



EXECUTIVE BOARD DECISION

REPORT OF:	Executive Member for Growth and Development
LEAD OFFICERS:	Strategic Director of Growth & Development
DATE:	Thursday, 14 November 2024

PORTFOLIO/S AFFECTED:	Growth and Development
WARD/S AFFECTED:	All Wards;
KEY DECISION:	Y

SUBJECT: EB Blackburn Town Centre – Site Acquisition and Masterplan

1. EXECUTIVE SUMMARY

The former Thwaites Brewery site (“Site”) is a major development opportunity in a highly prominent gateway location in Blackburn town centre and is identified as one of the Council’s “Big Six” growth ambitions in the newly adopted Local Plan.

The Site was originally acquired in 2021 by Maple Grove Blackburn, a joint venture company between the Council and Maple Grove Developments (part of the Eric Wright Group). Following acquisition, the joint venture developed plans with Morrisons to relocate their store to the Site. However, despite best efforts from all parties, Morrisons decided to withdraw their interest in the Site in March 2024 which was a disappointment to all involved given the wide support for the scheme.

Following this material change to the town centre proposals, the Council now intends to revise and consult on an updated masterplan to identify new opportunities for the Site, including employment, leisure, retail and housing uses, all of which would create positive impacts for the town centre.

To realise the ambitions for the Site and wider town centre it is concluded the Council requires full control of the Site and therefore recommends acquiring the financial interest from Maple Grove Developments in the joint venture company.

2. RECOMMENDATIONS

That the Executive Board:

- 1) Notes the former Thwaites Brewery site represents a major development opportunity and is of key strategic importance to Blackburn town centre;
- 2) Notes that Maple Grove Blackburn Ltd, is a joint venture company between the Council and Maple Grove Developments Ltd, and acquired the former Thwaites Brewery site in 2021, for the purpose of preparing the site for future development;

- 3) Notes the withdrawal of the food store relocation planning application in March 2024 which subsequently instigated a review of the joint venture company arrangements with the recommendation to acquire control of the company and therefore control of the Site;
- 4) Approves the purchase of Maple Grove Developments Ltd financial interest in the joint venture company for the Purchase Price to ensure the Site is delivered as part of a robust masterplan to ensure future development delivers positive outcomes for the town centre;
- 5) Approves revised terms for a 3-year non-exclusive option agreement to Maple Grove Developments Ltd to acquire a parcel of land as identified on the plan attached at Annex 2 which would support Building 2 being brought forward as a speculative scheme which is part of the Council's emerging Skills and Cyber campus;
- 6) Subject to compliance with the Council's Financial Procedure Rules in relation to Purchase of Land and Buildings, approves a capital spend of up to £1,000,000 to cover further land assembly enabling works and masterplan activities and notes this funding will be drawn down from the existing Development Investment Fund and therefore requires no additional funding;
- 7) For the reasons set out in the report, agree to waive the requirements of the Council's Contract Procedure Rules and approve the appointment of BDP Architects to commence work on revising the Town Centre East Development Framework document, published in 2021, to create a robust masterplan for the Blackburn Town Centre East Investment area, and notes the Council will consult on a draft of the revised masterplan for the town centre in 2025; and
- 8) Delegates authority to the Growth Programme Director in consultation with Strategic Director Finance and Resources and Deputy Director of Legal and Governance to agree final terms for the acquisition of Maple Grove Developments Ltd financial interest in the joint venture company; and all associated legal, financial, administrative and management arrangements of the company.

3. BACKGROUND

3.1 Site Location

The former Thwaites Brewery site ("Site") is located in Blackburn town centre and is approximately 2.47 hectares or 6.11 acres in area. The Site is bounded by Barbara Castle Way to the north and north east, Penny St to the west, and Salford and Starkie Street to the South. A plan is attached at Annex 1 which identifies the Site and at Annex 2 which identifies the land parcel, required to bring forward Building 2, proposal to option to Maple Grove Developments.

3.2 Context

The Site is a major development opportunity in a highly prominent gateway location in Blackburn town centre and is identified as one of the Council's "Big Six" growth ambitions in the Local Plan. It is allocated in the Council's Local Plan under Policy MU210 (Former Thwaites Site, Starkie Street, Blackburn). Core Policy CP11 (Town Centres and Commercial Development) of the Local Plan is also clear in the strategic role that Blackburn town centre plays in the sub-region, and how such strategic mixed-use sites should be supported by a masterplan-based approach to development. The Site is ideally located and has the potential to deliver a significant boost to the vitality and vibrancy of the town centre, providing opportunities for a wide range of development options including new commercial, leisure, retail and housing uses, all of which would create positive impacts for the town centre and economic growth of the borough.

The Site supports the Council's ambitious plans to bring forward a new Skills and Cyber Campus on the existing Brown Street car park site, with the first phase of the development planned to commence in 2025, as illustrated by the plan at Annex 2. The Council is working closely with partners including the University of Central Lancashire and Training 2000, to finalise plans following the scheme receiving planning approval in September 2024.

3.3 Site Ownership

The Site is currently owned by Maple Grove Blackburn which is a joint venture company between the Council and Maple Grove Developments. The Council has a minority shareholding of 49% in the joint venture company with Maple Grove Developments holding a 51% of the issued shares.

3.4 Morrisons Proposals

The Site was originally acquired in 2021 by Maple Grove Blackburn, a joint venture company between the Council and Maple Grove Developments. The joint venture worked closely with Morrisons during 2022 and brought forward plans to relocate their food store to the Site and submitted a planning application in 2023. However, despite best efforts from all parties, Morrisons decided to withdraw their interest in the scheme in March 2024 which was a disappointment to all involved given the support for the scheme.

3.5 Planning Context

The Site would suit a mixed-use opportunity as set out in the Local Plan under Policy MU 210 with potential for residential, commercial, leisure, retail and community uses.

3.6 Blackburn Town Centre East Masterplan

The Council intends to update the existing Town Centre East Development Framework document to reflect the various changes and emerging opportunities and proposes to appoint consultants to support in this process. A robust masterplan would enable new opportunities and partners to be identified with potential uses including employment, leisure, retail and housing, all of which would create positive impacts for the town centre. The emerging Skills and Cyber campus will form a strong anchor to the new masterplan which will be subject to further public engagement and consultation in 2025.

3.7 Site Development

To realise the Council's ambition and aspirations for the town centre and to capitalise on future Government funding opportunities, full control of the Site is now required. Council officers are therefore recommending the Council acquires Maple Grove Developments financial interest in the joint venture company to secure full control of the company and the Site.

3.8 Land Assembly

There may be opportunities to acquire further town centre sites to support future development within the Town Centre East area and these will be considered as they become available.

4. KEY ISSUES & RISKS

4.1 Maple Grove Blackburn Ltd

The Council proposes to acquire Maple Grove Developments Ltd (“MGD”) shares and debt in Maple Grove Blackburn Ltd (“MGB”), the joint venture company, to secure full control and ownership of the company and therefore the Site.

Council officers considered acquiring the Site directly from the joint venture company as an alternative proposal however acquiring the financial interest in the company has a number of advantages. One key advantage is it allows the Council to explore future development opportunities in collaboration with other partners through further joint venture agreements and commercial arrangements. These arrangements will help ensure the Council always has an interest in the town centre development which should help maintain quality and deliverability in a transparent and open manner.

The Purchase Price for the financial interest in the joint venture company has been calculated by considering the loan and interest accrued to date by MGD. This excludes any recharge for time spent by Eric Wright Group employees over the three years since the joint venture was incorporated. The net result means MGD will write off the legal, project management and accounting resources of the joint venture to date (in the same way the Council will not charge MGB for its in-kind contribution). This generates an amount due of £1,619,032.

The Purchase Price to be paid in part by the by the Council (to acquire the loan) and in part by Maple Grove Blackburn (the accrued interest) as illustrated below

Amount due to Maple Grove Development	1,619,032
Funded by:	
BwD payment for loan capital (see below)	1,377,000
Maple Grove Blackburn payment for Interest accrued	242,032
Total	1,619,032

4.2 Revised Option Terms

The joint venture company has the benefit of three options to purchase land contracts with the Council. One is for land at Penny Street car park, one for land at Brown Street car park, and the third for land at the former Exchange building location. Following the acquisition of the financial interest in the joint venture company the existing options with the Council will fall away as no longer valid. To ensure the Council can capitalise on future funding opportunities that may be forthcoming from the new Government it is considered advantageous for the Council to grant Maple Grove Developments a 3-year option to purchase a land parcel as illustrated on the plan attached at Annex 2 to facilitate the development of Building 2 which is part of the wider Skills and Cyber Campus. It is noted that the option is non-exclusive which means the Council can consider other offers for the site alongside Maple Grove Developments.

4.3 Consultant Appointment

BDP is an award winning multi-disciplinary design practice who prepared the original Development Framework document for the joint venture company, which was submitted to the Council and used as part of the Local Plan consultations and referenced in the final adopted plan. Council officers therefore recommend appointing BDP to prepare an up-to-date town centre masterplan. This approach will ensure continuity and efficiency of resources given BDP experience working with the Council and their knowledge and familiarity with the wider sites. This will reduce time, and costs expended by the Council.

5. POLICY IMPLICATIONS

Acquisition of the financial interest in the joint venture will provide the Council with greater control over future town centre development options helping to ensure that proposals are in compliance with local planning policies, in particular Policy MU 210, our key economic frameworks, including the Blackburn Growth Axis, and the priorities within the Council's Corporate Plan.

6. FINANCIAL IMPLICATIONS

The current shareholder loans to Maple Grove Blackburn Ltd stand at £2.700 million with the shareholder split being the Council at £1.323m and MGD at £1.377m.

The Council's payment to MGD of £1.377m to acquire their loan will result in an equivalent increase in the outstanding loans due to the Council from Maple Grove Blackburn. Payment of the accrued interest will be made by the joint venture company, for which it has sufficient funds.

It is anticipated the payment to Maple Grove Developments will be complete by 31st December 2024 in line with their company year end.

Following acquisition of the financial interest the Council will have an outstanding loan in the joint venture company totalling £2,700,000 (excluding any rolled-up interest).

An independent valuation of the Site has been commissioned as part of the acquisition process to ensure the value of the land can support the outstanding loan liability to the Council. The valuation obtained confirms this to be the case.

A proposed capital allocation of £1,377,000 to fund the acquisition cost will be vired from existing capital programme budgets allocated to the former Morrisons development project which is now not proceeding.

In relation to the proposed Option Agreement with Maple Grove Developments, the agreed purchase price for the land is set at £250,000 (+ VAT) which has been calculated on a pro-rata basis utilising the existing option price as a reference point together with the valuation report for the Site. The Option Agreement will be a non-exclusive agreement and therefore no option fee is required as the Council is still able to consider alternative funding proposals for Building 2 development.

A capital budget of £1,000,000 is already set aside to cover further land assembly, enabling works and masterplan activities with this funding already included in the capital programme under Development Investment and Acquisition Funds. Any such land assembly will be undertaken in compliance with the Council's Financial Procedure Rules relating to Purchase of Land (and the reporting requirements related to that).

The estimated cost of commissioning BDP Architects and other consultants and surveys to revise and update the masterplan for the Blackburn Town Centre East Investment Area, including proposed consultations and supporting evidence as required, is £100,000. This will be funded from the Capital Budget referred to above.

7. LEGAL IMPLICATIONS

Maple Grove Blackburn is an incorporated company limited by shares and registered at Companies House as a private company with Maple Grove Developments appointed as Company Secretary. Maple Grove Blackburn does not employ any persons and instead called on Maple Grove Developments to provide all legal, commercial and secretarial support. The Council agreed a Shareholders Agreement with Maple Grove to ensure the Council has protections and safeguards to

ensure compliance with Council procedures. The Council is represented by two Chief Officers who are appointed as Company Directors.

A legal agreement will be prepared to complete the acquisition of the financial interest in the joint venture company and following completion the Council will take control of the Company. In taking control of the Company, consideration will need to be given to the practical legal, financial and administrative matters of it being a local authority wholly owned company to ensure that it is operated in compliance with the accepted principles of governance for Council Companies.

The proposed land parcel for the option to purchase to be granted to Maple Grove Developments is illustrated on the plan attached at Annex 2 and Annex 3. The proposed land parcel will require work to regularise the title with adopted highway and first registration complexities. This legal work is ongoing by legal officers in conjunction with land registry with the aim for this work to be complete early 2025 following which the option can be granted for the 3-year period.

8. RESOURCE IMPLICATIONS

Current staff resources from the Council's Growth, Property, Finance and Legal teams will be utilised to complete the acquisition and subsequently ongoing administrative work in administering the joint venture company.

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

None.

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:	1.3
CONTACT OFFICER:	Simon Jones, Growth Programme Director, Department of Growth and Development
DATE:	October 2024
BACKGROUND PAPER:	None