

<b>Report of:</b>	Executive Member for Finance and Governance Director of Finance
<b>Submitted to:</b>	Executive
<b>Date:</b>	6 December 2022
<b>Title:</b>	Exchange House – Disposal (PART A)
<b>Report for:</b>	Decision
<b>Status:</b>	Public
<b>Strategic priority:</b>	Physical environment
<b>Key decision:</b>	Yes
<b>Why:</b>	Decision(s) will incur expenditure or savings above £150,000
<b>Urgent:</b>	No
<b>Why:</b>	Not Applicable

**Executive summary**

The report seeks an Executive decision to dispose of the Council's freehold interest in Exchange House.

The proposal to dispose of the subject property accords with the Council's requirements to generate capital receipts, increase annually recurring revenue streams and assist with the regeneration and delivery of Council planned enhancements to the town centre.

The decision being sought to dispose is a key decision with the value of the surplus asset exceeding the £150,000 threshold.

## **Purpose**

1. The purpose of the report is to seek Executive approval to dispose of the Council's freehold interest in Exchange House.

## **Background & relevant information**

2. Shown edged on the plan attached at Appendix 1 of this report, Exchange House is a vacant town centre building occupying a visually prominent location at Exchange Square, immediately adjacent the A66 Trunk Road.
3. Comprising a Grade II listed brick-built commercial building with 4,553 Sqm [49,014 Sqft] of office accommodation set out over 5 storeys [with basement], the property sits in close proximity to both the town centre and the railway station on a rectangular shaped site measuring @ 0.36 Acres [0.146 Ha].
4. Incorporating a mix of flat & pitched roof arrangements, the property was constructed in two distinct phases and has been operated over time as two separate elements: firstly, as the former Chamber of Commerce [built @ 1890] and secondly, the Teesside Archives [built @ 1930].
5. The property is in poor overall condition, having become increasingly dilapidated and requiring significant refurbishment to bring it up to modern standards – so much so, that the Council does not now consider it to be fit for the purpose of delivering operational service requirements.
6. In accordance with the strategy objectives set out and approved by the Council as part of the decision to front fund the relocation of the Teesside Archives, operational service users have been vacated and the property has been cleared.
7. The property was subsequently declared surplus by the Council and programmed for disposal during the current financial year.
8. Following the receipt of an unsolicited approach from an interested third-party seeking to acquire the property to facilitate a town centre based regeneration scheme, the Council entered into private treaty discussions and has negotiated terms upon which it is prepared to recommend disposing of the property.
9. As a result of a past relocation from elsewhere within the Council's Estate Portfolio, a third-party leaseholder does currently remain in part occupation of the building. With the agreement of the Buyer, the Council intends to leave the subject occupier in situ through the process of disposal and transfer away the respective legal interest undisturbed.
10. The property is situated in the Central Ward and the respective Ward Members have been consulted
11. An Asset Disposal Business Case confirming the status of Exchange House as being surplus to operational Council service requirements is attached as Appendix 3 to Part B of this report.

## **What decision(s) are being recommended?**

12. That Executive be asked to:

- a) note the information contained within Part A of the report; and
- b) take the decision to dispose of the subject property once all the financial or exempt information contained within Part B of the report has been considered.

## **Rationale for the recommended decision(s)**

13. Disposal as proposed would generate a significant capital receipt, increase annually recurring revenue streams and also bring the subject property into far more beneficial use in the future.

14. Disposal of the property supports delivery of the Council's Medium Term Financial Plan.

## **Other potential decision(s) and why these have not been recommended**

### ***Re-use for operational purposes***

15. No Council operational service requirement has been identified.

### ***Other uses***

16. Although the property is capable of being used for other purposes, future use of the site for commercial purposes as proposed by the Buyer, is preferred.

### ***Do nothing***

17. The property would remain in its present dilapidated state.

18. Whilst the subject property would be retained for potential Council use in the future, the liability and responsibility for maintaining and holding the property would remain with the Council in the interim.

## **Impact(s) of the recommended decision(s)**

### ***Legal***

19. No specific legal issues have been created as a result of the proposal.

20. The subject property would be disposed of freehold with part vacant possession in accordance with standing disposal protocol.

### ***Strategic priorities and risks***

21. The proposal does not require any change to the Council's existing policy framework.

22. The proposal to dispose of the property aligns with strategic objectives to facilitate third party funded town centre regeneration and contribute positively towards the vision for Middlesbrough – creating employment opportunities, driving enterprise and generating economic activity within the Borough.

23. Due to the impact of ongoing national economic, political and health issues on the local property market, the likelihood of the Council being able to identify an alternate buyer prepared to proceed on similar terms, exchange contracts and complete the matter legally during the current financial year is questionable.

### ***Human rights, equality and data protection***

24. There will be no negative, differential impact on protected groups and communities.

25. A Level 1 (Initial Screening) Impact Assessment (IA) accompanies this report attached at Appendix 2. The impact assessment has identified that the proposal would have a positive impact on the local community and does not represent any concern to equal rights, disability discrimination or the impingement of individual human rights.

26. The Council's development control planning process would also serve to ensure that any future use proposed would be appropriate for the local area

27. The proposed decision does not involve the collation and use of personal data.

### ***Financial***

28. The Council would receive a capital receipt plus fees without the need to incur any further marketing costs.

29. The disposal of the subject property would remove the Council's liability for any future maintenance, security or other holding costs while it remains unused.

### **Actions to be taken to implement the recommended decision(s)**

Action	Responsible Officer	Deadline
Subject Executive approval, the Council moves to proceed with disposal of the property as detailed within Part B of this report.	Valuation & Estates Manager	January 2023

### **Appendices**

1	Site Plan
2	Impact Assessment Level 1 – Initial Screening Assessment

### **Background papers**

The following background papers were used in the preparation of this report:

Body	Report title	Date
N/A	N/A	N/A

**Contact: David Velemir, Valuation & Estates Manager**

**Email: [david\\_velemir@middlesbrough.gov.uk](mailto:david_velemir@middlesbrough.gov.uk)**