

EXECUTIVE BOARD DECISION



REPORT OF: Executive Member for Growth and Development
Executive Member for Finance and Governance

LEAD OFFICERS: Director of Growth & Development

DATE: Thursday, 13 February 2020

PORTFOLIO(S) AFFECTED: Growth and Development

WARD/S AFFECTED: Blackburn South East;

KEY DECISION: Y

SUBJECT:

Sale of Plot C, Partnership Way, Shadsworth, Blackburn

1. EXECUTIVE SUMMARY

1.1 To seek approval for the sale of Plot C Partnership Way, Shadsworth, Blackburn to a special purchaser

2. RECOMMENDATIONS

That the Executive Board:

2.1 Approves the sale of Plot C, Partnership Way, Shadsworth, Blackburn subject to the terms and conditions outlined in this report.

2.2 Authorises the Director of HR, Legal and Governance Services to complete the necessary legal formalities.

3. BACKGROUND

3.1 Plot C, Partnership Way, Shadsworth, Blackburn comprises approximately 4.618 acres of commercial development land and was originally advertised on the open market for sale on a 125 year leasehold basis by tender with a closing date of 21st May 2015.

3.2 The sale was to be preceded by a 2 year conditional building licence, with 20% of the overall purchase price to be paid upon grant of satisfactory planning consent as a non-refundable deposit.

3.3 Two offers were received and a preferred bidder selected.

3.4 The preferred bidder intended to secure the site to enable expansion plans comprising of a new high tech manufacturing plant of approximately 100,000 sq. ft.

3.5 The conditional building licence was entered into in August 2016, to expire in August 2018, with a "longstop" date of February 2019 if the development was at an advanced stage but not fully completed by August 2018. Satisfactory planning permission was obtained in 2016 and a non-refundable deposit paid.

3.6 During the period of the conditional building licence, the preferred bidder saw significant expansion of their business nationally, with the acquisition of a rival company. This doubled staff numbers and increased depots across the UK. Due to the scale of this expansion, a significant finance liability was taken on by the preferred bidder, which meant that there were insufficient funds to undertake the proposed development of Plot C at the time.

3.7 The conditional building licence expired and the Council retained the deposit paid in 2016. Meetings with the preferred bidder's representatives were arranged to discuss options going forward. The preferred bidder confirmed they still intended to acquire the site, and that it held strategic importance to them, in part due to a new contract they had won to be the sole supplier of certain products to a large national company.

3.8 The preferred bidder can be considered as a special purchaser under the Local Government Act 1972. The Council commissioned an independent valuation from a RICS Registered Valuer, to report on the market value of the site, and also the uplifted value when taking into account special purchaser status.

3.9 A deal has been agreed for the sale of the freehold interest in the site for a figure above that quoted in the independent valuation. A covenant is to be included restricting the use of the site to B2 industrial. Each party is to bear their own costs in relation to the transaction.

3.10 The transaction is forecast to be completed by the end of the financial year 2019/20.

4. KEY ISSUES & RISKS

4.1 The preferred bidder have agreed to the uplifted sale price for the site and accepted the loss of their initial deposit from 2016, reflecting their special purchaser status. It is recommended the Council proceeds with the transaction.

4.2 Should the transaction not be completed then the Council will proceed to tender the site on the open market.

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 capital receipt this financial year.

6.2 Each party will cover their own legal costs.

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.

7.2 Under section 123 of the Local Government Act 1972, the Council is obliged to obtain best consideration for its assets upon disposal. The sale price to the special purchaser is justified through the independent valuation prepared by a RICS Registered Valuer.

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.

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.

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 on the day following the meeting.

CONTACT OFFICER:	Simon Jones, Growth Programme Director
DATE:	28 th October 2019
BACKGROUND PAPER:	None