

**Economic Development, Culture & Tourism Scrutiny
Commission:**

27th March 2013

MARKETING OF THE HAYMARKET THEATRE

Lead Director: **John Stevens**

Useful information

- Ward(s) affected: Castle
- Report author: Brendan McGarry
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- Report version number: 001

1. Summary

This report outlines the recent marketing history of the former Haymarket Theatre.

2. Recommendations

It is recommended that this report is noted.

3. Supporting information including options considered:

After the City Council decided that it did not wish to proceed with the My Place proposal Property were instructed to market the former theatre on the open market.

As the property was subject to a long lease and required full refurbishment, it was decided to market the theatre by private treaty rather than tender or auction.

The main reason for this is that imposing deadlines on interested parties on a property which needed much thought and non-council co-operation (landlords consents) is counterproductive, especially in the current financial climate. Parties need time to formulate ideas and funding arrangements as well as to check the planning position and many other finer details.

In mid July 2011, the site was formally marketed with a premium of over £500,000 sought for the assignment of the long lease held by the Council. The lease is a peppercorn lease which expires in 2073 (60 years to run), with the option to take a further 26 years at no extra cost. Therefore, in effect, the Council was disposing of a lease which allowed the successful bidder to take on a lease of up to 86 years at no rent. There was however a service charge from the owners of the Haymarket Shopping Centre which has averaged £115,000 per annum over the last 5 years.

The property was marketed both nationally in the Estates Gazette and locally in the Leicester Mercury in mid July 2011, and 2 sale boards were erected on the theatre.

During the remainder of 2011 and the first 9 months of 2012, approximately 20 groups were shown round the majority being religious or community groups with the occasional party looking for entertainment venue use.

The Council's lease has a restrictive user clause allowing only municipal uses (library, art gallery or museum) or theatre, cinema or dance/concert use. The landlord of the shopping centre had agreed to the My Place scheme even though it was technically outside the uses allowed and had confirmed that in principle it was not adverse to any use that bought the property back into use and bought footfall to the centre without creating a rival retail offer.

Several tentative enquiries were discussed with the landlord, who was positive in their response, however, no initial enquiries were firmed up.

Following informal discussions on the lack of firm interest it was decided in December 2012 to widen the marketing to offer the property on shorter leases, if preferable to assigning the whole lease. The premium of £500,000 was also removed from the particulars to leave it up to the prospective purchasers to put a figure forward, whether it be a premium for the assignment of the whole lease or a shorter e.g. 10 year underletting of the property, with the Council still retaining the long lease.

Interested parties are still being shown around the theatre, 5 in 2013, but as yet there is no end user identified.

4. Details of Scrutiny

None.

5. Financial, legal and other implications

5.1 Financial implications

The Council has a budget for the annual costs of the Haymarket site of £209,000 per annum, and any disposal even if for a relatively short period should result in a saving to the Council provided that any new owner took over the responsibility for the costs of the property.

Nick Booth
Principal Accountant
Extn. 297423

5.2 Legal implications

1. Under Section 123 of the Local Government Act 1972 the Council is required to dispose of land and property for the best consideration that is reasonably obtainable in the circumstances.
2. The intention to dispose of the property at best consideration will need to be in accordance in accordance with the Property Disposal Policy Framework agreed by Cabinet in July 2003 referred to earlier. The Executive will need to be satisfied that the disposal accords with the relevant provisions of the Framework.

3. 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 in accordance with the Disposals Framework.
4. As the Council holds a lease of the former Theatre, any disposal of the lease or changes to the existing user provisions will be subject to obtaining the landlord's consent.

John McIvor, Legal Services, Ext 29-7035

5.3 Climate Change and Carbon Reduction implications

The disposal of the Haymarket Theatre will reduce the City Council's carbon dioxide emissions and contribute towards achieving the corporate target to reduce emissions to 50% of the 2008/09 level by 2025/26. Future use of the buildings will still contribute towards city wide carbon dioxide emissions so the provision of energy efficiency advice to new owners/tenants may be beneficial, particularly as the building requires refurbishment.

Mark Jeffcote, Environment Team (Extn. 296765)

5.4 Equality Impact Assessment

None.

5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

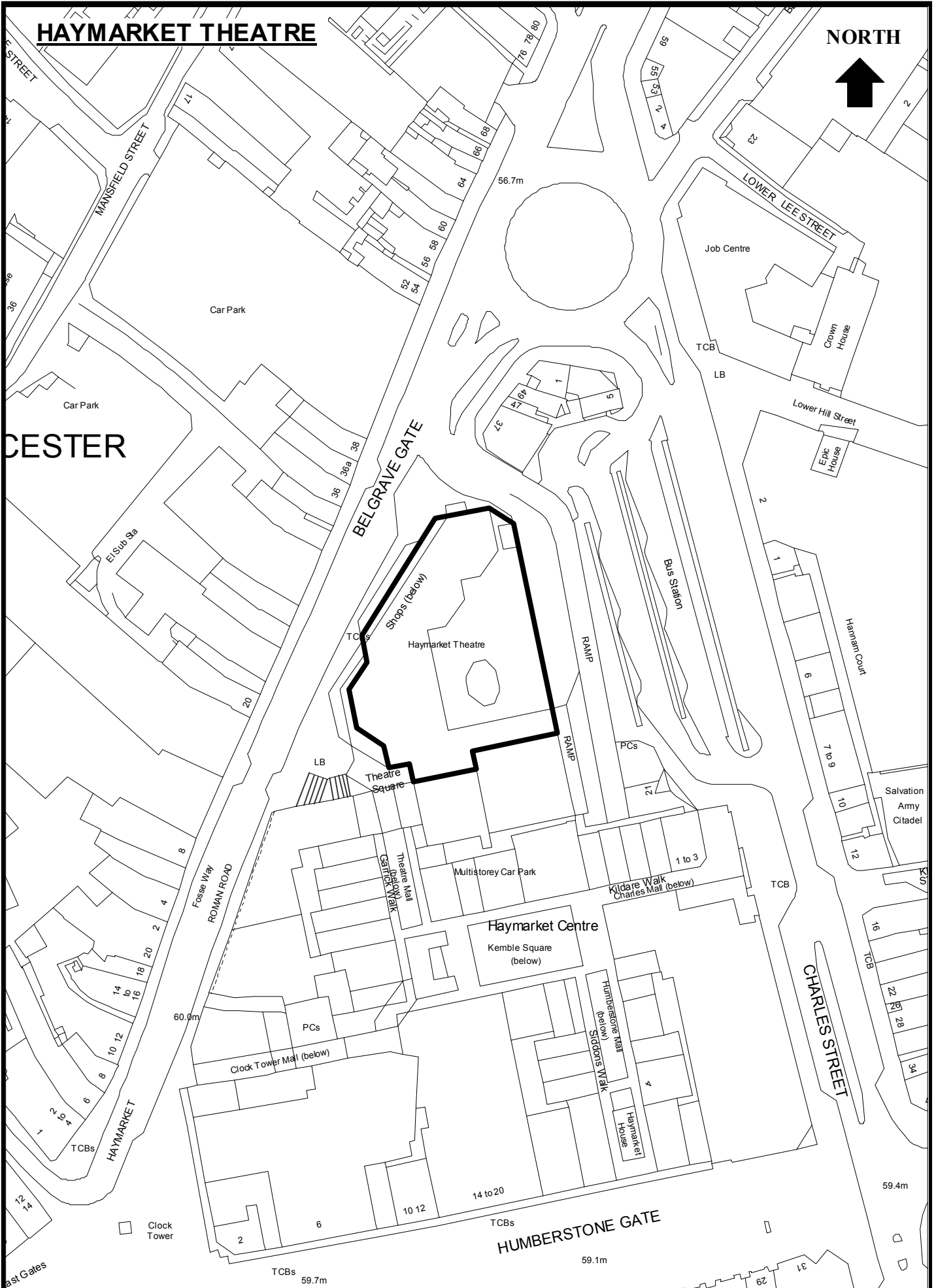
None.

6. **Background information and other papers:**

None.

HAYMARKET THEATRE

NORTH



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