

EXECUTIVE BOARD DECISION



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

LEAD OFFICERS: Strategic Director of Place

DATE: Thursday, 10 June 2021

PORTFOLIO(S) AFFECTED: Growth and Development

WARD/S AFFECTED: Blackburn South and Lower
Darwen;

KEY DECISION: Y

SUBJECT:

EB (Executive Board) Disposal of Residential Plots off Milking Lane, Lower Darwen, Blackburn

1. EXECUTIVE SUMMARY

1.1 To seek approval to proceed with the sale of residential development parcels off Milking Lane as shown in Appendix A via Barnfield Blackburn Ltd, a company in which the Council is part shareholder.

2. RECOMMENDATIONS

That the Executive Board:

2.1 Approve that the Council as shareholder of Barnfield Blackburn Ltd authorises the nominated directors to sign off the sale of residential development parcels off Milking Lane as shown in Appendix A to an identified developer.

2.2 Authorise the nominated Council Directors to finalise and complete the terms of the disposal.

3. BACKGROUND

3.1 Barnfield Blackburn Limited was established as a Joint Venture company between Barnfield Construction Ltd and Blackburn with Darwen Borough Council as a Special Purpose Vehicle, to proactively promote development sites and not to land bank. The SPV ensures this happens by preparing all necessary surveys and permissions to ensure the sites are ready for disposal.

3.2 Land off Milking Lane and Greenbank Terrace was identified and acquired in 2018 by Barnfield Blackburn Ltd. The Council owns a 25% stake in the business.

3.3 Upon purchase the intention was to develop the site, with residential to the North East, off Milking Lane; and commercial to the West of the site, off Greenbank Terrace.

3.4 LEP funding was secured in September 2019 for a new road linking Greenbank Terrace to Milking Lane – this new road opens up the site and will alleviate traffic congestion on Milking Lane.

3.5 Potential flooding issues to Greenbank Terrace will be solved as a result of a flood mitigation strategy developed by a flood risk management consultancy and the proposed measures were approved by the Environment Agency through planning in February 2020, subject to conditions.

Tender Process

3.6 Tenders were issued for Residential Parcel 1 in late 2020 with a deadline date of 17th December 2020 whilst additional preparatory works were carried out on Residential Parcel 2. Seven bids were received, with the top two bidders being shortlisted.

3.7 The shortlisted bidders were then invited to submit offers for both Residential Parcels combined, with a deadline date of 01st March 2021.

3.8 Bidder A submitted an offer for both parcels with minor caveats. Bidder B, submitted a heavily caveated lower offer for both parcels.

3.9 Further clarifications were sought from Bidder A and a subsequent offer was received conditional only upon planning. This gross land value will be subject to permitted deductions under s.106, which will be quantified during the planning process. A deposit shall be payable upon entering into a conditional contract.

3.10 Bidder A is a high quality Cheshire based house builder which has not delivered a scheme in the borough before. The developer has delivered a number of high quality schemes in the north west and is keen to develop more sites in the borough.

3.11 It is proposed that the bid from Bidder A is accepted and that it is appointed as preferred bidder.

Residential Parcel 1

3.12 Residential Parcel 1 extends to approximately 3.44 acres gross / 3.37 acres net developable (precise acreage to be agreed), and is to be accessed off Milking Lane. 45 dwellings, a mix of detached and semi-detached, are proposed to be constructed on the plot. Properties will eventually be sold on a Freehold basis.

Residential Parcel 2

3.13 Residential Parcel 2 extends to approximately 5.2 acres gross / 2.596 acres net developable (precise acreage to be agreed), and is to be accessed off the newly constructed Millbank Road. 31 dwellings, a mix of detached and semi-detached, are proposed to be constructed on the plot. Properties will eventually be sold on a Freehold basis.

Development Programme

3.14 Planning shall be submitted within 3 months of exchange of contracts, with a longstop date of 31st December 2021. Construction is anticipated to commence in January 2022 with completion of the development scheduled for late 2024 / early 2025.

Green Infrastructure

3.15 Green infrastructure across the two development parcels shall be managed and maintained through a management company.

Costs

3.16 Bidder A shall contribute towards Barnfield Blackburn's surveyor and legal costs, which will be dealt with by Woodcocks Howarth and Nuttall. No legal expenditure will be incurred by the Council as any additional fees will be paid out of working capital within the joint venture company

4. KEY ISSUES & RISKS

4.1 Following a tender exercise, a deal has been negotiated for the development of the residential parcels which meets the Council's financial aspirations. It is recommended that Barnfield Blackburn Ltd. proceeds with the transaction.

4.2 Should the transaction not be completed then Barnfield Blackburn Ltd. will explore other options and re-market the sites.

5. POLICY IMPLICATIONS

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

6. FINANCIAL IMPLICATIONS

6.1 A gross pre-tax capital receipt (minus permitted deductions such as s.106) will be received by Barnfield Blackburn Ltd. for the land sales, with the Council's receiving a gross pre-tax 25% share (minus permitted deductions such as s.106). Any money to be received by the Council from the joint venture company shall either be paid at each year-end via. shareholder dividend or kept within the joint venture company for future regeneration purposes.

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 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.

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.

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

11.1 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

12.1 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.

CONTACT OFFICER:	Alex Wildman, Strategic Development Manager (Commercial)
DATE:	12 th May 2021
BACKGROUND PAPER:	None