



## CABINET REPORT

<b>Report Title</b>	<b>Future use of the Newton Building</b>
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**AGENDA STATUS: PUBLIC**

<b>Expected date of decision:</b>	20 January 2021
<b>Key Decision:</b>	No
<b>Within Policy:</b>	Yes
<b>Policy Document:</b>	No
<b>Directorate:</b>	Economy & Assets
<b>Accountable Cabinet Member:</b>	Councillor Tim Hadland
<b>Ward(s)</b>	Kingsley

### 1. Purpose

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- 1.1 At its meeting on 16 December 2020 Cabinet approved the purchase of the University of Northampton's Avenue Campus (including the Newton Building), pursuant to a Cabinet Report of the same name subject to satisfactory due diligence, through the Housing Revenue Account.
- 1.2 The purpose of this report is to update Cabinet on the future use of the Newton Building, and the proposed leasing of the premises to Northampton Partnership Homes (NPH), in order to meet NPH's current and future office requirements.

### 2. Recommendations

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- 2.1 It is **recommended** that Cabinet:
  - a) Note the intention of Northampton Partnership Homes, to relocate from the Westbridge Depot site, to the Newton Building to release the depot for

appropriate uses, noting that the Newton Building provides more suitable office accommodation for the Council's Housing delivery partner.

- b) Notes that the Acting Director for Economy and Assets has delegated authority within the constitution to agree commercial terms for leases for less than 21 years, the Heads Of Terms will therefore be progressed using the usual constitutional process, with both sides having legal representation in addition to full consultation with West Northamptonshire Council (WNC) S.151 Officer.
- c) Notes that the Acting Director of Economy and Assets will consult the Director of Housing and Wellbeing, the Chief Finance Officer, the Borough Secretary, the Cabinet Member for Economy and Assets and the Cabinet Member for Housing and Wellbeing, before exercising the delegation referred to in recommendation b above.
- d) Notes that if the lease cannot be concluded by the 1<sup>st</sup> April 2021 then this work will need to be concluded by the new West Northamptonshire Council through their governance processes.
- e) Agrees to receive further reports in connection with the use of the Newton Building as part of a regular Capital Project Management updates.

### 3. Issues and Choices

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#### 3.1 Report background

- 3.1.1 The University of Northampton's Avenue Campus and the Newton Building (edged in yellow on the aerial photograph, below) are located in St George's Avenue, opposite The Racecourse public park:



- 3.1.2 As the University has now relocated most of its functions to its new Waterside Campus, the Avenue Campus and Newton Building are surplus to its requirements and, following a marketing campaign, the University has agreed to sell the Avenue Campus and Newton Building to the Council.
- 3.1.3 On 16 December 2020, Cabinet approved the purchase of the Avenue Campus (including the Newton Building and subject to satisfactory due diligence), through the Housing Revenue Account, to increase the supply of affordable housing.

- 3.1.4 Although work is ongoing to complete the acquisition, further reports will be submitted to Cabinet, in the future, for consideration of proposals relating to the provision of affordable housing. This report seeks to provide an update on the proposed use of the Newton Building.

### The Newton Building

- 3.1.5 The Newton Building (pictured below) is Grade II listed and was acquired by the University of Northampton in 2007 for mixed use: education and administration. Prior to that, it was the Kingsley Middle School and the Girls Grammar School.



- 3.1.6 Northampton Partnership Homes (NPH) is seeking to lease the Newton Building, the main use as office accommodation and as part of the lease arrangements to sublet a small area as a base for NPH's tenant and leaseholder engagement and education programmes.
- 3.1.7 NPH is currently located on an operational industrial site at Westbridge Depot. The site accommodates the Council's waste contractor and all the other occupiers are of an industrial nature, it has a waste transfer station and heavy good vehicles and cranes are the main traffic users to and from the site. Westridge Depot is being reviewed by Assets for other appropriate industrial commercial uses.
- 3.1.8 The existing office accommodation used by NPH at Westbridge is becoming obsolete, as are the storage areas and the portacabins. There is no lease for the existing accommodation, it was only intended to be temporary use for NPH while suitable office accommodation was identified.
- 3.1.9 Westridge depot has recently been the subject of increased compliance reviews and this has led to one of the welfare buildings being closed, therefore more changes will need to be made at the site. It would be better for the Council to release NPH from the site and continue the asset review, and removing NPH from the site will reduce the current Health and Safety risks and allow the asset team to progress alternative commercial opportunities.
- 3.1.10 Therefore, although it has proved difficult to find alternative premises that are affordable and suitable – in terms of size, layout and location – it has always been acknowledged that:

- The nature and location of NPH's office accommodation (in portacabin buildings on a waste transfer site) are unsuitable long-term; and
- The relocation of NPH's office accommodation (from the Westbridge Waste Transfer Site) will afford the Council the opportunity to review the commercial opportunities for future industrial use.

3.1.11 The appendices (exempt) provide background information and the business case for NPH to relocate, highlighting the sites suitability as summarised below:

- It is situated close to the town centre;
- It offers safe pedestrian access and is wheelchair accessible;
- It is big enough for NPH's growing workforce and the expansion of its tenant and leaseholder engagement and education programmes;
- It has sufficient car parking to meet the NPH's day-to-day business needs, including commercial vehicles; and
- Its location and internal layout will enable NPH to transition seamlessly from Westbridge, minimising any disruption to day-to-day service delivery.

3.1.12 The principle of NPH using the Newton Building as its office accommodation forms part of the due diligence undertaken by GL Hearn who have advised on this use to support the financial viability of the overall acquisition.

3.1.13 Cabinet are asked to note that the initial use of the Newton Building will be as office accommodation to form a base for NPH adjacent to the larger development site, which is a practical location for its base. However, once the adjacent site is developed both NPH and the Council will review the Newton Building again as part of the housing strategy for Northampton.

3.1.14 It should be noted that use of Horizon House is not part of the decision-making process, back in 2018 NPH withdrew their interest in leasing this site. Horizon House continues to be part of the Northampton regeneration programme and will form part of the Enterprise Zone Delivery Plan which will set out the alternative use for the site.

3.1.15 This report should therefore be considered as an update to Cabinet. The lease terms between the Council and NPH are confirmed as being rented at full market value, the remainder of the terms will be in line with standard commercial practice with both sides supported by legal representation.

### **3.3 Issues**

- 3.3.1 There are no specific issues arising as part of this report as it provides an update on progress in respect of the overall Avenue Campus site.
- 3.3.2 An independent structural survey has been completed and NPH will be required to put the property into good repair as part of the lease terms.
- 3.2.4 The Newton Building is Grade II listed and any changes to the building will require compliance with statutory planning permissions and other consents such as building control and listed building consent. Although NPH is not currently intending to make any changes to the building that will require such consent, the lease will require NPH to comply with all statutory consents should this situation change.
- 3.2.5 To enable NPH to deliver all of its functions (including its tenant and leaseholder engagement and education programmes), a planning application has been submitted for a change of use to Class E (Offices) and Class F1 (Learning and Non-Residential Institutions). A decision on this application is likely to take up to 13 weeks and a condition of the lease will be to obtain necessary consents before the lease completes
- 3.2.6 At its meeting on 9 December 2020, the NPH Board agreed ‘in principle’ to enter into a lease with the Council in relation to the Newton Building. The Council and NPH will continue to discuss lease terms, noting that the commercial terms will ultimately need to be formally approved by their respective decision-making processes.

### **3.3 Choices (Options)**

- 3.3.1 Cabinet can choose to approve the recommendations to note progress which is recommended.
- 3.3.2 Cabinet may choose not to accept this update report, which would lead to uncertainty around the Newton Building with the Council paying for the void costs should the purchase be confirmed after due diligence whilst alternative options are reviewed. This may affect the viability of the acquisition and therefore the housing strategy for the development. This is therefore not recommended

## **4. Implications (including financial implications)**

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### **4.1 Policy**

- 4.1.1 The action proposed in this report supports three of the strategic priorities in the Corporate Plan 2019 –2021:
- A stronger economy;
  - Resilient communities; and
  - Exceptional services to be proud of.

## **4.2 Resources and Risk**

- 4.2.1 The Newton Building is part of the wider acquisition of the Avenue Campus which is being purchased in the Housing Revenue Account (HRA). As more than 90% of NPH's remit is within the HRA, it is recommended that the Newton Building is owned in the HRA as an asset that benefits the Council's tenants. This is on the basis that the building lends itself for future consideration for conversion to residential use, subject to planning permission in the future.
- 4.2.2 An independent RICS ('Red Book') valuation of the Avenue Campus has been undertaken. This included a rental valuation of the Newton Building to inform the initial rent to be charged in a lease. This instruction includes provision to ensure the Council, as well as NPH, as a prospective tenant, could rely fully on the advice.
- 4.2.3 NPH has agreed that it meets, from its reserves, all of the costs associated with its relocation to the Newton Building from the Westbridge site. These costs will include, but are not limited to, the following:
- All removal costs;
  - Site clearance of Westbridge;
  - Fit-out costs including all furniture;
  - Surveys (including ICT, building and mechanical and engineering);
  - Deep clean, ahead of occupation;
  - Redecoration where required; and
  - Commissioning.
- 4.2.4 The Newton Building is a cost to the HRA and, although it does not represent an investment from an annual income perspective, it is a new HRA asset.
- 4.2.5 With the exception of the cost of acquiring the Newton Building, these office accommodation costs are costs to the HRA regardless of where NPH's offices are located. Other office options have already been explored, including building a new office, purchasing a new office 'off plan' and leasing an existing office but, as explained in the Business Case (Exempt Appendix B), all of these options have been more expensive than the Newton Building.

## **4.3 Legal**

- 4.3.1 Pursuant to the Section 1 of the Localism Act 2011 the Council has the power to do anything that individuals generally of full capacity may do. The scope of the General Power of Competence provided by Section 1 of the Localism Act 2011 confers on the Council the power to exercise, such a power or otherwise for the benefit of the Council, its area or persons resident or present in its area.
- 4.3.2 The Council's Constitution delegates to the relevant senior manager in assets the power to do the following:

*“Management of Council property and letting of such property other than Council houses for not more than 21 years; including agreeing assignments and subletting of leases, changes of use and other lease variations.”*

This power will be used to agree any lease with NPH, subject to ensuring full decision-making due diligence and on terms that are acceptable to the Council and in consultation with the West Northants S.151 Officer.

- 4.3.3 In a Cabinet Report dated 15 March 2017 entitled “Northampton Waterside Enterprise Zone: Proposed Purchase of Land at St Peter’s Way”, Cabinet approved the purchase of the land for £1.5m (plus associated SDLT costs) and the Cabinet report noted the following in Paragraph 2.6: “Notes that the site is being purchased to enable the relocation of NPH and its depot and that exchange of contracts will therefore not take place until (i) NPH formally confirm that they will relocate to the site, (ii) accept the market rent their proposed new premises, and (iii) that VFM is demonstrated for both the General Fund and Housing Revenue Account, through the business case being prepared by NPH and NBC Finance.” In a follow-up report to Cabinet dated 19 July 2017, Cabinet was advised that NPH would relocate to the National Grid Site B and pay a commercial rent.
- 4.3.4 The business case for the leasing of the Newton building and the history leading up the current proposed lease to NPH will need to be fully considered by assets before exercising the delegation and agreeing any lease.
- 4.3.5 It is noted that Cabinet have resolved to purchase the University of Northampton’s Avenue Campus (including the Newton Building), subject to satisfactory due diligence, to increase the supply of affordable housing. Due diligence on the proposed purchase is actively being considered and the outcome and impact will inform any lease proposal.
- 4.3.6 The Heads of Terms for the Lease are yet to be fully agreed and assets will lead on this as part of the exercise of the delegation in the constitution.
- 4.3.7 Further consideration is being undertaken by legal services and finance to ensure that the Newton Building can be held within the HRA.

#### **4.4 Equality and Health**

- 4.4.1 The present accommodation for NPH staff at Westbridge is not suitable for longer term occupation and staff and visitor welfare need to be improved.
- 4.4.2 The Newton Building provides a more suitable office base for NPH’s workforce which includes access for any staff or visitors with disabilities. NPH’s in-house Occupational Therapist has reviewed the access to the Newton Building and confirmed it is accessible and that only minor adaptations are required.

4.4.3 When finalising the terms of the lease, the Council will have due regard to its Public Sector Duty and will continue to work to tackle discrimination and inequality and help to create a fairer society.

#### **4.5 Consultees (Internal and External)**

4.5.1 The Senior Management Teams of the Council and NPH have worked collaboratively together on the proposed occupation of the Newton Building to NPH.

4.5.2 Cabinet Members have also been consulted with as have senior officers at West Northants Council.

#### **4.6 How the Proposals deliver Priority Outcomes**

4.6.1 The action proposed in this report will help meet 4 of the priorities in the Council's Corporate Plan 2019 - 2021:

- Shaping place and driving growth
- Creating a thriving and vibrant town
- Spending your money wisely
- Putting the customer first

#### **4.7 Environmental Implications (including climate change issues)**

4.7.1 In the course of its move from Westbridge to the Newton Building, and throughout its future occupation of the Newton Building, NPH will endeavour to optimise reuse and recycling, and minimise the environmental impact of waste.

4.7.2 Although parking spaces will still be provided for people visiting or using the Newton Building, it is likely that the site's town centre location will reduce the need for car use. Bicycle storage will also be provided.

#### **4.8 Other Implications**

4.8.1 There are no other implications.

### **5. Background Papers**

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Corporate Plan 2019 – 2021

Cabinet Report 'Purchase of the University of Northampton's Avenue Campus, including the Newton Building' 16 December 2020.

RICS Red Book valuation and Structural Report (confidential background papers).

### **6. Appendices**

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Appendix A: Site Plan of the Newton Building (edged in red)

Exempt Appendix B: Business Case for the acquisition and leasing of the Newton Building)

**7. Next Steps**

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7.1 Once the acquisition of Avenue Campus, including the Newton Building is completed. The Acting Director of Economy and Assets will agree the proposed lease for the new tenant, NPH. The next steps are expected to be as follows:

<b>Date</b>	<b>Activity</b>
January 2021 – March 2021	Planning application for change of use
January 2021 – March 2021	Exchange of contracts and completion of freehold acquisition of the University's Avenue Campus (including the Newton Building)
January 2021 – March 2021	Finalisation and execution of the lease to enable NPH's occupation of the Newton Building
March 2021 – June 2021	Installation of ICT and transition from Westbridge

**Kevin Langley**  
**Acting Director of Economy & Assets**