



# EXECUTIVE MEMBER DECISION

**REPORT OF:** Executive Member for Finance and Governance

**LEAD OFFICERS:** Director of Finance

**DATE:** 30/10/2020

**PORTFOLIO/S AFFECTED:** Finance and Governance

**WARD/S AFFECTED:** Blackburn Central

**SUBJECT:** Disposal of property at Manner Sutton Street, Blackburn

## 1. EXECUTIVE SUMMARY

The Council owns a property at Manner Sutton Street and leases it to the occupational lessee, Speed Drop Logistics Limited.

It is recommended that the Council dispose of the property to the occupational lessee along with a small additional area of land.

## 2. RECOMMENDATIONS

That the Executive Members treats the lessee as a 'Special Purchaser,' and approves the disposal of the Council's interest in the property shown by red edge on the attached plan to the lessee.

## 3. BACKGROUND

This is an old, late Victorian commercial building about a quarter of a mile south-east of the town centre, formerly used as a bus depot. The building measures approximately 3,000 square metres on a site of about an acre.

The building is on a roughly rectangular shaped plot of land in a largely commercial area. Its access is via secondary roads from the north, its southern boundary fronting the main road, Eanam. To the west is a Vauxhall car showroom occupying a much more prominent position overlooking an inner ring road roundabout near the cleared former Thwaites Brewery site. The car showroom adjoining the western boundary of the subject site is at a lower level than the subject site.

A railway tunnel passes under the southern half of the site, being the rail route between Blackburn and Burnley.

Ground level is above floor level to the building's eastern boundary, increasing the risk of penetrating dampness to the interior.

Formerly used by a bus operating company, the building is old and ageing, with brick walls and a multi-pitched asbestos profile-sheet covered roof. Demolition of the buildings is understood to have been considered by the Council in the past, prior to this lease being created.

Two past uses in 2013 and 2016 were attempted to third parties but this never progressed towards granting of any formal leases for a term.

This property has proved a difficult asset to manage in recent years, as although it is in an established location near the town centre, it is arguably constrained in its access and far from modern in design.

The current lease is for a 15 year term from 2018 on full repairing and insuring terms, for use for storage in connection with the tenant's courier and delivery business.

The tenant has an option to purchase were the property to be put up for sale by tender during the lease term, but the Council retains the option to auction should the Council so decide. (This would mean the tenant could still bid, but along with everyone else, as opposed to having the opportunity to exceed whatever the highest offer were to be following a tender exercise.)

As mentioned, this building is old and has been effectively empty for years prior to the current lease being agreed.

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

The offereror has advised the Council he wishes to further invest to improve the condition of the building and expand the logistics business.

The lessee has advised this investment is not worthwhile under the current lease, but if the long leasehold could be acquired, then the building fabric could be further repaired and the business expanded following the investment.

It is believed the enquirer, as lessee, is in a position to be considered a 'Special Purchaser.'

The advised further investment by the lessee to improve the condition of the building and expand the logistics business, would be of benefit and satisfy the Council's established objectives of business growth and continuing to make improvements to formerly vacant properties in the Borough.

At an Executive Member Briefing on 4<sup>th</sup> August 2020 approval was given, in principle, to negotiate with the offeror. This was subject to obtaining an impartial, independent registered valuer franking report, to confirm the offer from the lessee is considered a reasonable demonstration of Market Value when the lessee is being treated as a special purchaser. This has been confirmed.

Executive Member Briefing also recommended a small additional piece of land is included in the disposal, between the south-eastern boundary of the lease area and a fence line fronting Eanam, as this piece of land is of no particular benefit to the Council and would better serve the Council by being included in the proposed disposal. The proposed area of disposal is shown on the attached plan, the Council owned land south of the existing fence next to the bus stop fronting Eanam being retained.

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

The disposal method accords with the Council's approved policy for disposal.

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

The Council would receive a capital receipt.

The proposed sale would end an income stream for the Council, but provide the Council with a capital receipt and remove an old property from its portfolio.

## 7. LEGAL IMPLICATIONS

Under S.123 of the Local Government Act 1972 the Council is obliged to obtain best consideration reasonably obtainable.

This is a site with a complicated history and will require further work and potential negotiation in order to convey satisfactory title.

## 8. RESOURCE IMPLICATIONS

Legal and surveyor resources are required to complete the transaction.

It has been agreed that each party bear their own costs.

## 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

The proposal has been subject to consultation between Council officers and the relevant Executive Member.

## 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 and published if applicable.

**VERSION:** 1

**CONTACT OFFICER:** Nicholas Garsrud

<b>DATE:</b>	03/9/2020
<b>BACKGROUND PAPER:</b>	Site plan.