

REPORT FROM: CHIEF EXECUTIVE

TO: POLICY AND RESOURCES COMMITTEE

DATE: 21st November, 2019

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ELLIOTT HOUSE, NELSON, LANCASHIRE.

PURPOSE OF REPORT

To advise Members of the outcome of the recent tender exercise for the disposal of the above surplus Council building, and to request this Committee's resolution as to whether to proceed with the disposal.

RECOMMENDATIONS

1. That Members note the receipt of a sealed bid and review the supporting documentation setting out the potential community benefits that will be created from the property upon a sale.
2. That Members consider whether to accept or reject the sealed bid received.
3. That if members agree to accept the sealed bid received they delegate authority to the Chief Executive to agree the detail within the terms and conditions of sale with regards to the Council continuing use of part of the building at nil charge for storage and the Claw Back provision.

REASONS FOR RECOMMENDATIONS

1. To update Members of the outcome of the tender exercise following its resolution to invite sealed bids from the organisations interested in acquiring the property.
2. To allow Members to consider whether the price offered and benefits proposed are acceptable.
3. To enable minor terms and conditions to be agreed without recourse back to this Committee.

BACKGROUND

1. At this Committee on the 24th October, 2019, the Chief Executive submitted a report to seek agreement to a proposed disposal strategy for Elliott House, Nelson. Following the Council's

Office Accommodation Rationalisation Project this building was now surplus to the Council's requirements.

2. It was reported that *Positive Action in the Community* and *The Lightbeam Academy* had approached the Council and both wished to acquire the building. Discussions have been held with both organisations and each confirmed an intention to acquire the building with proposals to develop it as a community hub.
3. The Council is keen to secure a sustainable use as against a disposal on a speculative basis. Any agreed sale will be conditional, requiring an exchange of contract or completion by prior to 31st December, 2019 and the community hub use be implemented as soon as practicably possible thereafter.
4. This Committee resolved to invite full expressions of interest (along with sealed bids to acquire the building) from the aforementioned organisations with a view to agreeing a disposal by way of a negotiated tender process. Details of the expressions of interest and sealed bids were required to be reported back to the next Policy and Resources Committee on 21st November, 2019.
5. The interested parties have been advised that bids will be considered taking into account the level of the price offered but also equally on the wider community benefits that will be provided from the property.
6. Identical sealed tender packs were issued to both parties by email and in paper format. Bids had to be returned to the Council by Mid-day on Friday the 15th November, 2019. Only one sealed bid was received, the details of which are set out below.

ISSUES

7. The sealed bid was opened in accordance with the Council's tender procedures. The bid received was an unconditional bid of £224,000 for the property. The bid was received from *The Lightbeam Academy* who have confirmed that they are in full funds and can complete a purchase of the property within the proposed time scale, assuming no delays arising out of the conveyancing process.
8. *The Lightbeam Academy is a Registered Charity (number 1179496) and* has provided a briefing document (Appendix 2) setting out their partnerships and the services to be provided from the building. They aim to create a community hub serving the local community within Pendle to promote wellbeing, cohesion and respect for all members of society.

Their objective are to:

- create a Community space for integration, community cohesion and interfaith work
 - provide a quality supplementary-school Education addressing underachievement in the Pendle area
 - address issues affecting those who are socially and economically marginalized
 - create an environment for Excellence in Sport, Art and Drama
 - deliver sensitive and culturally appropriate mental health services to the local community
 - provide a safe space for Community mediation and restorative justice
 - offer advice and guidance on the Eastern European and Refugee communities
9. The disposal terms issued to the parties provided the Council with the ability to make continued use of part of the building for storage at nil charge for a term to be agreed.

10. It also advised the parties that a “Claw Back” covenant will be provided if the sale price agreed is considered to be below the envisaged market value and it is subsequently sold on at profit (disregarding market growth and the positive effect of any improvements carried out by the purchaser which enhance the value of the building). Covenants relating to the use of the building will also be included in any agreed disposal. Members are asked, if the bid is acceptable, to delegate authority to the Chief Executive to agree the wording of these and other pertinent covenants.
11. Members are advised that, if the bid received is rejected and the property offered to the market, it may realise a price higher than that offered but equally in the local static office market it may not, and whilst the building is not being used the Council will continue to incur costs in terms of Utilities and Services, Insurance Premiums, Water Rates and Business Rates.
12. The Council is also keen for the building to be sold for a sustainable use as against a sale to a speculator/investor who may not develop the building immediately and it deteriorates to the detriment of adjacent buildings and the town center street scene generally. Offering the property to the market may not immediately secure a purchaser or a purchaser at all.

IMPLICATIONS

Policy: The Council seeks to identify surplus property for inclusion in its disposal programme in order to achieve capital receipts.

Financial: A sale of the building would result in a capital receipt for the Council and remove all future financial and ownership liabilities.

Legal: No legal implications are considered to arise directly from this report.

Risk Management: On disposal of the property the risks and liabilities will cease for the Council

Health and Safety: See Risk Management

Sustainability: The Council wishes to secure a sustainable use for this landmark building.

Community Safety: Disposal of the building will reduce associated risks.

Equality and Diversity: The proposed disposal for community hub use will assist the Council’s aims and objectives in terms of Equality and Diversity opportunities for Pendle residents.

APPENDICES

1. Location plan
2. Briefing document from *The Lightbeam Academy*.

LIST OF BACKGROUND PAPERS

None