

**Manchester City Council  
Report for Resolution**

**Report to:** Executive Committee – 16 February 2022

**Subject:** Lease to Rogue Studios – Former Varna Street School

**Report of:** Strategic Director (Growth & Development)

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**Summary**

This report seeks to approval to the lease of the former Varna Street school in Higher Openshaw for a term of 125 years to Rogue Artists' Studios CIC ("Rogue Studios") at less than the best consideration that can reasonably be obtained

**Recommendations**

The Executive is recommended to:

1. Note that the approvals sought in the following recommendations, and as detailed in this report, are required under the constitution of the Council as the proposed lease will constitute a disposal of land or property at less than the best consideration that can reasonably be obtained
  2. Approve the proposals as set out in section 3 of this report
  3. Authorise the [Head of Development] and the [Deputy Chief Executive/City Treasurer] to finalise the terms of the transactions as set out in this report.
  4. Authorise the City Solicitor to enter into and complete all documents and agreements necessary to give effect to the recommendations.
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**Wards Affected** – Clayton and Openshaw

**Environmental Impact Assessment** - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city

The lease of the listed former Varna Street primary school to Rogue Studios will facilitate the long term beneficial use of this important heritage property, which is surplus to the Council's requirements.

Rogue Studios will be required to refurbish the building under the provisions of the lease. Rogue Studios intend to maximise the use of recyclable materials, minimising waste and incorporate energy efficient measures within the refurbishment, cognisant at all times of the building's listed status. The site is in a highly accessible location adjacent to Gorton railway station and in the heart of a residential area, which will help to minimise journeys by car and encourage walking and cycling. It is close to both Openshaw and Gorton District Centres

<b>Our Manchester Strategy outcomes</b>	<b>Contribution to the strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The re-use of the former Varna Street school for artist studios will make a significant contribution to supporting a diverse and distinctive economy by both supporting and developing creative industries. Rogue Studios were originally housed in an old mill within the Ancoats / Holt Town area that has now been refurbished for residential use. The re-use of Varna Street by Rogue Studios has enabled the retention of this valuable part of the local creative industries economy and allowed it to thrive
A highly skilled city: world class and home grown talent sustaining the city's economic success	The re-use of the former Varna Street school for artist studios is providing affordable space for home grown talent in the creative industries to thrive and develop
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The re-use of the former Varna Street school for artist studios is providing a creative facility within a deprived area of the City and has already established close positive links with the surrounding community
A liveable and low carbon city: a destination of choice to live, visit, work	Rogue Studios will be making use of an existing historic property and intend to maximise the use of recyclable materials, minimising waste and incorporate energy efficient measures within the refurbishment, cognisant at all times of the building's listed status. The site is in a highly accessible location adjacent to Gorton railway station and in the heart of a residential area, which will help to minimise journeys by car and encourage walking and cycling. It is close to both Openshaw and Gorton District Centres
A connected city: world class infrastructure and connectivity to drive growth	The scheme is being developed on a brownfield and partly vacant site. It is located in a highly accessible location being a couple of minutes walk from Newton Heath Tram stop and directly adjacent to a major bus route. It will provide good quality housing for the growing workforce

**Full details are in the body of the report, along with any implications for**

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

## **Financial Consequences – Revenue**

The grant of a long lease of the former Varna Street Primary School to Rogue Studios will avoid ongoing maintenance and holding costs on the premises that the Council would initially have to fund if the building was vacated by Rogue Studios and in the event of no immediate disposal of the property otherwise.

## **Financial Consequences – Capital**

The grant of a long lease of the former Varna Street Primary School to Rogue Studios offers an opportunity for major capital investment in the premises from outside sources. Without a long term occupier, committed to the maintenance and restoration of the property, it is likely that the Council would become liable for major capital repairs on this listed property in the future in the event the property was not disposed of either to Rogue Studios or on the open market.

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### **Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Land ownership plan

## **1.0 Introduction**

- 1.1 Approval is sought from the Executive for the grant of a 125 year lease of the former Varna Street primary school to Rogue Studios as the proposed disposal constitutes a disposal of land or property at less than the best consideration that can reasonably be obtained[and consequently may require consent under s123 of the Local Government Act 1972.

## **2.0 Background**

- 2.1 Rogue Artists' Studios is the best-established studio of scale in Manchester since its foundation in 1995. Having been previously located at Crusader Mill near Piccadilly station, Rogue Studios was supported by Manchester City Council to move to the former Varna Street Primary School in 2017 with an initial excluded lease for a term of 5 years. The main primary school building provides affordable workspace for 85 artists with the former nursery school building sublet to the Company Chameleon Limited ("Company Chameleon"), Manchester's leading dance company. Rogue Studios features many of Manchester's most significant practitioners and the studio has a growing national and international reputation with galleries and collectors.
- 2.2 As custodians of the building, Rogue Studios has breathed new life into the old school and has operated with a high standard of care and maintenance. Rogue have already invested around £250,000 in the premises but are now looking to secure external funding to undertake a full refurbishment of the building. In order to access these funds, Rogue will require a long lease of the building.
- 2.3 A resident consultation led by Manchester City Council in 2017, prior to Rogue Studios move into the building, found that there was considerable enthusiasm amongst residents for bringing the building back into use with opportunities for neighbouring communities to get involved in activities hosted by the resident arts organisations. Over the past 4 and a half years, the building has been used by Company Chameleon to provide dance activities for young people, by Rogue Studios to provide public exhibitions, activities by The Architecture School for Children ("TASC") and have created a newsletter for members of the public to sign up. Rogue Studios actively support creative graduate talent by awarding free short term residencies to recent graduates in their dedicated residency space within the former Caretaker's lodge.
- 2.4 There is growing demand in Manchester for studio spaces for visual and performing arts, which is evidenced by lengthy waiting lists throughout the City, including Rogue Studios space at Varna Street. Despite the growing demand the sector lacks space where artists can have a long term stake in a facility and there is not an ongoing risk of having to vacate a building as the owner seeks a higher financial return. Granting a long lease of Varna Street to Rogue would go a considerable way to addressing this issue.

### **3.0 The Proposed Lease**

- 3.1 Rogue Studios have around 6 months of their existing 5 year term remaining and having established themselves in the building they are now looking for a long lease that will allow them to source and secure funding and provide them with greater security of tenure. Provisional terms have been agreed with Rogue for a 125 year lease, subject to approval by the Executive. The detailed Heads of Terms for the Lease are annexed to this report at Appendix A.
- 3.2 The lease will require Rogue Studios to refurbish the property. The continuation of a short lease arrangement with an Agreement for a long Lease (where the actual lease would be granted once funding for the refurbishment of the premises has been obtained) is a more difficult arrangement for Rogue Studios as a lease has to be in place in order for Rogue to apply for and source funding from organisation such as the Arts Council and other likely potential funders.

### **4.0 Valuation Issues**

- 4.1 The property has been independently valued on the basis of its open market value, which is required for a property that is no longer classed as an operational asset. The valuation includes the main primary school building, the nursery school and the caretaker's lodge. A total value of £305,000 has been placed on the property. This value assumes the disposal of the property on the open market. Furthermore it is the opinion of the Head of Development:
- (a) the type of purchaser who might acquire this property is likely to seek to maximise value by disposing or renting the caretakers house and letting the nursery and ground floor for low value commercial use or storage
  - (b) investment in the property would be minimal, and
  - (c) external funding for a full refurbishment of the property would not be available on the basis of these type of uses.
- 4.2 The lease of the former Varna Street school to Rogue Studios will ensure that the Council can continue to support an organisation that provides an essential contribution to the culture of the City. Rogue Studios use / occupation of the property also makes ideal use of a Council asset that would otherwise be a liability to the Council. Their occupation also offers the best change of securing the long term future of this important heritage building compared to an open market disposal.

### **5.0 Contributing to a Zero-Carbon City**

- 5.1 The lease of the property to Rogue Studios will make effective use of a building that would otherwise be a liability for the Council if it was not disposed of on the open market or and offers the best opportunity of its refurbishment to provide more environmentally sustainable accommodation than currently exists.

- 5.2 The property is adjacent to Gorton railway station and in the heart of a dense residential area and is therefore readily accessible by public transport and for pedestrians and cyclists. The occupation of the property by Rogue Studios has already proved to be of great benefit to the local community offering cultural and artistic opportunities not readily accessible with this part of the City.

## **6.0 Contributing to the Our Manchester Strategy**

### **(a) A thriving and sustainable city**

- 6.1 Rogue Artists' Studios is the best-established studio of scale in Manchester since its foundation in 1995. Having been previously located at Crusader Mill near Piccadilly railway Rogue Studios was supported by Manchester City Council to move to the old Varna Street Primary School in 2017 providing affordable workspace for 85 artists and leasing the former nursery to Company Chameleon, Manchester's leading dance company. Rogue Studios features many of Manchester's most significant practitioners and the studio has a growing national and international reputation with galleries and collectors. The grant of a long lease to Rogue will secure the future of the artist studios for the long term and the valuable contribution they make to the City.

The lease will also facilitate the effective use of a historic building that was a liability to the Council and provides the best opportunity of securing external funding for the building's refurbishment that will be able to provide more environmentally sustainable accommodation than currently exists

### **(c) A progressive and equitable city**

- 6.3 The grant of the long lease to Rogue Studios will provide a cultural facility in a part of the City that lacks this type of provision and the already good links into the local community will be further strengthened once Rogue Studios secure a long term future in the building

### **(d) A liveable and low carbon city**

- 6.4 The lease of the property to Rogue Studios makes effective use of a building that would otherwise be a liability for the Council and offers the best opportunity of its refurbishment to provide more environmentally sustainable accommodation than currently exists

### **(e) A connected city**

- 6.5 The property is located in a highly accessible location being a couple of minutes walk from Gorton Railway station and in the heart of a residential area readily accessible by pedestrians and cyclists.

## **7.0 Key Policies and Considerations**

### **(a) Equal Opportunities**

- 7.1 The studios within the building are open and available to all people regardless of their age, race, religion, gender or other characteristics.

### **(b) Risk Management**

- 7.2 The lease to be granted to Rogue Studios is for a long period but it will contain a number of covenants and restrictions that mean that the Council will have control over the property's future use and management and a right for the Council to forfeit the lease if the covenants are not observed and performed.

### **(c) Legal Considerations**

- 7.3 The building was a former local authority school. It has not been used for this purpose for over 10 years and it has been confirmed by legal services that no consent regarding the grant of this lease in the context of that former use are required. However, where a local authority is disposing of land (which is held for the purposes of the Local Government Act 1972 or where the provisions of the Local Government Act 1972 apply) at less than the best consideration that can be reasonably obtained the Local Authority must seek specific Government consent to the proposed disposal. However, by virtue of the Local Government Act 1972: General Disposal Consent (England) 2003, consent is not required where the Local Authority considers that the purpose for which the property is to be disposed of is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of the area, or of all or any persons resident or present in its area:

- i) the promotion or improvement of economic well-being;
- ii) the promotion or improvement of social well-being;
- iii) the promotion or improvement of environmental well-being

and the difference between the unrestricted value of the property and consideration for the disposal does not exceed £2,000,000 (two million pounds).

Provided these conditions are met Government to the consent will not be required otherwise an application for such consent will be required and consent obtained prior to any disposal of the property.