

Minute Extract

**COUNCIL CABINET**  
**17 OCTOBER 2012**

Present        Councillor Bayliss (Chair)  
                  Councillors Banwait, Dhindsa, Hussain, Rawson, Repton  
                  Russell and Shanker

In attendance Councillors Holmes and Jones

**76/12        Apologies**

There were no apologies for absence received.

**83/12        Acquisition of the Former Magistrates Court,  
                  Derwent Street, Derby**

The Council Cabinet considered a report on the Acquisition of the Former Magistrates Court, Derwent St., Derby. The purpose of the report was to provide an update on the former Magistrates' Court project and to seek approval to amendments to the original proposal, its funding arrangements and the use of part of the building by the Local Studies Library (LSL).

Council Cabinet at its meeting on 21 February 2012 agreed that the Council would acquire the former Magistrates' Court from the owners Wilson Bowden Developments (WBD), subject to them refurbishing the property to create a new managed business centre ready for occupation. The Council would then operate the building as a serviced business centre.

The Local Studies Library was currently located in Middleton House. As these premises were scheduled to be sold in late 2013/14 to support the funding of the Council House refurbishment, the library needed to be relocated to alternative premises. An Options Appraisal had been undertaken establishing that the preferred relocation site was the former Magistrates' Court.

The costs of relocating the Local Studies Library would be supported by a contribution from the Accommodation Strategy Budget set out in Appendix 3 of the report under Capital Funding.

The Council in conjunction with Wilson Bowden Developments had successfully applied to the Local Enterprise Partnership (LEP), D2N2, loan from their Growing Places Fund (GPF) towards the increased cost of refurbishment. This was currently the subject of due diligence and the full terms and conditions were awaited and the details of which were set out in Appendix 3 of the report under Capital Funding.

## **Options Considered**

1. Do nothing – The Property would continue to be empty and alternative, more expensive options for the new location of the Local Studies Library would need to consider if the Service was to be continued when the Council vacated the St Mary's Gate/ Middleton House complex. A summary of the alternative accommodation Options Appraisal for the Local Studies Library was given in Appendix 2 of the report.
2. Reduced specification – The Centre may prove more difficult to let at the proposed rental levels. A reduction of the rental levels would impact on the revenue support required for this project.
3. Provide loan or equity funding to support Wilson Bowden Developments developing the Magistrates' Court themselves. This was initially explored, however, the developer would not proceed on this basis because of the difficulties in raising matching loan finance for a speculative development. In the event the proposed inclusion of the Local Studies Library into the building made this approach less attractive to the Council.

## **Decision**

1. To approve buying the former Magistrates' Court from Wilson Bowden Developments (WBD) for the sum specified at Appendix 3 of the report subject to WBD refurbishing the building to create a managed business centre.
2. To approve the relocation of the Local Studies Library from Middleton House to the former Magistrates' Court.
3. To approve a capital contribution towards the cost of the relocation of the Local Studies Library from the Accommodation Strategy Budget within the existing approved Capital Plan as set out in Appendix 3 of the report under Capital Funding.
4. To approve an ongoing annual revenue budget pressure to meet the increased net revenue costs of basing the Local Studies Library at the Magistrates' Court and the GPF loan repayment as set out in Appendix 4 of the report.
5. To approve the re-allocating of the expenditure within the Regeneration Fund as set out in paragraphs 4.13 & 4.15 of the report.
6. To delegate authority to the Chief Executive, in consultation with the Leader and the Strategic Director of Resources, to amend the terms of the acquisition and the Growing Places Fund loan and to enter into formal agreement with the Local Enterprise Partnership should this be the most advantageous financing option.

7. To recommend Council to approve the additional borrowing of £515,000 from either the LEP or the Council's traditional source of finance.

## **Reasons**

1. It was necessary to update the existing approved acquisition of the former Magistrates' Court in order to reflect the financial implications arising from the proposed relocation of the Local Studies Library. The acquisition would still provide a significant level of managed workspace, promoting emerging enterprises, as well as providing a home for the Local Studies Library. The managed workspace would:
  - comprise around 1,410 m2 (15k sq ft) of city centre office space
  - support the creation of around 165 jobs based in the city centre over 3 years
  - bring back into use a strategically significant, Grade II listed building which has been empty for 10 years
  - following re-payment of loan finance would create an income producing revenue stream and asset for the Council.
2. It was necessary to relocate the Local Studies Library in order to allow the St Mary's Gate/ Middleton House complex to be sold in line with the approved Accommodation Strategy. The sale of this complex would realise a receipt in excess of £1.5m. A detailed Options Appraisal had been undertaken to assess the best alternative location for the Local Studies Library. (See Appendix 2 of the report.) The Magistrates' Court was considered to be the best location given its convenient city centre position, the character of the building, and that, overall, it provided the most cost-effective solution for a city centre location.
3. The agreed financing structure approved at Council Cabinet on 21 February 2012 referred only to "capital" whereas it should have referred to "capital and revenue".
4. The final details of both the proposed acquisition and the Growing Places Fund loan were yet to be agreed. It was necessary to provide an effective delegation in order to ensure that terms were finalised effectively and in the best interests of the Council.