

**EXECUTIVE BOARD - 22 MARCH 2016**

<b>Subject:</b>	Progress of City Centre North Development		
<b>Corporate Director(s)/ Director(s):</b>	David Bishop, Deputy Chief Executive/Corporate Director for Development and Growth		
<b>Portfolio Holder(s):</b>	Councillor Graham Chapman, Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration		
<b>Report author and contact details:</b>	Craig Lord, Programme Manager <a href="mailto:craig.Lord@nottinghamcity.gov.uk">craig.Lord@nottinghamcity.gov.uk</a>		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Subject to call-in</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b> <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			<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
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>Total value of the decision:</b> In exempt Appendix A			
<b>Wards affected:</b> St Ann's	<b>Date of consultation with Portfolio Holder(s):</b> Ongoing		
<b>Relevant Council Plan Key Theme:</b>			
Strategic Regeneration and Development			<input checked="" type="checkbox"/>
Schools			<input type="checkbox"/>
Planning and Housing			<input type="checkbox"/>
Community Services			<input type="checkbox"/>
Energy, Sustainability and Customer			<input type="checkbox"/>
Jobs, Growth and Transport			<input type="checkbox"/>
Adults, Health and Community Sector			<input type="checkbox"/>
Children, Early Intervention and Early Years			<input type="checkbox"/>
Leisure and Culture			<input type="checkbox"/>
Resources and Neighbourhood Regeneration			<input type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
<p>The Guildhall site comprises the Guildhall, Fire Station House, the existing Central Police and Fire Stations (but excludes the EON building). The Council owns the Guildhall Building, including Fire Station House, and has exchanged contracts with the Police and Fire Authorities to acquire the freehold of their buildings with vacant possession.</p> <p>The purpose of this report is to seek approval to appoint a preferred bidder and conclude negotiations to dispose of the Guildhall site on the terms that are set out in the attached exempt Appendix A. The preferred bidder has been identified via a competitive land sale process.</p> <p>The preferred bidder has submitted proposals to develop the site with a new build approximately 38,000 m<sup>2</sup> (410,000sq.ft.) development to include commercial office accommodation, conference centre and high end student residential accommodation. The project includes the extension and refurbishment of the Guildhall to form a 4* hotel.</p>			
<b>Exempt information:</b>			
<p>Appendix A 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 financial or business affairs of a particular individual (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. 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> <p>Appendix B to the report is exempt from publication under paragraph 5 of Schedule 12A to the Local Government Act 1972 because it contains information in respect of which a claim to legal</p>			

professional privilege could be maintained in legal proceedings 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.

**Recommendation(s):**

- 1** To appoint Miller Birch as preferred bidder for the sale of the Guildhall site on the basis of the offer set out in exempt Appendix A, subject to satisfactory contractual documents being finalised accordingly, and satisfactory commitments from the key pre let being received.
- 2** To delegate authority to the Deputy Chief Executive/Corporate Director for Development and Growth, in conjunction with the Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration, to finalise acceptable terms for the sale of the Guildhall site, subject to such terms achieving an acceptable minimum sale price as outlined in exempt Appendix A.
- 3** To delegate authority to the Deputy Chief Executive/Corporate Director for Development and Growth, in conjunction with the Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration, to approach an alternative bidder should arrangements with Miller Birch not be concluded satisfactorily.

**1 REASONS FOR RECOMMENDATIONS**

- 1.1 The proposal offered by Miller Birch provides the best value for the Council of all the bids received for the site.
- 1.2 The sale of the site will secure the disposal of the Guildhall Building including Fire Station House and the former Police and Fire Authority Sites at best consideration leading to a game changing redevelopment that will regenerate an important area of the city centre supporting business, leisure, cultural and education sectors.

**2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 The Police and Fire Authorities advertised their buildings at the Guildhall Site for sale in 2013. The purchase of these assets created an opportunity to deliver a key regeneration site, and also an opportunity for the Council to offer both authorities alternative locations. A Leaders Key Decision (Ref 1037) dated 7 October 2013 therefore approved submission of a tender of £5m to purchase the two sites and the Council has now:
  - exchanged contracts to acquire the Police and Fire Authorities Buildings;
  - sold Gresham works to the Fire Authority, and a new Fire Facility is being developed. The Council has agreed terms to occupy offices at the new fire facility which will be used by emergency planning;
  - completed an agreement to lease with the Police to share occupation of Byron House which is currently being refurbished for occupation by the Police and Community Protection team.
- 2.2 Having assembled the site the Council has since progressed a land sale process which will enable the comprehensive development of the whole site by an experienced developer. In order to secure the best price for the Council, a long list of appropriate bidders was selected, which was then narrowed down to a shortlist of five bidders.
- 2.3 Submissions were invited from five companies containing full proposals and their offer to purchase the site. Bid documents were received and assessed in accordance with an agreed anonymised scoring matrix. This identified several potential purchasers for the site.

- 2.4 A further assessment was made of the bids provided and from this assessment the two best were selected for interview whereupon further clarifications could be sought concerning their bids.
- 2.5 Interviews were held in August 2015 with the two best bidders and subsequent to the interview a front runner was identified. The second rated bidder has not been let go, but they were advised that detailed discussions would continue with the frontrunner until a decision is taken to appoint them, or not. Discussions have been ongoing since with the front runner, and with a significant potential tenant, and their proposal and terms have now been clarified as set out in the attached exempt paper, allowing progress to be made in confirming the front runner appointment.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 Sale to the second bidder – this option was rejected as the other bidder did not offer the same rounded offer package and value.

### **4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)**

- 4.1 The capital receipt generated from the sale (net of tax and fees) is a corporate resource available to finance capital priorities set out by the Council and in accordance with the principles that have been adopted for the management of the capital programme.
- 4.2 The first call on any capital receipt is to fund the site acquisition costs (inc. fees) and any associated costs with enabling projects, such as Byron House Relocation and Gresham Works. The latest estimate for this is £5.860m.
- 4.3 The MTFP recognises the financial reprofiling in the Strategic Asset Management Big Ticket. The resulting shortfall in the early years will require an initial £4.178m use of reserves in 2016/17 with a further requirement of £2.878m and £0.978m in 2017/18 and 2018/19 respectively. These will be met from the Investment Strategy Reserve to be partially reimbursed from future capital receipts, including a contribution from the Guildhall sale.
- 4.4 In 2009 the acquisition of Loxley House was approved on the basis that it would be funded from capital receipts received from the rationalisation of other operational premises. £3.2m of the receipt from the sale of the Guildhall site was committed to this scheme.
- 4.5 Any balance of receipt is therefore available to finance capital priorities.
- 4.6 The report does not consider the potential revenue consequences of any decision to include a library option in the scope of any sale and therefore is likely to require a separate Executive decision if this alternative were to be pursued.

### **5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)**

- 5.1 Legal comments are included in exempt Appendix B.

**6 STRATEGIC ASSETS & PROPERTY COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)**

6.1 None.

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

No



An EIA is not required because the 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.

**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 Leaders Key Decision (Ref 1037) dated 7 October 2013

**12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

Geoff Walker, Strategic Director of Finance  
Kevin Shutter, Director of Strategic Assets and Property  
Malcolm Townroe, Head of Legal Services