
Executive Decision Report

Acquisition of Leasehold Interests in
7 & 11 Hinckley Road
Leicester, LE3 0TQ

Report to: City Mayor

Decision to be taken on: 28 October 2026

Lead Director: Matthew Wallace
Director of Estates & Building Services

Useful information

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

1 Summary

The purpose of this report is to seek the City Mayor's approval to add £200,000 to the Capital Programme, funded from capital receipts, to enable the acquisition of the long leasehold interests in 7 and 11 Hinckley Road, Leicester, LE3 0TQ.

2 Recommended Decision

The City Mayor is recommended to approve the addition of £200,000 to the General Fund Capital Programme for the acquisition of the long leasehold interests in 7 and 11 Hinckley Road, financed by capital receipts.

- 2.1 The proposed acquisitions comprises:
- 7 Hinckley Road for £100,000;
 - 11 Hinckley Road for £100,000.

3 Background

- 3.1 The Council owns the freehold interests in 7 and 11 Hinckley Road. Both properties are subject to long ground leases with approximately 48 years remaining and are currently vacant.
- 3.2 The previous intention was to dispose of the Council's freehold interest alongside both banks independently disposing of their leasehold interest, however, this did not proceed. An opportunity has subsequently arisen to acquire both leasehold interests directly from the banks for £100,000 each. The acquisitions will consolidate the Council's ownership, remove the existing long leasehold interests, and enable the Council to determine the future management, use or disposal of the properties from an unencumbered position.
- 3.3 Independent valuation advice has been obtained and the proposed total acquisition cost of £200,000 is within the range of values assessed by both independent valuers. Detailed valuation information is contained within the confidential Appendix A.

- 3.4 The existing leases produce no rental income to the Council, as a capital premium was taken for the leases in 1975 approximately 48 years remaining.
- 3.5 The Council is purchasing the unencumbered freehold back from the banks and recommends the acquisition for a capital sum of £200,000. Approval is therefore sought to add £200,000 to the Capital Programme, financed from corporate resources (capital receipts).
- 3.6 The acquisitions will consolidate the Council's ownership, remove the existing long leasehold interests and enable the properties to be offered for sale with vacant possession. This is expected to improve their marketability and facilitate an earlier disposal and capital receipt.
- 3.7 The acquisitions will be subject to satisfactory legal due diligence, agreement of the detailed terms of surrender and confirmation of the appropriate VAT and accounting treatment.
- 3.8 Following completion of the acquisitions, the Council intends to market the properties for disposal. Any subsequent disposal will be progressed in accordance with the Council's property and governance requirements.

4 Options

- 4.1 Option 1 – Do not approve the acquisition of the leasehold using capital receipts.

The Council would retain its existing freehold interest subject to the long leases for a further 48 years.

The leases produce a peppercorn rent and therefore no rental income to the Council. The opportunity to acquire the leasehold interests on the proposed terms would not proceed.

There is also a risk that the properties would remain vacant and undeveloped, which could adversely affect their condition and the surrounding area. The existing leasehold interests would continue to restrict the Council's ability to market and dispose of its freehold interests.

This option is not recommended as it would leave the Council with encumbered freehold interests producing no rental income and would not facilitate the intended disposal of the properties.

- 4.2 Option 2 – Approve £200,000 capital funding to purchase the leasehold interests.

Approve £200,000 of capital funding from capital receipts to enable the acquisition of both leasehold interests.

Acquisition will consolidate the Council's ownership and enable the properties to be offered for sale with vacant possession, removing the constraints of the existing long leases and improving their marketability. Subject to completion of the acquisitions, officers intend to progress the properties promptly for disposal, with the aim of preparing them for inclusion

in the February 2027 (or earlier) auction programme.

- 4.3 This approach is intended to minimise the period for which the Council holds the vacant properties and facilitate an earlier capital receipt. The Council will become responsible for interim holding costs following acquisition, including business rates, utilities and security; however, these will be managed through the prompt progression of the properties towards disposal.
- 4.4 This is the recommended option as it enables the Council to acquire the leasehold interests at a consideration supported by independent valuation evidence, consolidate ownership and progress the properties towards disposal and generation of a capital receipt.

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

5.1 Financial implications

This report proposes the acquisition of the leasehold interest at 7 and 11 Hinckley Road at a cost of £200k. If supported, this would enable the sale of the sites unencumbered for a greater sum. Capital receipts would be used to finance the purchase, and the cost of this would be recouped upon the freehold sale of the site.

The Corporate Estate currently receives a peppercorn rent of £1 per annum having previously received a capital lease premium at the commencement of the lease. Currently, therefore, the Council is not expected to derive any income nor incur any costs on the site for the remaining 48 years of the lease. Following purchase of the leasehold, the Council would be liable for rates, utilities and other costs which are currently falling to the two banks. These costs can be minimised through a prompt decision on the future use of the site.

Since the buildings have not been opted to tax, the purchase of the leasehold interest will contribute towards the Council's VAT partial exemption threshold. However, the impact is not significant and can be contained within the 5% de-minimis limit.

Signed: Stuart McAvoy – Head of Finance
Dated: 28 October 2026

5.2 Legal implications

The Council can acquire land and property under its general power of acquisition contained within S120 of the Local Government Act 1972.

At the date of this report no title investigations or due diligence have been undertaken, and this would therefore be required prior to completion of any purchase. The Council will need to be satisfied that there are no burdens on the

leasehold titles that would be detrimental to the Council's freehold title as that could then affect the potential disposal of the freehold interest.

Signed: Zoe Iliffe – Principal Lawyer (Property Highways & Planning)
Dated: 14 October 2026

5.3 Planning Implications

No planning implications.

Grant Butterworth – Head of Planning

Signed: Grant Butterworth
Dated: 20 October 2026

5.4 Climate Change Implications

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

The short-term retention and potential subsequent disposal of these buildings is not expected to have a significant impact on the Council's carbon emissions. Any redevelopment of the buildings prior to or following their sale should be compliant with local planning policy and building regulations in respect of energy efficiency.

Signed: Phil Ball, Sustainability Officer
Dated: 20 October 2026

5.5 Equalities Implications

This decision relates solely to the internal management of council assets and does not change any services, facilities or public access. On the basis of the information available, it has no direct impact on people with protected characteristics under the Equality Act 2010 and no adverse equalities impacts have been identified.

Signed: Surinder Singh, Equalities Officer
Dated: 20 October 2026

6 Background information and other papers:

N/A

7 Summary of Appendices:

Appendix A Financial Appraisal and Valuation Report
Confidential Not for Publication

Appendix B Site Plan

8 Is this a private report

No, the main body of the report is not private, however, Appendix A is confidential as it contains information relating to the financial or business affairs of a particular person or body (including the authority holding that information). In addition, the specific valuations and financial details regarding the asset in Appendix A are considered exempt from publication. This is all 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 particular person (including the authority holding that information). Appendix A is therefore marked “Not for Publication”.

9 Is this a “key decision”?

No

Appendix B – Site Plan

