

Charitable Trust Committee

Subject: 439 Middleton Road, Chadderton, OL9 9JX
(L00537)

Charities Number: Not registered.

Report Author: Rosalyn Smith, Estate Team Leader

Date: 13 March 2023

Reason for the decision:

The purpose of this report is to seek the Charity Commission's authority to sell 439 Middleton Road to remove a liability and generate a capital receipt for the Charity (in respect of the value of the long leasehold interest held by the Charity) and for the Council (in respect of the freehold reversion). The property is currently vacant, in a very poor state of repair, being targeted by vandals and needs substantial investment before it could be occupied.

Background:

439 Middleton Road comprises the freehold interest in a significant three-storey semi-detached building with associated land. The property is of brick construction with part hipped slate roof and part flat roof. The rear elevation has a rendered finish. The building is subdivided into several smaller rooms on each floor accessed from a central staircase. The property has an internal area of 270m² and sits within a site area of 345m².

The property is situated opposite Chadderton Town Hall in a mixed use area approximately 1.7 miles west of Oldham town centre. A plan showing the location of the asset is attached at Appendix 1 and photographs of the property are in Appendix 2.

In 1946 Chadderton Urban District acquired the long underlease in 439 Middleton Road (for a term of 927 years), paid for with money from Archie Brown, a local business owner, specifically for "*the use of old age pensioners and people of a like age as a meeting place for reading and conversational purposes.*" Consequently, this property is now considered to be a charitable gift to the Council afforded the status of charity asset.

In December 1968 the Council acquired the freehold interest in 439 Middleton Road, and the adjoining property, 437. It is somewhat unclear as to how that came about but at the time of acquisition the Council as charity trustee should have registered the underlease at the same time as the Council registered its freehold in its capacity of landowner, but there is no mention of the underlease on the freehold title. The Council will therefore now seek to register the underlease at HMLR with the appropriate charity restriction.

Most recently, part of the property has been let as a minicab office, but since their lease ended in April 2019 the whole property has been vacant. Consequently it is not generating income and there are annual costs of approximately £7,400 in holding the property, which can be roughly broken down as:-

	£
Electricity	300.00
Water Services	130.00
Pest Control Charges	500.00
Rates	2,200.00
Repairs	3,100.00
Security	<u>1,170.00</u>
	<u><u>7,400.00</u></u>

The Council have no requirement for the property and it is in a very poor condition throughout. It could not be reoccupied without very significant investment estimated at £500,000+. It appears to have may have structural issues, there is Japanese Knotweed in the rear yard, it is full of rubbish and has been subject to recent vandalism and arson attacks. It is at high risk of further serious damage and funding is not available to effect repairs and deal with any health and safety implications.

Consequently, it is proposed that the property is sold at the earliest opportunity, to halt its decline and ensure it can be brought back into useful occupation. The simplest way to deal with this is through a sale by auction which will fully expose the property to the market, enable the best price to be achieve and ensure the matter completes in a timely manner, generally 28 days after the auction. A sale by private treaty may give more control over who buys the property and its future use, but timescales can drift and the priority here needs to be selling the property as quickly as possible so the charity is not left which very significant repair bills.

The condition of the property will seriously impact on the sale price, but it is still anticipated that the property will achieve a capital receipt in the region of £100,000. These funds, less sale expenses, will then be put towards furthering the original aims of the property purchase, namely the wellbeing of local old age pensioners. Legal Services are to advise on the implications in terms of the Charities Act and the measures which are required to enable this Charity asset to be disposed of in this manner.

The Council owns a freehold reversionary interest in the adjoining semi, 437 Middleton Road and is seeking authority to sell that property at the same auction to maximise the sale price in both cases.

Options:

Option 1 – Dispose of the asset via auction at the earliest opportunity. This will provide a capital receipt and remove the liability of costly repairs and associated void costs in a timely manner, which is considered important bearing in mind the recent targeted attacks on the property.

Option 2 – To retain the property. This will require significant costs to repair and maintain the property whilst incurring associated void costs. To generate any income from the property will require significant capital investment to refurbish the property into a habitable condition, which would not be in the Charity's best interest.

Recommendation:

Option 1 is recommended for approval based on the terms highlighted above.

Financial Comments:

The purpose of this report is to seek approval for the disposal of this vacant property.

The Council does not hold any specific budget for this asset but currently incur costs of approx. £7.4k per year against the wider Corporate Landlord budgets and the sale of the property will reduce the pressure on these budgets.

However, the amounts spent on this asset are expected to increase as security attendance at the property is increasing and the sale will mitigate against further revenue pressures and remove the need for the Council to invest capital resources, estimated at £500k, to bring the asset back into use.

Jamie Kelly

Capital Implications

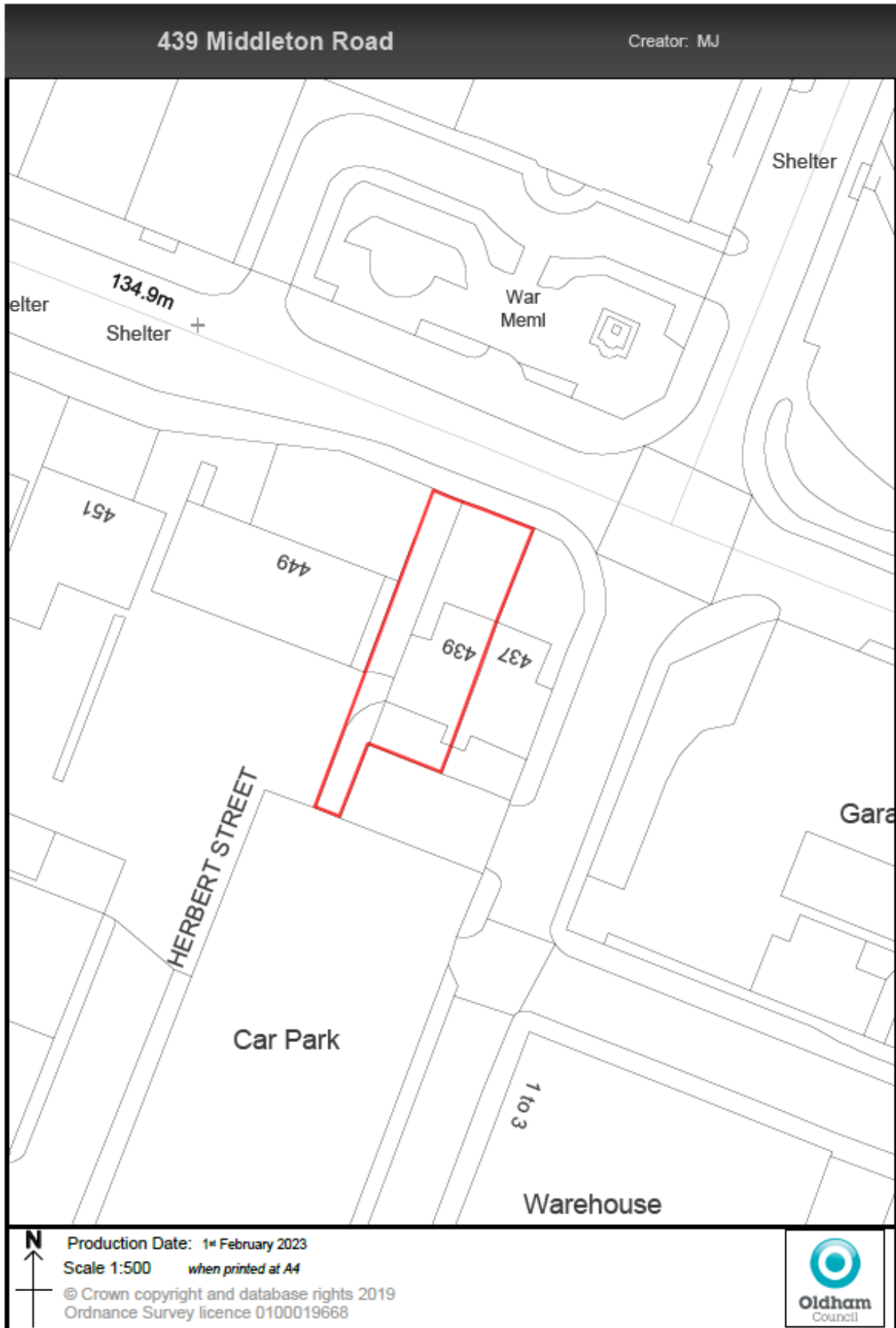
The property was last valued in November 2019 as part of the five-year rolling valuation programme. As such it is held on Land and Buildings at a nominal £1 as at 28.02.2023. Any capital receipt (assuming the sale can proceed) realised from the sale will be accounted for as a profit on disposal and recorded in the financial statements accordingly. Since this is a Trust Asset there will be a requirement to keep any proceeds until such time it is permitted to be utilised for its intended purpose held under the conditions of the Trust.

Paula Buckley (Senior Accountant)

Appendices:

- Appendix 1 - Location Plan
- Appendix 2 - Photographs

Appendix 1 – Location Plan



(Not to scale)

Appendix 2 – Photograph of premises



