

# Executive Member Decision



**REPORT OF:** Executive Member for Finance and Governance,  
Executive Member for Growth and Development

**LEAD OFFICERS:** Director of Growth & Development

**DATE:** Friday 15<sup>th</sup> May 2020

**PORTFOLIO(S) AFFECTED:** Growth and Development

**WARD/S AFFECTED:** Blackburn South and Lower Darwen

## **SUBJECT:**

LEP funding agreement for new link road connecting Milking Lane with Greenbank Terrace, Lower Darwen.

## **1. EXECUTIVE SUMMARY**

To seek approval to enter into a funding agreement via Barnfield Blackburn Ltd, a joint venture company in which the Council is a 25% shareholder.

## **2. RECOMMENDATIONS**

That the Executive Members:

- 2.1 Approve that the Council as shareholder of Barnfield Blackburn Ltd authorises the nominated Council Directors to sign off a funding agreement with the Lancashire Local Enterprise Partnership (LEP) for construction of a new link road.
- 2.2 Approve that the Council underwrites the funding agreement as guarantor as a parent entity of Barnfield Blackburn Ltd.
- 2.3 Note that Barnfield Construction Ltd will also underwrite the funding agreement as guarantor as the other parent company of Barnfield Blackburn Ltd.

## **3. BACKGROUND**

- 3.1 The land at the former Lower Darwen Paper Mill was acquired in 2018 by Barnfield Blackburn Ltd (BBL), a joint venture company between the Council and Barnfield Construction Ltd.
- 3.2 Commercial development parcels are being marketed as Millbank Business Park.
- 3.3 Residential development parcels will be tendered to housing developers.
- 3.4 Upon purchase the intention was to demolish and clear the derelict buildings on the site, obtain outline planning permission and subsequently dispose of the plots for a mix of uses including residential to the North East, off Milking Lane; and commercial to the West of the site, off Greenbank Terrace.
- 3.5 Lancashire LEP funding of £1,400,000 was approved in principle in September 2019 for a new road linking Greenbank Terrace to Milking Lane – this new road will open up development,

alleviate traffic congestion on Milking Lane and improve the local highway network for existing residents and those attending Lower Darwen Primary School.

- 3.6 Potential flooding issues to Greenbank Terrace will be resolved as a result of a flood mitigation strategy which has been developed by a flood risk management consultancy and incorporated into the road construction scheme; and the proposed measures were conditionally approved by the Environment Agency through the hybrid planning application assessment which was approved in February 2020. Full planning approval was received for the link road, and outline planning approval for the surrounding development plots.
- 3.7 In order for Barnfield Blackburn Ltd to receive the approved funding from Lancashire LEP, it is necessary to enter into a funding agreement. The funding agreement allows for a maximum of £1,400,000 grant towards the total capital requirement of £1,650,000 for the new road. Barnfield Blackburn Ltd will contribute £250,000 towards the scheme which is a condition of the funding agreement. As part of the agreement, BBL are required to construct the new link road connecting Milking Lane to Greenbank Terrace and a new roundabout and access improvements at Greenbank Terrace. In addition a new flood alleviation scheme will be constructed as part of the development scheme. The completion date for the scheme is March 2021.
- 3.8 The Lancashire LEP also requires a guarantee from the parent companies of BBL (Blackburn with Darwen Borough Council and Barnfield Construction) to underwrite the agreement in the event of BBL ceasing to trade.

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

- 4.1 The Lancashire LEP funding bid was prepared and approved subject to the completion of the funding agreement and guarantee.
- 4.2 Should the funding agreement and guarantee not be agreed, then the grant money will not be obtained and the road works unable to be completed, damaging the value of the site and available opportunities for development.
- 4.3 Ultimately, the Council and Barnfield Construction Ltd could be called upon by the Lancashire LEP to cover any financial overruns or issues that BBL encounter.

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

Construction of the link road will improve the transport network in the area, reduce congestion, regenerate a brownfield site, and also open up the site for the development of a mix of uses, to create job opportunities and high quality homes. The outcomes will therefore meet the objectives of the Councils adopted Growth Strategy (Core Strategy, 2011) and the aspirations of the adopted Blackburn with Darwen Borough Local Plan Part 2 (Site Allocations and Development Management Policies) which allocates the site as a Development Opportunity for employment and residential uses under Policy 28/9.

## 6. FINANCIAL IMPLICATIONS

6.1 BBL will contribute £250,000 towards the scheme capital costs of £1,650,000 with £1,400,000 funded by the LEP.

6.2. BBL has funds within the joint venture to cover the company contribution.

6.3 Any costs incurred over and above the capital costs shall be the responsibility of BBL and will require further funding from the shareholders.

## 7. LEGAL IMPLICATIONS

A form of guarantee for grant funding made to a limited liability company is considered a commercially standard form of protection to be expected and required as a condition of that funding. The Council under the Localism Act 2011 in addition to earlier legislation provides sufficient authority for it to provide this type of guarantee.

## 8. RESOURCE IMPLICATIONS

8.1 Nominated director and surveyor resources will be required to complete the transaction.

## 9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below.

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.

## 10. CONSULTATIONS

The proposal has been subject to consultations between Council Officers, Executive members, and Legal and Planning departments. Public consultation on the development proposals, including the new link road, took place prior to the granting of planning permission.

## 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.

<b>CONTACT OFFICER:</b>	Alex Wildman, Strategic Development Manager (Commercial)
<b>DATE:</b>	13 <sup>th</sup> May 2020

**BACKGROUND  
PAPER:**

EB Paper July 2018 – Milking Lane Investment Opportunity