

Town and Country Planning Act 1990

Acquisition of Land Act 1981

Inquiry into:

**St Helens Borough Council (St Helens Town Centre) Compulsory Purchase Order
2022**

Appendix GM1 to Proof of Evidence

of

Ged Massie BSc (Hons) MRICS IRRV MCI Arb

Acquisition Surveyor

Keppie Massie

17 July 2023

Specialist Field: Acquisition Surveyor

On behalf of: St Helens Borough Council

Subject Matter: The acquisition of the various land and property interests within the
Order Land

Keppie Massie
Alabama House, 6 Rumford Place, Liverpool L3 9BY

GM 1(Reference 1)

Ged Massie

From: Ged Massie
Sent: 08 June 2022 08:34
To: Margaret.Barrett@punchpubs.com
Cc: DamianMasters@keppiemassie.com
Subject: St Helens Town Centre - Swan Hotel

Margaret

I understand that you have had some discussions regarding the St Helens Town Centre development proposals. As you may be aware I have been appointed by the Council and English Cities Fund (ECF) in relation discussions with property owners.

I would like to pick up discussions with you and I would be grateful if you could let me know if you are available to take those discussions forward.

Regards

Ged

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Mobile: 07803 988400

GM 1(Reference 2)

Ged Massie

From: Ged Massie
Sent: 08 August 2022 11:39
To: 'Margaret.Barrett@punchpubs.com' Margaret.Barrett@punchpubs.com
Subject: RE: St Helens Town Centre - Swan Hotel

Margaret

Further to my email below I would be grateful if you could get in touch so that we can take discussions forward.

Regards

Ged

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GM 1 (Reference 3)

Ged Massie

From: Ged Massie
Sent: 01 November 2022 17:34
To: 'Margaret Barrett' Margaret.Barrett@punchpubs.com
Subject: RE: St Helens Town Centre - Swan Hotel

Margaret

Further to our conversation a few weeks ago I think that you were going to speak to the tenant regarding the proposals for the redevelopment of the town centre / bus station.

I'm also conscious that we could do with picking up our discussions.

Would another discussion over the phone be useful?

Regards

Ged

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GM 1 (Reference 4)

Ged Massie

From: Ged Massie
Sent: 21 December 2022 09:16
To: Margaret Barrett Margaret.Barrett@punchpubs.com#
Subject: St Helens Town Centre - Swan Hotel

Margaret

As we discussed last time we spoke about the proposed development, at that time the Council intended to make the CPO imminently. As anticipated the Council have now made the CPO and the formal has been issued to you. I appreciate that your position in the past was that you wouldn't consider the acquisition substantively until the CPO had been made. Hence as the CPO has now been made are you now able to progress with discussions about an acquisition by the Council?

On a separate but related matter concerning the tenant. I know that when we discussed the tenant's position you said that you had kept the tenant informed of the situation and would continue to do so and that the tenant's situation would be dealt with alongside the acquisition of the freehold interest. The tenant has recently contacted the Council and the press regarding the development and her situation. Could you let me know whether there is anything that you would like me to do regarding the tenant at this stage or will you continue to liaise directly with her. My offer to meet with the tenant directly still stands – I understand that you have passed this message on, but I would be most grateful if you could reiterate the offer to the tenant. I am anxious to ensure that she is fully informed and that discussions are had regarding her interest.

Regards

Ged

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GM 1 (Reference 5)

Ged Massie

From: Ged Massie
Sent: 18 January 2023 09:15
To: 'Emmanuel Pitman' EPitman@savills.com
Subject: RE: St Helens Town Centre - Swan Hotel

Emmanuel

Further to my acknowledgement email of 12 January, I note your appointment to act on behalf of Punch Partnerships (PML) Ltd ("Punch" / your client). I can confirm that I am instructed to act on behalf of St Helens Council. I presume that the references to Warrington Council in your letter are typos, as Warrington Council have no role or involvement in this development.

I'm not immediately sure that there is any material correspondence with your client that you will not have already received. I note from your email chain that you have my most recent email to your client and I presume that you have received copies of the CPO paperwork. However if there is anything that you feel you are missing please let me know – and I too will look through my file to see if there is anything that I consider to be particularly relevant that you may not have had. Additionally I know that your client is aware of the scheme initially from discussions with the town centre manager and then my subsequent discussions, but if there is further detail that you require on this again please let me know. I can certainly provide proposed plans etc which you may find of assistance if only as background.

I presume from your email that you have instructions from your client to engage now in negotiations in respect of an agreement for purchase of the property by the Council - but I'd be grateful if you would confirm. I am aware that your client's position to date has been that it was not willing to enter into discussions regarding a purchase until such time as there was certainly of the CPO being made. As you know the CPO was made in December – so hopefully now that obstacle has been removed. Just to reiterate the Council's position, the Council is and remains ready and willing to acquire by private treaty agreement on full compensation code terms as and when your client is willing to engage. Noting your appointment in particular this will include all reasonable professional fees again assessed in accordance with the code. For the avoidance of doubt this remains the Council's position notwithstanding that the CPO has now been made and the Council hopes that a private treaty agreement can be reached without the need to resort to the exercise of CPO powers. On the assumption that you are instructed accordingly then I look forward to taking these acquisition discussions forward. I would add that at the present time it is envisaged that the property will not be required for the development until late 2024 at the earliest, albeit I hope to provide more certainty in relation to the date as design works progress. Notwithstanding this timescale, and again for the avoidance of doubt, the Council is willing to acquire at any time to suit your client, subject to the longstop of the timing of the need for the property for the development.

On a related matter, I presume that you only act for Punch and that you are not also acting for the publican, Ms Hindley – but could you confirm.

If you have any queries please let me know but on the assumption that you are instructed to proceed with a private treaty sale then I presume that you will start to collate your thoughts in relation to value etc. Similarly I have not yet inspected the property and I am keen to do so. Could this be arranged – and would it be you who arranges it? Also whilst I know that the property is held freehold but with a separate long leasehold title, I don't have details of the occupational arrangements nor any other information relevant to the assessment of the value. Could you provide me with this information.

GM 1 (Reference 5)

Once you have collected your thoughts it may be useful to have a quick discussion initially.

I look forward to hearing from you.

Regards

Ged

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Ged Massie

From: Ged Massie
Sent: 20 January 2023 16:56
To: Emmanuel Pitman EPitman@savills.com
Subject: RE: St Helens Town Centre - Swan Hotel
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Emmanuel

Thanks for your of 18 January. As I mentioned in my earlier email I am more than happy to provide any correspondence and documentation that you require, and I assume then from your email that your client hasn't provided you with copies of the past correspondence - I can understand that your client is probably very busy. From your email I presume that you are referring to correspondence your client has had with me, as opposed to correspondence on other matters such as the planning application consultation, but if not please let me know. As you will appreciate, given your client's position on this matter there has been limited correspondence between your client and me, and I attach the email exchanges that we have had – except of course for the 21 December email as I note that you already have this.

As you will appreciate I'm keen to move matters forward. Whilst I note that you are instructed by your client to advise on various matters, and noting your client's position to date, could you come back to me to confirm that your client has instructed you to engage now in negotiations in respect of an agreement for purchase of the property by the Council. If not then could you confirm whether your client has appointed someone else to undertake those negotiations or alternatively intends to undertake the negotiations in house. Assuming that you are instructed to engage in negotiations, could you let me have the information requested in my earlier email.

Regards

Ged

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GM 1 (Reference 7)

Ged Massie

From: Ged Massie
Sent: 03 February 2023 14:41
To: Emmanuel Pitman EPitman@savills.com
Subject: RE: St Helens Town Centre - Swan Hotel

Emmanuel

Thanks for your email. I may have misunderstood your email, but just in case I would reiterate that the Council continues to be willing to acquire by private treaty in advance of the CPO and will treat on compensation code terms including the payment of reasonable professional fees. In relation to my request for information, I am not sure that all of the relevant information is in the public domain. I know from Land Registry that Punch own the freehold but with a separate long leasehold title. However clearly the property is occupied by the publican. I don't have details of those occupational arrangements, which I understand from discussion with your client is leased. As you will appreciate depending on the terms of the lease then it is likely to be material to the value of your client's interest. Furthermore I don't have other information which may be relevant to the assessment of the value, such as trading performance etc. I am more than willing to look in the public domain for this information for myself, but could you point me to where I can find it? If you have it and could provide it that would be very helpful.

Regards

Ged

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Ged Massie

From: Ged Massie
Sent: 24 February 2023 17:30
To: Emmanuel Pitman EPitman@savills.com
Subject: RE: St Helens Town Centre - Swan Hotel

Emmanuel

Thanks for your email and yes it was useful to meet up yesterday and to have a look round the public areas of the Swan. Also thanks to Margaret Barrett and Angela Hindley for their time in the discussions. I appreciate that Margaret had heard most of what I said before and I'm grateful for her patience to listen to it again, although I think that it was useful to make sure that we are all working from the same understanding. Separately I note that Angela has instructed an agent to act for her going forward I will take up discussions with him in that respect. I will need to have a look at the residential parts of the property – but I can arrange that through the Angela's agent.

As discussed at the meeting the Council remains ready and willing to agree a private treaty purchase and as I mentioned that purchase could be way of a number of different alternatives. The alternatives can really be whatever would suit you within reason, but would need to achieve the Council's objective of ownership and possession within the timescale to allow the development to proceed. I don't have any fixed ideas as to what these alternatives may be and I would be willing to consider any proposals that you may have. But some suggestions from me would be:

- Straightforward purchase – exchange and completion asap – with or without vacant possession
- Purchase subject to the occupational lease but with some arrangements over the continuation Punch's supply arrangements for an interim period
- Purchase – exchange asap but with a deferred completion (potentially to a date to coincide with the timing requirements for the property for development) – the completion could also be conditional on say the confirmation of the CPO
- Option to purchase – initial option fee payable, then a fixed price at which to exercise that option – and the option again could be conditional on say the confirmation of the CPO
- Purchase and leaseback – exchange and completion asap – but with a leaseback to Punch and the ability to continue with the existing tied lease arrangement to the tenant

The consideration payable would be agreed on compensation code terms and include all matters as a lump sum if this suited your client. In relation these alternatives we would need to include an arrangement to ensure that we could properly resolve the tenant's position in any period leading up to completion or possession otherwise.

These are only my initial suggestions and I would need to take instructions if any particular one was of interest – and I would of course be happy to consider any alternatives or variations on the alternatives.

In addition please let me know if you or Margaret have any further questions arising out of our discussions particularly regarding the development, timescales, purchase process etc – or any other matter that we discussed. I appreciate your comments in terms of maintaining your objection for the moment, and that you / Margaret haven't yet considered the matter of an alternative property investment, but once you have collected your thoughts please let me know if there is anything that we can assist with in this respect. I appreciate the comment that Margaret is rather well placed to explore this and that it will depend on Punch's wider business requirements once these have been established.

In terms of the information requirements as I mentioned in an earlier email I need information regarding the occupation terms of the property and the trading income. Whilst you have sent me some information this doesn't appear to be up to date or complete – although Margaret mentioned that there is a simple explanation and that she would provide the information to you.

GM 1 (Reference 8)

In terms of the ownership I note that there is a freehold and long leasehold interest – both held by Punch. The freehold appears to cover a wider area than just the Swan. Could you give some background to this. Also there is reference to a transfer in August 2005 – whilst it probably isn't relevant it would be useful have some background to this in case it is relevant. This is the information that I have been able to source from Land Registry.

In terms of the information about the occupation, you sent me a lease from 1997 and then an assignment from 2017. Whilst the assignment document may be current I am sure that the 1997 lease must be out of date. Indeed the Land Registry refers to an occupational lease from 2004 (although not a registered interest hence not available at Land Registry). Margaret mentioned that the explanation of the occupation is straightforward and presumably then there will be other current documentation relating to the occupation. Margaret also confirmed that effectively the occupation is by way of a tied lease.

Could you let me have the current occupational documentation together with details of the current passing tied rent and when this was fixed plus details of the other wholesale and other income received by Punch over say the last 3 years if this is representative.

Also to save time as your colleague Holly Gillard was undertaking a survey whilst we were having our discussions – and subject to confirming that it is acceptable to your client - could you let me have a copy of the survey notes, floor plans, floor areas and photographs.

I think that covers the main points for the moment – and I look forward to hearing from you in due course.

Regards

Ged

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GM 1 (Reference 9)

Ged Massie

From: Ged Massie
Sent: 20 April 2023 10:38
To: Emmanuel Pitman EPitman@savills.com
Subject: RE: St Helens Town Centre - Swan Hotel

Emmanuel

Thank you for your email which arrived shortly before I went away on holiday over the Easter period. And thank you for now providing the photographs and survey information from our inspection of the property and meeting on 23 February. At the time you mentioned that Mrs Hindley was not willing to allow us to inspect the upper floors of the property – hence our inspection was limited to the lower (commercial) floors. However the GIA schedule includes areas for the upper floor rooms. Could you let me know the source of these measurements?

In relation to the occupational lease and trading information, whilst you have provided a narrative of the occupational lease history you haven't provided the actual lease documentation as I have requested. Also you are yet to provide me with any of the trading information I have requested regarding the wholesale income secured by Punch – as you will appreciate, this is an important part of the valuation assessment and it is extremely difficult for me to advise the Council and for us to make progress without my having sight of it. I assume that this information will be readily available to your client and I'm sure that you will have requested and reviewed it in order to undertake your own assessment.

Initially your client did not want to discuss the matter with me until an CPO was made, and I was hoping to make progress following your appointment at the beginning of this year. However, I am still without the requested information. As I have said on a number of occasions, I am keen to move matters forward but I am limited in what I can in the absence of that key information. I appreciate that you will have instructions from your client, but I would like to make progress and I ask again that this information is provided to me. In particular could you provide the lease relating to "The current fixed term between Punch and Angela Hindley [which] was agreed on 16 December 2021 and is for a fixed period of three years at a passing rent of £25,000 per annum" and the details of the other wholesale income received by Punch (broken down by product and over the past 3 years).

You have referred again for me to share with you the "budget" estimate that I have made for the various interests involved in the scheme. As I have explained previously, this budget is just that – an estimate based on very limited information (including no internal inspections) and my own assumptions, which should now be superseded by the information you hold. My budget estimate is not an appropriate basis for a discussion for the purposes of an offer for the property, as that must be based on appropriate due diligence. I am also fully cognisant of the fiduciary duties on my client as a public body, and the need for its negotiations with parties affected by CPO powers to be based on accurate information which should now be readily available, rather than in my initial assumptions.

Having said this, time is passing. In order to try to move matters forward, and based on my experience and assumptions, I believe the value of Punch's interest could be in the region of £250,000. I put this offer figure forward on an entirely without prejudice basis and with the caveat that it is based on insufficient information (as you have not provided the required information), and it is subject to revision when I review that information - potentially significantly. This figure is put forward to facilitate your engagement in discussions on the basis that you will now engage positively. To this end, I would be grateful if you would provide me with your figure and the requested information so that discussions can progress on a sensible and informed basis.

In relation to a relocation, as you will have ascertained from the planning documentation and masterplan proposals, the aim of the scheme is to transform the character of St Helens town centre (as it has failed and continues to decline). Consequently there is no intention to provide replacement accommodation within the scheme of a similar character to the Swan – that being a traditional pub with living accommodation above. However, the scheme will include some ground floor "retail" type properties and there is a potential that these could be used (in limited circumstances) for F&B use. In such an instance the user would be likely to be more of an bar with a significant food

GM 1 (Reference 9)

element – and would be of a “lock up” type with no associated living accommodation. If this type of accommodation is something that could suit your client please let me know and we can provide further details.

I presume that you (Savills) are instructed by Punch to look for an alternative property. Clearly, your work in this regard is a cost which would be covered by the compensation code. In this respect can you let me know whether in the first instance your client is looking to replace the property with another property in the area (noting that it is an investment property), and if so what criteria you have been given for undertaking the search and as a result what properties you have identified.

I note from Punch’s existing portfolio that the Windle Hotel in St Helens and the Victoria in Newton – le – Willows are currently being marketed for lease. Have these been considered as they are in reasonably close proximity to the current property (albeit clearly not in St Helens town centre) – clearly these would relate to a relocation of the tenant within Punch’s existing portfolio. Also I understand that the Wheatsheaf is available in St Helens town centre – although I appreciate that this is a rather different trading type than the Swan. Could you let me know what consideration you have given to these alternatives.

Regards

Ged

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GM 1 (Reference 10)

Ged Massie

From: Ged Massie
Sent: 22 May 2023 08:24
To: Emmanuel Pitman EPitman@savills.com
Subject: RE: St Helens Town Centre - Swan Hotel
Attachments: Notice Form 18-03-2022.pdf; Punch Partnerships - Notice.pdf; RIBA Section 2 Extract.pdf; Response to Savills Qs 15052023.pdf

Emmanuel

Further to my earlier email I have now been able to collate the response in relation to the various questions you have asked in the chain of emails below.

Initially dealing with your questions about the design of the bus station and the consequent requirement to take the Swan, your questions arise from the response dated 12 April 2023 to your objection to the CPO and the Statement of Case.

I've summarised your questions as below:

Your email 24 April 2023:

"Could you please also provide the following information:

- 1. The alternative options for developing the bus station from the Council – the letter sent to us of 12 April 2023 set out that ten core layouts, along with sub options and the consideration of other potential sites was considered. We need detail of these options.*
- 2.[planning question – which I will deal with later]"*

Your email 11 May 2023:

"The Council's statement of case sets out that there were options considered which would not require the acquisition of the Swann, could you please provide me with full details of these options, along with full reasoning for not using these options? The perceived benefits of not using these options needs to be considered and balanced against the significant impact on my client operations and the tenant who will be losing her home and livelihood."

To be able to answer these questions I've liaised with the relevant Council officers and WSP – the consultants advising on the bus station design.

WSP have produced a technical note with responses to both of these questions – a copy of which is attached to this email. I've also attached the extract from the RIBA Stage 3 report that is referred to specifically in the note. I will send a copy of the full RIBA Stage 3 report and the appendices by a separate email (probably a WeTransfer or similar) – simply because of the size of the document.

I appreciate that the response is rather detailed and contains a lot of material and technical information. If it would be of assistance in your understanding of the matter generally and specifically the reasoning supporting the requirement to include the Swan, I can arrange for you to meet with the relevant Council officers and WSP for them to run through this information and answer any technical queries that you have. Please let me know if that would assist.

In your email of 24 April you also asked for a copy of *"The notification letter and notice no.1 that Punch should have been sent when the application was submitted."* These documents are attached. Again please let me know if you need anything further in this respect.

Separately you also asked about the calculation of the figure set out in my email of 20 April. The figure represents my current view of the market value element of the compensation. However, this remains subject to the caveats

GM 1 (Reference 10)

and comments that I have set out previously. I have calculated this figure on the basis of a capitalisation of the passing rent at 12.5% with an additional element to represent the capitalisation of wholesale profit. As you will appreciate in the absence of information regarding the wholesale profit the figure that I have applied is speculative and will need to be verified.

This market value figure accords to my budget estimate but the details of the budget figure are confidential which, as you will appreciate, is usually the case with budget figures.

I would be grateful if you could provide your assessment of the Rule 2 figure.

The overall offer will include other compensation code items. I would be grateful then if you could provide me with details of what you consider the Rule 6 items should be. I can then put forward a composite offer and proceed accordingly.

I haven't heard from you further in relation to the wholesale / trading information. Please could you provide this so that we can progress with discussions on the basis of an informed assessment. I will need this information to enable me to advise the Council on any formal offer or potential agreement.

In relation to the lease documentation. On 8 February you provided a copy of an occupational lease from 1997 (which has long since expired) and an assignment document from 2017. I have checked that email again and there was nothing further attached to it. Your email of the 5 April refers to, *"The current fixed term between Punch and Angela Hindley was agreed on 16 December 2021 and is for a fixed period of three years at a passing rent of £25,000 per annum."* I presume that there is a lease document relating to this? Having said that what appears to be somewhat contradictory you later say in the email, *"The current lease between Punch and Angela Hindley is a renewal of the lease between Punch and Colin Hindley dated 16 December 2015, which was assigned to Angela Hindley on 1 December 2017. This fixed term expired in 2018 and I believe subsequently continued on a rolling basis."* As you will appreciate it is important for us to establish the actual basis on which the property is let and that I have the correct and up to date documentation.

Finally could you come back to me on the matters raised in my email of 20 April regarding relocation.

Regards

Ged

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