidan Davis, Sustainability Officer, Leicester City Council.

8 Summary of Appendices

- Appendix A – Financial Appraisal Not for Publication
- Appendix B – Site Plan Not for Publication

9 Is this a Private Report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

The general covering report is not confidential, but the specific details given about the site in Appendix A and B are 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 and B are 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? If so, why?

No