

## **Report to Charitable Trustee Committee**

# **William Hague Trust – Update on the sale of the Hollies, Frederick Street, Werneth**

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**02 December 2020**

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### **Reason for Decision**

To update the committee on the sale of 'The Hollies', Frederick Street, Werneth.

### **Recommendations**

The Trustees are asked to:

To note the progress made with regards to the sale of The Hollies to Greenstone Construction Ltd.

To approve the extension period on condition of the offer of a further payment.

## **Update on the sale of 'The Hollies', Frederick Street, Werneth**

### **1 Background**

- 1.1 In August 2018 Charities Committee approved the sale of the Hollies to Greenstone Construction Ltd.
- 1.2 The Agreement for Sale was completed on 21 December 2018. Under the terms of this agreement Greenstone was required to pay £93,000 on exchange (21 December 2018), a further £183,000 by 21 December 2019 with the remainder (£640,500) by 21 June 2020 or within 5 days of receiving Planning Permission if that happens prior to this date. The first payment was made (£93,000) at exchange of contract on 21<sup>st</sup> December 2018.
- 1.3 In December 2019, Greenstone Construction Ltd requested an extension of time for completion of the purchase by a further 6 months to make the final payment by 21 December 2020. They stated that this was because of unforeseen issues on another site which they were developing in Royton and delays accessing finance via the Housing Investment Fund.
- 1.4 The Trustees approved the extension of time for completion provided the second payment of £183,000 was made as per the original agreement of 21 December 2018. The full payment was received prior to this date. A copy of the report can be found at appendix 1.

### **2 Current Position**

- 2.1 Greenstone recently contacted the Council requesting a further extension of 12 months until 21 December 2021 and have offered to pay a further £200,000.
- 2.2 Greenstone has stated that the reasons for this further extension of time is due to the impact which the Covid-19 pandemic has had on other developments which had to shut down in March 2020 for several months. Since recommencing on site the proprietor has said that there have had problems sourcing construction materials. Furthermore, he has contracted Covid 19 himself and has been bed ridden for two months which has further impacted his business.
- 2.3 Should this request for a further extension of time be granted, the Trustees will hold non-returnable funds of £476,000 with a further £440,500 to be paid in 12 months.

### **3 Options/Alternatives**

- 3.1 Option 1 – Continue with the sale of the land to Greenstone Construction Ltd and grant an extension of time for completion of the purchase until 21 December 2021. This option would be conditional upon Greenstone paying a further £200,000 by 21 December 2020.

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3.2 Option 2 – Do not grant an extension of time. If Greenstone do not make the final payment, then the legal contract would be terminated. Greenstone would lose £276,000.

#### 4 **Preferred Option**

4.1 Option 1 is the preferred option as Greenstone will have already paid a non-refundable amount of £276,000 which can eventually be used for the purposes of the charity. A further non-returnable deposit of £200,000 would be paid upon the granting of the extension making a total of £476,000 to be used for the purposes of the charity.

4.2 Re-marketing the site will take at least and another 6 months before a legal completion could be reached with a new purchaser and it will not necessarily provide a higher offer.

#### 5 **Consultation**

5.1 The independent trustee has been informed of this request and he is happy to support the extension of time providing the additional money is paid.

(Ben Hill)

#### 6 **Financial Implications**

6.1. There are no additional capital implications arising from this report. Should the purchaser default and the asset be remarketed, a further report will contain relevant financial implications.

(Jit Kara)

#### 7 **Legal Services Comments**

7.1 The Trustees are reminded of their fiduciary duty to act in the best interests of the charity to ensure that the objects of the charity can be furthered for the benefit of the beneficiaries. The object of the charity was to hold the land and premises on trust for the relieving of the sick or of poverty and for no other purpose whatsoever.

7.2 In June 2011 the Charity Commission approved the sale of The Hollies on the condition that the capital receipt should be distributed immediately to a charity or charities established for the relieving of the sick or of poverty.

7.2 As stated in the narrative in the body of the report, there have been unforeseen circumstances owing to the Covid 19 pandemic which have had a serious impact upon Greenstone's existing developments and business planning going forward. As such, it is for the Trustees to determine whether or not they consider that it is in the interests of the charity to grant the extension of the time requested by Greenstone to complete its purchase of the land at the Hollies.

Elizabeth Cunningham-Doyle/Rebecca Butterworth

## **Report to Charitable Trustee Committee**

# **William Hague Trust – Update on the sale of the Hollies, Frederick Street, Werneth**

**Report Author:** Ben Hill – Principal Regeneration Officer  
**Ext.** 5261

**18 December 2019**

### **Reason for Decision**

To update the committee on the sale of 'The Hollies', Frederick Street, Werneth.

### **Recommendations**

To note the progress made with regards to the sale of The Hollies to Greenstone Construction Ltd.

## **Update on the sale of 'The Hollies', Frederick Street, Werneth**

### **1 Background**

- 1.2 In August 2018 Charities Committee approved the sale of the Hollies to Greenstone Construction Ltd.
- 1.2 Progress in completing the legal agreement for sale proved to be slow and in November 2018 (Report attached at Appendix 1) the Charities Committee confirmed that they were satisfied to continue with the sale of the land to Greenstone Construction Ltd but if no substantial progress has been made by 31 December 2018, then the site to be re-marketed.
- 1.3 The Agreement for Sale was completed on 21 December 2018. Under the terms of this agreement Greenstone were required to pay £93,000 on exchange (21 December 2018), a further £183,000 by 21 December 2019 with the remainder (£640,500) by 21 June 2020 or within 5 days of receiving Planning Permission if that happens prior to this date.
- 1.4 The first payment has been made (£93,000) and Greenstone have confirmed that they are ready to make the second payment (£183,000) on time.

### **2 Current Position**

- 2.1 Greenstone Construction Ltd have requested an extension of time for a further 6 months to make the final payment by 21 December 2020. They state that this is because of unforeseen issues on another site they are developing in Royton.
- 2.2 Greenstone claim the project has stalled due to promised funding from the Greater Manchester Housing Investment Fund being delayed which has had a knock effect for their plans for The Hollies. Officers are aware that there have been delays with their application the Housing Investment Fund which have now been resolved.

### **3 Options/Alternatives**

- 3.1 Option 1 – Continue with the sale of the land to Greenstone Construction Ltd and grant an extension of time until 21 December 2020. This option would only be given if Greenstone pay the money due on 21 December 2019 on time.
- 3.2 Option 2 – Do not grant an extension of time. If Greenstone do not make the final payment, then the legal contract would be terminated. Greenstone would lose £93,000 and also the second payment of £183,000 (should this be received).

### **4 Preferred Option**

- 4.1 Option 1 is the preferred option as Greenstone will have already paid a non-refundable amount of £93,000 with a further £183,000 due imminently which can be used for the purposes of the charity.

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4.2 Re-marketing the site will take at least and another 6 months before legal completion is reached with a new purchaser and it will not necessarily provide a higher offer.

5 **Consultation**

5.1 The independent trustee is being consulted and his views will be tabled at the meeting.

(Ben Hill)

6 **Financial Implications**

6.1.1 There are no capital implications arising from this report. Should the purchaser default and the asset remarketed, a further report will contain relevant financial implications.

(Jit Kara)

7 **Legal Services Comments**

7.1 The legal comments in relation to the duties of a charitable trustee which can be found in the previous report in Appendix 1 to this report are still pertinent.

7.2 The current agreement does not allow for an extension of time and therefore the Council would need to enter into a variation to the agreement for sale with Greenstone Construction Ltd to allow for this extension.

Elizabeth Cunningham-Doyle/Rebecca Butterworth