

Disposal of the former Mill Road Library, Cambridge

To: Assets and Procurement Committee

Meeting Date: 15 October 2024

From: Executive Director of Finance and Resources

Electoral division (s): Petersfield

Key decision: Yes

Forward Plan ref: 2024/059

Executive Summary: This Report considers the disposal of the former Mill Road library in Cambridge

Recommendation: The 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) Approve and accept the bid from bidder 1.
- 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 Assets and Procurement Committee.

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1. Creating a greener, fairer, and more caring Cambridgeshire

- 1.1 This proposal aims to support all the Council's ambitions, by disposing of a surplus property to provide a financial receipt and support our wider service delivery.

2. Background

- 2.1 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 II listed and was registered by English Heritage in 1972. It is in the Mill Road Conservation Area. The former Library was renominated as an Asset of Community Value (ACV) in 2024; the list of ACVs is held by Cambridge City Council.
- 2.2 The current planning Use Class of the building is F1. This limits use to include schools, museums, galleries, libraries, halls, places of worship, law courts, non-residential education, and training centres.
- 2.3 The building was repossessed in January 2020 from the Indian Community & Culture Association after an application to the County Court.
- 2.4 The Council was obliged to bring the building back into good repair by Cambridge City Council, Conservation Department. 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 and the building is now vacant.
- 2.5 The local member has been sent a copy of the report but is yet to comment.

3. Main Issues

Surplus Asset and Marketing

- 3.1 The former Mill Road Library has not been in operational use as a County Council operated asset since the late 1990's. Future needs and uses for the building were considered according to the Council's procedures for surplus assets and the disposal policy. This confirmed there was no present or foreseen Council service or operational need for the building, partly because of its condition, layout, location, and accessibility factors. 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.
- 3.2 The County Council have considered, as part of its general disposal policy and process, leasing the property and disposal of the freehold. Officers recommend that in this case, it is preferable to dispose of the asset. As a historic Listed Building the property is costly to maintain and operate at a time when the Council faces continued and significant financial pressures. The County Council's previous experience of leasing out the building resulted in its condition seriously deteriorating, and it cost considerable public funds to put it back into good repair. The market for the building is not likely to improve and its condition because of its age will deteriorate more quickly than a modern building. A freehold sale is preferred to allow the Council to recover the restoration costs and reduce future liability across its overall estate. The Council's financial business plan includes a targeted level of capital

receipts which are used to finance the Council's capital programme such as improvements to schools.

- 3.3 The Property was first marketed in August 2022, by agents Gerald Eve. This attracted a lot of interest and the tender closed, on 12 January 2023 with 8 bids received. Bids were evaluated and assessed, and a preferred bidder was proposed with a recommendation taken to the Council's Strategy and Resources Committee in March 2023. The recommendations within that [Report](#) (Key Decision 2023/017) were agreed and Council solicitors were instructed to proceed with the preferred bidder. Unfortunately, the preferred bidder was unable to proceed and complete, when estimated construction costs exceeded their budget, and they pulled out in November 2023.
- 3.4 The Council put the property on the market again in February 2024. It was marketed by the agents Gerald Eve for sale or lease, with a preference for an unconditional sale. The particulars are found at [Former Library, Mill Road, Cambridge, CB1 2AZ | Gerald Eve](#). Cambridge City Council, as the administrator of the List of Assets of Community Value, were informed of the County Council's intention to dispose of the asset which 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 six-month moratorium period during which contracts to dispose of the building could not be exchanged or completed, other than with a qualifying community group. The moratorium ended on 12 August 2024.
- 3.5 Bidders were asked to provide proof of funding, experience of managing a historic building, details of the proposed use, any planning implications, and the economic, social, and environmental impact of their proposal. A copy of the Bid Proforma and covering email can be seen [here](#). The Tender closed on 12 August 2024, resulting in 7 bids being received. During the marketing period, which was extended from initially April 2024 to August 2024 to provide community bidders more time to prepare and submit their bid and which aligned to the Asset of Community Value moratorium period, 89 enquiries were received, and 26 viewings were carried out over 4 viewing days. In addition, officers and the agent held two open afternoons to allow the public, bidders, and other interested parties to view the property, - an opportunity that had not been available during the prior marketing period due to Hill Residential's occupation.

Sale of Property and Statutory Context

- 3.6 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 £2 million, where such a disposal is likely to significantly 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

3.7 In this case, the property has been marketed and the Council is proposing to sell to the highest financial bidder and has complied with s123 LGA 1972. Given the value of this property, any undervalue will be less than £2 million 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 3.5 above.

Offers Received and Assessment

3.8 Seven bids were received from a range of organisations and individuals, including several community bids, with a variety of proposed uses, both unconditional and conditional on achieving planning consent. Six of the proposals were freehold purchases and one was a leasehold.

3.09 The Council's assessment process allowed for each bid to be scored independently by an officer from the Strategic Assets team, the external property agent, and another council officer with Education/Communities experience. Normally, where a capital receipt is deferred for a period (in the case of an interim or agreed initial lease; a "Net Present Value" (NPV) is calculated based on the terms of the lease proposed, the market conditions and outlook. Unfortunately, despite numerous requests, the lease bidder has not provided proposed lease terms other than rent, and so the financial offer for this bid could not be scored on the same basis as the freehold offers.

3.10 An anonymised summary of the detailed scoring of the bids (cumulative by all three evaluators), including the criteria and score given is set out below. This table shows how each bid scored against the criteria and their position against the other bidders. The preferred bidder (Bidder 1) scored highly in all areas, where other bids did not score as well in one or more areas, impacting their overall score and position. A confidential Appendix 1 contains the full scoring matrix which includes the details of the bids received, scoring and comments on each. It is noted that bidder 1 has current experience of successfully delivering community focused enterprises in more than one London location and offers to complete the sale quickly and has the intention to use the facility for community purposes, including letting studio space for the creative arts, dance, music, art and writing, albeit bidder 1's plans are also capable of being fluid and dynamic to react to the demands of the Cambridge community, engaging with local projects creating opportunities and events. He has a long-standing connection with Cambridge.

Bidder Number (Position)	Deliverability (Max Score 150)	Financial Offer (Maximum Score 60)	Economic Impact (Maximum Score 30)	Social Impact (Maximum Score 30)	Environmental Impact (Maximum Score 30)
1	145	60.00	29	30	27
2	25	47.25	26	26	20
3	95	47.25	2	3	1
4	26	48.94	10	22	11
5	16	47.25	12	11	12
6	14	0.00	19	24	25
7	3	33.75	1	4	0

3.11 The bids were scored on the following criteria by each evaluator independently. Two moderation meetings were held to discuss scores, request further information or seek clarification from bidders and to finally agree a recommended preferred bidder.

Element of scoring	Value attributed	Criteria for scoring
Deliverability	50%	Conditionality of the offer, use, requirement for planning permission (and likelihood of achieving permission), timing of offer, proof of funds and security, previous experience, supporting evidence.
Financial offer	20%	Scoring based on actual offer, or Net Present Value (NPV) where the offer is to lease; to value all offers on the same basis. The highest financial offer achieves the maximum score.
Economic impact	10%	Impact of the <u>bid</u> on the economy
Social impact	10%	Impact of the <u>bid</u> on the community
Environmental impact	10%	Impact of the <u>bid</u> on the environment

3.12 A petition in support of a community acquisition which was started on the 29 September 2024 has been excluded from this report. A link to the petition appears here. [Former Mill Rd library petition](#) The Council's Constitution says that *petitions from, or submitted on behalf of a business, or person, where the main purpose of the petition is to influence a forthcoming commercial decision of the Council, or the terms and conditions of a commercial transaction* are excluded from consideration under the Council's Petition Scheme and consequently it is reported here just for information.

4. Alternative Options Considered

- 4.1 Retain for Council use: There is no service demand, and the property was declared surplus to requirements. it has been deemed unsuitable for modern service use.
- 4.2 Consideration was given to other bids. It is noted that Bidder 3 offered financially less than Bidder 1 although the bidder was able to provide proof of funds. They also committed to exchange within 30 days of receiving legal contracts and completing 30 days after. However, they did not provide any additional information to support their bid and together with a lower bid than bidder 1, were the reason they were scored third.
- 4.3 In the case of Bidder 2, they too offered financially less than bidder 1. Their funding relied on grant applications so was less certain than bidder 1 or bidder 3. Bidder 2's bid was also conditional, and they committed to purchasing within 12 months subject to being able to obtain funding, obtaining planning and Listed Building consent, and Building Regulations approval. Together, the financial amount of the bid, the delay in time to purchase and the uncertain funding were the main reasons they were placed second.

5. Conclusion and reasons for recommendations

- 5.1 Our recommendation is bidder 1 who had the highest score in all elements, both when independently scored and after moderation meetings. The bid is the highest financial offer and is considerably more than the £700,000 guide price, with evidence of readily available funding, and was considered the most deliverable as it is an unconditional bid. The bidder is strongly motivated to preserve the architectural features of the building and has sufficient resources to do so. The proposal is to let to community users in the creative arts, which would not necessarily require planning permission, but given that the bid was unconditional the bidder would take on that risk. The bidder already successfully delivers community focused enterprises in London and offers to complete the sale within 30 days of agreeing Head of Terms. In addition, the bidder agrees in principle to place a restriction against residential use on the property which would keep the community orientated use going forward. This will be included as a condition in the Head of Terms and sale. One of the bidder's existing community focussed enterprises was visited by the agent and a council officer.
- 5.2 The preferred bidder proposes a community focussed use of the property, without major changes to the space, letting space for the creative arts, dance, music, art, and writing, albeit being fluid and dynamic to react to community demands, so that the enterprise can be self-funding.
- 5.3 A sale to bidder 1 allows the Council to proceed towards a financial receipt which will support its service delivery, whilst offering economic, social, and environmental benefits to the local community and in the creative arts.

6. Source Documents

- 6.1 The following documents are referred to within the Report:

[Invitation to Bid and Bid Proforma](#)

[Former Library, Mill Road, Cambridge, CB1 2AZ | Gerald Eve](#) Property Particulars