



EXECUTIVE BOARD DECISION

REPORT OF:	Executive Member for Growth & Development Executive Member for Finance & Governance
LEAD OFFICERS:	Strategic Director of Growth & Development Director of Finance
DATE:	Thursday, 12 January 2023

PORTFOLIO/S AFFECTED:	Growth and Development; Finance and Governance
WARD/S AFFECTED:	Little Harwood
KEY DECISION:	Y

SUBJECT: EB Listed Mill Acquisition to support Employment Growth

1. EXECUTIVE SUMMARY

The report sets out the background and rationale to the Council acquiring Imperial Mill, including the Gatehouse and adjoining site. The current owners, a manufacturing business, occupy the first floor of the Mill. The owner is prepared to sell this building to a public body. The restoration and reuse of Imperial Mill represents an important long-term opportunity to create a new, sustainable future for the site that delivers new employment and cultural opportunities, as part of the Council's growth plans for the strategic corridor linking Blackburn Town Centre, Linear Park and commercial developments at Carl Fogarty Way, Greenbank and J6 M65 – a key corridor within the Council's Blackburn Growth Axis.

2. RECOMMENDATIONS

That the Executive Board:

1. Approves the acquisition of Imperial Mill, which includes the Grade II listed Mill, the Gatehouse, adjoining car park and approximately 1.5 Hectares of land to the rear, as highlighted on the plan set out at Annex 1;
2. Notes that this acquisition and the necessary remedial works will be funded from the Asset Management Fund budget allocation in the Council's Capital Programme (net of the UKSPF funding below);
3. Note and approve the lease back of first floor and loading bay to Lancashire Saw Company Limited, the current business owner of Imperial Mill, for 15-years to continue manufacturing from Imperial Mill and safeguard 35 local jobs.
4. Approves the early investment to make the property safe, wind and watertight and develop a delivery strategy as set out in the Council's Capital Programme for 2023/24;
5. Note Government has confirmed the Council's UK Shared Prosperity Funding (UKSPF) allocation of c£6 million with £250,000 set aside in 2023/24 to support and contribute to the Council's early investment and feasibility work for Imperial Mill, as part of the Borough's 3-year UKSPF Investment Plan; and

5. Agree to delegate the conclusion of legal and commercial arrangements, consistent with the draft terms set out in this report, to secure the Council's ownership of Imperial Mill to the Strategic Director for Growth & Development, Director of Finance and Deputy Director, Legal & Governance , in consultation with the Executive Members for Growth & Development and Finance & Governance .

3. BACKGROUND

The M65, J6 corridor through to Blackburn Town Centre has seen a recent acceleration in investment, linked to major infrastructure improvements, including large scale commercial development, most notably Frontier Park by Eurogarages, the Council's development of Carl Fogarty Way and new growth opportunities at Greenbank, and our work with the Super Slow Way initiative to develop the adjacent Leeds-Liverpool Canal as a new Linear Park.

Imperial Mill is an iconic and important building, centrally located along the growth corridor linking the Town Centre and J6 M65, and forms one of the key growth corridors of the Blackburn Growth Axis, our new growth framework for Blackburn, and one of 6 strategic priorities in our new Local Plan 2021-37. This route combines with corridor linking the Town Centre to the National Cyber Force HQ and Enterprise Zone at Samlesbury, and the corridor linking the Town Centre with growth opportunities along Haslingden Road and at J5 M65. The project will support the developing Growth Axis framework and Cultural Investment Strategy, as part of the delivery of the new Local Plan and wider transformation of the borough and Pennine Lancashire.

Imperial Mill, is a Grade II listed spinning mill dating back to the early 1900s and adjacent to the Leeds-Liverpool Canal. The property is currently owned and the Mill partially used for manufacturing by the Lancashire Saw Company Limited on the first floor with the upper 2 floors mostly vacant and in need of repair. There is also a basement suitable for storage use with the Mill offering c. 160,000ft² of space. The Gatehouse is part of the property and is currently let to a printing company who have recently taken a 3-year lease. The building has had a visual inspection and judged to be in good order.

Lancashire Saw Company are a successful manufacturing business and are keen to remain operating in the building. However, they have recognised that they are not in a position to safeguard the future of the building and it is timely to sell the site to an owner who will develop and implement a longer-term restoration and development strategy for this strategic site. Upon acquisition, the proposal is for the business to leaseback their current demise on the first floor of the Mill with an agreed number of parking spaces.

The restoration and reuse of Imperial Mill creates the opportunity to bring significant and unique employment space back into use, both within the Mill and into the land at the rear which adjoins the Council's land. In addition, there is the opportunity to build on the unique character of the Canal corridor, derived from the Canal setting and the heritage assets that sit within it. The economic, cultural and physical legacy of the Canal remains a great source of local distinctiveness, identity and industrial heritage. The potential to make improvements to the cultural offer, community amenity and benefit in the spaces around the Mill making full use of the canal corridor and natural environment surrounding it, will bring lasting benefits to the area, the residents, employers and visitors.

Further place-making opportunities are afforded by Super Slow Way's Linear Park development which has started to frame these benefits and they are working with regional and national partners to bring forward this opportunity. The Linear Park development identifies Imperial Mill and its surrounding environment as prime for development and one of four proposed 'cultural hubs' – a 'string of pearls' - on the Leeds-Liverpool Canal running through Pennine Lancashire. The

development of our creative and cultural industries, accelerated by the recent announcement of four new National Portfolio Organisations (NPOs) by the Arts Council – namely, National Festival of Making, British Textile Biennial, Culturapedia and the Council’s own Museum and Art Gallery – highlights the growing importance of our cultural economy and the potential of Imperial Mill to generate further cultural opportunities.

In addition to the funds for acquisition of the site, there are prudent repairs required to make the building wind and watertight and address some structural issues identified in initial surveys as well as case making for further investment.

4. KEY ISSUES & RISKS

An independent valuation of Imperial Mill, the Gatehouse and land adjoining that form the property, and the leaseback to Lancashire Saw Company Limited, has been carried out and draft terms have been agreed for both the acquisition and the leaseback of the first floor and loading bay. The draft terms are:

Acquisition of the Imperial Mill, includes the freehold of Imperial Mill and Gatehouse building and adjoining site.

The terms for the leaseback to Lancashire Saw Company Limited are a 15-year lease with a tenant annual rolling break on a stepped rent schedule. The lease will be internal repairing and insuring and subject to a service charge and reflects the condition of the building and the potential disruption while works take place during the period. The rental has been independently assessed and valued.

Alongside the acquisition of Imperial Mill, initial survey work commissioned has identified the need for works to make safe and wind and water tight while carrying out intrusive surveys to inform feasibility studies on its future use. The request for Council funding includes both the acquisition of the Mill complex and support for the necessary works and feasibility studies is up to March 2026. It is proposed that a contribution of £250,000 earmarked in the Council’s UKSPF Investment Fund for Imperial Mill will contribute to these costs. These works will include the removal of asbestos and some structural works prior to the development of a long-term programme of work.

The cost of acquisition and the costs of the above initial work are detailed in the financial implications of the report and have been independently assessed.

5. POLICY IMPLICATIONS

The acquisition and development of Imperial Mill will support the following corporate priorities

- Connected communities
- Strong economy to enable social mobility
- Supporting our town centres and businesses
- Safe, clean environment
- Reducing health inequalities and improving health outcomes

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framework and Cultural Investment Strategy, as part of the delivery of the new Local Plan and wider transformation of the borough and Pennine Lancashire.

The acquisition and restoration and repurposing of the Mill also supports and contributes to the new 'Lancashire 2050', Strategic Framework for Lancashire as well as the Pennine Lancashire Linear Park development.

The project supports the Council's Climate Change Action Plan promoting more sustainable use of resources including improving and encouraging more use of, the natural environment.

Sub-regional, regional and national strategies and policies set out in the Levelling Up White Paper support the project with the focus on building resilient economies and places, place-making and improving pride in place and improving the natural environment.

6. FINANCIAL IMPLICATIONS

The acquisition of the site and emergency works will be funded from the Asset Management Fund budget allocation in the Council's Capital Programme. It will be supplemented with the UKSPF funding to support feasibility and other intrusive studies.

Funding for the future restoration and redevelopment of the site will be subject of future bids for investment.

There will be some revenue implications for holding costs relating to the site. These include building insurance, share of maintenance, rental of the substation, alarm monitoring and BID Levy. These are estimated to be in the order of £10,000 - £15,000 pa although this is still to be determined.

It is expected that as the building's two upper floors return to a condition suitable for letting, the revenue from rental will increase in line with market expectations given there is outstanding demand for both manufacturers and new sectors, including film and broadcast media, requiring this size of floorplate in the borough and beyond. There is also a basement that will be suitable for some storage facilities and feasibility will be explored in more detail once the building is acquired. There is land at the rear of the Mill which is part of the acquisition and this will have a both a development and amenity value in the future linked to the Council's land ownerships adjacent.

7. LEGAL IMPLICATIONS

Heads of Terms have been agreed with Lancashire Saw Company Limited for both the acquisition and the lease back of the first floor and loading bay for their continued use and these contracts will be completed as soon as is feasible, subject to Executive Board approval. Given the nature and condition of the Property, it is expected that the lease to the Lancashire Saw Company will require substantial negotiation and discussion. The rent profile reflects the potential disruption in the early years of the lease and has been independently validated by an independent surveyor taking all circumstances into account. It reflects what is considered the market rent at years 14 and 15 although the annual tenant break clause does not provide the Council with any guarantees this will be achieved. The purchase will be subject to SDLT which is included in the financial implications. The Council, by virtue of buying the site will become the landlord to the printing company in the Gatehouse which has a 3-year lease .

It is expected that further leases to the upper floors will be completed once they are back in satisfactory condition to do so. The land at the back of the Mill will also be part of further development plans.

8. RESOURCE IMPLICATIONS

Council Officers in the Growth and Development, Finance and Legal Teams will be needed to support the acquisition and leaseback the Mill. Subject to approval, external resources will need to be procured for early works and further studies and development work. Costs of these are set out in the financial implications. A project team will be established to steer the work going forward..

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

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. *(insert EIA link here)*

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. *(insert EIA attachment)*

10. CONSULTATIONS

Consultations with relevant Executive Members and the owners of the building have taken place.

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 on the day following the meeting.

VERSION:	1
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CONTACT OFFICER:	Clare Turner
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DATE:	15/12/2022
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BACKGROUND PAPER:	
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