



EXECUTIVE MEMBER DECISION

REPORT OF:	Executive Member for Growth and Development
LEAD OFFICERS:	Strategic Director of Growth & Development
DATE:	30 June 2023

PORTFOLIO/S AFFECTED: Growth and Development

WARD/S AFFECTED: Blackburn Central;

SUBJECT: EMD Building Licence and Lease of Land at Harrison St, Blackburn with Option to Purchase

1. EXECUTIVE SUMMARY

1.1 To seek approval to agree a building licence and lease of land at Harrison St, Blackburn with the option to purchase.

2. RECOMMENDATIONS

That the Executive Member:

2.1 Appoints the tenant as a special purchaser for the site.

2.2 Approves granting a building licence for necessary works to create a car parking area.

2.3 Approves granting a new lease with option to purchase.

2.4 Authorises the Deputy Director of Legal and Governance to complete the necessary legal formalities.

3. BACKGROUND

3.1 The subject land at Harrison St is a former builders' yard extending to approximately 2,820 sq m, last used as a site compound by National Rail. It is a split level site opposite Tauheedul Islamic Boys School.

3.2 The original access point to the land is no longer appropriate due to being directly on the corner of a well-used highway junction, meaning the site can only now be accessed through neighbouring land.

3.3 A tenant occupies the adjoining land on a 2 year lease from June 2020 (currently holding over), using it as a car park.

3.4 Terms have been agreed for a new 20 year lease to be granted to the adjoining tenant encompassing the subject site, together with the land they currently occupy for car parking purposes.

There will be an upwards only rent review to market rent on the 10th anniversary of the term, and an option to purchase a long leasehold interest at the end of the term with a restriction to car parking use. This would tie the land into the tenant's existing 999 year lease of an adjoining site.

3.5 Significant works are required to be carried out to the subject site, comprising levelling the land, removing redundant retaining walls, concreting, providing aco drainage channels and fencing. The cost of the works has been quoted, and Council building surveyors have confirmed the quote is reasonable.

3.6 The cost of the quoted works equates to 8 years and 10 months' worth of rent over the subject site, and it is proposed that a rent free period is granted for this period as the tenant will be financing the works.

3.7 The lease is to be preceded by a 2 year building licence to ensure the works are carried out in a timely fashion and to an acceptable standard.

3.8 The tenant is considered special purchaser due to the land being solely accessed through their existing lease demise and highways constraints preventing the formation of a new access at an alternative point. The grant of this lease and option to purchase will safeguard the operation of the tenant's business, preserving jobs and allowing for business growth.

3.9 As the tenant is considered special purchaser, an independent review of the deal has been obtained which confirms the deal is fair, reasonable and reflective of standard commercial terms. The review also confirms that no marriage value would be created through the merger of the subject site and the existing leasehold demise above that of the sum of the individual market values.

4. KEY ISSUES & RISKS

4.1 The land is currently vacant, has no identified alternate use and is subject to antisocial behaviour.

4.2 The proposed lease will alleviate parking congestion for the adjoining tenant and assist an established business whilst providing rental income and a potential capital receipt to the Council.

5. POLICY IMPLICATIONS

5.1 The disposal method accords with the Council's approved policy for disposals under the particular designation of the tenant as a special purchaser.

6. FINANCIAL IMPLICATIONS

6.1 The Council will receive a minimum rental income.

6.2 If the purchase option is triggered, the Council will receive a further capital receipt.

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 following the designation of the tenant as a special purchaser.

7.2 It is recommended that appropriate financial advice is taken to ensure the proper VAT position is taken in respect of off street parking provision.

7.3 Separate consideration will be needed to ensure that the parking remains connected with the business use of the adjacent site.

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. 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

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 and published if applicable.

VERSION:	1
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CONTACT OFFICER:	PMO Growth
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DATE:	08/06/2023
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BACKGROUND PAPER:	None
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