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COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

Wednesday, 8 December 2010

<u>Present:</u>	Councillor	P Gilchrist (Chair)	
	Councillors	A Brighouse J Keeley P Davies B Kenny	A McArdle J Stapleton S Williams
<u>Deputies:</u>	Councillors	C Povall (In place of D McCubbin) W Clements (In place of P Kearney)	
<u>Cabinet Member:</u>	Councillor	S Holbrook	
<u>In attendance:</u>	Councillors	G Ellis J Hale	G Watt

CALL-IN OF DELEGATED DECISION - DISPOSAL OF HOYLAKE LIFEBOAT STATION CAR PARK

95 CHAIR'S OPENING REMARKS

The Chair advised the Committee and the witnesses that were in attendance that, on 16 November 2010, the Cabinet Member for Corporate Resources had considered a report of the Director of Law, HR and Asset Management, which requested approval to the proposed sale of the car park adjoining the original Lifeboat Station in Hoylake, in accordance with provisionally agreed terms that were set out in an exempt appendix to the report.

The Cabinet Member had noted that the time that had been recommended by the Council Excellence Overview and Scrutiny Committee and endorsed by the Cabinet to enable a proposition to come forward for a viable museum project had now elapsed; that proposals for a lifeboat museum were not at a sufficiently advanced stage; and that Peel Ports, the owners of the Lifeboat building had indicated their intent to proceed with the sale of the former lifeboat building independently of any decision the Council may make with respect to the car park.

Therefore, in the circumstances, the Cabinet Member had approved the disposal of the car park adjoining the original Hoylake Lifeboat Station in accordance with the provisionally agreed terms set out in the report of the Director of Law, HR and Asset Management.

That decision had subsequently been called-in by Councillors J Hale, G Ellis, G Watt, P Kearney and D McCubbin.

96 **MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST/PARTY WHIP**

Members were asked to consider whether they had personal or prejudicial interests in connection with any item(s) on this agenda and, if so, to declare them and state what they were.

Members were reminded that they should also declare, pursuant to paragraph 18 of the Overview and Scrutiny Procedure Rules, whether they were subject to a party whip in connection with any item(s) to be considered and, if so, to declare it and state the nature of the whipping arrangement.

No such declarations were made.

97 **EXPLANATION OF CALL-IN BY LEAD SIGNATORY**

Councillor Hale referred to the grounds for the call-in, stated in the call-in notice, that “there has been a new development viz a member of the public, interested in developing a lifeboat museum, has come forward and is prepared to buy the former Lifeboat Station directly from Peel Holdings and with a view to establishing a lifeboat museum but would be looking to the Council to let the adjoining land, (which was included in the original sale arrangements), to the Lifeboat Museum Trust to be established, at a peppercorn rent.”

He commented that a three month period for the development of a lifeboat museum was a relatively short time period and, during that time, a significant amount of work had been undertaken. It now appeared that funding had been secured to purchase the lifeboat buildings at a price to Peel Ports to match the provisionally agreed terms, previously reported and agreed by the Cabinet. Should that offer be accepted by Peel Ports, the developer hoped that the Council would let its land at a peppercorn rent, as it had to the RNLI, so as to allow the Lifeboat Museum Trust to be developed.

98 **EVIDENCE FROM CALL-IN WITNESSES**

Mr J Parr – Proponent of Hoylake Lifeboat Museum

Mr Parr circulated various documents in support of his proposals for the establishment of a Lifeboat Museum in the former Hoylake Lifeboat building. He commented that, as a lifeboat enthusiast, he had for some considerable time envisaged the establishment of such a museum in Hoylake, given the historic association with the lifeboat service in the area. He had already amassed various unique artefacts, which would form the basis of the proposed museum. These included two lifeboats of national significance that were on the Register of Historic Vessels – the last Hilbre Island lifeboat ‘*Chapman*’ and Hoylake’s last Liverpool-type lifeboat ‘*Thomas Corbett*’.

Mr Parr claimed widespread local support for the museum project both from individuals and a number of groups, including the RNLI, Friends of Hilbre, Hoylake Civic Society and Kings Gap Conservation Area Residents. He stated that a museum of this type would be unique on the North West coast and, in order to highlight the level of public support, he referred to the huge support for the Hoylake Lifeboat Open Day, which was the best supported in the UK. He suggested also that other

commercial uses that were being considered were not acceptable to the local community and would result in significant opposition. The former Mersey Docks and Harbour Company, which previously owned the building, had agreed to look favourably on the proposal for a museum. However, since assuming ownership, Peel Ports had demonstrated that they wished to secure a financial return for the property. He claimed that the agents acting for Peel only had authority to work towards a commercial sale and that it had been a breakdown in communications in relation to further negotiations that had resulted in the Cabinet Member for Corporate Resources agreeing to dispose of the Council owned land.

In the period since the last call-in, Mr Parr had identified a number of people with expertise in key areas, who had agreed to give their time, in order to ensure the success of the project. He had also secured financial backing for the scheme and he submitted for Members consideration a Letter of Intent from Hylgar Properties Limited, which indicated their willingness to fund in full the purchase of the lifeboat station buildings and to lease them long term at cost, not for profit, to a Museum Trust. In response to questions from Members, he confirmed that the project was not dependent upon heritage lottery funding. With regard to the Council owned land, he hoped that the Council would let it to the museum trust at a peppercorn rent, as it had previously to the RNLI, so as to allow the Lifeboat Museum to be self financing. He envisaged that revenue would be raised by way of gift and souvenir sales, a tea bar or small cafeteria, sponsorship arrangements and charitable donations, once charitable status had been obtained.

Members commented that it now appeared that, by inviting expressions of interest, Peel Ports had indicated their intention to sell the lifeboat buildings regardless of what the Council proposed to do in relation to its land. As a result, the buildings could be sold and the Council could lose an opportunity to sell its surplus land. Mr Parr accepted that that was the reality of the situation and he hoped that Peel would choose to accept his offer. He indicated that if the decision of the Council was that it intended to pursue the sale of its land, he was confident that his financial backer would also support its purchase to enable the museum project to succeed.

Councillor Geoffrey Watt

Councillor Watt informed the Committee that he was a resident of West Kirby and had strong family ties with Hoylake. His main leisure activity, for many years, was sailing off the Hoylake coast and he was an officer of the Hoylake Sailing Club. He supported the proposals for a Lifeboat Museum at the site and did not agree with the decision to declare the Council owned land adjacent to the lifeboat building as surplus to requirements. Its long term value to the local community was greater than a one off income from a sale of the site and he commented that consultancy reports, which had considered how best to upgrade and improve the promenade had indicated that the land should be retained for public use. In response to earlier comments, he indicated that the yellow lines close to the buildings were only there to allow for the safe operation of the lifeboat. Accordingly, he suggested that they could now be removed.

Mr C Moore – Chair, Kings Gap Conservation Area Advisory Committee

Mr Moore advised the Committee that the buildings and land were located within the Kings Gap Conservation Area. Although the buildings were not listed, the original

building, dating to 1899, was notable and included a crenellated brick tower. The local community had always had an allegiance to its lifeboats and their crews and he commented that the building maintained a tangible link to Hoylake's maritime heritage. Mr Moore gave his unequivocal support for the project. He was aware of the other uses that were being considered and indicated that the proposed Lifeboat Museum was by far the best use for the premises and it had the full support of local residents.

In response to comments from Members in relation to the appropriate use of the buildings and land, the Director of Law, HR and Asset Management indicated that these were planning matters and outside the jurisdiction of the Overview and Scrutiny Committee. He emphasised that the powers of the committee were either to endorse the decision of the Cabinet Member for Corporate Resources to dispose of the Council owned land, or to refer the matter back to the Cabinet for further consideration.

99 **EVIDENCE FROM CABINET MEMBER'S WITNESSES**

Mr I Brand – Head of Asset Management

Mr Brand gave a brief overview of the events that led to the Cabinet Member for Corporate Resources being requested to agree to the disposal of the surplus land. The basis for the initial decision, taken in June 2009 was that the Council would receive a higher amount for the land, through a joint sale with the former lifeboat buildings. Following the call-in of the Cabinet decision taken on 15 April 2010, a period of three months was allowed to facilitate discussions with Peel and the proponents of a Hoylake Lifeboat Museum. Once that three month period had elapsed, a report on the outcome of the discussions was prepared for the Cabinet Member, which recommended that approval be given to the disposal of the Council owned car park in accordance with the provisionally agreed terms that had previously been reported.

In response to questions from Members in relation to the letter from Hylgar Properties Limited, presented by Mr Parr, Mr Brand commented that whether it would influence the decision to sell the buildings independently of the Council land would purely be a matter for Peel Ports to consider. He confirmed that Peel Ports had confirmed that they would not dispose of the property at a peppercorn rent as it needed to maximise capital receipts from its surplus assets in the current financial year. In the light of the recent offer by Mr Parr, Peel had indicated that they now proposed to go back to all of the original bidders to seek best offers for the building alone. Mr Parr's offer would be considered along with any other offers received from the previously interested parties.

In response to further questions, Mr Brand stated that the Council had no use for the land and it had already been declared surplus. Although the best price for it would normally be sought, other offers could be considered in certain circumstances, if it was in the public interest to do so.

Mr J Wilkie – Interim Chief Executive

Mr Wilkie advised the Committee that his direct involvement was as a result of concerns expressed to him by Councillors Ellis and Hale that options for the disposal

of the lifeboat buildings had not been considered by anybody within the Peel organisation of sufficient seniority to fully explore the option for the disposal of the premises on terms that would not preclude the development of a lifeboat museum. Subsequently, he had met with a senior officer within the Peel group, who had confirmed that Peel were unable to offer the property at a peppercorn rent.

In response to questions from Members, he confirmed that Peel had been consistent in their view that the property would be sold commercially. Further contact had not been made with Peel, in the light of the letter of intent, now submitted, from Hylgar Properties Limited.

Mr S Hird – Asset Manager

Mr Hird referred to a background paper that he had circulated to Members, which set out the latest position in relation to correspondence with Peel Ports. They had confirmed their intention to sell the buildings independently because the disposal receipt had been budgeted for in the current financial year. The offer from Mr Parr had been received and would be considered with other offers for the property. He indicated that if the buildings were sold, the Council would then have to consider what it wished to do with its surplus land. Mr Hird was unable to say whether Peel would now be prepared to agree to a joint sale of the buildings and the car park area.

100 SUMMING UP BY MOVER OF CALL-IN

Councillor Hale commented that the proposed Hoylake Lifeboat Museum reflected the importance of the history of the lifeboat service in Hoylake. The huge support for the Hoylake Lifeboat Open Day demonstrated the backing of the local community and the wider area and he commented that the proposed museum project was a once in a lifetime opportunity. The offer to Peel made by Mr Parr equated to approximately what the company would have received from the previously agreed provisional terms. If the offer was accepted he hoped that the Council would come to an arrangement with regard to its land, in order to support the venture.

101 SUMMING UP BY CABINET MEMBER

Councillor Holbrook referred to the original delegated decision for the joint disposal of the land and buildings, which was taken in June 2009, following consultation with ward Councillors. That decision was not called-in and subsequently, an agreement was reached with Peel Ports, which led to an offer being recommended to the Cabinet. The decision of the Cabinet (minute 406 (15 April 2010) refers) to approve the terms for the sale of the car park was called-in and considered by the Council Excellence O&S Committee on 8 July 2010. The matter was referred back to the Cabinet (minute 72 (22 July 2010)), which endorsed a recommendation to defer the disposal of the land for a three month period to enable discussions to take place with Peel and plans to be put in place for the development of the proposed museum.

He indicated that the three month period elapsed on 8 October 2010 and, having been advised that little or no progress had been made he made a delegated decision on 11 November 2010 to dispose of the car park in accordance with the provisionally agreed terms. It was following the publication of his decision on 16 November 2010 that he received a call from Mr Parr, and reference was made to an offer to be made of £75,000. Councillor Holbrook confirmed that he had not seen the letter of intent

from Hylgar Properties Limited prior to this call-in meeting. In response to questions from Members, he indicated that he could not state with any certainty what the response of Peel would be to the Hylgar letter.

ADJOURNMENT

At 8.20pm, the Committee stood adjourned for ten minutes.

102 EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC

On a motion by Councillor Gilchrist and seconded by Councillor Davies, it was –

Resolved (10:0) – That in accordance with section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following item of business, on the grounds that it involves the likely disclosure of exempt information as defined by the relevant paragraphs of Part 1 of Schedule 12A (as amended) to that Act. The public interest test has been applied and favours exclusion.

103 EXEMPT APPENDIX TO HOYLAKE LIFEBOAT STATION REPORT

The Director of Law, HR and Asset Management reported upon the Council's legal obligation to achieve the best price for its surplus asset, but confirmed that there were circumstances when a lower amount could be agreed, if it was in the public interest to do so. He set out the provisional terms that had originally been agreed with Peel Ports for the joint sale of the buildings and car park and he indicated that the Council's 50% share of the capital receipt, less costs, appeared to be the best price that could be realised for the car park. Having regard to the focus of Peel being to proceed with a commercial sale of their buildings, it was uncertain whether or not an offer in excess of Peel's 50% share of the joint sale price, would preclude an agreement being reached in relation to a joint disposal.

In response to further comments from Members, the Head of Asset Management confirmed that the sale agreement was to have contained a clause, whereby the Council would receive further income if the property was sold at a later date, within 25 years, for a more profitable use. With regard to the property being acquired by Hylgar Properties Limited, Councillor Hale referred to the company being known to the Council as having played a key role in securing the future of a number of buildings in Hoylake, including the Town Hall and Central Hall. The letter of intent also stated that the company's goal was not to seek profit from the purchase of the lifeboat buildings.

ADJOURNMENT

At 9.00pm the Committee stood adjourned for ten minutes

104 COMMITTEE DEBATE AND DECISION

The Interim Chief Executive reported that, during the adjournment, he had made contact with a senior officer from Peel Holdings in order to ascertain whether or not Peel Ports, at this stage, would still be in agreement to proceeding with the joint

disposal of the buildings and land, as had been provisionally agreed. However, it had not been possible to obtain a definitive response.

Members discussed the need for a clear view to be sought from Peel in relation to various matters associated with the disposal of the Council's land and the offer made by Mr Parr.

On a motion by the Councillor P Gilchrist and seconded by Councillor P Davies, it was –

Resolved – That the following course of action proposed by the Cabinet Member for Corporate Resources be endorsed –

- (1) That the officers be instructed to make further contact with Peel Ports, with a view to establishing –**
 - (a) Whether Peel Ports is still prepared to agree to a joint sale of the lifeboat buildings with the Council's car park.**
 - (b) If so, would it be on the basis of the provisionally agreed terms, previously reported and agreed by the Cabinet (subject to this call-in), with the same 50/50 apportionment of the capital receipt, less costs?**
 - (c) If Peel Ports could be guaranteed the same capital receipt for its buildings, equivalent to the reported apportioned offer, on the basis of a joint sale, would it be prepared to sell the buildings to Mr Parr at that value?**
 - (2) That, in the event that Peel Ports agree to the Council's proposals, the views of Mr Parr be sought in relation to separate arrangements to be made in respect of the Council's car park.**
 - (3) That, subject to the Leader of the Council agreeing to accept it as an item of urgent business, the outcome of the officers' enquiries be reported to the Cabinet on 9 December 2010, in order for the decision of the Cabinet Member for Corporate Resources to be reviewed, having regard to the response from Peel Ports.**
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