



EXECUTIVE BOARD DECISION

REPORT OF:	Executive Member for Regeneration Executive Member for Resources
LEAD OFFICERS:	Deputy Chief Executive Director of Growth and Development
DATE:	11 January 2018

PORTFOLIO/S AFFECTED:	Regeneration	Resources
WARD/S AFFECTED:	Shear Brow	
KEY DECISION:	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

SUBJECT:	Update on 11 – 17 Blakey Moor, Blackburn (“the property”)
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1. EXECUTIVE SUMMARY

1.1 In April 2017, the Executive Board approved the recommendation for the Council to make a Compulsory Purchase Order (CPO) (referred to as the “Order”) to compulsorily acquire 11 – 17 Blakey Moor to deliver the Heritage Lottery Fund (HLF) Blakey Moor Townscape Heritage Project, if negotiations with the owner were unsuccessful. The purpose of this report is to seek approval to enter into a mutual agreement with the owner of the property and to agree terms for this acquisition, without the need to make a CPO.

1.2 The Council needs to acquire 11 -17 Blakey Moor Terrace, Blackburn in order to deliver the Townscape Heritage Project and the regeneration of the Blakey Moor/Northgate area of the town centre. The Council has been attempting to acquire the property over an extended period of time and agreement has now been reached with the owner. Other than this land and property, the acquisition will include any other interests and any third party and reversionary interests to be acquired (that may be revealed after carrying out full land registry checks). A plan is attached at Appendix 1 showing the property.

1.3 The Executive Board is also requested to delegate authority to the Deputy Chief Executive and the Director of Growth and Development in consultation with the Executive Members for Resources and Regeneration to negotiate terms with the owner of the land and with the remaining tenant of the property.

2. RECOMMENDATIONS

That the Executive Board:

1. Approves the acquisition of 11-17 Blakey Moor
2. Delegates authority to the Deputy Chief Executive and the Director of Growth and Development in consultation with the Executive Members for Regeneration and Resources to mutually negotiate and agree final terms with the owner of the land and the remaining tenant in the property.
3. Approves the provisionally agreed terms for disposal of the property as set out in this report.
4. Approves the making of a CPO (previously approved) should negotiations with the owner fail at any time

3. BACKGROUND

3.1 The Council received Full Approval in June 2016 from the Heritage Lottery Fund (HLF) for the £3 million Blakey Moor Townscape Heritage Project. £1.5 million funding from HLF and £1.5 million match funding from Blackburn with Darwen Borough Council's Capital Programme (approved Executive Board, February 2016).

3.2 The project proposals were developed by the Council's Economic Regeneration and Business Team, guided by the recommendation of the Heritage Lottery Fund and a team of consultant's including Buttress Conservation Architects, Planit-IE landscape Architects and Colliers International commercial property and development specialists.

3.3 Over the next 4 years, the project will offer property owner's grants of up to 80% to repair or reinstate architectural details and to bring vacant floor space back into commercial use.

The project will deliver:

- refurbishment of up to 25 historic buildings including King Georges Hall front elevation, former Baroque public house, Blakey Moor terrace and properties on Northgate and Lord Street West
- a public realm improvement scheme to Blakey Moor planned to start first half of 2018 that will see the area better defined with quality paving, improved lighting and soft planting.
- a heritage skills training programme developed with Blackburn College supporting both students and teaching staff with experience and skills.
- activity including marketing and an events and activity programme to celebrate the town's rich culture and heritage

3.4 The project is an important part of the on-going regeneration and development of the town centre, creating improved links between Blackburn College and the town's retail core. The enhancement works will support commercial viability of existing businesses, create opportunities for new businesses, help to reinvigorate the towns evening and leisure economy and further establish this part of the town as a cultural hub. There is strong evidence that this is already happening with the level of interest been shown by investors and new openings of Bees Knees, Shhh Bar, Northgate and The Lemon Tree (former Jubilee) on Blakey Moor.

3.5 The refurbishment of the Blakey Moor terrace was identified as a priority project in the delivery of the wider Townscape Heritage Project. An options appraisal was carried out by Colliers International to establish the most commercially viable option for the terrace within the context of supporting the wider regeneration of the area and town centre.

As reported in the Executive Board Decision February 2016, the viability of 6 options for the Blakey Moor Terrace were assessed, including the option to demolish. Soft market testing, taking in the views of licensed restaurant agents and commercial developers, was undertaken by Colliers to establish likely demand from commercial users/operators. This concluded that:-

- The site is potentially attractive to restaurants and also cafes and coffee houses with the historic nature of the area attractive as a destination.
- There are many examples of reconfigured historic buildings being attractive to such operators. The town centre location with very busy footfall, opposite a major leisure attraction and near to car parking make it attractive to operators.
- The minimum floor area that operators look for would be 200sq.m – up to about 500sq.m. The proposed layouts would give unit sizes of 250sq.m, with about 100sq.m outside, and 570sq.m;
- Local authority ownership can be used to positively influence the offer.

All 6 options that were considered require the acquisition and/or improvement of 11-13 Blakey Moor.

The final report from Colliers and insights from the Retail Group research both concluded that Blackburn could sustain a substantial modern restaurant offer and Blakey Moor has the potential to provide a suitable environment for this. Colliers therefore suggested it would be the optimal option for the Council to use the Townscape Heritage Project to nurture a restaurant quarter, using Blakey Moor and the former Baroque building as a focal point.

Blakey Moor terrace specifically presents an opportunity for an independent/premium restaurant offer. The majority of works to deliver a suitable unit/s for this use would be eligible for Townscape Heritage grant funding and the surrounding public realm work planned to start in 2018 will significantly enhance the area.

4. KEY ISSUES & RISKS

The development of the property is a key and fundamental part of delivering the Townscape Heritage project and supports the Blakey Moor TH area and the wider redevelopment of the Northgate area.

The key issues are as follows:

- Blakey Moor terrace is identified within the Townscape Heritage Project as the 'Priority Project' and delivery of this is as essential, as defined by the Heritage Lottery Fund.
- The Council has held ownership of part of the terrace, 19-27 Blakey Moor since 1998 and the remaining properties 11-17 and land are within private ownership.
- In January 2016, the owner of 11-17 Blakey Moor indicated to the Council that they did not wish to receive a grant to develop the property and their preference would be to sell the properties to facilitate delivery of the project by the Council. Independent property consultants were appointed at the property owners request and negotiations began to acquire the properties by agreement.
- Should an agreement not be reached, the project would be substantially delayed and at worst put at risk.
- The Council got Executive Board approval in April 2017 approval to purchase the required land and property by CPO should ongoing negotiations not conclude using powers available within the Town and Country Planning Act 1990 (section 226 (1)(a) for the CPO and/or section 121 of the Local Government Act 1972
- The Council has continued to progress negotiations with the property owner in relation to the land and property acquisition while preparations for CPO were underway.
- An agreement with the owner to acquire the property has now been reached which the Executive Board is asked to approve.

5. POLICY IMPLICATIONS

The development of the Northgate area meets the 'Culture and Life' objective of the Blackburn Town Centre Strategy and the development of the Town centre in the Local Plan. Specifically, Policy 26 of the Local plan, part 2 applies and supports the delivery of the Blakey Moor Townscape heritage Project. The project also helps to deliver the improvements set out in the Northgate Conservation Area Appraisal and Management Plans. The project also delivers the Heritage priority and ambitions within the Council's 12 point Plan. The project also ties in with wider development area around the north of the town centre including the cinema development and NPIF investment into improving access across and into the town centre as set out in the December 2017 Executive Board report.

6. FINANCIAL IMPLICATIONS

The Council's offer to the property owners takes into account market value of the land and property, current tenure and rental yields and business goodwill and statutory loss compensation. A price has been agreed and accepted in principle, subject to board approval.

In addition, negotiations are ongoing with the tenant in 11 – 15 Blakey Moor with a preference to relocate the business within the town centre and delegation to negotiate terms has been requested once acquisition has been completed.

Funding for the acquisition will be via the Corporate Property Re-Investment Fund.

7. LEGAL IMPLICATIONS

The proposed transaction complies with the Council's Constitution and Local Government Acts for the acquisition of property interests and works to promote the Council's objectives whilst obtaining the best consideration reasonably obtainable.

In accordance with the 2015 'Guidance on Compulsory purchase process and The Critchel Down Rules for the disposal of surplus land acquired by, or under the threat of, compulsion' the Council can take into account certain factors in agreeing compensation/acquisition costs, to avoid pursuing a CPO. The aim is to be reasonable and where the cost of a CPO would outweigh a more realistic payment to the owner the following extract from the Guidance is useful.

Extract taken from paragraph 3:-

“3. What should acquiring authorities consider when offering financial compensation in advance of a compulsory purchase order?”

When offering financial compensation for land in advance of a compulsory purchase order, public sector organisations should, as is the norm, consider value for money in terms of the Exchequer as a whole in order to avoid any repercussive cost impacts or pressures on both the scheme in question and other publicly-funded schemes.

Acquiring authorities can consider all of the costs involved in the compulsory purchase process when assessing the appropriate payments for purchase of land in advance of compulsory purchase. For instance the early acquisition may avoid some of the following costs being incurred:

- legal fees (both for the order making process as a whole and for dealing with individual objectors within a wider order, including compensation claims)
- wider compulsory purchase order process costs (for example, staff resources)
- the overall cost of project delay (for example caused by delay in gaining entry to the land)
- any other reasonable linked costs (for example potential for objectors to create further costs through satellite litigation on planning permissions and other orders)

In order to reach early settlements, public sector organisations should make reasonable initial offers, and be prepared to engage constructively with claimants about relocation issues and mitigation and accommodation works where relevant. “

The Council is satisfied that the cost of a mutual agreement with the owner outweighs the cost of making a CPO.

8. RESOURCE IMPLICATIONS

Resource demands of this acquisition in terms of officer time will be met by existing Council Growth and Development Department staff, Legal and Property officers and Capita staff. The Townscape Heritage project is coordinated by a Townscape Heritage manager funded by the project

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

10.1 The Blakey Moor Townscape Heritage Project is a key part of the Council's ongoing Economic Regeneration of Blackburn town centre and the wider borough and the redevelopment of Blakey Moor including 11-17 (currently privately owned) and 19-29 (Council owned) is an essential part of the successful delivery of the Townscape Heritage Project.

10.2 The Townscape Heritage Project has been consulted upon with members of the public, property owners, businesses and other stakeholders and this consultation informed The Detailed Scheme Plan, Activity Statement and Detailed Plans for Public Realm that were prepared prior to submitting the funding application to the Heritage Lottery Fund.

Consultation events and activity included (dates from February 2015 to December 2017)

- public exhibition, talks and tours, arts activity, painting competition and a pop-up memory café as part of this year's Blackburn Heritage Festival
- group meetings and drop-in sessions with business and property owner
- one-to-ones with owners and businesses
- heritage careers lecture and consultation event with Blackburn College students
- consultation and workshop event with construction staff at Blackburn college
- meetings with local arts and events groups and organisations to establish links and develop wider activity
- consultation with highways and other people responsible for Town Centre Management and Maintenance
- regular consultation and progress updates for Council Members to ensure continued support of the project
- market testing with potential developers and operators to ensure proposals are economically viable and sustainable
- consultation with heritage lottery to ensure proposal can secure funding
- consultation with building surveyors, conservation architects and Council's Planning department to ensure that proposals were deliverable, sustainable and best practice in the conservation of an historic property
- Appointment of dedicated Townscape Heritage manager.
- Launch of Blakey Moor TH project on April 28th 2017 with owners, occupiers and stakeholders in the area.
- Numerous events and activities including pop up Memory Café, Heritage Festival etc
- Training visits to Blackburn Cathedral and Darwen Terracotta for Blackburn College students
- Expression of Interest process for grant applications and ongoing dialogue for interested property owners

- Information, news and events available via website <https://gladstonesview.wordpress.com/about/49-2/> and facebook site <https://www.facebook.com/BlakeyMoor/>

10.3 Alongside this, detailed and ongoing discussions with the property owner of 11-17 Blakey Moor in relation to the project and potential acquisition of property have been ongoing since October 2015. Key events include:

October 2015 – meeting with Growth Programme Director

December 2015 – Meeting with Executive Member for Regeneration

January 2016 – meeting with Economic Regeneration and Business Manager

January 2016 – property owner confirmed that they did not wish to be part of the project and wished to sell to the Council

February 2016 - The Council appointed a surveyor to negotiate sale

April 2016 – Financial advisor appointment to act for property owner

October 2016 – Offer made to property owner

October 2015 – March 2016 – chasing up response to offer and responding questions

April 2017 – Executive Board approval for CPO

May, July and November 2017 – further claims made by the owner and correspondence between advisors

November 2017 – agreement to acquire made subject to Board approval

10.4 Consultation has demonstrated a high level of support for the Townscape Heritage Project, including acquisition of 11-17 Blakey Moor by the Council to facilitate the development of the full terrace, 11-29 Blakey Moor. Consultation with the property owner has identified that they did not wish to receive a grant to develop the property and their preference would be to sell the properties to facilitate delivery of the project by the Council.

Feedback from consultation with the Heritage Lottery has been that Blakey Moor terrace is a 'Priority Project' and delivery of this is as essential to the wider scheme and funding. Without firm plans to deliver the development of the full terrace, the whole Townscape Heritage Project would be at risk. Colliers International options appraisal and feedback from market testing concludes that the development of the terrace could deliver wider regeneration benefits, but this would need to include the whole terrace to provide viable floor space and ideally the block should be redeveloped at one time.

Consultation with members of the public and other stakeholders has demonstrated support for the proposed redevelopment and reuse of the building and agreement that this would impact positively on the town's economic and cultural prosperity.

10.5 Consultation with the tenant of the property and the Council's existing tenant still in situ are being undertaken with a view to relocation within the town centre as a preference once the acquisition is completed..

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.

VERSION:	1
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CONTACT OFFICER:	Clare Turner
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DATE:	2/1/2018
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BACKGROUND PAPER:	
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