

<b>CABINET</b>	<b>AGENDA ITEM No. 8</b>
<b>22 MARCH 2024</b>	<b>PUBLIC REPORT</b>

Report of:	Cecilie Booth, Executive Director Corporate Services and Section 151 Officer	
Cabinet Member(s) responsible:	Councillor John Howard, Deputy Leader and Cabinet Member for Corporate Governance and Finance	
Contact Officer(s):	Simon Lewis, Service Director Commercial, Property & Asset Management Felicity Paddick, Head of Estates	Tel. 07801 910971

**PROPOSED SALE OF 441 LINCOLN ROAD**

<b>RECOMMENDATIONS</b>	
<b>FROM:</b> Executive Director Corporate Services and Section 151 Officer	<b>Deadline date:</b> March 2024
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> <li>1. Agrees to the disposal of the freehold of 441 Lincoln Road as set out below, on the terms set out in the exempt annex included at Appendix 1.</li> <li>2. Delegates authority to the Executive Director of Corporate Services in conjunction with the Director of Legal and Governance to take all necessary steps to facilitate the decision in Recommendation 1 including entering into any necessary legal agreements.</li> <li>3. Notes the position relating to the current occupiers and the requirement for the council to support the relocation of all tenants to suitable alternative accommodation.</li> </ol>	

**1. ORIGIN OF REPORT**

1.1 This report is submitted following the Cabinet meeting held on 13<sup>th</sup> February 2024 which notes the current position of the Locality Asset Review. All individual disposals above £500,000 are to be brought to Cabinet on an individual basis for consideration.

**2. PURPOSE AND REASON FOR REPORT**

2.1 The purpose of this report is to consider the individual disposal of council owned land as detailed in this report and exempt annex where Cabinet agreed that where any proposed sale or repurposing of an asset is at a price in excess of £500,000 the decision to proceed will be brought back to Cabinet for specific approval to dispose on a case-by-case basis.

2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.5

To make decisions on actions relating to the awarding, assigning and termination of contracts over £500k, and waiving or granting exemptions to Contract Regulations where contracts are over £500k, with the exception any time-critical, operational, or routine decision, which may be determined by the relevant portfolio holder.

2.3 There is an exempt annex attached to this report that is NOT FOR PUBLICATION by reason of paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 because it contains information relating to the financial and business affairs of the Council. The public interest test has been applied to the information contained within this exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

**3. TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	<b>NA</b>
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**4. BACKGROUND AND KEY ISSUES**

4.1 On 13<sup>th</sup> February 2024, Cabinet approved the Localities Assets Review recommendations relating to 28 assets under consideration in Phase 1.

441 Lincoln Road was recommended for further work before a final recommendation could be presented on the future of this site.

The property comprises a detached office building with car park (as shown on the attached site plan) which was previously occupied in part by City College. Three other tenants are in occupation of the ground floor. The current tenants include the Samaritans, Memory Clinic (run by Cambridgeshire and Peterborough Foundation Trust (CPFT)) and Alzheimer’s Society (which runs the Dementia Resource Centre and is a service funded by the council’s Adult Services under a service agreement).

The recommendation is to dispose of the asset based on the following:

- Confirmation has been received that the council does not require the property for operational needs.
- Terms have been agreed, subject to contract and Cabinet approval, to a purchaser who is interested in purchasing the asset to relocate a well-supported local independent school. The terms are included in the Exempt Appendix.
- The Property Team will support the current tenants, to relocate to an alternative premises and conversations in respect of this are ongoing.

Under the terms of the leases with the tenants, the council has a requirement to provide at least 12 months’ notice to Samaritans and CPFT to determine their respective leases (please note that the relevant notices will be served, in the event that approval is granted for the disposal date). The contract with the Alzheimer’s Society for the Dementia Resource Centre is linked with the service contract through Adult Services and therefore alternative premises need to be found so that the Alzheimer’s Society can continue to provide the service on the council’s behalf. The council has committed to supporting the relocation of each tenant and conversations are ongoing to achieve this aim.

The tenants were notified of the council’s position in November 2023 following in person meetings with officers from the council’s Property team. During those meetings, tenants were advised that the council would support a relocation and sought details of their property requirements to ensure a suitable alternative premises could be identified as soon as possible.

Once confirmation of the proposed sale was received, further separate meetings took place with all tenants on 6 March 2024 which included the Deputy Leader of the Council, Councillor John Howard and officers from Property and Adult Services. At this meeting officers and the Deputy Leader reiterated the intention of the Council to support the relocation. The meeting with CPFT and the Alzheimer’s Society in relation to the DRC, confirmed a preference to relocate together as the Memory Clinic is a complementary service. The council will endeavour to relocate all tenants prior to the disposal date, which is currently proposed for August 2024.

A potential alternative premises has already been identified for both the Memory Clinic and DRC and officers are working at pace to implement this solution and ensure that a fit for purpose

facility is delivered. Additionally, the Property team has also been informed that the potential purchaser may be willing to support the occupiers at the property for a period whilst the alternative accommodation is sought and delivered.

Conversations will continue with all tenants in the weeks and months ahead to achieve successful relocation.

## **5. CORPORATE PRIORITIES**

- 5.1 The recommendation forms one of the key deliverables arising from the Sustainable Future City Council Portfolio Board and will generate a capital receipt for the Council.

## **6. CONSULTATION**

- 6.1 Before Cabinet approval in November, officers shared details of the sites and draft proposals in Phase 1 with the Corporate Leadership Team, elected Members (via an open day), Scrutiny Committee and Group Leaders.

Following Cabinet approval in November, further engagement and consultation has been undertaken with the public and operators and users of the locality's assets, this includes attending public meetings at various sites as well as ongoing meetings and consultation with operators. In addition, updates have been provided to the city's Members of Parliament, council Members, Group Leaders and the Leader and Deputy Leader of the Council.

Consultations with affected parties are ongoing and will continue until all the Phase 1 recommendations are implemented.

## **7. ANTICIPATED OUTCOMES OR IMPACT**

- 7.1 The disposal of the asset supports the outcomes specific to the Locality Asset Review to identify assets that are surplus to requirements which can then be considered for disposal and provide a capital receipt.

## **8. REASON FOR THE RECOMMENDATION**

- 8.1 The reason for the recommendation is to support the Council's 2024/25 capital receipts programme.

## **9. ALTERNATIVE OPTIONS CONSIDERED**

- 9.1 The property could be retained, and tenants remain in occupation, but the property is bigger than the current tenants require. Significant investment is required in the upper parts of the property before anyone could occupy. In the event the property is not sold, this will have a detrimental impact on the capital receipts programme.

## **10. IMPLICATIONS**

### **Financial Implications**

- 10.1 The capital receipt generated from this sale will be used to fund the capital programme in line with the council's Capital Strategy. This will ensure the council avoids increasing its level of debt and is able to recognise a £73k per annum revenue saving on the cost of borrowing, which has been included within the council's Medium Term Financial Strategy. It should also be noted that although this disposal will lead to a loss of lease income, this will be more than offset by both a reduction in borrowing costs (mentioned above) and savings from property related running costs (utilities etc).

In the event the tenants are relocated to an alternative premises in the council's ownership, the council will continue to receive a rental income. However, it should be noted that the service

agreement with Alzheimer's Society for the delivery of the DRC enables a peppercorn rent to be paid. If a property is sought from a private landlord, there would be a rental pressure on Adult Services.

### **Legal Implications**

- 10.2 The council has a requirement to achieve best consideration reasonably obtainable when it disposes of its assets under section 123 of the Local Government Act 1972 (LGA) . An independent Red Book valuation has been undertaken and is within the exempt annex. The subject to contract purchase offer that has been received by the council satisfies the council's obligation to achieve best consideration as set by the Red Book valuation.

Break notices to determine the current leases shall be reviewed by Property Legal to ensure validity and compliance with the terms of each lease.

The disposal will bring about first registration with HM Land Registry as the council's title is not currently registered.

The council's paper title should be deduced (by Property Legal) prior to exchange of contracts, to demonstrate good title and also to determine the powers under which the council acquired the property to ascertain whether there are any statutory procedures, consents or restrictions that need to be completed, obtained or resolved before completion.

### **Equalities Implications**

- 10.3 No specific implications arising from this report although where necessary Equality Impact assessments will be carried out to support decision making.

## **11. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 11.1 None

## **12. APPENDICES**

- 12.1 Appendix 1 – Exempt  
Appendix 2 – Site Plan