

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, 19 March 2021

PORTFOLIO(S) AFFECTED: Growth and Development

WARD/S AFFECTED: Blackburn Central;

SUBJECT:

EMD Acquisition of Blakey Moor Building, Blackburn BB2 1DH

1. EXECUTIVE SUMMARY

To seek approval for the strategic acquisition of Blakey Moor Building by Barnfield Blackburn Ltd, a Joint Venture company in which the Council is shareholder. This acquisition will support the Council's town centre regeneration proposals in the surrounding area.

2. RECOMMENDATIONS

That the Executive Members:

1. Approve the purchase subject to the provisionally agreed terms and conditions as detailed in the Part 2 Report.
2. Authorise the Council directors of Barnfield Blackburn Ltd to agree final terms and appoint solicitors to complete the necessary legal formalities.
3. Approve the additional capital contribution into the Joint Venture Company to facilitate the acquisition of this key strategic building.

3. BACKGROUND

Blakey Moor Building is a L-shaped former education building owned by Blackburn College arranged over lower ground, ground and first floors extending to 43,110 sq. ft, with a small external car park. The building is located in Blackburn town centre in close proximity to King George's Hall and the newly constructed Reel Cinema. The property has been vacant since 2012 and has deteriorated into a poor state of repair. The Council is keen to see the building redeveloped and have been in discussions with the College to acquire the building for a number of years. Should the building and car park be acquired by someone other than the Council, this could have a detrimental impact on the Council's regeneration plans for the area by an inappropriate use, low quality development or long term empty building.

The Council and Barnfield's joint venture company, Barnfield Blackburn Limited, is currently preparing commercial plots which have a good level of demand from end-users at Millbank Business Park. Interest has also been secured in the residential schemes at Milking Lane with the potential for substantial profit for both shareholders. Encouraged by this success, the company is now considering this additional regeneration opportunity to add to its portfolio.

Barnfield Blackburn Ltd have agreed a figure to acquire the property subject to contract. Provisional heads of terms are as follows:

Vendor
Blackburn College, Feilden Street, Blackburn BB2 1LH

Purchaser
Barnfield Blackburn Ltd, 8 Kenyon Road, Nelson BB9 5SP

Description
L-shaped detached property with car park offered with vacant possession

Interest to be acquired
Freehold

Exchange
Upon Exchange of Contracts, the Purchaser is to pay a 10% deposit. Exchange is to take place within 8 weeks of the Purchaser receiving the full contract pack

Completion
Completion will be 8 weeks following Exchange of Contracts. The balance of the Purchase price will be paid, and the freehold interest transferred upon completion

Possession
Vacant possession to be given on completion

Costs
Each party to bear their own costs in relation to this transaction

Following acquisition the Joint Venture company will progress with works necessary to make the property safe and draw-up a scheme to bring the property back into use. This development scheme will be used to apply for future grant funding possibilities, with a variety of end-user options to be considered including leisure, office and hospitality, or a mix of uses.

4. KEY ISSUES & RISKS

The acquisition supports the Council's regeneration plans for the area. If the Council does not complete the acquisition, the land and building may be disposed of to a 3rd party who does not share the same aspirations as the Council, potentially leading to an unwanted use, low quality development or long term empty property.

Although the Council's shareholding in Barnfield Blackburn Ltd is 25%, due to the unique challenges presented by this regeneration project, together with the skills and capabilities the Council can bring, the intention is for the project to be funded 50:50.

5. POLICY IMPLICATIONS

This acquisition is strategically important in terms of supporting the regeneration of the wider area and the Council's long term proposals. It is considered that not making this decision to purchase promptly could prejudice the Council's strategic interests for the area.

6. FINANCIAL IMPLICATIONS

In order to acquire the property, cover the appropriate fees and carry out necessary works to secure the property, a capital contribution into the Joint Venture company will be necessary from the Council.

7. LEGAL IMPLICATIONS

The proposed transaction complies with the Council's Constitution for the acquisition of property interests.

8. RESOURCE IMPLICATIONS

Legal and surveyor resources will be required to complete this 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

Public consultation will be carried out regarding potential future uses of the site and building via the planning application process.

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:	Simon Jones, Programme Director, Growth and Development
DATE:	11 th March 2021
BACKGROUND PAPER:	None