

Disposal of the former Mill Road Library, Cambridge

To: Strategy & Resources Committee

Meeting Date: 28th March 2023

From: Executive Director: Finance and Resources

Electoral division(s): Petersfield

Key decision: Yes

Forward Plan ref: 2023/017

Outcome: Disposal of the former Mill Road Library, Cambridge

Recommendation: Strategy & Resources Committee is invited to:

- a) Receive the results of the marketing and invitation for bids and consider this fully, drawing on the assessment the Council has undertaken and officers recommendation;
- b) Select its preferred bidder; and
- c) Delegate authority to the Executive Director of Finance and Resources to agree terms, execute the documentation, and complete the disposal, in consultation with the Chair and Vice-Chair of Strategy and Resources Committee.

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1. Background

- 1.1 The former Mill Road library in Cambridge was built in 1892 and operated as a library until 1996. It was then used for a variety of short term uses until it was let to the Indian Community & Culture Association in 1999 on a 25-year lease at a peppercorn rent. The building is Grade 2 listed and was registered by English Heritage in 1972. It is in the Mill Road Conservation Area. In 2018 it was nominated and recorded on the List of Assets of Community Value held by Cambridge City Council.
- 1.2 The current planning Use Class of the building is F1. This includes schools, museums, galleries, libraries, halls, places of worship, law courts, non-residential education, and training centres.
- 1.3 The building was repossessed in January 2020 from the Indian Community & Culture Association after an application to the County Court.
- 1.4 The Council was obliged to bring the building back into good repair by the City Council Conservation Officer. Donald Insall Associates, conservation architects, were appointed to specify and oversee the work required which was completed in 2021 at a cost of almost £500,000. The building was let to Hill Residential in July 2022 as a site office to serve the Mill Road Depot redevelopment by Cambridge Housing Investment Partnership. This allowed the building to be heated and to dry out, and to reduce the County Council's liability for the property holding costs. The building is now vacant.
- 1.5 The Council informed Cambridge City Council, as the administrator of the List of Assets of Community Value, of its intention to dispose of the asset in August 2022. This triggered an initial moratorium during which a qualifying community group could notify their "intention to bid." Several groups indicated that they intended to bid which then triggered a further 6-month moratorium period during which contracts to dispose of the building cannot be exchanged or completed other than with a community group.

2 Surplus asset and marketing

- 2.1 The former Mill Road Library has not been in functional use as a County Council operated asset for more than a quarter of a century. Future needs and uses for the building were considered according to the Council's procedures for surplus assets and its disposal policy. This confirmed there was no present or foreseen Council service or operational need for the building, partly the result of its condition, format, location, and accessibility. Both This Land and Cambridge City Council were offered the opportunity to acquire the building in line with the Council's disposal policy, but both declined.
- 2.2 The County Council have considered, as part of its general disposal policy and process, the option to lease the property as well as disposal of the freehold. Leasing was also raised by the local Member, who asked the Council to consider continuing to hold or 'bank' the asset, partly with a view to accumulating value if property prices rise. Officers recommend that in this case, it is advisable to dispose of the asset. As a historic Listed Building the property is costly to maintain and operate. The County Council's previous experience of leasing out the building saw its condition seriously deteriorate, and it cost considerable public funds to put it back into good repair. Officers believe that the extra time and cost in managing and

potentially maintaining the building would not warrant holding the building to take advantage of a potential increase in the value, if any. Instead, a freehold sale is preferred to allow the Council to recover the restoration costs and avoid any future liability. The Council's business plan includes a targeted level of capital receipts which are used to finance local investment, such as this restoration as well as schemes like school building and highway improvement.

- 2.3 Early in August 2022 the property was marketed by the agents Gerald Eve for sale or lease with a preference for an unconditional sale. The particulars are attached as Appendix 1. Bidders were asked to provide proof of funding, previous experience of managing a historic building, whether the proposed use required planning consent and the economic, social, and environmental impacts of their proposal. A copy of the Bid Proforma and covering email can be seen at Appendix 2.
- 2.4 The tender closed on the 12th of January with 142 enquiries and 68 viewings over 9 days and 8 bids received. The Asset of Community Value moratorium ended on 5th February 2023 and the question of disposal is now brought to this Committee.
- 2.5 An independent RICS (Royal Institution of Chartered Surveyors) Red Book Valuation was procured to provide the current Market Value of the property, the resulting assessed freehold and market rental values are included in the confidential appendix 3.

3. Sale of property and statutory context

- 3.1 Cambridgeshire County Council is bound in its decision making to dispose of any property by the requirements of section 123 of the Local Government Act 1972. This includes that disposal of land and buildings must be for the best consideration that can reasonably be obtained (unless there is consent of the Secretary of State). Best consideration is differentiated from best value and is clearly defined in case law as the best cash consideration for an unrestricted disposal. However, the Secretary of State has given a general consent to local authorities to sales at an undervalue of no more than £2m where such a disposal is likely to contribute to the achievement of one of the wellbeing objectives, which are:
 - promotion of improvement of economic wellbeing
 - promotion of improvement of social wellbeing
 - promotion of improvement of environmental wellbeing
- 3.2 In this case, given the value of this property, any undervalue is highly likely to be less than £2m and therefore the general consent is likely to be applicable and regard to the wellbeing objectives permissible. These criteria were therefore included in the bid pro-forma issued to bidders as set out in paragraph 2.3 above.
- 3.3 As with all decisions of the Council, public law principles also apply – principally that the Council must make a rational and reasonable decision. In resolving the recommendations today, Members should ensure they have access to all the relevant information needed and take care to come to a reasoned decision.

- 3.4 During the marketing period, there have been two legal challenges about the ownership of the property and the County Council's ability to sell it. Both asserted that the property was held by the Council on a charitable trust.
- 3.5 A Title Report was completed prior to these challenges in February 2020 and advice was sought from Pathfinder Legal Services and external Counsel about the challenges. Legal advice received is that the County Council is the freehold owner of the property and is free to dispose of the property without restriction. Both challenges asserted that the Council held the property on a charitable trust. The second challenge asserted that this was the Council's intention (to hold the property on trust) when it acquired it in 1892. No evidence has been found that this was the case either at the time or in the manner that the property has been held and managed in the 130 years since.

4. Offers received and assessment

- 4.1 Eight bids were received from a range of organisations, with a variety of proposed uses. There was also a range of financial offers made. Six of the proposals were for a single payment to the Council upfront at the point of purchase. One offer was for a lower overall sum than the other bids, and this would be paid in 2035, with a lease arrangement until that date. The remaining offer was for payments in increments for up to two years when a freehold sale would be completed.
- 4.2 The Council's preliminary assessment process was for each bid to be scored independently by an Officer from the Strategic Assets team, the external property agent and another CCC (Cambridgeshire County Council) Officer not from the from Assets team. Where a capital receipt is deferred for a period, a "Net Present Value" (NPV) has been provided by the External Agent so that each financial offer can be scored on the same basis.
- 4.3 Details of the bids received, and the officer scoring indicating a preferred bidder are included in the confidential appendix 3. Scoring was based on the criteria detailed at 2.3 above.
- 4.4 Clarifications were sought around community access to the building and future plans for the building. The later to ensure that a buyer was not looking to simply develop a different, more lucrative use to that presented in their initial bid. As such bidders were asked whether they would be happy to have a restrictive title on the property's future use to that proposed within their bid. The majority agreed, without an impact on their financial offer. Two bidders reduced their bid and one advised that they would not be willing to agree to such a restriction.
- 4.5 Scoring was carried out in line with the agreed criteria, this included price, quality and social value. As a result of that and clarifications **Bidder A** is the Officer and Agent recommendation. They provided a very professional business case with the strongest financial bid and clear financing. They provide an important service to vulnerable young people, are established but are at a crossroad as they have outgrown their current accommodation. They propose to have some community space provision and flexible space for hire and will consider a restrictive covenant.

- 4.6 In the event the Committee supports this bid, our view is that the financial best consideration requirements together with the wellbeing objectives listed in paragraph 3.1 are clearly demonstrated.

5. Alignment with corporate priorities

5.1 Environment and Sustainability

The following bullet points set out details of implications identified by officers:

- A new owner will be selected who recognises the importance of looking after this historic Grade 2 Listed building.
- The building will be sold to a buyer who is better placed to maintain and manage a building that is inefficient to run, costly to maintain.

5.2 Health and Care

The bid from Bidder A would mean an increase in the provision of care for vulnerable young people.

5.3 Places and Communities

Several of the proposals will create or sustain jobs and some will be open to or serve the local community.

5.4 Children and Young People

Several of the proposals will open the building to local people, including young people. The Bidder A proposal is to specifically to address the needs of vulnerable young people.

5.5 Transport

The building has limited parking but is centrally located for local people, with nearby pay and display parking and a bus route.

6. Significant Implications

6.1 Resource Implications

The disposal of the property will remove the future maintenance liability for a historic Listed building. Capital receipts are used to deliver services directly or support the delivery of Services indirectly; this may include school building schemes or procurement of external service providers for example.

6.2 Procurement/Contractual/Council Contract Procedure Rules Implications

The property has been marketed in accordance with the Council's disposal policy. Bidder A are contracted by CCC to deliver some Youth / Health services. This is acknowledged in

line with our procurement policies, but this contractual relationship does not impact upon the scoring of their offer as the scorers were not involved with the Youth/Health contracts.

6.3 Statutory, Legal and Risk Implications

The Council has been questioned about its right to sell the property. This has been addressed by the Council's solicitors, Pathfinder Legal Services; and Counsel's opinion has also been obtained.

6.4 Equality and Diversity Implications

There are no significant implications.

6.5 Engagement and Communications Implications

Alternative internal uses within the Council were explored before the property was declared surplus. It has been openly marketed and Asset of Community Value legislation has been followed.

6.6 Localism and Local Member Involvement

The Local Member Councillor Richard Howitt has been consulted and kept informed throughout.

6.7 Public Health Implications

The bid from Bidder A will have health and wellbeing benefits for vulnerable young people.

6.8 Environment and Climate Change Implications on Priority Areas

6.8.1 Implication 1: Energy efficient, low carbon buildings.

Neutral

Explanation: Disposal of an energy inefficient building.

6.8.2 Implication 2: Low carbon transport.

Neutral

Explanation: No impact

6.8.3 Implication 3: Green spaces, peatland, afforestation, habitats, and land management.

Neutral

Explanation: No impact

6.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

Neutral

Explanation: No impact

6.8.5 Implication 5: Water use, availability, and management:

Neutral

Explanation: No impact

6.8.6 Implication 6: Air Pollution.

Neutral

Explanation: No impact

6.8.7 Implication 7: Resilience of our services and infrastructure and supporting vulnerable people to cope with climate change.

Neutral

Explanation: No impact

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Stephen Howarth

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement and Commercial? Yes

Name of Officer: Clare Ellis

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or Pathfinder Legal? Yes

Name of Legal Officer: Linda Walker and Duncan Bissat

Have the equality and diversity implications been cleared by your EqIA Super User? Yes

Name of Officer: Samantha Hastings

Have any engagement and communication implications been cleared by Communications? Yes

Name of Officer: Sarah Silk

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes

Name of Officer: John Macmillan

Have any Public Health implications been cleared by Public Health? Yes

Name of Officer: Jyoti Atri

If a key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer? Yes

Name of Officer: Emily Bolton

7. Source Documents

7.1 None