



# EXECUTIVE BOARD DECISION

**REPORT OF:** Executive Member for Resources

**LEAD OFFICERS:** Deputy Chief Executive

**DATE:** 12 April 2018

**PORTFOLIO/S AFFECTED:** Resources

**WARD/S AFFECTED:** Little Harwood

**KEY DECISION:** YES  NO

**SUBJECT: SALE OF FORMER BLEACHWORKS AT WHITEBIRK**

## 1. EXECUTIVE SUMMARY

To report the proposed sale of the privately owned former Bleachworks at Whitebirk.

## 2. RECOMMENDATIONS

That the Executive Board:

- 2.1 Notes the background to the historic financial local charge on the former Bleachworks site at Whitebirk.
- 2.2 Agrees to receive a payment out of the sale proceeds of the former Bleachworks site in satisfaction of the local charge.
- 2.3. Agrees in principle to write off the remaining outstanding local charge for which 100% provision has already been made and delegates responsibility to the Head of Legal Services and Deputy Chief Executive in consultation with the Executive Member Resources to enter any relevant documents to formalise such agreement.

## 3. BACKGROUND

- 3.1 In 2003, the Council carried out asbestos removal work on the site of the former Bleachworks, following the service of a notice by the Environmental Health section to undertake the work in default, in order to make the site safe. The Council incurred a cost of £109,406 for this work and invoiced the owner accordingly.
- 3.2 The owner of the site has not made any payments towards this debt owed to the Council and it has remained as a local land charge against the property. It was noted in an Executive Board Minute in 2009 (the 2009 Report) that the owner was to be granted a write off of the debt to

enable a sale to proceed. That sale never proceeded.

- 3.3 The vendor is in discussions with a prospective purchaser for the site.
- 3.4 The 2009 Report stated that provision for doubtful debt had already been made for 100% of the amount owed at the time. Therefore, any possible recovery of these monies now would be of a positive financial benefit to the Council.
- 3.5 If the sale does not go ahead, the charge will remain against the property. There is also a registered mortgage in favour of a major bank against the property.
- 3.6 It should be noted that the issue of the potential sale of this land arose around March 2016 following correspondence from the proposed purchaser's solicitor making enquiries as discussed generally in this report. However it is only in the last month or so that the vendor's solicitor has written to make similar enquiries which has been the impetus for this report.
- 3.7 Due to the value of the property and land, it has always been envisaged that any sale would never realise the total of all the outstanding charges held by the Bank and the Council on the property. If this sale were to go ahead, the Council would at least realise some of the debt owed for which 100% provision has already been made.
- 3.8 The sale may also allow or enable the current site to be developed and utilised, eventually benefiting the surrounding area.

#### **4. KEY ISSUES & RISKS**

- 4.1 The key issue is that despite a local charge having been written off as a doubtful debt at least 7 years ago for accounting purposes, the charge remains recorded as a financial local land charge against the property. The Council now faces the potential prospect of formally writing off the majority of the debt and receiving a modest (but not insignificant) payment.
- 4.2 There are very few risks to the Council if the proposal is accepted. Although it is not a certainty, it is typically considered that the expectancy of any return on any debt diminishes the longer that the debt remains.
- 4.3 If the property sale proceeds it will at least enable the site to be potentially redeveloped which may eventually provide the Council with business rates for that site.

#### **5. POLICY IMPLICATIONS**

- 5.1 There are believed to be no policy implications.

#### **6. FINANCIAL IMPLICATIONS**

- 6.1 The original debt was accumulated as follows:

£99,007.00	Asbestos removal contractors
£ 3,560.00	Monitoring cost consultants
£ 3,715.00	Scaffolding
£ 1,240.00	Environmental Health Dept costs (from back in 2003).
£ 1,170.00	Council legal costs (from back in 2003).

£ 714.60      30 days of penalty interest was added before the charge was registered

£109,406.60

6.2 Provision has already been made for 100% of the outstanding debt in previous years.

## 7. LEGAL IMPLICATIONS

- 7.1 Under the Constitution at section B.7, the Director of Finance & IT is authorised to write off debts of up to £5,000.00. In consultation with the Executive Member (Resources) the Director can write off a debt of up to £30,000. Any debt greater than this amount has to be brought to Executive Board for authorisation.
- 7.2 The Council will work to negotiate that it sees any contract for sale and purchase between the vendor and purchaser so that there are no terms which may put it at any further disadvantage.

## 8. RESOURCE IMPLICATIONS

If approved, and the matter proceeded to completion there will be some officer time in Finance and Legal in dealing with the formalisation of such matters.

If the matter does complete, it will relieve officers having to revisit this matter in subsequent years.

## 9. EQUALITY AND HEALTH IMPLICATIONS

**Please select one of the options below. Where appropriate please include the hyperlink to the EIA.**

Option 1  Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2  In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. *(insert EIA link here)*

Option 3  In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. *(insert EIA attachment)*

## 10. CONSULTATIONS

None

## 11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

**12. DECLARATION OF INTEREST**

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

<b>VERSION:</b>	<b>0.3</b>
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<b>CONTACT OFFICER:</b>	Michael Green, Legal Services
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<b>DATE:</b>	1 February 2018
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<b>BACKGROUND PAPER:</b>	Summary of Decisions Executive Board : 16 April 2009
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