

Report to Charitable Trustee Committee

Proposed sale of 146 Werneth Hall Road, Werneth (L00220)

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Reason for Decision

To seek approval to the sale of 146 Werneth Hall Road, Werneth to the highest unconditional bid with confirmed funding support.

Recommendations

This report informs the Charitable Trustees of the outcome of the marketing exercise and makes recommendations to proceed to sell to the highest bidder.

It is recommended that the Committee agree:

- a. that the sale of the freehold interest with vacant possession of 146 Werneth Hall Road to the highest bidder as listed in the supplementary report be circulated prior to the meeting after completion of the due diligence exercise.
- b. that the Director of Legal Services proceeds with the completion of the conveyance in an expeditious timescale.
- c. that the net proceeds of sale be moved into an escrow interest earning account from which the Charitable Trust Committee can utilise the annual interest earned for specific purposes in accordance with the objectives of the Sarah Anne Lees Charity
- d. that the costs of sale and any expenditure in connection with the upkeep of the building authorized by the Charity Commission be deducted from the capital sum.

1. **Background**

- 1.1 This former residential property more recently used as a youth centre was originally gifted to the Council by Sarah Anne Lees by a deed of gift dated 8th January 1914, with the specific request that it be “assured as a site for a school for the teaching of housewifery and other domestic tasks”.
- 1.2 In the summer of 2019 the Charity Commission considered an application by the Council to vary the charitable objectives of the trust and provided a Cy-pres Scheme. The Scheme dated 11th September 2019 authorised the sale of the premises, with a caveat that the net proceeds should be held upon trust as an endowment. This meant that the interest only on the capital investment could be distributed to further the objects of the Charity.
- 1.3 The new objects of the Sarah Anne Lees Charity accepted by the Charity Commission in the Scheme were *“To advance the education of the public by grant funding charities offering training and learning in the life skills necessary to manage financial hardship, social or economic deprivation, social exclusion or poor mental or physical health”*
- 1.4 The Charitable Trust Committee meeting on 5 September 2019 authorised Council officers to market the above property. Under the specific provisions of section 121 Charities Act 2011 a public notice was placed in MEN on 17 December 2019 for a 28 day consultation period to invite comment upon the intended disposal.. Notices were also placed upon the property on 18 December 2019. No objections or comments upon the procedure were received.
- 1.5 Further, under the provisions of section 117 Charities Act 2011 no sale may proceed with a connected person, namely any party that is associated with the Charity or the Council. To this end, bidders were asked to sign a declaration form confirming that they were not a connected person (see appendix 2)
- 1.6 In accordance with the Charity Commission’s guidance for sales of charitable properties an independent valuation report was obtained. The report made recommendations that the Council could put the property to auction or seek informal tenders and valued it in its existing condition at £ 100,000 with a suggestion then to market the property with a guide price of £ 190,000.
- 1.7 The approach which officers adopted was to offer the property by informal tender but did not set a guide price.
- 1.8 It should be noted that the property has a poor layout as a house having been adapted on the ground floor for youth centre purposes has no bathroom. The upper floor rooms are poorly arranged and effectively could only provide 2 or perhaps 3 bedrooms. However, there may be scope for extensions or redevelopment. There is some structural cracking, from possible nearby tree root damage and there will be a need to carry out the removal of historic asbestos materials or their encapsulation.

2 **Current Position**

- 2.1 As a result of the above and in line with Charity Commission’s published guidance for disposal of charitable land, a tender exercise was completed with bidders were asked to provide their purchase offer figure with evidence of having funds available for the purchase. An advertisement was placed in MEN and on the Unity Partnership Website.
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The opportunity was marketed for a period of 4 weeks approximately until 2 March 2020.

- 2.2 Particulars prepared in January were issued to the 29 known interested parties who had previously expressed interest in this property. In addition, particulars were sent to the independent valuer and to all of the 95 addressees on the Council's disposals mailing list. Open day viewings took place, each for 2-hour slots, and over 71 attendees provided contact details.
- 2.3 At least 40 tender return form packs were issued and 7 copies of the structural and asbestos reports were known to be downloaded.
- 2.4 The advertised tender included provisions for the purchaser to contribute £4000 towards the Council's legal and surveyor fees.
- 2.5 The expectation is that there will be an early exchange of contracts within a month or so of the decision being made by the Trustees with a 10% deposit which should be followed by completion 28 days thereafter.
- 2.6 32 bids were received and opened on 2nd March 2020, of which 3 envelopes were considered void. One bid was received from the brother of a Councillor and therefore, as a connected person under the definition in the Charities Act, was not accepted. As it transpired, all of the figures contained in the rejected bids were well below the figures received from the several highest bids. One outstanding bid, from a local business with substantial finance available, is recommended subject to due diligence review.

3 **Financial Implications**

3.1 Capital Implications

- 3.1.1 The proposal would be full disposal of asset number 220 which has a current net book value of £1 as at 31st March 2019 in the Council's asset register and balance sheet.
- 3.1.2 The asset is classed as Land and Buildings.
- 3.1.3 The disposal would realise a potential capital receipt. As the asset is held in trust the Capital receipt will be held in trust as an endowment. Any interest accrued on the endowment would be available for charitable distribution in accordance with Charity Commission conditions. (Jit Kara)

3.2 Revenue Implications

- 3.2.1 None

4 **Legal Services Comments**

- 4.1 The Trustees will recall that the Council sought the permission of the Charity Commission to sell the premises known as 146 Werneth Hall Road, Werneth. The Charity Commission granted the Council an order for sale of the premises in the Cy-Pres Scheme, a copy of which is appended to this report. The order for sale was caveated with the following provisions:

"Sale of land

(1) Subject to the requirements of part 7 of the Charities Act 2011, the trustees may sell the land identified in the schedule to this scheme.

(2) The proceeds of any such sale must be invested".

4.2 The Council has followed the provisions set out in Part 7 of the Charities Act 2011 as specified in the Cy-res Scheme. The Council has advertised the proposed sale of the premises on premises and in the Manchester Evening News and invited representations on the proposed sale from members of the public over a period of one month. The Council has sought the advice of an independent valuer with RICS accreditation as to the value and marketing of the premises and has followed the advice given in his report to invite informal tenders for the property. The Council has widely advertised the sale of the premises in the Manchester Evening News and on the Unity Partnership website and sent details to interested parties on the Council's mailing list. The Council has sought a declaration from each bidder seeking confirmation that no one is a connected person within the definition set out in section 118 Charities Act 2011. Therefore, in the circumstances, the Council has abided by the specific terms of the Cy-pres scheme.

4.3 The Trustees now have to decide whether they are satisfied that the proposed terms of sale are the best that can reasonably be obtained in the circumstances of the disposal. If the Trustees are satisfied, the Council has the permission of the Charity Commission to sell the property provided that the net proceeds of sale are invested. The Trustees will note that the moneys will have to be invested in accordance with the provisions set out in the Cy-pres scheme. (Elizabeth Cunningham Doyle)

5 **Appendices**

- 5.1 Appendix 1 Red line plan of site.
- 5.2 Appendix 2. Copy of purchasers statutory declaration sheet
- 5.3 Appendix 3 Copy Cy-pres Scheme dated 11th September 2019