



Operational Officer Decision Record

Where the decision has a financial value of between £100k - £350k and does not have a **significant** impact on two or more wards

1. Subject and details of the matter (to include reasons for the decision and detail of any previous cabinet decision)

Former Welholme Galleries, Welholme Road, Grimsby, DN32 9LP (the "Site")

The Council own the freehold of the Site (as outlined red on the attached plan at Appendix One), which is situated on a plot extending to some 4,700sqm. and was previously used to display local art work and then for general storage. The Site has been vacant for a number of years and considered surplus to current service delivery requirements. The Site has annual holding costs (excluding outstanding and ongoing repairs) totaling approximately £20,000.

The Council purchased the Site on the 14th May 2010 for £499,750 from 'The United Reformed Church East Midlands Synod Incorporated'. There was a restrictive covenant which stated: *"the conveyance not to sell the property within 10 years of the date of acquisition (i.e., May 2010) without getting the buyer to enter into the same covenant (if still Listed) or, if de-listed in the 10 years from the date of purchase, then to pay an additional sum to the United Reform Church (URC)".* This date has passed and so no longer relevant, therefore, these details will be removed from the information held and as published by HM Land Registry to ensure there are no delays with any disposal.

The recommendation to dispose of the freehold of the Site was resolved at a meeting of Cabinet in April 2018 (DN134 11th April 2018) with the intention that a disposal would alleviate the Council of ongoing void costs and see the Site redeveloped.

RESOLVED –

- (1) That the marketing and freehold disposal of the Property be approved; subject to a Legal condition of sale that works be undertaken (within an agreed timeframe) to address defects and remove the Property from the Heritage At Risk Register;
- (2) That delegated powers be given to the Director of Finance, Resources and Operations, in consultation with the Portfolio Holder for Finance, Community Assets, Governance and Tourism responsibility to ensure that all necessary actions be carried out in order to complete and approve the detailed terms of the disposal;
- (3) That the Chief Legal Officer be authorised to complete all requisite legal documentation in relation to the matters outlined above.

The property is in a poor state of repair and condition, much worse than when it was acquired. The property was subject to remedial works in 2019 to make the property weather tight and remove it from the Heritage At Risk Register. Additional works are required however to repair internal defects, items of wear and tear and substantial condition works in order to meet current building regulations. A cost plan, carried out in 2012, albeit now dated, estimated the total cost of works, excluding fees, to be circa £900,000. The property has since deteriorated further since this investigation was carried out and has fallen into a worse state of disrepair since initial marketing in 2020.

Following completion of the condition works, the Councils appointed agent PPH Commercial Ltd. were instructed to market the Site for disposal opportunities. The Site was marketed at the start of October 2020 and initially had quite a few viewings but no offers and has generated very little interest throughout the period of marketing:

The following offers have been received for the Site more recently:

1. Bidder 1 (preferred) - AH - £120,000 cash offer conditional upon successful planning permission being achieved for conversion to one residential dwelling for their own purposes to live in. It would appear that the bidder has over 30 years' experience working with similar Listed buildings across the UK. It is

understood that they would undertake most of the refurbishment works themselves and seek completion of the works within 12-18 months of receiving planning consent.

2. Bidder 2 – CW and CPO - 99-year lease at a peppercorn rent. They have put forward an Expression of Interest as part of the Council's Community Asset Transfer (CAT) Approach. The property would be used as a community facility with the creation of a large events and community space in the main congregational area, with a centre reception in the main entrance, and with a café leading off it. Further, the proposal includes the development of a Community Shop and provision of eight therapy rooms, four training rooms, four offices, a staff room, a kitchen and four WCs to allow expansion of their joint offer and the installation of a small community gym. Their project would require external lottery funding which would take 12-18 months to obtain following completion. The CAT process would also take approximately 12 months from now as they have only just registered their initial interest and are not yet at the stage of full business case submission.

There has been no other firm interest in this Site to date.

Risks and considerations of the offers:

The offer from the preferred bidder (1) is clearly the highest in monetary terms and it is the only one which is cash based and is for a freehold disposal and therefore is recommended to proceed, subject to proof of funds. This offer is considered best value.

The offer from bidder 2 is in very initial stages of a CAT and the Council will not know if this is going to be successful for up to 12 months, following receipt of and consideration and approval of a successful Business Case. There is a real risk that progressing with the CAT interest would mean a further two years of void and holding costs for the Council and should the CAT not be successful and grant funding is unable to be obtained, then the property will have deteriorated further, and its saleability and marketability will have decreased further.

If the Council wait and obtain further information through the CAT Approach in terms of moving to the detailed business case stage, there is a risk of losing the interest from the cash buyer.

The preferred bidder is keen to complete the purchase as soon as the Council's legal team can transact the Site after which they would submit for planning following agreement of the offer.

The offer from the preferred Bidder is subject to planning and consideration has been given to a 'buy back' clause and 'longstop date' as conditions to the sale to provide assurances to the Council that the Site will be developed.

It is recommended that the offer from the preferred bidder is accepted subject to the following conditions:

There be a longstop date for the buyer to submit a planning application within three months of receiving acceptance of the offer. Then if successful, a longstop date of three years to develop out the Site.

Should they fail to comply, the Council will have an option to buy back the Site. The buy back and details of the planning longstop date and conditions are to be advised and discussed between valuers and the legal team, to ensure there still remains a motivator for the buyer as opposed to it being perceived as a 'safety net'. However, with the planning submission longstop dates in place we will ensure that not too much time will pass before it is confirmed if the preferred bidder development progresses.

Also, as part of this recommendation, should planning not be supportive of the residential use proposed by the preferred bidder and the planning application is declined, then at that point it is recommended we pursue the Community Asset Transfer interest alongside marketing, to ensure that if the CAT is unsuccessful then we have exhausted both options.

2. Decision being taken

That in exercise of the delegations conferred by Cabinet as outlined above, the Executive Director Environment, Economy and Resources in consultation with the Deputy Leader of the Council and Portfolio Holder for Finance, Resources and Assets agrees that the 'Welholme Galleries' Site be sold to the preferred bidder, generating a capital receipt of £120,000 (less costs of sale) in accordance with the recommendations regarding the longstop date for redevelopment and submission of planning application. Should the planning application not be successful then the second interest should be pursued alongside continued marketing. The sale is

conditional and is a cash offer. The ultimate sale price of £120,000 would create a significant capital receipt for the Council and would remove the liabilities associated with this void site.

3. Anticipated outcome(s)/benefits

The offer is not subject to any onerous conditions and only subject to Planning permission being agreed; therefore, pending exchange of contracts the Council will continue to manage the Site as a void until the sale completes.

Completion of this disposal will realise a capital receipt of £120,000 (less costs of sale).

4. Details of any alternative options considered and rejected by the officer when making the decision

The Council has considered several possible internal uses which have not been progressed primarily due to cost of refurbishment.

5. Background documents considered (web link to be included or copies of documents for publishing)

None.

6. Does the taking of the decision include consideration of Exempt information? If yes, specify the relevant paragraph of Schedule 12A and the reasons

No, the report is Open and will be published once the sale completes.

7. Details of any conflict of interest declared by any Cabinet Member who was consulted by the officer which relates to the decision (in respect of any declared conflict of interest, please provide a note of dispensation granted by the Council's Chief Executive)

None.

8. Monitoring Officer Comments (Monitoring Officer or nominee)

The above decision is consistent with the will of Cabinet in that the Executive Director is able to exercise discretion around the terms of the disposal and introduce the conditions suggested above. It is noted that R1 of the 2018 Cabinet Report has been superseded by intervention works to take the site off the Heritage at Risk register.

9. Section 151 Officer Comments (Deputy S151 Officer or nominee)

As outlined above, the proposed sale will generate a capital receipt to the Council, which can then be reinvested into the Council's Capital Investment Programme.

Further, the Council will make savings from reduced void property running costs and the sale will also remove potential future capital investment liabilities for the property.

10. Human Resource Comments (Head of People and Culture or nominee)

There are no direct HR implications

11. Risk Assessment (in accordance with the Report Writing Guide)

Crime and Disorder – The Site is within an established residential location, however, there have been acts of crime and vandalism and anti-social behaviour at the Site on numerous occasions, therefore, disposal of the Site will ultimately remove any on-going liability to the Council.

Diversity – The potential sale provides the opportunities for the Site to be redeveloped and will ensure the local community benefit from an improved street scene.

Value for Money – The recommendation to dispose of the Site detailed within this report will remove the costs associated with maintaining void buildings and secure a capital receipt to support future capital projects.

12. If the decision links to a previous one taken by Cabinet, has the Cabinet Tracker been updated?

Yes.

13. Decision Maker:

Name: Sharon Wroot

Title: Executive Director Environment,
Economy and Resources

Signed: REDACTED

Dated: 25th October 2021

**14. Consultation carried out with
Portfolio Holder:**

Name: Cllr Stanley Shreeve

Title: Deputy Leader of the Council
and Portfolio Holder for Finance,
Resources and Assets

Signed: REDACTED

Dated: 27th October 2021

APPENDIX ONE – SITE LOCATION PLAN

