

REGENERATION & EMPLOYMENT

DELEGATED AUTHORITY APPROVAL PROCESS FORM

Property Asset and Management Services



Liverpool
City Council

Ron Kennedy

Subject: 68 Falkner Street, Liverpool L8 7QA
Delegated Authority No: PAMS/18/16
Contact Officer: Nick Flanagan/Karen Turner
Contact No: 0151 233 0235/233 0234
28 Day Notice: Is the issue a key decision and included in 28 day notice? No
Approved by Head of Service: <i>N. Kenworthy</i>
Date: 17/8/2016 ✓
Approved by Legal Services:
Date: See email from Michael Kenworthy
Approved by Financial Management Service:
Date: See email from Tim Povall
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: <i>N. Kenworthy</i>
Capacity: Director of Regeneration and Physical Assets
Does the report involve the sale or lease of land or property: YES



**Liverpool
City Council**

Portfolio: Regeneration	Decision taken by: Nick Kavanagh
Subject: 68 Falkner Street, Liverpool, L8 7QA	Capacity: Director, Regeneration
Report number: PAMS /18 /16	
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 Cabinet Members for Regeneration & Transport 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 dispose of the freehold interest of 68 Falkner Street (formerly Toxteth Community College) and adjoining land, as identified on the attached plan edged red, for £425,000 (four hundred and twenty five thousand pounds) plus surveyors fees of £10,000 and legal fees of £8,000 to be paid by The Elliot Group (the Purchaser);(ii) The Purchaser shall be obliged, pursuant to the Contract for Sale to enter into an Agreement for Lease simultaneously with the Council;(iii) On practical completion of the scheme in accordance with the Planning Permission granted on 9th February 2016, the Purchaser shall grant and the Council shall enter into a lease for 125 years of a ground floor commercial unit of approximately 8,000 sq. ft. and at a peppercorn rent and the proposed lease shall be agreed and attached to the Agreement for Lease; and(iv) Following completion of the Council lease for the ground floor commercial unit, the Council shall grant an underlease to Blackburne House for use for training/educational purposes on terms and	

conditions to be agreed between the parties.

Implementation effective from:-

Date of Approval under Delegated Powers.

Reasons for decision:-

Background:

This report has been prepared by PAMS to report on the negotiations with The Elliot Group to purchase the freehold of 68 Falkner Street (formerly known as Toxteth Community College), Liverpool 8 (the Property). The site includes a playground area at the rear of the building. The loss of open space has been advertised and no objections were received.

The Property is located at the corner of Falkner Street and Bedford Street South, Liverpool 8. It adjoins the Abercromby Nursery School in a predominantly Georgian Quarter residential area within the Canning Street Conservation Area, approximately 2.0 Km to the east of Liverpool city centre.

The Property is a modern single storey building originally constructed as a day nursery and comprises linked brick built single storey buildings with timber/UPVC/Glazed infill panels and single glazed softwood window frames under a low pitched roof. The Property has some grassed areas, gardens (now overgrown), some parking, etc all enclosed by a combination of metal palisade and brick walls fencing. The Property has a net internal area of 336.00m² and a site area of 1,567.00m². The Property has been vacant since June 2010 and is in poor condition.

The City Council owns the freehold interest. Approval was granted to lease a ground floor area to Blackburne House. The matter was delayed and during that time the Elliot Group came forward with a proposal to acquire the freehold which would deliver Blackburne House's requirements, provide the Council with a capital receipt and deliver new housing and resultant Council Tax.

Proposal:

The proposed solution put forward by the developer The Elliot Group will enable a sale and leaseback to the Council. The Elliot Group will develop the plot with ground floor commercial space and residential units above in accordance with the planning permission recently granted on 9th February 2016. (Planning ref: 15F/2736).

The Elliot Group will also enter into an Agreement for Lease as part of the Contract of Sale. On practical completion of the scheme in accordance with the conditions of the Planning Consent, the Developer will grant a lease of 125 years to the Council.

LCC will retain a leasehold interest and on completion of the Lease from The Elliot Group, shall grant an underlease to Blackburne House enabling them to continue their work with the local community in providing training facilities for women, taking occupation of this part of the Property.

A further report to Cabinet will be brought at a later date to seek authority for the Council to enter into a lease with Blackburne House following terms being agreed.

Initial Heads of Terms have been discussed with Blackburne House for a lease

of 125 years at a ground rent of £7,100 per annum with rent reviews at years 25, 50 and 75.

A rent free period of 3 years shall be granted after the completion of the works. Blackburne House will be responsible for all repairs, insurance, maintenance and fit out works. They will also be responsible for payment of all rates, taxes and utilities. We are awaiting confirmation of their Board's approval and the further report to Cabinet shall outline the approval and agreed terms for approval.

Following negotiations with the Purchaser, terms have been provisionally agreed that:

- (i) The City Council dispose of the freehold interest of 68 Falkner Street (formerly Toxteth Community College) and adjoining land, as identified on the attached plan edged red, for £425,000 (four hundred and twenty five thousand pounds) plus surveyors fees of £10,000 and legal fees of £8,000 to be paid by The Elliot Group (the Purchaser);
- (ii) The Purchaser shall be obliged, pursuant to the Contract for Sale to enter into an Agreement for Lease simultaneously with the Council;
- (iii) On practical completion of the scheme in accordance with the Planning Permission granted on 9th February 2016, the Purchaser shall grant and the Council shall enter into a lease for 125 years of a ground floor commercial unit of approximately 8,000 sq. ft. and at a peppercorn rent and the proposed lease shall be agreed and attached to the Agreement for Lease; and
- (v) Following completion of the Council lease for the ground floor commercial unit, the Council shall grant an underlease to Blackburne House for use for training/educational purposes on terms and conditions to be agreed between the parties.

The scheme has the benefit of achieving an enhanced capital receipt than the figure previously agreed with Blackburne House, deliver a new training space for Blackburne House (Use class D1) and create 109 new housing units (Use class C3) and the associated Council tax income for the authority.

Alternative options considered and rejected:-

Retain the status quo.

This could impact on the wider regeneration of the area including restricting local business services expansion and new employment creation. Also the Council's management, repair, insurance and maintenance costs associated with vulnerable deteriorating vacant properties generating no rental income could escalate as the Property continues to remain vacant.

Financial Implications:-

Capital Receipt 2015/16		£425,000
Revenue Receipt 2015/16	Surveyors Fees	£10,000
	Legal Fees	£ 8,000

The payment to the City Council of a capital receipt, surveyor's fees and legal costs will contribute to existing and future revenue budget targets.

There is no direct loss of rental income as there is currently no rental payable.

The proposed lease to Blackburne House will generate an annual income stream of £7,100 p.a. for a term of 125 years. There is potential for the rental income to increase with proposed rent reviews at years 25, 50 and 75.

Consultation with:-

The Ward Councillors were originally consulted by e-mail on 11 December 2015 with a request to comment and respond. A meeting has also been held with some members.

Legal Services were consulted and have advised that they will (either in house or by instructing external legal advisors through legal framework), complete the documentation in accordance with the instructions and will ensure the receipt of surveyors and legal costs.

Finance Services were consulted and agree with the observations made above under the heading "Financial implications".

Was the decision

- A key decision? **No**
- In the forward plan? **No**
- One where it was impractical to wait for inclusion in the forward plan, and the Chair (or members of the select committee) has been informed and at least five 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**

- **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

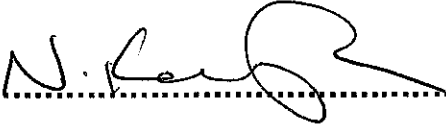
Report No:.....

List of background papers: Report to Assistant Executive Director

Planning application 15F/2736.



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 17/3/16

68 Falkner Street - Former Toxteth Community College



The City of Liverpool

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Ordnance Survey 100018351

Scale 1/1250 Date 13/1/2016

Centre = 335867 E 389589 N

Turner, Karen

From: Povall, Tim
Sent: 17 March 2016 12:35
To: Turner, Karen
Cc: Kenworthy, Michael; Slinger, Claire; Flanagan, Nick
Subject: Re: 68 Falkner Street - Amended DA and site plan

Ok with me

Tim Povall
Divisional Manager - Finance - Regeneration and Communities

--Original message--

Sender: "Turner, Karen" <Karen.Turner@liverpool.gov.uk>
Sent time: 17 Mar 2016 12:03
To: "Kenworthy, Michael" <Michael.Kenworthy@liverpool.gov.uk>, "Povall, Tim" <Tim.Povall@liverpool.gov.uk>, "Slinger, Claire" <Claire.Slinger@liverpool.gov.uk>
Cc: "Flanagan, Nick" <Nick.Flanagan@liverpool.gov.uk>
Subject: 68 Falkner Street - Amended DA and site plan

Dear All,

Please see attached draft DA for 68 Falkner Street in respect of the proposed disposal to The Elliott Group. Please can you let me have any comments.

Claire – are you able to review in Mike’s absence please.

Thanks
Karen

Karen Turner MRICS
Surveyor
Property and Asset Management Services, Liverpool City Council
Municipal Buildings, Dale Street, Liverpool L2 2DH
T: 0151 233 0234
E: Karen.turner@liverpool.gov.uk<<mailto:Karen.turner@liverpool.gov.uk>>
Online: www.liverpool.gov.uk<<http://www.liverpool.gov.uk/>>;
[Description: LCC auto signature (2)]<<http://www.liverpool.gov.uk/>>;

Turner, Karen

From: Slinger, Claire
Sent: 17 March 2016 13:11
To: Turner, Karen; Kenworthy, Michael; Povall, Tim
Cc: Flanagan, Nick
Subject: RE: 68 Falkner Street - Amended DA and site plan
Attachments: 170316 68 Falkner Street DRAFT DA v2.doc; 170316 68 Falkner Street - FINAL.doc

Hi Karen,

Thanks for this.

I have made some additions to the DA (see v2 with tracked changes) and then the 'FINAL' version attached accepts these changes.

If you are happy with the changes, then I approve from Legal perspective and 'FINAL' is the version to be used.

Please send to me to allocate/outsource, noting the purchaser is responsible for our surveyors and legal fees in addition to the premium. In addition, please forward title information.

Many thanks.

Kind regards

Claire

Claire Slinger | Principal Solicitor | Regeneration and Development

Liverpool City Council | Cunard Building | Water Street | Liverpool | L3 1DS

T: 0151 233 0466 | M: 07901 110 961 | E: claire.slinger@liverpool.gov.uk

Postal address:

Liverpool City Council | Municipal Buildings | Dale Street | Liverpool | L2 2DH



From: Turner, Karen
Sent: 17 March 2016 12:04
To: Kenworthy, Michael; Povall, Tim; Slinger, Claire
Cc: Flanagan, Nick
Subject: 68 Falkner Street - Amended DA and site plan

Dear All,

Please see attached draft DA for 68 Falkner Street in respect of the proposed disposal to The Elliott Group. Please can you let me have any comments.

Claire – are you able to review in Mike's absence please.

Thanks
Karen

Karen Turner MRICS

Surveyor

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