

Executive Member Decision



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

LEAD OFFICERS: Strategic Director of Place

DATE: Friday, 5 March 2021

PORTFOLIO(S) AFFECTED: Growth and Development

WARD/S AFFECTED: Blackburn Central;

SUBJECT:

Disposal of Long Leasehold interest in Plot 1 Wainwright Way

1. EXECUTIVE SUMMARY

1.1 To seek approval for the sale of a long leasehold interest in Plot 1 Wainwright Way, Blackburn to an identified purchaser and enter into a building licence and subsequent agreement for sale.

2. RECOMMENDATIONS

That the Executive Members:

2.1 Approve entering into a building licence and subsequent agreement for sale with the identified purchaser.

2.2 Authorise the Director of HR, Governance & Engagement to complete the necessary legal formalities.

2.3 Authorise the Growth Programme Director to finalise details of the building licence and heads of terms.

2.4 Approve the payment of the development fee to the holder of the Exclusivity Option.

3. BACKGROUND

3.1 Plot 1 Wainwright Way, Blackburn comprises approximately 0.84 acres of commercial development land, and is one of a number of plots upon which Maple Grove Developments have an exclusivity option, granted in 2016 following a tender exercise.

3.2 Of the six plots included in the exclusivity option, four have been developed or sold. The remaining two plots (Plots 1 and 3) have been marketed for three years. A deal reached advanced stages in late 2019 but subsequently fell through and the sites have continued to be marketed.

3.3 Provisional terms have been now been agreed with an identified purchaser, who intend to build units to let for employment use. A premium will be paid for a 250 year long leasehold interest at a peppercorn rent. Whilst the identified purchaser is a newly formed company set up to deliver commercial development, the directors have previously carried out a successful "self-build" development in the area through their existing company.

3.4 Construction will be carried out under a building licence, with the freehold of the site transferred to the developer under completion, to ensure the units are built out within an acceptable timeframe. A percentage of the agreed premium will be paid upon exchange.

3.5 As Maple Grove Developments have an exclusivity option on the site and are not delivering the development scheme, a development fee comprising an agreed percentage of the premium will be paid to them, matching the agreed deal for the Home Bargains development in 2018.

3.6 As the proposed purchaser will be paying a percentage of the premium as deposit on exchange, Maple Grove's development fee will be paid out of this deposit, meaning there will be no financial outlay by the Council to satisfy the exclusivity option.

3.7 Once the development fee has been paid to Maple Grove, the remaining exclusivity option on Plots 1 & 3 will be extinguished, giving the Council full control over the plots.

4. KEY ISSUES & RISKS

4.1 Following an extensive marketing period, an end user with an acceptable scheme has been identified for a reasonable consideration.

4.2 Should the transaction not proceed, Maple Grove and the Council shall surrender the Exclusivity Option, and the Council will re-market and tender the site.

4.3 Should the transaction not be completed with either bidder then the Council will explore other options for the site and re-tender.

5. POLICY IMPLICATIONS

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

6. FINANCIAL IMPLICATIONS

6.1 The Council will receive a capital receipt once the development fee is subtracted from the agreed premium.

6.2 Each party is to bear their own costs in relation to this transaction.

7. LEGAL IMPLICATIONS

7.1 The disposal method complies with the Council's legal obligations for such transactions and with the Council's Disposal Policy 2019.

8. RESOURCE IMPLICATIONS

8.1 Legal 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

10.1 The proposal has been subject to consultations between Council Officers, Executive members, and Legal and Planning departments

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.

CONTACT OFFICER:	Alex Wildman, Strategic Development Manager (Commercial)
DATE:	04 th March 2021
BACKGROUND PAPER:	None