



Liverpool
City Council

PROFORMA 2 DECISION OF OFFICER

REGENERATION & EMPLOYMENT

DELEGATED AUTHORITY APPROVAL PROCESS FORM

NAME OF BUSINESS UNIT – PROPERTY & ASSET MANAGEMENT SERVICES

Subject: Disposal of 40-50 Percy Street and 53 – 57 upper Parliament Street, Liverpool L8

Delegated Authority No: PAMS/59/17

Contact Officer: David Turner

Contact No: 233 0230

28 Day Notice: Is the issue a key decision and included in 28 day notice? No

Approved by Divisional Manager:

N.O.
23/11/17 ✓

Date:

Approved by Legal Services:

Date:

See attached email

Approved by Financial Management Service:

Date:

See attached email

Consultation with other Service Areas if applicable (indicate names of Officer/Service):

1. Human Resources
2. Equality Impact Assessment
3. Media Implications

Approved by AD:

Date:

Alan White
18/12/17

Approved by Director (if required):

Date:

Does the report involve the sale or lease of land or property?: Yes

Does the report relate to a HR matter?: No

Is the report commercially sensitive and therefore exempt?: Yes

Consultation with Director's Office?: Y/N

PROFORMA 2 DECISION OF OFFICER

PRINCES PARK WARD. STATUS – EXEMPT (terms reported are commercially sensitive)

WARD/AREA/CITY (REF No:)

<p>Portfolio: Regeneration and Employment</p>	<p>Decision taken by (name): Mark Kitts</p>
<p>Subject: Disposal of 40 -50 Percy Street and 53 – 57 Upper Parliament Street, Liverpool L8</p>	<p>Capacity: Assistant Director - Regeneration, Development & Housing</p>

Note - the principle basis for delegation is contained within Section 101 of the Local Government Act 1972, Section 15 of the Local Government Act 2000, and the Local Authorities (Functions and Responsibilities) Regulations 2000 (as amended by the Localism Act 2011).

• Officer taking decision within general delegated powers (under Part 3 of Constitution)

Delegated Power – To dispose by sale lease or licence of land and property and to incur any necessary expenditure for that purpose where the disposal represents best consideration subject to prior consultation with the Mayor and the Cabinet Member for Regeneration and prior notification to the appropriate Ward Councillors and to the decision taken being reported to the relevant Select Committee within one committee cycle and published in the next available members bulletin.

Decision:-

That:

- (i) The City Council grants a lease for 250 years in the properties 40-50 Percy Street and 53 – 57 Upper Parliament Street, Liverpool to The Elliot Group, subject to the payment of a total premium of £1,376,146.77 phased over 18 months, plus the Council's surveyors and legal fees of £123,853.23, and a peppercorn rental and
- (ii) The lease to include an option for the lessee to acquire the freehold interest for £1 upon satisfactory completion of the refurbishment

Implementation Effective from : Date of Approval under Delegated Powers

PROFORMA 2 DECISION OF OFFICER

Reasons for decision:-

Reasons for decision:-

Background:

This report has been prepared by Property and Asset Management Services (PAMS) to report the outcome of further negotiations on the granting of a leasehold interest in the properties known as 40-50 Percy Street and 53-57 Upper Parliament Street to the Elliott Group, following the approval of the previous report reference PAMS/09/17, for the conversion and refurbishment of these listed Georgian properties

The report PAMS/09/17 approved the granting of a lease of the properties to the Elliot Group upon payment of a premium of £1,500,000 subject to phased payments of £500,000 (inclusive of the Council's fees) upon exchange of agreement for lease, subject to planning, a further £500,000 9 months after completion of the lease, and the final £500,000 18 months after completion of the lease, with interest rate of 5% being applied to deferred payments from exchange of agreement until received by the Council.

The prospective developer has approached the Council and requested an adjustment to the payment structure, in order to assist with funding of the project. The developer has also agreed to enter into the lease without the prior agreement for lease. The revised payment structure which the Council is asked to consider comprises an initial £250,000 (inclusive of the Council's fees) payable upon completion of the lease, £625,000 payable 9 months after completion, and the final £625,000 payable 18 months after completion. The interest rate of 5% will still be applied to deferred payments from lease completion until received. This restructuring of the payments profile will result in an increased risk to the Council in respect of the outstanding amounts, but additional interest monies will be received to reflect this. Assuming that monies are paid on the dates finally due, and not before, interest of approximately £70,000 will be received under the revised payment structure as opposed to £56,000, as before.

The prospective lessee has submitted a planning application for the proposed conversion and refurbishment.

The proposed transaction has now been revised on the basis of;

1. The Council will grant a 250 year Lease to Elliot Group, with a deposit of £250,000 (inclusive of the full amount of surveyors and legal fees of £123,853.23) payable on completion of the Lease.
2. The balance of the premium (£1,250,000) is to be paid in two equal

PROFORMA 2 DECISION OF OFFICER

tranches. One payment of £625,000 is to be made not later than 9 months from the commencement date of the Lease, and the final payment of £625,000 to be made not later than 18 months from the commencement date of the Lease. These payments will also be subject to interest payments accruing at the rate of 5% pa, calculated from completion of the Lease.

3. The Lease to include an option to purchase the freehold interest in the properties for the sum of £1 upon satisfactory completion of the refurbishment of the properties in accordance with the lease obligations.

Lessee Obligations

The lease will include covenants requiring the lessee to carry out the agreed development within eighteen months. The lease will also include a break clause in favour of the Council so that in the event of non-completion of the development in whole or in part, the Council, as landlord, can terminate the lease. The accrual of interest after the date of exchange will incentivise the lessee to make payments as soon as possible.

Legal Implications

Legal Services were consulted and have advised that they will complete the documentation in accordance with the instructions and will ensure the receipt of the premium. Legal Services further advise that if the Lessor fails to carry out the proposed refurbishment within the 18 month's timescale, the Council will be entitled to attempt to forfeit the lease but it is highly likely that the Courts will give the Lessee relief from forfeiture for considerable periods of time.

PAMS certifies that these terms represent the best price reasonably obtainable for the transaction as at July 2017 and for a period of four months of this date.

Alternative Options Considered:

Retain the status quo. The properties would fall into further disrepair due to lack of funding , continuing to blight the area and attracting anti social behaviour



**Liverpool
City Council**

PROFORMA 2 DECISION OF OFFICER

Affected Wards:-		
Princes Park		
Equal Opportunity Implications;- (there are requirements for certain decisions to undertake a Race Equality Impact Assessment)		
None		
Climate Change Strategic Framework and Climate Change Adaptation Framework:		
None		
Financial Implications:-		
Capital Receipt 2017/18		£126,146.77
Revenue Receipt 2017/18	Surveyors Fees	£68,807.34
	Legal Fees	£55,045.89
Capital Receipt 2018/19		£625,000.00
Capital Receipt 2019/20		£625,000.00
<p>The purchase price contributes to the City Council's capital receipts forecast whilst the payment of surveyor's fees and legal costs both contribute to existing revenue budget targets.</p> <p>There is no loss of rental income as there is no rent payable.</p>		
Advice Sought		
<ul style="list-style-type: none"> • Finance (from who and advice given).....Tim Povall • Legal Services/Monitoring Officer ...Mike Kenworthy • Human Resources 		



PROFORMA 2 DECISION OF OFFICER

(Please give details of the consultation undertaken)

Consultation with:-

- * Cabinet Member Yes No
- * Local Ward Members Yes - consulted on earlier report

Others -

- Assistant Cabinet Member.....
- Select Committee
- Outside Body
- Public or community representatives
- Director/Assistant Director.....
- Trade Unions
- Other

Was the decision –

- A Key Decision? No
- 28 Days' Notice? No
- One where it was impractical to provide 28 Days' Notice of the decision, and the Chair (or members of the select committee) has been informed and at least five days public notice given? No
- Subject to Call in? Yes/ No
- If No please state reason.....
- A case of special urgency agreed by the Select Committee Chair, or the Lord Mayor or Deputy Lord Mayor? No

- Give details of any conflict of interest by any members or officer consulted:-
- State whether any such conflict of interest is covered by a Standards Board dispensation:-

Confidential Report Yes

Report No:- PAMS/59/17

List of background papers:-

Correspondence between PAMS and The Elliot Group



PROFORMA 2 DECISION OF OFFICER

I confirm that the decision is not contrary to the Council's policy framework, is wholly in accordance with the Council's budget and that I have considered the need to promote best value, to promote equality of opportunity and to combat crime and disorder.

Signed
(authorised signatory)

Mr PTD

Date

18-12-17

R. Conroy

REGENERATION & EMPLOYMENT

DELEGATED AUTHORITY APPROVAL PROCESS FORM

NAME OF BUSINESS UNIT - PROPERTY & ASSET MANAGEMENT



Liverpool
City Council

Subject: 40-50 Percy Street & 53-57 Upper Parliament Street, Liverpool - Disposal	
Delegated Authority No:	PAMS//17
Contact Officer:	David Turner
Contact No:	233 0230
28 Day Notice: Is the issue a key decision and included in 28 day notice? No	
Approved by Divisional Manager:	<i>[Signature]</i>
Date:	2/2/17
Approved by Legal Services:	<i>See attached email</i>
Date:	<i>See attached email</i>
Approved by Financial Management Service:	<i>See attached email</i>
Date:	<i>See attached email</i>
Consultation with other Service Areas if applicable (indicate names of Officer/Service):	
1. Human Resources	
2. Equality Impact Assessment	
3. Media Implications	
Approved by AD:	<i>[Signature]</i>
Date:	3.2.17
Approved by Director (if required):	
Date:	
Does the report involve the sale or lease of land or property: Yes	
Consultation with (completed by Director's Office):	



DELEGATED AUTHORITY REPORT

NAME OF BUSINESS UNIT - PROPERTY AND ASSET MANAGEMENT SERVICES

Portfolio: Regeneration	Decision taken by: Simon McEneny
Subject: 40-50 Percy Street and 53-57 Upper Parliament Street, Liverpool	Capacity: Assistant Director, Physical Assets
Powers (one of the following):- <ul style="list-style-type: none">• Officer taking decision within general delegated powers (<i>under Part 3 of Constitution</i>) <p>Delegated Power – To dispose by sale lease or licence of land and property and to incur any necessary expenditure for that purpose where the disposal represents best consideration subject to prior consultation with the Mayor and the Cabinet Member for Regeneration and prior notification to the appropriate Ward Councillors and to the decision taken being reported to the relevant Select Committee within one committee cycle and published in the next available members bulletin.</p>	
Decision:- <p>That:</p> <ul style="list-style-type: none">(i) the City Council enters into an Agreement for Lease, subject to the lessee obtaining planning permission and upon that permission being granted, grants a Lease for 250 years in the properties 40-50 Percy Street and 53-57 Upper Parliament Street Liverpool, to The Elliot Group, subject to the payment of the total premium sum of £1,376,146.77, phased over 18 months, plus the Council's surveyors and legal fees of £123,853.23, and a peppercorn rental, and,(ii) The Lease to include an option for the lessee to acquire the freehold interest for £1 upon satisfactory completion of refurbishment of the properties.	
Implementation effective from:- <p>Date of Approval under Delegated Powers</p>	

Reasons for decision:-

1. Background:

This report has been prepared by Property and Asset Management Services (PAMS) to report the outcome of negotiations on the granting of a leasehold interest in the properties known as 40-50 Percy Street and 53-57 Upper Parliament Street to the Elliott Group.

The property is located about 2 km south east of the City Centre on the corner of Percy Street and Upper Parliament Street within the Canning Street Conservation Area. The area is predominantly comprised of Georgian residential properties, many of which have been converted from single units into flats over recent years.

The properties currently comprise 27 flats within formerly single family houses over three storeys plus basement. The properties are Grade II listed Georgian style terraced town houses constructed of solid brick walls under a slated roof.. As they stand, some of the properties are interconnected internally as part of the flat conversion carried out approximately 25 years ago.

The properties were more recently leased and operated by Sanctuary Housing Association but fell into disrepair due to a lack of funding available to the housing association. The Council has recently completed the surrender of the leases from Sanctuary Housing Association, including payment received of a sum in respect of dilapidations.

The Council carried out a joint marketing campaign with Sanctuary Housing Association seeking expressions of interest in 2015. Given the large number of apartments already in the area and a desire to convert the properties back to their original town houses to improve the offer in the locality, none of the offers received met the Council's aspirations or financial expectations.

One of the interested parties, The Elliot Group, subsequently approached the Council with a revised scheme, and more importantly a substantially increased financial offer, which is significantly higher than any other offer received for a town house conversion scheme.

In view of the increased offer, it was agreed to proceed with the revised offer rather than go back to the market on the grounds (as permitted under Contract Standing Orders) that the "disposals of property to developers who are proposing schemes which will have a regenerating effect on the City and investment which in the view of the relevant Director in consultation with the Cabinet Member could be prejudiced by inviting tenders"

The proposed transaction has been agreed on the basis of;

1. The parties entering into an Agreement for Lease, subject to the lessee obtaining planning permission, with a deposit of £500,000 (inclusive of the full amount of surveyors and legal fees of £123,853.23) payable on exchange of the Agreement for Lease.
2. On satisfaction of the conditions in the Agreement for Lease (relating to planning and other consents), the granting of a 250 year Lease by the

Council to the Elliot Group, the total premium payable being £1,376,146.77 plus Council's surveyors and legal fees of £123,853.23, and at a peppercorn rental.

3. The balance of the premium (£1,000,000) is to be paid in two equal tranches. One payment to be made not later than 9 months from the commencement date of the Agreement for Lease, and the final payment to be made not later than 18 months from the commencement date of the Agreement for Lease. These payments will also be subject to interest payments accruing at the rate of 5% pa, calculated from the exchange of the Agreement for Lease.
4. The Lease to include an option to purchase the freehold interest in the properties for the sum of £1 upon satisfactory completion of the refurbishment of the properties in accordance with the lease obligations.

Lessee Obligations

The lease will include covenants requiring the lessee to carry out the agreed development within eighteen months. The lease will also include a break clause in favour of the Council so that in the event of non-completion of the development in whole or in part, the Council, as landlord, can terminate the lease. The accrual of interest after the date of exchange will incentivise the lessee to make payments as soon as possible.

Legal Implications

Legal Services were consulted and have advised that they will complete the documentation in accordance with the instructions and will ensure the receipt of the premium. Legal Services further advise that if the Lessor fails to carry out the proposed refurbishment within the 18 month's timescale, the Council will be entitled to attempt to forfeit the lease but it is highly likely that the Courts will give the Lessee relief from forfeiture for considerable periods of time.

PAMS certifies that these terms represent the best price reasonably obtainable for the transaction as at January 2017 and for a period of four months from this date.

Alternative options considered and rejected:-

Retain the status quo. The properties would fall into further disrepair due to lack of funding., continuing to blight the area and attracting anti-social behaviour

Financial Implications:-

Capital Receipt 2016/17	Deposit	£376,146.77
Revenue Receipt 2016/17	Surveyors Fees	£68,807.34
	Legal Fees	£55,045.89

Capital Receipt 2017/18	£500,000
Capital Receipt 2018/19	£500,000
The premium contributes to the City Council's capital receipts forecast whilst the payment of surveyor's fees and legal costs both contribute to existing revenue budget targets.	
There is no direct loss of rental income as there is no rent payable.	
Consultation with :-	
The Ward Councillors are being consulted. Any responses will be reported as they are received.	
Was the decision	
<ul style="list-style-type: none"> ▪ A key decision? No. ▪ Is it part of the 28 day process? No. • One where it was impractical to wait for inclusion in 28 day process, and the Chair (or members of the select committee) has been informed and at least three days public notice given? Not applicable. • A case of special urgency agreed by the select committee chair, or the Lord Mayor or Deputy Lord Mayor? No. 	
<ul style="list-style-type: none"> • Give details of any conflict of interest declared by any member or officer consulted:- None. • State whether any such conflict of interest is covered by a Standards Board dispensation:- Not applicable. 	
Report No:	
List of background papers:- Report to Assistant Director	
Correspondence between PAMS and Elliot Group and its solicitor.	

I confirm that the decision is not contrary to the Council's policy framework, is wholly in accordance with the Council's budget and that I have considered the need to promote best value, to promote equality of opportunity and to combat crime and disorder.

Signed 

Date 3.2.17


REGENERATION & EMPLOYMENT

DELEGATED AUTHORITY APPROVAL PROCESS FORM

Property Asset and Management Services



Liverpool
City Council

Subject: Small Bulld Site – Variation
Delegated Authority No: PAMS/37/16
Contact Officer: Nick Flanagan
Contact No: 0151 233 0235
28 Day Notice: Is the issue a key decision and included in 28 day notice? No
Approved by Head of Service: 
Date: 28/6/16
Approved by Legal Services: See email dated 23 June 2016
Date:
Approved by Financial Management Service: See email dated 23 June 2016
Date:
Consultation with other Service Areas if applicable (Indicate names of Officer/Service): 1. Human Resources N/A 2. Equality Impact Assessment N/A 3. Media Implications Neutral
Decision Taken By: Nick Kavanagh
Date:
Capacity: Director, Regeneration & Employment
Does the report involve the sale or lease of land or property: YES