
Executive Decision Innovation Centre

Freehold Disposal of the Innovation Centre

49 Oxford Street
Leicester
LE1 5XY

Report to: City Mayor

Decision to be taken on: 28 April 2026

Lead Director: Matthew Wallace,
Director of Estates & Building Services

Useful information

- Ward(s) affected: Castle
- Report author: Ritesh Chauhan, Senior Asset Manager
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- Checked by: Kathryn Ellis FIRRV, Head of Strategic Property, Estates & Building Services.
- Report version number: FINAL

1 Summary

- 1.1 The purpose of the report is to seek the City Mayor's approval to proceed with the disposal of the Innovation Centre, 49 Oxford Street, Leicester, LE1 5XY on a one-to-one basis with the current lease holder, De Montfort University (DMU) for £2.2m as a 'Special Purchaser' (as defined in the Council's Constitution).
- 1.2 The sale will enable DMU to integrate the Innovation Centre within its broader estate masterplan and play a critical role contributing to the training, innovation, research and economic growth in Leicester and the wider region.
- 1.3 The Director of Estates and Building Services has approved the valuation of the site, supported by two external RICS Red Book valuations.

2 Recommended decision

- 2.1 The City Mayor is asked to approve the disposal of the Innovation Centre, 49 Oxford Street, Leicester, LE1 5XY on a one-to-one basis to the current tenant, De Montfort University (DMU) for £2.2m with a covenant restricting use, along with an overage clause for future residential conversion.

2.2 It is noted that the City Barrister and Head of Standards, will prepare and execute all necessary documentation required. The Director of Estates and Building Services Division will agree on the required detailed terms.

3 Scrutiny

- 3.1 The Innovation Centre is an asset held in the Council's Corporate Estate portfolio and De Montfort University (DMU) is the Council's tenant. Disposal to DMU will generate a capital receipt of £2.2m, with a consequential loss of lease income to the Corporate Estate.

4 Background and Options

- 4.1 Leicester City Council owns the freehold of the Innovation Centre, 49 Oxford Street/Bonnars Lane, Leicester, LE1 5XY. The 1,646m², 0.41 acre site has a total gross internal area of 1,876m² and comprises of three floors plus a mezzanine.
- 4.2 The Innovation Centre has been leased by the Council to De Montfort University (DMU) since its construction in 1995, with DMU operating the site as a Business Centre and Innovation Hub for new business startups by graduates of the University.
- 4.3 The building was constructed under the City Challenge scheme (external funding now expired) and operates as an Innovation Hub, supporting students and facilitating business development. It is an established and entrepreneurial hub in the city, providing leased space for university-led business start-ups and micro businesses. Barclays Eagle Lab situated at the site provides support and advice to new businesses investing in Leicester.
- 4.4 The property has been advertised for informal tender since 12th January 2026. However, the Council have engaged with DMU for disposal on a 1:1 basis.
- 4.5 Since the lapse of the lease on 31 July 2025, DMU were an implied Tenancy at Will from 1 August 2025 to 11 February 2026. A termination notice was served to DMU for the end date of 11 February 2026. Given DMU has agreed to purchase the property, LCC has agreed to a short Tenancy of Will until 31 December 2026 or earlier upon disposal.
- 4.6 The premises will be sold subject to the following overage clauses:
- The Property is subject to a restrictive covenant and overage prohibiting any use for overnight accommodation, including but not limited to all or part of the building to residential accommodation, residential dwellings, student housing, accommodation, or hotel/hospitality purposes ("Prohibited Use")
 - A change of use which is for the sole use by De Montfort University (DMU) (as defined in the contract) will not trigger an overage event. However, if the change is for a prohibited use by De Montfort University or any other entity it will create an overage trigger event.
- 4.7 The Council has served a terminal schedule of dilapidations on DMU totalling £630,807.69 which would be pursued in the event a sale to DMU does not proceed.
- 4.8 Following the University's internal due consideration processes, and, in recognition the site remains part of their strategic campus plans they have approached the Council to purchase their freehold interest of the site for £2.2m.

4.9 DMU meet the 'Special Purchaser' designation as outlined in 5.2.4 of Schedule 2 within the Council's Constitution within the Land Transaction Rules. This means a direct one-to-one disposal is allowable under the Council's Constitution with a party with a vested interest in the site. Because the site is wholly occupied by the University since 1995 and the site's proximity to the University is key to their operation of the centre.

Valuation

4.10 The Council has therefore undertaken both internal and external valuations which support the £2.2m disposal offer.

4.11 The valuations annexed at **Appendix A marked – Not for Publication** show that, if the disposal is approved, the Council will satisfy the Council's obligation to achieve best financial consideration of the market value of the asset under S123 of the Local Government Act 1972.

DMU's proposed use

4.12 The Innovation Centre is in the Central Commercial Zone of De Montfort University (DMU) and has played a critical role in engaging with businesses, developing new businesses and contributing to the training, innovation, research and economic growth in the region.

4.13 Acquisition of the site will enable DMU to integrate the Innovation Centre within its broader university estate masterplan, given it is a gateway into the DMU campus from the Bonner's Lane/Oxford Street junction.

4.14 As an established University with a vibrant student body, DMU has a deep-rooted connection to the site and a vested interest in its future performance. DMU have a long-term commitment to ensure that businesses continue to operate in high-quality accommodation to ensure the stability and continuity of their high-quality tenants at the site. This makes DMU an ideal candidate to maximise the future potential of the site and deliver lasting benefits to the businesses located on the site and inspire innovation services to the wider citizens of Leicester.

4.15 Freehold ownership will ensure that DMU continues to play a critical role in adding value to the region and beyond. As an anchor institution to the City of Leicester, DMU aims to increase their engagement with businesses, and public and private sector.

4.16 The purchase of the Innovation Centre will allow DMU to establish partnerships, not bound by short-term lease arrangements, as well as ensure appropriate utilisation and occupancy. The East Midlands will continue to benefit in terms of DMU's contributions to economic growth, establishment of new companies that would have otherwise been lost to another region and to upskill and re-skill individuals and companies to deliver high quality services to the wider region.

Options considered

4.17 Declining the offer from DMU to purchase the freehold outright in favour of a new lease at market rent per annum over a 10-year term.

4.18 A capital receipt from the sale of this property is in line with the financial strategy of the Council.

It is therefore recommended to proceed with a one-to-one disposal to DMU as Special Purchaser.

5 Financial, legal, equalities, climate emergency and other implications

5.1 Financial implications

The budgets for 2025/26 and 2026/27 set out the ambition to secure capital receipts of £60m from the sale of land and property, with the intention to utilise some of these to offset planned borrowing. This report proposes the sale of the Innovation Centre, held within the Council's General Fund, which would provide £2.2m towards this objective.

The Corporate Estate currently receives revenue income from the site (which will be lost through this sale); this is lower than the savings on borrowing costs which would arise from the capital receipt. This will put pressure on the corporate estate income budget for 2026/27 onwards and this has been reflected in the budget.

If the sale did not proceed and the Council retained the site, it would cost in the region of £30k for each year it remained vacant.

Signed: Stuart McAvoy – Head of Finance

Dated: 7 April 2026

5.2 Legal implications

5.2.1 The Council has a legal obligation to dispose of land at the best consideration reasonably obtainable in accordance with S.123 of the Local Government Act 1972 (as amended). Open marketing is acknowledged to achieve best consideration. A disposal includes either a freehold sale or lease for a term of more than 7 years.

5.2.2 The proposal to dispose of the property at what appears to be best consideration on the basis of a one-to-one transaction without open marketing for purposes set out in this report, will require compliance with the Disposal Policy Framework forming part of the Council's Constitution. The Council will need to be satisfied that the disposal accords with the relevant provisions of the Framework relating to exemptions for one-to-one disposals.

5.2.3 Without an open market exercise, officers cannot be certain that best consideration has been achieved. (Without open marketing there is the potential risk that a higher value could have been achieved through exposure to the market.)

5.2.4. Although the disposal appears to be for the best consideration, the Council will also need to ensure that the Council's general fiduciary duty is complied with in disposing of assets.

Signed: Zoe Iliffe, Principal Lawyer (Property, Highways & Planning)

Dated: 7 April 2026

5.3 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.

Signed: Equalities Officer, Surinder Singh, Ext 37 4148

Dated: 31 March 2026

5.4 Climate implications

The sale of this building removes any control or influence the council currently has on its energy efficiency and carbon footprint, including actioning any potential improvements to reduce these. However, De Montfort University has made similar net zero commitments as those made by the council and, as the new owner, could be considered equally likely to implement decarbonisation actions. There are therefore no climate emergency implications arising from the recommendation in this report.

Signed: Phil Ball, Sustainability Officer, Ext 37 2246

Dated: 30 March 2026

5.5 Housing Implications

It is considered the site would not be suitable for affordable housing development. This is principally due to the nature of the existing building not lending itself to conversion, the overall financial viability of a constrained city centre site and its prominent location within the DMU campus.

Signed: Rob Grewcock (Programme Manager – Affordable Housing)

Dated: 27th March 2026

5.6 Other implications

None

7. Background information and other papers:

N/A

8. Summary of appendices:

Appendix A Financial Appraisal and Valuation Report
Confidential Not for Publication

Appendix B Site Plan

9. Is this a private report

The general covering report is not confidential, but the specific valuations and financial details regarding the asset in Appendix A is considered exempt from publication. This is exempt information as defined in Paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended.

Paragraph 3 - Information relating to the financial or business affairs of any person (including the authority holding that information). Appendix A is therefore marked "Not for Publication".

10. Is this a "key decision"?

No

Appendix B – Site Plan

