

PROPERTY DISPOSAL - CASTLE COURT, CAMBRIDGE

To: **General Purposes Committee**

Meeting Date: **9th September 2014**

From: **LGSS Director of Finance**

Electoral division(s): **Castle**

Forward Plan ref: **Not applicable** *Key Decision:* **No**

Purpose: **To inform General Purposes Committee of the progress in the marketing of Castle Court.**

Recommendation: **General Purposes Committee is asked to note the current position.**

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1. BACKGROUND

- 1.1 On 14th January 2014 Cabinet agreed to market Castle Court. The agreement of detailed terms for the disposal on a leasehold basis has been delegated to officers and the Chairman of General Purposes Committee.
- 1.2 The initial marketing of the potential disposal of an interest in Castle Court was completed by Barker Storey Matthews (BSM) in March 2014.
- 1.3 Proposals were received from 21 parties with the majority being based on redevelopment of the site for residential or student accommodation, with 3 proposals based on or including hotel use, and 4 proposals based on or including office use.
- 1.4 The majority of proposals were based on long leasehold options, typically between 125 and 200 years, though one was 999 years. Long leasehold can provide a high level of control and risk transfer over the implementation and use of the site and gives flexibility around a balance of capital and revenue returns.
- 1.5 As part of the second stage marketing, interested parties were therefore asked to submit bids on the basis of a 125 year lease. Parties were asked to submit offers based on both annual rental and premium bases, and were advised that the Council was interested in retaining as much car parking on site as was compatible with the disposal of the building, and only such parking as was required to meet the planning requirements of the bidders' proposed use would be available.

2. MAIN ISSUES

- 2.1 By the closing date proposals had been received from 26 parties. The majority were based on redevelopment of the site for either residential or student accommodation, with one other bid based on or including hotel use, and one based on or including office use.
- 2.2 All but two of the offers were based on a capital premium with some including a modest ground rent. Only one party has submitted an offer based solely on an annual rental. Further offers included one based on a joint venture, one on a freehold transfer and another on a 250 year lease.
- 2.3 Members expressed a preference for bids that produced an annual rental. The Head of Finance supports a disposal on a revenue basis, where competitive with capital bids. A financial appraisal has been carried out to help confirm the best outcome for the Council.
- 2.4 Officers are progressing discussions with a preferred purchaser to finalise detailed Heads of Terms in accordance with the existing delegation referred to above.
- 2.5 Group Leaders have been briefed on progress, and officers are consulting with the Chairman of the Committee. Further reports will be provided as progress is made.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications within this priority.

3.3 Supporting and protecting vulnerable people

There are no significant implications within this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

There are no significant implications within this category.

4.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

4.3 Equality and Diversity Implications

There are no significant implications within this category.

4.4 Engagement and Consultation Implications

There are no significant implications within this category.

4.5 Localism and Local Member Involvement

No implications have been identified by officers.

4.6 Public Health Implications

There are no significant implications within this category.

Source Documents	Location
Cabinet 14th January 2014 – Report and Minutes	http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/Meeting.aspx?meetingID=728