

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, 3 September 2021

PORTFOLIO(S) AFFECTED: Growth and Development

WARD/S AFFECTED: Audley & Queens Park;

SUBJECT:

EMD Disposal of Burnley Road Commercial Development Site, Blackburn

1. EXECUTIVE SUMMARY

1.1 To seek approval to appoint a preferred bidder and reserve bidder for the sale of Burnley Road Commercial Development Site, Blackburn and enter into a building licence and subsequent agreement for sale.

2. RECOMMENDATIONS

That the Executive Members:

2.1 Approve the appointment of the preferred bidder, entering into a building licence and subsequent agreement for sale.

2.2 Approve the appointment of the reserve bidder in the event of the preferred bidder not proceeding with the transaction.

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

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

2.5 Authorise the Growth Programme Director to instruct the Local Highway Authority to carry out widening works to Didsbury St, the costs of which shall be deducted from the gross land receipt.

2.6 Authorise the Director of HR, Governance & Engagement to advertise the proposal to dispose of 'open space' in accordance with the statutory process under s.123(2A) of the Local Government Act 1972.

2.7 Authorise the Growth Programme Director to consider any objections to the 'open space' disposal.

3. BACKGROUND

3.1 Burnley Road Commercial Development Site, Blackburn comprises approximately 1.4 acres of commercial development land and was offered for sale by informal tender on 15th April 2021 with a

closing date of 14th June 2021. The Council's preference was bids for owner occupied light industrial use.

3.2 The site was previously marketed in 2019, however, the appointed bidder pulled out of the transaction prior to exchanging contracts. Subsequent remarketing of the site was halted temporarily due to the Covid 19 pandemic.

3.3 Six compliant bids were received by the closing date of 14th June 2021 as follows:

Bidder A (for an owner occupied showroom),
Bidder B (for part owner occupied / part let light industrial use),
Bidder C (for owner occupied storage and distribution),
Bidder D (for part owner occupied / part let light industrial use),
Bidder E (for speculative commercial units), and
Bidder F (for speculative commercial units).

3.4 The following bids were dismissed:

Bidder A (financial offer significantly lower than all other bids)
Bidder E (speculative development with no identified end users and no owner occupation)
Bidder F (speculative development with no identified end users and no owner occupation)

3.5 Letters requesting clarification of various parts of the bids were issued to Bidders B, C and D, with an opportunity to provide revised financial offers. Clarifications were received, with Bidders B and C increasing their offers. Clarification letters confirmed anticipated full time job creation of 15 for Bidder B, 28 for Bidder C and 34 for Bidder D.

3.6 Following this exercise, Bidder D is considered to have provided the most favourable tender return due to the quality of the submission, the higher value offered and the number of jobs created. They propose to submit a planning application upon exchange for 29,000 sq ft of light industrial space to be 55% occupied by the bidder and used for manufacturing; and 45% to be occupied by a pharmaceutical distributor. The proposed construction start date is November 2021 with the two units being ready for occupation in 2022.

3.7 Construction will be carried out under a building licence, with the freehold of the site transferred to the developer under completion, to ensure the development is built out within an acceptable timeframe.

3.8 It is proposed that Bidder C is appointed as reserve bidder, giving the Council an opportunity to re-engage with them should the preferred bidder not complete the transaction. Bidder C provided the second most favourable tender return due to the value offered, proposed owner occupier use and job creation.

4. KEY ISSUES & RISKS

4.1 Bidder D has submitted a compliant tender bid with an acceptable indicative scheme, subject to detailed planning assessment, and have offered the highest site value. It is recommended that the Council proceeds with the transaction, with Bidder D as preferred bidder.

4.2 Should Bidder D not proceed, the Council will enter into discussions with Bidder C, the reserve bidder.

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

4.4 The Council will carry out widening works to Didsbury Street, the cost of which shall be deducted from the gross land receipt. These works are currently in the process of being designed and costed, and are anticipated to cost well within the offered land value.

4.5 As the land has previously been open to the public and historically been used for recreational purposes it is necessary to consider it as 'open space'. A proposed disposal of open space must follow the requirements of s.123(2A) of the Local Government Act 1972. This requires the Council to advertise the proposal twice over two consecutive weeks in a newspaper circulating in the area in which the land is situated, erect site notices, and consider any objections to the proposed disposal.

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 gross capital receipt. The cost of the highway widening works shall be deducted from this receipt.

6.2 The preferred bidder will cover the Council's legal and surveyor fees calculated as 2% of the offered land value, up to an agreed cap.

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, Commercial Developments and Asset Manager
DATE:	23 rd August 2021
BACKGROUND PAPER:	None