



EXECUTIVE MEMBER DECISION

REPORT OF: Executive Member for Regeneration
Executive Member for Resources

LEAD OFFICERS: Deputy Chief Executive

DATE

PORTFOLIO/S AFFECTED: Regeneration Resources

WARD/S AFFECTED: Blackburn Central

SUBJECT: Informal Tender re the disposal of Council Land at the former Blackburn Markets Site

1. EXECUTIVE SUMMARY

- 1.1 The site identified for disposal is shown on the plan attached at **Annex A** and is circa 1.5 hectares (3.8 acres) in site area. The site is situated in a prime location in Blackburn Town Centre and sits on the site of the former Blackburn markets buildings and former Exchange office building all of which have now been demolished. The former Blackburn markets site is currently used as a temporary car park operated by the Council.
- 1.2 This site is one of the key investment areas in the town centre (Investment Area 1 – see **Annex B**) and is described in detail in the Town Centre Supplementary Planning Document (SPD) which was approved at the Council’s Executive Board in August 2018. Although the Council has been using the site as a temporary pay and display car park, the Council now wishes to engage with the market to assess developer and end user interest. Subject to this interest shown the Council is prepared to dispose of the site for a new retail led mixed use development. The development will need to demonstrate how it complements and adds to the town centre offer and will be subject to obtaining planning permission.
- 1.3 The Council is seeking to dispose of the site through an informal tender process. Bids received for the site will be subject to a selection process from which a preferred bidder will be identified. The Council shall be under no obligation to accept the highest or any offer, and criteria such as use, quality of design, experience, financial ability to purchase and fund the development, and the proposed development programme will be taken into consideration in the selection process. The opportunity will be advertised on the Council’s website to ensure any direct interest is captured including adjacent land owners and also to developers on the Councils Growth Framework. This will ensure that a wider interest is captured and to achieve best value for the Council.
- 1.4 Following the tender process the Council will assess the schemes to determine suitability and a report will be brought to Executive Board for approval to dispose of the site to a preferred bidder should the Council wish to proceed with one of the schemes.

2. RECOMMENDATIONS

That the Executive Members:

- 2.1 Approve the method of disposing the land identified in **Annex A** for the purposes of retail led mixed use development through an Informal Tender process.
- 2.2 Notes that following the tender process a further report will be brought to Executive Board for approval and terms to dispose of the site to a preferred bidder.

3. BACKGROUND

- 3.1 Since the demolition of the Former Blackburn Markets and Exchange office building, this large strategic development site has remained undeveloped for approximately 5 years, except for a temporary car park. The site is in a prime town centre location and makes for an attractive retail led mixed use development site.
- 3.2 One of the key strategic objectives for the council as identified in the Blackburn Town Centre SPD and the Local Plan is to strengthen and focus the shopping offer in particular. This is planned to be through providing additional convenience retail floorspace and modern, flexible comparison retail floorspace, including the recycling and redevelopment of older floorspace, within the Primary Shopping Area. Future development should build on and enhance the investment already stimulated by The Mall.
- 3.3 This development site represents one of the key investment areas in the town centre and provides:
 - A prominent site in the north eastern part of the town centre with favourable links to bus and railways stations, Blackburn Cathedral and The Mall;
 - Site is 1.5 hectares (3.8 acres) in area comprising part of the demolished former Markets and Exchange building sites;
 - The site is located within the Primary Shopping Area;
 - An opportunity to bring Investment Areas 1 & 2 forward together (i.e. to include the Thwaites site & surrounds) The Town Centre Investment Areas are identified in **Annex B**;
 - However it must be noted that Investment Area 1 (former markets and Exchange site) is within the Primary Shopping Area as opposed to Investment Area 2 (Thwaites) which is located outside this boundary.

4. KEY ISSUES & RISKS

- 4.1 The site is currently being utilised as a Council operated surface level pay and display car park with approximately 250 spaces. Once a preferred developer has been appointed the car park will be decommissioned providing reduced revenue to the Council due to the loss of spaces. It is anticipated that any reduction in revenue will be off-set by an increase in business rates from the completed development.

- 4.2 The disposal strategy will be key to ensuring delivery of high quality retail led, mixed use development. Any sale to a developer will be conditioned on the following to avoid speculative land speculation obtaining control of the site.
- Submission of a suitable full planning application before completion of the transfer.
 - Contractual commitment to a start on site and completion of the development long stop date through a build licence agreement.

4.3 The Council has recently commissioned the following survey and investigations.

- Topographical survey
- Site feasibility study
- Geotechnical desk top assessment

These surveys have assisted the Council in understanding site constraints which could potentially impact on the scale of development and the value of the site and therefore any potential capital receipt. The surveys and specialist input from Capita have provided an insight into the implications of bringing the site forward for development as regards to planning and infrastructure issues. Planning and infrastructure requirements do not present any insurmountable barriers to the land being made available for development.

4.4 Council Officers have carried out an options appraisal for the site as detailed below:

Option 1 Do nothing

The site remains undeveloped. The site remains as a car park, leaving a large gap in the town centre offer and likelihood of pressure to approve out-of-centre retail proposals. Continued opportunity for car parking income but would require ongoing management and maintenance.

Option 2 Sell the land at auction

Disposal at auction with no restrictions is not recommended. Although the sale would generate a potentially large capital receipt it is generally accepted that due to the Council having fewer controls over the pace and timing of any development the site may remain undeveloped. The Council would also have reduced influence/control over the type of development proposed for the site.

Option 3 Sell the land through an informal tender

Working with a selected developer will give the Council some control to deliver the required outcomes This will enable the site to be brought forward in a timely manner by the preferred developer. There is a distinction between the disposal of land and the Council “procuring” a development. Generally only a formal procurement of a developer enables the Council to make contractual stipulations. The disposal strategy described above will enable the Council to exercise some control through the planning process. A capital receipt would be expected.

4.5 **Recommendation** – It is recommended that option 3 is progressed to offer the disposal through an informal tender process. This will ensure that future development will be undertaken in agreed timescales and quality. Through the tender process the Council will explore ways in which a balance can be obtained to ensure the development is of good quality and obtains best value for its land.

5. POLICY IMPLICATIONS

- 5.1 The Council's Local Plan Part 2 sets out a retail and mixed use requirement for the site, in order to enhance the Blackburn Town centre offer. Successful town centres are those which have responded to these issues and become a destination for more than simply shopping. Our key objective in managing development in Blackburn and Darwen town centres is to maintain progress and increase their competitiveness, and to broaden their function, particularly that of Blackburn, beyond a traditional shopping focus, while managing any negative pressures that such change may bring.
- 5.2 Policy 26 Town Centres – a Framework for Development - sets out a framework within which this can take place, identifying priorities and establishing key parameters while retaining flexibility for the market to bring forward solutions. Key areas are as follows:-
- Strengthening and focusing the shopping offer
 - Expanding the role of the town centres
 - Protecting and enhancing the leisure offer and developing an evening economy
 - Establishing a vibrant town centre residential population
- 5.3 The Local Plan Part 2 is further supported by the Town centre SPD (August 2018). The Town Centre SPD identifies the land at the former Blackburn markets and Exchange site as a key investment area as it represents one of the main opportunities in the town centre to create new retail and commercial floorspace at scale.

6. FINANCIAL IMPLICATIONS

- 6.1 The Council currently receives car parking income from the site and in the year 2017/18 the Council received £105,130 inclusive of VAT. This figure is expected to increase following the increased capacity of the car park and the forecast income for 2018/19 will be in the region of £165,000 inclusive of VAT.
- 6.2 The completed scheme will generate business rates for the Council which are expected to offset the lost income from car parking.
- 6.3 The Council will receive a capital receipt from the sale of the site but value will be subject to scheme proposals and extent of abnormalities.

7. LEGAL IMPLICATIONS

- 7.1 The disposal of the site via an Informal Tender will help determine best consideration for the land.
- 7.2 The Council will look to safeguard its interests in ensuring that the land is developed by agreeing a build programme with the developer.
- 7.3 Final commercial terms for the sale of the land and the completion of contractual terms will be presented to the Executive Board for approval.

8. RESOURCE IMPLICATIONS

- 8.1 The Tender process will be led by the Growth team who will also lead on detailed negotiations, preparation of draft Heads of Terms, complete the land disposal process and project manage the disposal process.
- 8.2 Legal resources will be required to support and complete the legal formalities relating to disposal and preparation of any development agreements.
- 8.3 Additional support may be required from Capita for site viability assessments.

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 Extensive Consultations with residents and stakeholders have been undertaken during the development of the Local Plan to identify key growth sites for development.
- 10.2 Stakeholder consultation took place in early 2018 when compiling the Blackburn Town Centre SPD and this included identification of the site as an Investment Area.
- 10.3 Options for the site have been discussed with key members and the council's Growth Board. Further consultations will take place through the formal planning process.

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:	1.0
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CONTACT OFFICER:	Simon Jones, Growth Programme Director
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DATE:	September 2018
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BACKGROUND PAPER:	None
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