

Gloucester City Council

Meeting:	Cabinet	Date:	6 November 2019
Subject:	Disposal of Herbert, Kimberley and Phillpotts Warehouses		
Report Of:	Cabinet Member for Regeneration and Economy		
Wards Affected:	Westgate		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	None		

FOR GENERAL RELEASE

1.0 Purpose of Report

1.1 The purpose of the report is to update Cabinet on the disposal of the Council's leasehold interest in the Council's former administration buildings at Gloucester Docks.

2.0 Recommendations

2.1 Cabinet is asked to **RESOLVE** that:

- (1) progress towards the disposal and re-use of Herbert, Kimberley and Phillpotts Warehouses be noted.
- (2) the Property Commissioning Manager be given delegated authority (following consultation with the Cabinet Member for Regeneration & Economy and Head of Policy and Resources) to agree the terms of any ancillary documents necessary or desirable to enable the transaction to proceed.
- (3) a further report be brought back to Cabinet once Officers are in a position to recommend a proposal to Members.

3.0 Background and Progress

3.1 The Council has used these warehouses for its main administrative buildings since 1987, but increasingly it was becoming unfit for purpose, it was too large for the number of officers and expensive to run and maintain. We have been looking to find more suitable space that will allow more flexible and modern ways of working and reduce our operating overheads.

3.2 The Council has negotiated the lease in alternative modern space in Shire Hall and created a new public facing reception in Westgate Street. The move was successfully completed earlier this year.

- 3.3 At the same time the Council has instructed external marketing agents and surveyors to advise on and commence the disposal of the warehouses. Negotiations have been carried out between the Council and the Canal & River Trust who are the freeholders of the docks area and these warehouses and who currently hold a covenant over the warehouses restricting their use to offices.
- 3.4 The Council agents have carried out a marketing campaign and have also targeted potential commercial occupiers and developers through the holding several open days and private inspections. There were of 50 expressions of interested and the marketing culminating in a deadline for offers on 26th of September.
- 3.5 Offers were received from 5 different parties for the Council's consideration on a variety of different bases and uses.
- 3.6 The Council has carried out an initial sift and is now in continuing dialogue with 3 of these parties with a view to identify which party will provide the best value for the City Council.
- 3.7 Once it is clear which party offers the best terms for the Council's interest a report containing a resolution to dispose of the warehouses will be bought back to cabinet.

4.0 Asset Based Community Development (ABCD) Considerations

- 4.1 It is not possible to involve the community in this transaction.

5.0 Alternative Options Considered

- 5.1 To remain in HKP but to modernise the existing space and release any surplus accommodation. However, this would be expensive, and the nature of the accommodation does not lend itself to subdivision, the only ground floor access it through Herbert Warehouse and the upper floors interconnect through the atriums which do not provide suitable ground floor access.
- 5.2 To retain and modernise the space and lease it out as offices, however, the business case for this would not warrant the investment required and the office space without parking would be very difficult to let.

6.0 Reasons for Recommendations

- 6.1 To ensure that Members are aware of work done towards the disposal of the Council's leasehold interest in the Council's former Docks administration buildings and that it can be progressed.

7.0 Future Work and Conclusions

- 7.1 Officers will carry out the following work:

Document the agreement with the Canal & River Trust to vary the lease terms.

Continue the dialogue/negotiations with the 3 parties to identify the best offer.

Bring this offer back to Cabinet for a resolution.

Instruct the Lawyers and agree the documentation for the disposal

8.0 Financial Implications

8.1 The disposal of these warehouses was part of the business case for the move out of these buildings into Shire Hall.

8.2 The disposal will not only reduce running costs and capital expenditure but will release value tied up in these assets

(Financial Services have been consulted in the preparation of this report.)

9.0 Legal Implications

9.1 None directly arising from the report. Detailed comments are anticipated on the report to dispose of the leasehold interest.

Appropriate documentation will need to be entered into to record the lease variation.

(One Legal have been consulted in the preparation of this report.)

10.0 Risk & Opportunity Management Implications

10.1 The offers from interested parties are all conditional on planning and listed building consent and any other consents needed for their particular intended use of the buildings.

10.2 While costs will be kept to a minimum there will still be some residual liability for the Council while we hold these properties, whoever purchases the building will require time getting to the position that they are ready to take over responsibility for them.

11.0 People Impact Assessment (PIA):

11.1 At present, there are no adverse impacts identified for any of the Protected Characteristic groups; The applications for planning consent will ensure that due consideration is given to these groups as part of any redevelopment scheme.

12.0 Other Corporate Implications

Community Safety

12.1 No real impacts.

Sustainability

12.2 No adverse implications, the proposals involve investment in these building and will incorporate more modern and energy efficient plant and equipment.

Staffing & Trade Union

12.3 There are no implications.