

EXECUTIVE BOARD – 19 NOVEMBER 2013

Subject:	Disposal of The Guildhall Building, including Fire Brigade House, Burton Street, Nottingham		
Corporate Director(s)/ Director(s):	David Bishop, Corporate Director for Development Stuart Knight, Director of Strategic Asset and Property Management		
Portfolio Holder(s):	Graham Chapman, Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration		
Report author and contact details:	Simon Peters, Acting Head of Estates simon.peters@nottinghamcity.gov.uk Tel. 0115 876 5475		
Key Decision	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Reasons: Expenditure <input type="checkbox"/> Income <input checked="" type="checkbox"/> Savings <input type="checkbox"/> of £1,000,000 or more taking account of the overall impact of the decision			Revenue <input checked="" type="checkbox"/> Capital <input checked="" type="checkbox"/>
Significant in terms of its effects on communities living or working in an area consisting of two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Subject to call-in <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Total value of the decision: see exempt appendix		
Relevant Council Plan Strategic Priority:	Wards affected:		
World Class Nottingham	<input checked="" type="checkbox"/>	St Ann's	
Work in Nottingham	<input checked="" type="checkbox"/>		
Safer Nottingham	<input type="checkbox"/>		
Neighbourhood Nottingham	<input type="checkbox"/>	Date of consultation with Portfolio Holder(s): 7 November 2013	
Family Nottingham	<input type="checkbox"/>		
Healthy Nottingham	<input type="checkbox"/>		
Leading Nottingham	<input checked="" type="checkbox"/>		
Summary of issues (including benefits to citizens/service users):			
<p>The Guildhall building (shown outlined on the attached plan) has been declared surplus and this report outlines proposals for the disposal and redevelopment of the property. It is unoccupied and available for sale with vacant possession.</p> <p>The Guildhall is included in the group of six city centre office sites identified for sale in the Business Case for the Council's Workplace Strategy - to support the purchase of Loxley House in December 2009 and the associated costs of staff relocation.</p> <p>This report sets out proposals for the sale of the Guildhall for conversion into a high quality city centre hotel with approximately 100 bedrooms and incorporating a flagship restaurant.</p>			
Exempt information:			
<p>An appendix is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of particular persons (including the authority holding that information) and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p> <p>It is not in the public interest to disclose this information because it includes terms of sale including price for land/property which, if disclosed, will prejudice the Council's position in negotiations relating to the proposed sale.</p>			
Recommendation(s):			
1	Approve entering into an Exclusivity Agreement with a hotel development and management company as set out in the exempt appendix.		
2	Approve the disposal of the Guildhall Building by entering into an Agreement for Lease and		

	Lease on terms set out in the exempt appendix, for conversion into a high quality city centre hotel with approximately 100 bedrooms.
3	Delegate authority to the Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration, in consultation with the Director of Strategic Asset and Property Management and Director of Legal and Democratic Services, to agree the final terms of the Agreement for Lease and Lease.

1 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 1.1 The Guildhall is a Grade 2 Listed Building purpose built in 1888 as municipal offices and courts. It was used for this purpose until it was substantially vacated in 2010 as part of the Workplace Strategy programme. The adjoining property to the east, which was known as the Treasury Building and formed part of the Council's offices complex, was sold in 2011 and has been redeveloped with a new high quality landmark office building for E.on.
- 1.2 The City Council has been seeking a new and appropriate use for the Guildhall since 2010. There have been various enquiries and proposals and the most practical has been for use as a hotel. The Guildhall occupies an excellent location for a high quality hotel - being in the north part of the city centre immediately adjacent to the Theatre Royal, the Royal Concert Hall, the highly popular Cornerhouse leisure complex, Nottingham Trent University and the Nottingham Conference Centre. The Victoria Shopping Centre and the prime shopping streets are also close by.
- 1.3 The prospective development company specialises in hotel development and management and has experience of converting historic city centre buildings for this use. The company has already produced preliminary plans and proposals for consideration by the Council's planning team and discussion with English Heritage.
- 1.4 This proposal has come forward at a time when hotel development is difficult to deliver and, although there is an abundance of middle market and budget hotels in Nottingham, it is widely recognised that there is a shortage of high quality hotel accommodation in the city centre.
- 1.5 The Exclusivity Agreement recommended by this report only requires the Council not to deal with any other party for a period to allow the company a period to commit further expenditure on design and due diligence.
- 1.6 The restoration and conversion of this historic landmark city centre listed building to provide a high quality hotel should not prejudice the redevelopment of the adjacent Police and Fire Station site. Indeed, the proposed development is likely to be complementary to any development of the northern site and instil confidence in developers and occupiers alike.
- 1.7 During the planning and design stage of the hotel development there will be full engagement with the developer to ensure that the development of the Guildhall building as a hotel will not prejudice the redevelopment of the adjoining northern site.

2 REASONS FOR RECOMMENDATIONS

- 2.1 The report recommendations will secure the disposal of the Guildhall Building at best consideration and achieve redevelopment of a historic landmark city centre Grade 2 Listed Building for a use that will add to the facilities on offer in this important part of the city centre – supporting the business, leisure, cultural and education sectors.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Sale by auction – this option was rejected as it may not secure best consideration and it would be difficult for the Council to retain control over the outcomes. The Council is concerned that the building is redeveloped for a use appropriate for its prominent city centre position.
- 3.2 Sale by informal tender - this is a normal approach to securing market value, but it was rejected as it is more difficult to retain control of the outcomes. It is considered that this can be more effectively achieved through the proposed negotiated agreement.

4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

- 4.1 The financial details of the transaction will be subject to support by an independent professional valuation. Comments of the Chief Finance Officer are in the exempt appendix.

5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

- 5.1 It is understood that the proposal to enter into an Agreement for Lease and Lease and Option to Purchase by negotiation will be supported by an independent valuation in order to confirm that the Council will receive “best consideration” as required under s123 Local Government Act 1972. Those negotiations should also include, as far as possible, finalising the form of the lease.
- 5.2 In concluding any such agreement, regard will need to be had to any existing rights, exceptions and reservations that exist over the property for the benefit of the Council or a third party. These matters together with any requisite further restrictions, rights, exceptions or reservations will need to be addressed as part and parcel of the discussions between the parties and, where appropriate, included in the final lease document.
- 5.3 The proposed Exclusivity Agreement will need to be the subject of further discussion between the parties to ensure that the Council’s options are not overly restricted.

6 SOCIAL VALUE CONSIDERATIONS

- 6.1 Not applicable.

7 REGARD TO THE NHS CONSTITUTION

- 7.1 Not applicable.

8 EQUALITY IMPACT ASSESSMENT (EIA)

8.1 Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)
- (b) No
- (c) Yes – Equality Impact Assessment attached

9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

9.1 None.

10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

10.1 None.

11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

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