

Report to:	EXECUTIVE
Relevant Officer:	Steve Thompson, Director of Resources
Relevant Cabinet Member:	Councillor Fred Jackson, Cabinet Member for Municipal Assets
Date of Meeting:	4 th April 2016

ACQUISITION OF WILKINSON'S BUILDING, TALBOT ROAD

1.0 Purpose of the report:

1.1 To agree to the terms for the acquisition of the Wilkinson's building, Talbot Road.

2.0 Recommendation(s):

2.1 To confirm agreement to the acquisition of the Wilkinson's building taking the premises subject to the existing occupations. To confirm the funding of the acquisition via Prudential Borrowing, repaid initially by the income from the current occupiers as outlined in paragraphs 9.4 and 9.6.

2.2 To Prudentially Borrow a total of £7.8m over a term of up to fifty years to fund the purchase of the building and the subsequent demolition and site preparation ready for future development.

2.3 To authorise officers to explore the possibility of selling part of the site to the Homes and Communities Agency (HCA).

2.4 To reserve part of the site for the future use as a tramway terminus.

3.0 Reasons for recommendation(s):

3.1 The site would be secured for future redevelopment within the Central Business District, incorporating the tramway terminus.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

Without securing the site the tramway would have to terminate in Talbot Road which would be less desirable and cause greater disruption to traffic.

4.0 Council Priority:

4.1 The relevant Council Priority is “The economy: Maximising growth and opportunity across Blackpool”.

5.0 Background Information

5.1 The Wilkinson’s building is located within the Talbot Gateway Central Business District and had previously been identified as a site for redevelopment in one of the later phases of the Talbot Gateway Masterplan. In the original Masterplan the premises were to be remodelled with a reduction of the existing retail space and the addition of an 80 bed hotel replacing the Eastern section. This remained unaltered in the variation to the Masterplan which was approved by the Executive on the 16th September 2009 (decision EX44/2009 refers)

5.2 In 2012, the Council became aware that the Wilkinson’s Building was being offered to the market on a sale and leaseback basis and the Executive gave authority on the 11th July 2012 for agents to be appointed and to commence negotiations with the owners of the Wilkinson’s building (decision EX27/2012 refers). These negotiations ended in 2014 when the decision was made to re-organise the Company and re –brand as Wilko, with the Blackpool store, along with a number of other stores being sold and leased back to Wilko. Without identifying a new site in which to relocate the store, the terms of the lease would prohibit the disposal of the site and therefore integral to discussions with the freeholder is the relocation of Wilko to a new site.

5.3 The announcement of bringing the Tramway along Talbot Road has given both the Council and Muse Developments Ltd, the opportunity to consider redeveloping the site so as to incorporate the Tram terminus on the site and in this respect the owners of the site were approached. In accordance with the terms of the leaseback, the owners cannot dispose of the site until 2021 and then must offer it back to Wilko in the first instance. Wilko has, however, agreed in principal to surrendering the lease provided a replacement store can be provided.

5.4 Discussion have therefore taken place with the owners of the site so as to identify a new site to relocate the Wilko store to, which would then enable them to negotiate for the sale of the Wilkinson’s Building to the Council. In this respect the Council has

identified Tower Street. The terms of this disposal will be reported separately.

5.5 In respect of the Wilkinson's site terms are provisionally agreed as outlined in the Heads of Terms. The District Valuer has produced an independent valuation which supports the agreed terms.

5.6 The Wilkinson's site has three occupiers.

- APOCA Car Park – management agreement ending 30th June 2017, this can be terminated by the current freeholder or novated to the Council on acquisition
- Age UK – residue of a 5 year lease expiring May 2017, The Council will purchase the site subject to and with the benefit of this lease.
- Wilko – residue of 14 year lease with pre-emption clauses ending 2028. This lease will be surrendered by Wilko prior to the acquisition of the site by the Council, in exchange for a short term lease of the existing retail store to Wilko until the alternative premises has been built to completion. This lease will be surrendered by Wilko to the Council on them taking possession of the alternative site.

5.7 The early acquisition of the building will secure the site for the use as the tramway terminus, and provide the Council with an income until such time as demolition can take place, and to allow time for further development on the site to be planned around the terminus.

5.8 Does the information submitted include any exempt information? No

5.9 **List of Appendices:**
None

6.0 Legal considerations:

6.1 The Council under Section 120 of the Local Government Act 1972 can acquire land for the purposes of the benefit, improvement or development of their area. The independent Red Book Valuation supports the agreed consideration.

6.2 The Council will be required to enter into various agreements relating to the issues referred to in the Heads of Terms.

7.0 Human Resources considerations:

7.1 None

8.0 Equalities considerations:

8.1 None

9.0 Financial considerations:

9.1 The Council will use Prudential Borrowing to finance the acquisition and initial development of the site. The acquisition, demolition and site preparation ready to hold the site for future development, including the tramway terminus is anticipated to cost £7.8m.

9.2 The total amount borrowed will therefore be £7.8m.

9.3 This leads to repayments of around £375,000 per year on an annuity basis over 50 years.

9.4 The cost of Prudential Borrowing will be met by the existing agreements as well as the potential income generated as a result of developing the site.

9.5 The Homes and Communities Agency has expressed an interest in acquiring part of the site and it is proposed that officers begin negotiations with this organisation.

9.6 The income from the existing occupiers, together with the projected income will be sufficient to meet the costs of Prudential Borrowing. Any capital receipt will also reduce the amount borrowed, thereby reducing the overall costs.

10.0 Risk management considerations:

10.1 The potential disposal of part of the site will reduce the amount of borrowing required, with the income generated meeting the borrowing costs.

10.2 There is a restrictive covenant on the title against using the land for leisure purposes. Should any future development require its removal the cost of the removal would need to be accounted for as part of that development.

11.0 Ethical considerations:

11.1 None

12.0 Internal/ External Consultation undertaken:

12.1 The terms have also been reported to the Central Business District Project Board.

13.0 Background papers:

- 13.1 Heads of Terms (exempt from publication)
- District Valuer's report (exempt from publication)

14.0 Key decision information:

- 14.1 Is this a key decision? Yes
- 14.2 If so, Forward Plan reference number: 1/2016
- 14.3 If a key decision, is the decision required in less than five days? No
- 14.4 If **yes**, please describe the reason for urgency:

15.0 Call-in information:

- 15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No
- 15.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

16.0 Scrutiny Committee Chairman (where appropriate):

Date informed:

Date approved:

17.0 Declarations of interest (if applicable):

17.1

18.0 Executive decision:

18.1

18.2 Date of Decision:

19.0 Reason(s) for decision:

19.1 Date Decision published:

20.0 Executive Members in attendance:

20.1

21.0 Call-in:

21.1

22.0 Notes:

22.1