

Subject:	Disposal of The Former Liberal Club	Status:	Report for Publication
Report to:	Cabinet	Date:	1 st December 2020
Report of:	Director of Economic Development	Portfolio Holder:	Resources
Key Decision:	<input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required:	No	Attached: No
Biodiversity Impact Assessment	Required:	No	Attached: No
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1.	RECOMMENDATIONS
1.1	Cabinet to authorise the disposal of The Former Liberal Club (Lord Street, Rawtenstall) terms to be delegated to the Director of Economic Development in consultation with the portfolio holder.
1.2	Cabinet approve the award of the disposal of The Former Liberal Club to Bidder 1 (Appendix II)
1.3	Cabinet to authorise a legal covenant be placed on the building, terms of which to be delegated to the Director of Economic Development in consultation with the portfolio holder.

2. PURPOSE OF REPORT

2.1 The purpose of this report is to request approval in order to proceed with the disposal of The Former Liberal Club, Lord St, Rawtenstall; and approval of the terms of a deed of covenant.

3. BACKGROUND

3.1 The Former Liberal Club, was purchased by the Council to provide additional office accommodation. It is situated in a prominent location within Rawtenstall Town Centre. The property is now an unused asset that is deemed surplus to requirements.

3.2 In order to consider potential use of the building, the Planning Department have provided a constraints checklist which summarises that the property lies within the Rawtenstall Town Centre Conservation Area (CA) and therefore, any external alterations will need to be sympathetic to the character of the building itself and its position within the CA. Being in a town centre location a number of uses would be appropriate, including residential.

3.3 An external RICS accredited valuation has been undertaken to determine the market value of the property (confidential Appendix I) for residential and / or commercial use. Bidders 1 and 2 are within the tolerance of the RICS valuation.

3.4 In order to market the property for disposal, three independent quotes were obtained from local commercial agents to assess the most cost effective and pragmatic approach. Following this process Taylor Weaver were instructed to market the property. To ensure compliance a non-domestic EPC report has been undertaken prior to the property being listed.

3.5 The property has been listed on the open market and advertised extensively including an online listing and physical sale board affixed to the building.

Due to the levels of interest received, two subsequent open days were scheduled and held on an appointment basis. All appointments were held within COVID-19 guidelines. Following the opportunities to view, interested parties were advised to undertake any due diligence required and were invited to submit offers through a tender process. Three bids were received with a further fourth bid arriving after the deadline and therefore excluded. A table of the bids received is within Appendix III

- 3.6 It has been agreed in principle with the best price bidder that a deed of covenant will be produced that ensures continued appropriate use of the building. This will include a best endeavours clause to bring the building into meaningful use and will restrict the future use to retail, restaurant / takeaway or residential; all development will need to comply with planning permission and the conservation area status of the location.
- 3.7 The highest bidder, bidder 1 has a successful track record of property conversion within a conservation area and has provided a reference and supporting documentation. If Bidder 1 withdraws, further due diligence will be undertaken with the remaining bidders within the RICs valuation range. If this is unsatisfactory then the project will be re tendered.
- 3.8 The tender process was undertaken in line with the constitution and on a best price basis.
- 3.9 Due diligence has been undertaken with the best price bidder who has provided evidence of financial credibility and evidence of a successful scheme previously undertaken within a conservation area.

4. RISK

- 4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:
- There is an opportunity cost of retention of the asset as the building is not in use and could be used for employment and residential purposes.
 - The bidder pulls out of the sale before exchange. The Council would then approach remaining bidders or alternatively can re tender and advertise the property on the open market again.
 - The sales fall through after exchange and agency fees and legal costs are payable. This is a commercial risk and officer will work closely with all parties to mitigate any possibilities of this happening.
 - The successful bidder does not commence refurbishment. This has been mitigated by a best endeavors clause within the covenant; the Council also has statutory powers when necessary.
 - The risk of a future owner developing the property unsympathetically. The position of the property within the Rawtenstall Town Centre Conservation Area ensures that from a Planning perspective any external alterations will need to be sympathetic to the character of the building itself and its position.

5. FINANCE

- 5.1 The Council is required to ensure best value when disposing of unused assets, in order to achieve this the Council engaged external RIC's accredited valuers to determine the market value of the asset. The winning bid received is within the tolerance of RICs

Valuation.

The sale will result in a capital receipt for the Council.

- 5.2 The property will bring a capital receipt to the council and this will be allocated to the Useable Capital Receipts Reserve.

6. LEGAL

- 6.1 Cabinet has authority to deal with assets valued at over £100,000.01 by the Council's external Valuer and all acquisitions and disposals of land, buildings or other property where the Council's external Valuer values the land, buildings or other property at more than £250,000 but less than £1 million and it is proposed to accept the highest bid and the highest bid matches or exceeds the valuation of the Council's external Valuer.

It is proposed to accept the highest bid which falls within the tolerance of the Council's external valuer and therefore complies with the Constitution.

The legal contracts will reflect the Heads of Terms raised within the body of this report and include a covenant around the restriction on use of the building and bringing the same back into use within a reasonable timescale. This will secure an appropriate redevelopment of a surplus dilapidated building in a timely manner.

7. POLICY AND EQUALITIES IMPLICATIONS

- 7.1 No Human Resources Implications Arising from the report.

8. CONCLUSION

- 8.1 The Former Liberal Club is an underused asset that will require future Council investment if it remains out of use. A disposal of the asset will provide an opportunity for an underutilised building to be developed and will provide a capital receipt to the council and adding benefit to the local area.

Background Papers	
Document	Place of Inspection
Appendix I	<i>Futures Park – Confidential</i>
Appendix II	<i>Futures Park – Confidential</i>
Appendix III	<i>Futures Park – Confidential</i>