

Executive Board – 18th June 2024

Subject:	The Disposal of the former Central Library, Angel Row, Nottingham
Corporate Director(s)/Director(s):	Sajeeda Rose - Corporate Director for Growth & City Development
Executive Member(s):	Cllr Ethan Radford – Executive Member for Skills, Growth, Economic Development and Property
Report author and contact details:	Beverley Gouveia – Head of Property - Strategic Assets & Property Beverley.gouveia@nottinghamcity.gov.uk
Other colleagues who have provided input:	Christopher Cocks – Disposals Surveyor - christopher.cocks@nottinghamcity.gov.uk
Subject to call-in: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Key Decision: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Criteria for Key Decision:	
(a) <input type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision	
and/or	
(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	
Type of expenditure: <input type="checkbox"/> Revenue <input type="checkbox"/> Capital - N/A If Capital, provide the date considered by Capital Board Date: - N/A	
Total value of the decision: Exempt from Publication	
Section 151 Officer expenditure approval Has the spend been approved by the Section 151 Officer? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/a	
Commissioner Consideration Has this report been shared with the Commissioners' Office? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Any comments the Commissioners wish to provide are listed below.	
Wards affected: Castle	
Date of consultation with Executive Member(s): Executive Member consultation was undertaken on the 22 nd May 2024. The recommendations contained in this report and Exempt Appendix were circulated and endorsed by the Corporate Director for Growth & City Development and the S151 Officer as part of the Asset Rationalisation governance procedures.	
Relevant Council Plan Key Outcome:	
Clean and Connected Communities	<input type="checkbox"/>
Keeping Nottingham Working	<input type="checkbox"/>
Carbon Neutral by 2028	<input type="checkbox"/>
Safer Nottingham	<input type="checkbox"/>
Child-Friendly Nottingham	<input type="checkbox"/>
Healthy and Inclusive	<input type="checkbox"/>
Keeping Nottingham Moving	<input type="checkbox"/>
Improve the City Centre	<input type="checkbox"/>

Better Housing
Financial Stability
Serving People Well



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

The property was declared surplus in Key Decision 3891. The property remains void.

Approval is sought to the agreed sale terms contained in the Exempt Appendix.

The proposed disposal supports the Council's Together for Nottingham Recovery and Improvement Plan refresh 2022 and would provide a capital receipt.

Does this report contain any information that is exempt from publication?

The appendix to this report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the strategic management of the Council's Surplus Property Assets and in particular contains commercially sensitive information relating to asset management and disposals. 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 disclosure of the information will compromise the Council's negotiation strategy in the event of a disposal and this may adversely impact the revenue/capital the Council could receive.

Legal comments contained in the Exempt Appendix are exempt from publication under paragraph number 5 of Schedule 12A to the Local Government Act 1972 because it contains information in respect of which a claim to legal professional privilege could be maintained in legal proceedings relating to a proposed transaction 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 contains confidential legal advice in respect of the proposed transaction and disclosure could prejudice the Council's position.

Recommendation(s):

1. To approve the sale of the Former Central Library, Angel Row on the draft terms outlined in the Exempt Appendix.
2. To delegate approval of the final Heads of Terms and any future amendments to the Corporate Director for Growth and City Development.
3. To delegate the approval of any licences/agreements or required legal agreements to facilitate a sale to the Director of Economic Development & Property.

1. Reasons for recommendations

- 1.1 Recommendation 1: Disposal will generate a significant capital receipt which will be used in line with the Council's agreed Capital Strategy. The sale will also remove current and future holding costs and risks arising from holding this significant city centre asset void. Any future resource, capital, and revenue expenditure required to keep the asset safe and insured will be removed. The sale will also result in a significant development in the city centre which will ultimately generate Business

Rates income, bring footfall to a high street location and provide much needed high quality accommodation.

- 1.2 Recommendation 2: As due diligence is undertaken by the purchaser and as the legal contract work commences there may be the requirement to agree new terms or amend existing sale terms. To ensure the disposal progresses at pace delegated approval is sought for the Corporate Director of Growth & City Development to agree the terms in consultation with the Council's Section 151 Officer where appropriate. Any significant changes to price will require a new Executive Board decision.
- 1.3 Recommendation 3: In order to ensure the disposals progresses at pace; approvals for any required licences or other agreements are to be delegated to the Director for Economic Development & Property (if outside the current Scheme of Delegation). This will ensure the sale is not compromised for a minor agreement.
- 1.4 Property specific reasons are contained in the Exempt Appendices.

2. Background (including outcomes of consultation)

Following approval to declare the property surplus and make it available for sale in Key Decision 3891, the property was openly marketed in 2020/21 with a number of offers being received. Offers submitted at that time were for student developments comprising around 400-500 beds and included a lease back of the former library frontage which was to be used for the Future High Street Funding project. A purchaser was selected and a significant amount of due diligence and legal work was undertaken until the purchaser was found to be unable to fund the development and the agreement to sell the site was terminated (Spring 2023).

The property was remarketed and offers were received based on the planning brief for student housing that was included in the marketing.

The economic conditions have changed substantially from 2020/21 due to significant increases in the cost of borrowing, increased construction costs, reduced finance sector confidence leading to a reduction in the number of parties wishing to bid on such opportunities i.e. part redevelopment/part conversion and also changes in the taxation for properties of multiple occupation.

Following the marketing period, conditional and unconditional offers were received. It is recommended that a conditional offer based on the terms in the Exempt Appendix is accepted and progressed. The offer is from an established developer/operator.

A disposal on the terms outlined in the Exempt Appendix would deliver a capital receipt quickly and could also deliver earlier NNDR receipts from the non-residential portion of the development. Delivery of an early capital receipt would in turn reduce void holding costs for the Council (currently £0.162m).

There would be no loss of income from the property as it is currently vacant although there are potential imminent increased void costs due to enhanced insurance requirements (increased void costs estimated totalling £0.319m).

The property was previously marketed and the agreed sale was terminated. The property has been remarketed. Further details are contained in the Exempt Appendix.

3. Other options considered in making recommendations

- 3.1 Not to sell the asset - This option has been rejected as the Council has no strategic requirement to hold the asset and retention will be a financial burden to the Council in terms of increased void holding costs (estimated £0.319m pa) and resource to manage a significant void. Retaining the asset would also forego a potentially significant capital receipt which could be used by the Council.
- 3.2 To let the asset – this option has been rejected as reletting would require significant capital outlay to ensure the building was in a lettable condition. Also, there is very little demand for an asset of this specification or layout which would make letting difficult and protracted.

4. Consideration of Risk

- 4.1 Failure to dispose of the asset – this would result in the Council having to hold the asset for a longer period (future void costs estimated at £0.319m pa), a third marketing period and a delay to a significant capital receipt. This risk will be mitigated via regular communication with the purchasers and Legal Services to ensure the sale is progressing and that any issues/problems are identified at an early stage. If the sale was to become abortive Strategic Assets & Property would work to identify the most efficient method to ensuring the asset was sold at best consideration in the shortest timeframe and to minimise holding costs.
- 4.2 Delay to the capital receipt – Strategic Assets & Property will work with the purchasers and Legal Services to ensure the transaction is progressed as quickly as possible to ensure the receipt is delivered in a timely pace.
- 4.3 Changes to Contractual Terms – Strategic Assets & Property will work with the purchaser to ensure any potential changes to the contractual terms are known at an early stage and any reasonable request will be considered in light of the authorities duties to obtain best consideration.

5. Commissioner comments

- 5.1 Commissioners have noted the report and have no further comments.

6. Finance colleague comments (including implications and value for money/VAT)

- 6.1 The Finance team comments are contained in the Exempt Appendix.

Capital Implications:

Tom Straw - Senior Accountant (Capital Programmes) 20th May 2024

Revenue Implications

Sarah Baker - Senior Commercial Business Partner (Strategic Assets & Property),
20th May 2024

7. Legal colleague comments

- 7.1 The Legal comments are contained in the Exempt Appendix.

8. Other relevant comments

8.1 Strategic Assets and Property

8.2 The former Central Library, Angel Row has been openly marketed following the collapse of the previous sale. The terms outlined in the exempt appendix would provide the Council with a capital receipt which represents best consideration.

8.3 The Strategic Assets and Property team will work with Legal Services to ensure the transaction is completed in line with the agreed Heads of Terms and at pace to secure this significant capital receipt. Progress on the disposal will be reported to the appropriate Officers and Commissioners as required.

Beverley Gouveia; Head of Service - Strategic Assets & Property – 15th May 2024.

7.3 Procurement Comments

7.4 Not Applicable

9. Crime and Disorder Implications (If Applicable)

9.1 Not Applicable.

10. Social value considerations (If Applicable)

10.1 Not Applicable.

11. Regard to the NHS Constitution (If Applicable)

11.1 Not Applicable.

12. Equality Impact Assessment (EIA)

12.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because the decision does not impact Council policy or procedure.

13. Data Protection Impact Assessment (DPIA)

13.1 Has the data protection impact of the proposals in this report been assessed?

No



A DPIA is not required because:

There are no issues arising from the release of information held by the Council in respect of the existing tenants as:

- a). The information is required for the purposes of entering into a contract with a prospective purchaser.

b). The information is required for the purposes of legal proceedings- i.e. the conveyancing process.

14. Carbon Impact Assessment (CIA)

14.1 Has the carbon impact of the proposals in this report been assessed?

No



A CIA is not required because the decision will not impact on carbon production by the Council.

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

15.1 None.

16. Published documents referred to in this report

16.1 None.