

**EXECUTIVE BOARD - 22 JULY 2014**

<b>Subject:</b>	Sale of 14 -16 Hounds Gate, Nottingham, NG1 7BA		
<b>Corporate Director(s)/ Director(s):</b>	David Bishop, Corporate Director for Development and Growth Stuart Knight, Director of Strategic Asset and Property Management		
<b>Portfolio Holder(s):</b>	Councillor Graham Chapman, Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration		
<b>Report author and contact details:</b>	Emma Wilcock, Estates Surveyor – Property Services, Acquisitions and Disposals Email: Emma.Wilcock@nottinghamcity.gov.uk Telephone: 0115 876 3077		
<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 checked="" type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	<input checked="" 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: Sale price contained within the Exempt appendix</b>			
<b>Wards affected:</b> Bridge	<b>Date of consultation with Portfolio Holder(s):</b> 20 June 2014		
<b>Relevant Council Plan Strategic Priority:</b>			
Cutting unemployment by a quarter			<input type="checkbox"/>
Cut crime and anti-social behaviour			<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input type="checkbox"/>
Help keep your energy bills down			<input type="checkbox"/>
Good access to public transport			<input type="checkbox"/>
Nottingham has a good mix of housing			<input checked="" type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input checked="" type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input type="checkbox"/>
Support early intervention activities			<input type="checkbox"/>
Deliver effective, value for money services to our citizens			<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
As part of the City Council's property rationalisation plan, Nottingham City Homes are vacating the office premises at 14 -16 Hounds Gate and relocating to Loxley House.			
The Hounds Gate offices are of a basic quality and will be difficult to re-let without considerable capital expenditure on refurbishment works. Consequently, this building is surplus to the City Council's requirements and retention of the building would incur significant revenue costs.			
<b>Exempt information:</b>			
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 financial or business affairs of particular persons (and the Authority holding the 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 relates to the financial affairs of third parties; disclosure could also prejudice the Council's position in achieving best consideration if the sale to the recommended party does not proceed to completion.			
<b>Recommendation(s):</b>			
<b>1</b> To declare surplus to the Council's requirements the premises at 14 -16 Hounds Gate.			
<b>2</b> To authorise the sale of 14 -16 Hounds Gate on the terms set out in the exempt appendix to			

this report; the proposed purchaser being the party that submitted the highest offer following an informal tender process.

## **1 REASONS FOR RECOMMENDATIONS**

- 1.1 The premises comprise offices of approximately 30,000sqft and 16 car parking spaces located within the heart of Nottingham city centre.
- 1.2 The offices are of a low standard and would be difficult to re-let in their present condition. There is a high level of low and medium standard office premises currently available in the city centre and therefore re-marketing of the premises to let for their existing use is not a viable option.
- 1.3 However, there is a good demand for buildings of this nature from developers keen to convert outdated office space to residential use as apartments or student accommodation.
- 1.4 The property was put to the open market for sale by informal tender with a view to inviting the best offers of interested investors/developers and achieving best consideration for this property interest for Nottingham City Council.

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

- 2.1 The property is held as an investment by the City Council and let to Nottingham City Homes (NCH) who have occupied the offices since 1<sup>st</sup> April 2005. NCH's current lease arrangement ended on 31<sup>st</sup> March 2014.
- 2.2 NCH are currently holding over in their occupation of Hounds Gate on the terms of their previous lease and expect to hand the property back to the City Council towards the end of September 2014 with vacant possession.
- 2.3 The premises are not required for any operational use of the Council; it is the most viable option to sell the property on the open market, enabling revenue savings and raising capital for re-investment.

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

- 3.1 To offer the premises available to let as offices without refurbishment - this option is not favoured. Due to the large number of similar basic standard offices currently available in Nottingham city centre it would be highly likely that the premises would remain vacant for a considerable time, incurring significant revenue costs.
- 3.2 To invest capital into refurbishing the premises in order to provide better quality offices – this option is not favoured. Even following a significant refurbishment programme the building could not provide grade A office accommodation due to its nature. As it is not possible to provide high quality office accommodation within the premises, expenditure on speculative refurbishment is an unacceptable risk and is not a viable option to the Council.

## **4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

- 4.1 The costs of reinstating 14–16 Hounds Gate to a lettable office standard are considered prohibitive and the report recommends the sale of the property to the highest offer on the terms set out in the exempt appendix.

4.2 The sale will generate a capital receipt for the City Council. The property is currently held as an investment property and in accordance with the decision of Executive Board in February 2011 it is proposed that the capital receipt be retained by the Trading Account for reinvestment in higher yielding properties.

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

5.1 The City Council has powers to dispose of this site under section 123 of the Local Government Act 1972 and other general powers. Under section 123 there is a duty to obtain the best consideration that can reasonably be obtained, unless the consent of the Secretary of State is obtained. The figures in the exempt appendix demonstrate that the Council has marketed the property and is proposing to accept the highest offer.

**6 SOCIAL VALUE CONSIDERATIONS**

6.1 Not applicable.

**7 REGARD TO THE NHS CONSTITUTION**

7.1 Not applicable.

**8 EQUALITY IMPACT ASSESSMENT (EIA)**

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

Due regard should be given to the equality implications identified in any attached EIA.

**9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

9.1 None.

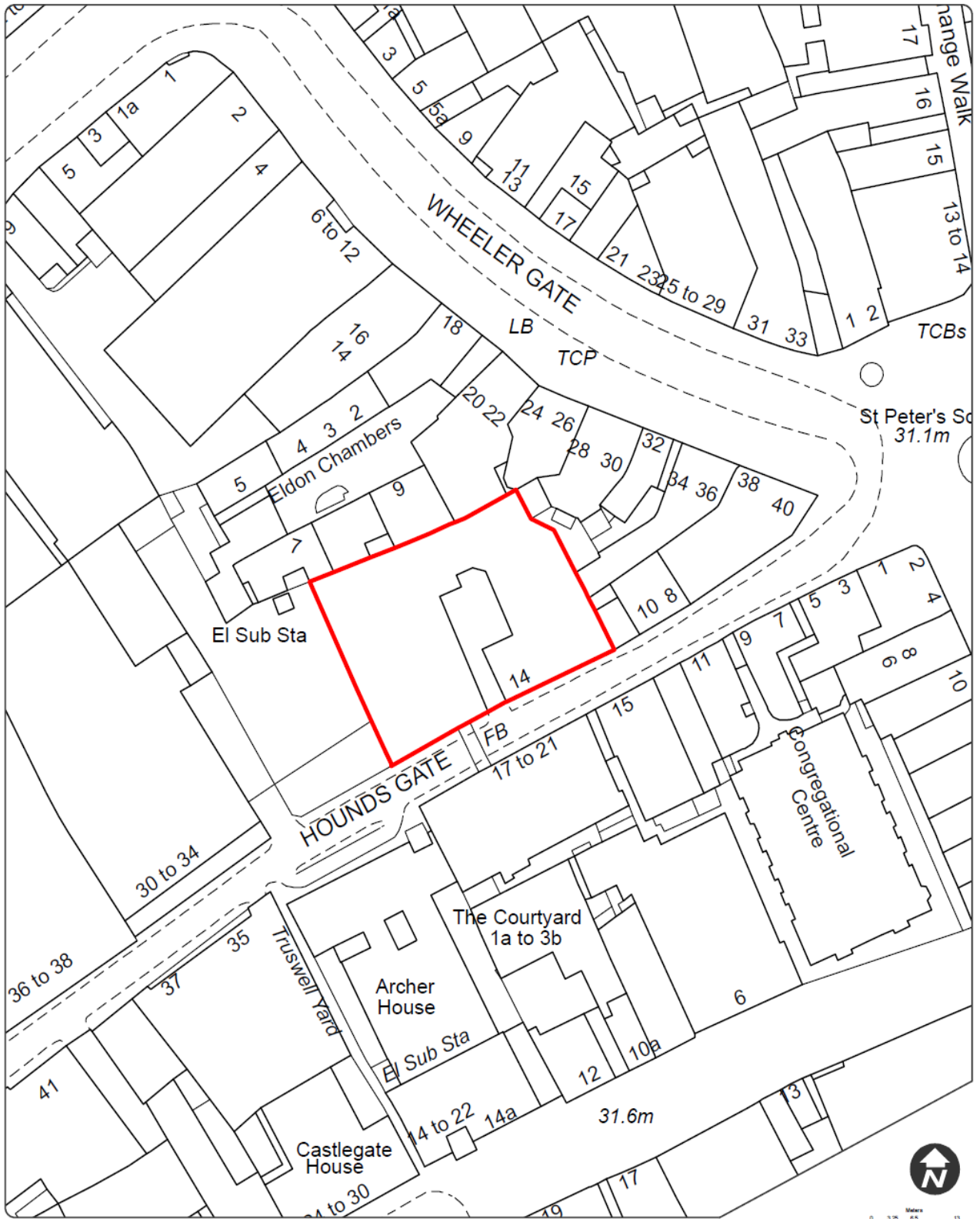
**10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

10.1 None.

**11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

11.1 Glen O'Connell, Director of Legal and Democratic Services  
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**14-16 Hounds Gate**

Scale @ A4 = 1:750