

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, 9 July 2021

PORTFOLIO(S) AFFECTED: Growth and Development

WARD/S AFFECTED: Blackburn South and Lower
Darwen;

SUBJECT:

EMD Disposal of Commercial Plots 1, 2 and 3 at Millbank Business Park, Greenbank Terrace, Lower Darwen, Blackburn

1. EXECUTIVE SUMMARY

1.1 To seek approval to proceed with the sale of commercial development plots 1, 2 and 3 at Millbank Business Park (former Lower Darwen Paper Mill) via. Barnfield Blackburn Ltd, a joint venture company in which the Council is part shareholder.

2. RECOMMENDATIONS

That the Executive Members:

2.1 Authorise the nominated directors to agree the sale of development plots 1, 2 and 3 at Millbank Business Park to developers, end users and investors. Annex 1 identifies the plot boundaries for disposal.

2.2 Authorise the nominated Council Directors to finalise and complete the heads of terms of the plot disposals.

2.3 Approve the Council's transfer and future maintenance of the flood retention basins, subject to receiving a commuted sum from Barnfield Blackburn Ltd for maintenance.

3. BACKGROUND

3.1 Barnfield Blackburn Ltd 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 Millbank Business Park was identified and acquired in 2018 by Barnfield Blackburn Ltd. The Council own 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. Two flood retention basins are now under construction and will be transferred to the Council for future maintenance. A commuted sum will be paid to the Council by Barnfield Blackburn Limited for the future maintenance of the basins.

3.6 Greenbank Terrace makes up part of the Council's strategic highway network and has been flooded in the past. It is imperative that this road is kept open and does not suffer flooding as a result of increased run off from Millbank Business Park. The newly constructed basin will eradicate the possibility of Greenbank Terrace flooding in the future and prevent additional localised flooding in Darwen. The mitigation of this risk and its potential future costs are a significant benefit to the Council, removing the potential for permanent diversion of Greenbank Terrace in the future. The commuted sum will cover maintenance of the basin for the next c.30years. Alternative flood defence works have been considered, but ultimately dismissed as these would prove to be much more expensive for the Council.

3.7 Disposal mechanism of each of the plots will be determined by the nature of the end users, and whether each plot will be sold to owner occupiers, or developed to let for investment purposes.

Commercial Plot 1

3.8 A parade of four commercial units totalling 10,000 sq ft are to be constructed with common external areas on Commercial Plot 1, accessed off Greenbank Terrace. A management company shall be appointed to maintain the common areas.

3.9 Commercial Plot 1 extends to 0.62 net acres, and will be sold by Barnfield Blackburn Limited to Barnfield Construction.

3.10 Terms have been agreed with Pilkington Bros, a building services company, for the disposal of two of the units (1C & 1D). The units will be held in the company's pension scheme and let for investment purposes. The two remaining units will be marketed by Barnfield Contractors (UK) Limited for sale or rent.

Commercial Plot 2

3.11 Brilie Properties Ltd, a private investment company which owns a mixed portfolio of mainly industrial property has been identified as purchaser for two units to be constructed on Commercial Plot 2. The company intends to acquire the properties with a view to letting them out and retaining the buildings for the medium to long term.

3.12 A deal has been agreed with Brilie for Barnfield Construction Limited to design and build the new premises at Millbank. Two units of 10,000 sq ft and 15,000 sq ft together with external works, servicing and car parking will be constructed on a site of 1.3 acres. A figure which matches the Council's aspirations has been agreed for the site. The contractor for the works shall be Barnfield Construction Limited.

3.13 The plot will initially be disposed of under a conditional contract, with a stipulation that the land shall revert back to the company should the development not be completed.

Commercial Plot 3

3.14 A single unit of approximately 13,500 sq ft of mainly manufacturing space including ground floor office and amenity space together with service yard and car parking is to be constructed on Commercial Plot 3.

3.15 Commercial Plot 3 extends to 0.8 net acres, and will be sold by Barnfield Blackburn Limited to Barnfield Contractors (UK) Limited.

3.16 Terms have been agreed by Barnfield Contractors (UK) Limited as landlord with Bretherton Coachworks Ltd for a 15 year lease on full repairing and insuring terms, subject to a stepped rent and 5 yearly rent reviews. A tenant's break option is included for the 10th anniversary of the term, subject to 6 months' prior written notice.

Commercial Plot 4

3.17 Commercial Plot 4 continues to be marketed and will be subject to a further report for approval once a purchaser has been identified.

3.18 The future land receipt for Commercial Plot 4 will need to match the Council's aspirations.

Legal Costs

3.19 Each party will bear their own legal costs in relation to these transactions. Legal matters are to be dealt with by Barnfield Blackburn Ltd's appointed solicitors – Woodcocks Haworth and Nuttall who will be paid out of the JV's working capital.

Development Programme

3.20 Schemes are expected to be submitted for planning summer 2021, with an anticipated start on site late 2021 and an 18 month build period in total. Completion of the development is expected to be early 2023.

4. KEY ISSUES & RISKS

4.1 After a period of marketing, deals have been agreed with a number of end users and investors which meet the Council's financial aspirations. It is recommended that Barnfield Blackburn Ltd. proceeds with the transactions.

4.2 Should the transactions 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 capital receipt will be received by Barnfield Blackburn Ltd. for the land sales, with the Council receiving a 25% share. 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 company for future regeneration opportunities.

6.2 A commuted sum will be paid to the Council by Barnfield Blackburn Limited for future maintenance of the flood retention basins.

6.3 Each party shall 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 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

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.

CONTACT OFFICER:	Alex Wildman, Strategic Development Manager (Commercial)
DATE:	16 th June 2021
BACKGROUND PAPER:	None