



## CABINET REPORT

<b>Report Title</b>	<b>Acquisition of Property in the Cultural Quarter</b>
---------------------	--

**AGENDA STATUS:**

**PUBLIC**

<b>Cabinet Meeting Date:</b>	8 <sup>th</sup> June 2016
<b>Key Decision:</b>	No
<b>Within Policy:</b>	Yes
<b>Policy Document:</b>	No
<b>Directorate:</b>	Regeneration, Enterprise & Planning
<b>Accountable Cabinet Member:</b>	Regeneration Enterprise and Planning - Cllr Tim Hadland
<b>Ward(s)</b>	Castle

### 1. Purpose

- 1.1 The purpose of this report is to seek the authority of Cabinet to the principle of the strategic acquisition of the property known as 9 Guildhall Road, to support the Cultural Quarter.

### 2. Recommendations

- 2.1 That Cabinet approve the principle of the acquisition by this Council of the freehold interest in the property, known as 9 Guildhall Road shown edged red upon the plan at Appendix 1.
- 2.2 That Cabinet authorises the Director of Regeneration Enterprise and Planning to approve the terms of the acquisition in consultation with the Cabinet Member for Regeneration Enterprise and Planning.
- 2.3 That Cabinet approves the inclusion in the Council's Capital Programme for 2016/2017 of up to £462,000 (inclusive of statutory acquisition costs) to support this purchase, subject to prior approval by the Director of Regeneration Enterprise and Planning and the Chief Finance Officer following due diligence and a sufficient business case to support this.

- 2.4 That Cabinet approves the drawdown of up to £462,000 from the Council's Strategic Investment Reserve as the funding source for the acquisition of 9 Guildhall Road.

### **3. Issues and Choices**

---

#### **3.1 Report Background**

- 3.1.1 The property known as 9 Guildhall Road, is shown edged red on the plan at Appendix 1. It was formerly a hotel and later County Council administrative offices. During the last 3 years it has been used by "NN" –the Northampton arts group as exhibition & performance space, workshop/studios and for informal café arrangements.
- 3.1.2 Cabinet previously approved the acquisition of this building on 10<sup>th</sup> June 2015 at a price of £360,500 inclusive of statutory costs.
- 3.1.3 The property is owned by Northamptonshire County Council ("NCC") and let to NN on a lease expiring in September 2017.
- 3.1.4 The Council wishes to see this property brought within its ownership to support the continued regeneration of the Cultural Quarter, where it occupies a key position, and to control potential re-development or alternative use.
- 3.1.5 Since the last report to Cabinet lengthy negotiations with the County Council have taken place.
- 3.1.6 These have resulted in terms being provisionally agreed between NCC and this Council for a purchase of the property, with the existing tenant in place.
- 3.1.7 As part of NCC due diligence we have been advised that NCC has obtained a valuation from independent chartered surveyors of the property and that this establishes the open market value subject to the existing tenancy with a reversion to vacant possession at £500,000. This would indicate that the proposed acquisition represents value for money. We have requested that a full copy of this report be released to NBC.

#### **3.1 Issues**

- 3.1.1 The property provides accommodation for "NN" which and is subject to an existing agreement with them which runs up to September 2017. Prior to the expiry of this agreement there would be a need to review the best uses of the property in the medium to long term.

#### **3.3 Choices (Options)**

- 3.3.1 The Council could choose not to purchase the property. But the opportunity for the Council to have full control of this building to support its regeneration and cultural objectives would however be lost.
- 3.3.2 The Council could choose to purchase the property to support its existing uses. Owning the building would also offer a number of different opportunities for the Council to bring forward positive development in the longer term to support the Cultural Quarter and wider town centre.

## **4. Implications (including financial implications)**

---

### **4.1 Policy**

4.1.1 There are none specifically.

### **4.2 Resources and Risk**

4.2.1 **Capital:** Capital costs of up to £462,000 (inclusive of stamp duty land tax on provisionally agreed price) would need to be incurred in this purchase and this expenditure would form part of the approved capital programme for 2016/2017 – provided a fully developed business case is first produced and approved by the Director.

The source of capital funding would be from the Council's Strategic Investment Reserve which was established for the purpose of strategic asset purchases and invest to save projects. This acquisition would be for strategic asset purchases reasons initially. However, in the future there may be some opportunities to generate revenue streams from the acquisition to demonstrate invest to save credentials.

4.2.2 **Revenue:** The property currently generates no income. There are current revenue expenditure responsibilities for the landlord to meet under the terms of the existing lease that expires in 2017. These are principally related to liabilities for external repairs. It is not known what the current levels of expenditure by NCC are, but various works were completed in 2012 by NCC to assist the commencement of the present use. The Council will undertake its due diligence on these costs prior to purchasing the property, with any additional costs to be funded from within existing budgets. The income and expenditure position in the future would clearly depend on a number of factors, including any renewal lease and terms in that – if one was granted. The impact of potential options will be assessed through the development of the business case.

4.2.3. **Risk:** Capital renewals to the property could require significant expenditure in the medium term. There are various building elements and services that are at or nearing the end of their useful life.

### **4.3 Legal**

4.3.1 The Council would need to exercise appropriate due diligence in completing any purchase.

### **4.4 Equality**

4.4.1 There are none specifically. The property would remain open to the general public on the same basis whilst the existing lease remains in place.

### **4.5 Consultees (Internal and External)**

4.5.1 By virtue of the existing lease, the occupation and use of the property would remain the same after purchase as it is now. Ward Councillors and other consultees would be consulted, in the future, if firm proposals for alternative use of the property were developed.

#### **4.6 How the Proposals deliver Priority Outcomes**

4.6.1 The strategic acquisition of property interests within this locality is consistent with both the Council's Cultural Quarter and wider town centre regeneration strategy.

#### **4.7 Other Implications**

4.7.1 There are none specifically.

### **5. Background Papers**

---

None

#### **Appendices**

1. Site Plan

**Glenn Miller**  
**Interim Corporate Asset Manager**  
[gmler@northampton.gov.uk](mailto:gmler@northampton.gov.uk) ext 8761