

**Executive Board**  
**20 July 2021**

<b>Subject:</b>	To declare the freehold interest in Waterway House, Waterway Street, Nottingham, NG2 3DY surplus to the requirements of the Trading Account and make the premises available to sell on the open market
<b>Corporate Director(s)/Director(s):</b>	Wayne Bexton, Interim Corporate Director of Growth and City Development
<b>Portfolio Holder(s):</b>	Councillor David Mellen, Portfolio Holder for Strategic Regeneration and Communications
<b>Report author and contact details:</b>	Jeremy Bryce, Estates Surveyor – Strategic Assets and Property 0115 8763082 <a href="mailto:jeremy.bryce@nottinghamcity.gov.uk">jeremy.bryce@nottinghamcity.gov.uk</a>
<b>Other colleagues who have provided input:</b>	None
<b>Subject to call-in:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Key Decision:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Criteria for Key Decision:</b>	
(a) <input type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	
<b>and/or</b>	
(b) Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Type of expenditure:</b> <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital	
<b>Total value of the decision:</b> See Exempt Appendix	
<b>Wards affected:</b> Meadows	
<b>Date of consultation with Portfolio Holder(s):</b> 10 June 2021	
<b>Relevant Council Plan Key Theme:</b>	
Nottingham People	<input type="checkbox"/>
Living in Nottingham	<input type="checkbox"/>
Growing Nottingham	<input checked="" type="checkbox"/>
Respect for Nottingham	<input type="checkbox"/>
Serving Nottingham Better	<input type="checkbox"/>

**Summary of issues (including benefits to citizens/service users):**

This report proposes the disposal of Waterway House, a void office building with a large on-site car park, forming a developable island site of approximately 0.621 acres. Sale of the property will make a revenue savings to the Council, whilst generating a capital receipt.

The receipt will be held as a Corporate Capital Receipt and used in accordance with the Capital Strategy.

**Exempt information:**

An appendix to the report is exempt from publication under Paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the sale price of property and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because it includes internal valuation figures for the property and the estimated sales price which, if disclosed, will prejudice the Council's position in negotiations and/or selling price.

**Recommendation(s):**

- 1** To declare Waterway House, Waterway Street, Nottingham, NG2 3DY surplus to the requirements of the Trading Account and make the freehold available to the Corporate Director of Growth and City Development for sale. No alternative operational, regeneration, community or other requirements have been identified.
- 2** To delegate authority to the Corporate Director of Growth and City Development, in conjunction with the Director of Economic Development and Property, to agree the method and terms of sale for the freehold of the premises, including negotiating with any under-bidder if any purchase should not proceed, as set out in the Exempt Appendix.

**1 Reasons for recommendations**

- 1.1 This proposal supports the Recovery and Improvement Plan 2021-24 and current Asset Management regimes.
- 1.2 The building and associated site became vacant in 2019. Knowing that the revised Local Plan Part 2 was going to specifically include this site with planning guidance for redevelopment, the site has been held void. There has been a delay in marketing after the site was identified for a temporary Covid-19 Local Test Site. On 3 June 2021, the NHS demobilised this testing centre and this presents an opportunity to bring the site to market by way of informal tender.
- 1.3 Releasing this site for sale will support the recently adopted Local Plan Part 2 in aiding delivery of inner city regeneration projects, specifically the adjacent Crocus Street Site, and more widely, the Designated Strategic Regeneration Area 65 Canal Quarter – Arkwright Street East.

- 1.4 Revenue savings will be made in regard to void business rates (see Exempt Appendix), which will help relieve any in-year pressures on the Trading Account and will bring to an end various crime and anti-social behaviour issues linked to the site.
- 1.5 The expected capital receipt from this transaction will be available to support the financial position of the Council (see Exempt Appendix).
- 1.6 An open market sale will ensure that the Council receives best value as the site does lend itself to potential other uses, which would yield a better return for a developer.
- 1.7 An offer for sale by Informal Tender enables the Council to seek interest during a defined marketing period and allows the ability to negotiate with prospective purchasers to ensure the best onward redevelopment of the site, which will help maximise any capital receipt. If no interest is received in the property, an alternative method of sale will be reviewed and the property will be reoffered for sale by the most appropriate method decided at the time.

## **2 Background (including outcomes of consultation)**

- 2.1 Waterway House currently provides 756 square meters of vacant office space in a purpose built 1970s building over two floors. The building has been void since 2019. Until recently, the on-site car park provided space for the NHS as a Local Testing Site, which is in the process of being decommissioned at the request of the NHS.
- 2.2 The office building requires extensive investment in terms of repair and modernisation. The high cost of investment to make the building commercially viable and make the void building available for rent at higher market rents makes retention uneconomical.

## **3 Other options considered in making recommendations**

- 3.1 To retain the property and seek to let: the property requires significant capital investment to secure a future income stream. Therefore, this option was rejected.
- 3.2 Internal regeneration for social housing through Nottingham City Homes or development by Blueprint: the Head of Housing and Regeneration has stated that there is no internal regeneration interest and that the site can therefore be disposed of in the open market.

## **4 Finance colleague comments (including implications and value for money/VAT)**

- 4.1 Following declaring the site as surplus, the site disposal will be monitored and reported to the Asset Rationalisation Board. The disposal of this site is required to achieve value for money for the Council.
- 4.2 The anticipated receipt from the site as noted in the Exempt Appendix will be held corporately and applied in accordance with the Capital Strategy as approved at Full Council in March 2021.
- 4.3 The disposing of the site at Waterway Site has no revenue implications and will save the Council from potential unfunded holding costs / liabilities. The Council has no record of the site being opted to tax so VAT will not be chargeable to any potential buyer.

Advice provided by Tom Straw, Senior Accountant – Capital Programmes, on 08/06/2021.

## **5 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)**

- 5.1 The property to be offered for sale comprises part of a registered title owned by the Council.
- 5.2 Property colleagues have advised Legal Services that relevant colleagues and departments within the Council have been consulted in the processes surrounding the declaring of the land surplus, and that no concerns or issues have been raised with the disposal.
- 5.3 Property colleagues have previously asked Legal Services to undertake a report on title for the registered title to the property, and the contents of that report have been reviewed by them. Property colleagues will need to take into consideration the contents of that report on title, which highlights the rights, benefits and encumbrances the land is subject to and which may be pertinent in any sale of the land. Various covenants and matters affect the property but from review, none which we would anticipate would cause significant problems in or prevent a potential disposal.
- 5.4 We would recommend that if Property colleagues intend to settle broad commercial terms for the documentation to be entered into prior to settling upon a purchaser, by way of heads of terms for example, that they consider whether colleagues in Legal Services could assist, as we may be able to support with additional advice, drafting or suggesting provisions to incorporate within those draft heads of terms. Any disposal will be subject to contract and the drafting, agreement and completion of formal legal documentation. The Council will also have to adhere to the obligation to achieve 'best consideration' in any disposal pursuant to Section 123 of the Local Government Act 1972.
- 5.5 Legal Services understand that this will be a land sale only and as such there will be no compulsion or obligation on the purchaser to develop or deliver a specific scheme, therefore this should not raise any issues in relation to the procurement of a specified development. If a purchaser is to be obliged to develop out any specific development or scheme then procurement advice may be required to ensure the Council is compliant.

Advice provided by Mick Suggett, Solicitor – Team Leader: Conveyancing, on 03/06/2021.

## **6 Strategic Assets and Property colleague comments (for decisions relating to all property assets and associated infrastructure)**

- 6.1 The disposal of this site is supported by Strategic Assets and Property. The site is no longer required for Council use and its disposal will support the Asset Rationalisation Programme (ARP) by generating a substantial capital receipt.

6.2 The site will be disposed of by the Council's Development and Disposals Team, and the disposal process will see full exposure to the market to ensure best value is achieved.

6.3 The disposal of the site will be tracked and reported on via the ARP structure.

Advice provided by Beverley Gouveia, Team Leader – Development and Disposal Team, Strategic Assets and Property, on 07/06/2021.

## **7 Social value considerations**

7.1 Not applicable.

## **8 Regard to the NHS Constitution**

8.1 Not applicable.

## **9 Equality Impact Assessment (EIA)**

9.1 An EIA is not required because this report does not include proposals for a new or changing policy, service or function.

## **10 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

10.1 None.

## **11 Published documents referred to in this report**

11.1 Designated Strategic Regeneration Area 65 Canal Quarter – Arkwright Street East.

11.2 Local Plan Part 2.