

Officer Non Key Executive Decision

Relevant Chief Officer (Decision Maker):	Alan Cavill , Director of Communications and Regeneration
Relevant Cabinet Member (for consultation purposes):	Councillor Mark Smith, Cabinet Member for Business, Enterprise and Job Creation
Report Author (Officer name and title):	Nick Gerrard, Growth and Prosperity Programme Director
Implementation Date of Decision:	15 September 2022

PURCHASE OF LAND IN BLACKPOOL TOWN CENTRE

1.0 Purpose of the report:

1.1 To consider the acquisition of the property, situated at 49, Church Street, Blackpool, FY1 1HT.

2.0 Recommendation(s):

2.1 To purchase the premises for £4.8m (includes the price together with Stamp Duty Land Tax and costs) using the Council's borrowing powers.

2.2 Head of Legal Services to prepare legal documentation and enter into and complete appropriate documents/contracts/leases as necessary.

3.0 Reasons for recommendation(s):

3.1 The premises, situated at 49 Church Street, is currently owned as part of a portfolio of 17 M&S properties by CF Sparks Limited. The reason for recommending this acquisition is due to it being a strategic regeneration asset in the heart of the Town Centre containing a high profile retailer and thus enabling the Council to utilise its influence and control of the asset to aim to secure the best possible future for the asset including retaining a high profile retailer in the Town Centre.

3.2 The acquisition of the premises presents a strategic opportunity to purchase a property with a high profile retailer, M&S (including a 4 year plus, unexpired lease term remaining (to March 2027, on completion of the acquisition). This would provide the Council with another asset in close proximity to other Council owned developments as part of the Council's growing investment portfolio, to strengthen further the regeneration of Blackpool Town Centre through the control of key assets, prevent them from being utilised

for sub-optimal uses in the future, and to capitalise on the benefits of the substantial amount of investment which the Council is securing in the Town Centre and any associated uplifts in value.

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:

To do nothing; could mean future sub-optimal uses may come forward at lease expiry which are not suitable for the Town Centre and could detract from the Winter Gardens Conference and Exhibition Centre, as well as the Houndshill Shopping Centre with its new extension including an IMAX Cinema.

The private sector option was previously pursued by the sellers for the acquisition of the whole portfolio of 17 sites, including Blackpool, but the potential purchaser was unable to progress further. The Council could work with a private sector partner at a later stage, however it would be beneficial for the Council to progress with the acquisition at this stage and consider the option later near the expiry of the M&S lease.

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 Executive meeting on 5th September (EX36/2022) agreed to delegate authority to the Director of Communications and Regeneration.

5.2 Commercial negotiations with the seller have now concluded and the Director of Communications and Regeneration is requested to consider the approval as delegated by the Executive.

5.3 The surrounding area of the subject property, 49 Church Street, is currently undergoing significant redevelopment and investment as part of the Council's priority to strengthen the Town Centre offer including the recent completion of the Winter Gardens Conference and Exhibition Centre; the Houndshill Shopping Centre Phase 2

and the Abingdon Street Market which are both well underway and the proposed new Medical Centre on Adelaide Street. The building is also adjacent to the Winter Gardens, one of Blackpool's most important heritage assets.

- 5.4 The Council entered into discussions and appointed CBRE as its Agent for the acquisition of the premises and instructed CBRE to carry out a building survey to ascertain the building's current condition.
- 5.5 Notably, the subject property had previously been of interest to the Council as the Council had submitted a bid for the acquisition for the freehold of the premises. However, following this, the whole portfolio including Blackpool, was to be acquired by another interested bidder and matters progressed but they were not able to complete the deal. The Council was made aware of the asset becoming available again and proposed a new deal to the seller via their Agent, HP Four. As a result, the Council was successful with this renegotiation and matters have progressed to this current stage.
- 5.6 The proposal is for the Council to acquire the freehold interest in the premises and upon completion of the transaction, the unexpired lease term (current 4 plus years to March 2027) will vest in the Council, as landlord. The Council will seek to arrange a new lease and/or consider another suitable leaseholder should M&S not wish to enter into a new Lease agreement at the end of the term.
- 5.7 The building survey has been prepared by CBRE and the necessary queries have been raised with the sellers. It is reported that the building is in reasonable condition based on the age and construction type, with no critical issues necessary at this time. At present, CBRE advise that there are no causes for concern that would not allow for the acquisition proposed for the subject premises as set out in this report to progress.
- 5.8 Acquiring the site will allow the Council to control future uses and the ability to manage the wider town centre with the Council's vision and wider plans to strengthen the vitality and viability of the Town Centre. Based upon the rent payment history, the tenant has an exemplary record for paying their rent on time, therefore non-payment is not raised as a concern.
- 5.9 It is therefore considered wholly appropriate for the Council to consider the strategic acquisition of the Blackpool premises as a future asset of the Council's property portfolio. The option to agree a new lease with the existing tenant, a new tenant or redevelop the premises can be considered following the acquisition of the premises (at a later date at lease expiry) to have the most beneficial option to protect the Council's interests.
- 5.10 As part of Ellandi's role in Houndshell Shopping Centre and wider town centre place making agenda, they will advise the Council on this property together with Workman who will be

responsible for the Property Management.

5.11 Does the information submitted include any exempt information? Yes

5.12 List of Appendices:

None.

6.0 Legal considerations:

6.1 The Head of Legal Services will be instructed to enter into agreements for the acquisition of the land and prepare the necessary legal documentation to complete the acquisition ensuring that the lease is based upon a full repairing and insuring basis (the responsibility of the Tenant) which is maintained and adhered to at the time of completion. As part of the due diligence exercise, a full understanding of the prescribed rights of access (as advised in the Survey Report by CBRE) to be confirmed.

6.2 The Council will acquire the freehold interest in the land. The Council's Legal Services section will use such resources as required to carry out the appropriate documents to secure the Council's interest.

7.0 Human Resources considerations:

7.1 The project will be led by the Council's Growth and Prosperity team, the Council will not be occupying the property and the existing lease will continue.

8.0 Equalities considerations:

8.1 The premises is situated in Blackpool Town Centre, close to other key prominent places of interest. Houndhill Shopping Centre is situated adjacent as well as the Winter Gardens within local proximity. The premises is also served well by public transport: buses, trams and trains with car parking located nearby.

9.0 Financial considerations:

9.1 Value of the land and purchase price is £4,400,000; Stamp Duty Land Tax (SDLT) of £209,500 and costs of £100,000 all to be funded using the Council's borrowing powers. (If Transfer of Going Concern the chargeable consideration would be the exclusive amount, which would amend the SDLT figure down).

9.2 Total net income from the remaining lease if acquired in 2022 approximately £3,000,000.

Officers will consider suitable grant bids for future development opportunities in readiness and in advance of lease expiry.

9.3

10.0 Risk management considerations:

10.1 Refer to EX36/2022 Purchase of Land in Blackpool Town Centre

11.0 Ethical considerations:

11.1 None.

12.0 Internal/ External Consultation undertaken:

12.1 Internal –Director of Resources, Head of Investment, Head of Legal Services, Growth and Prosperity Board.

External – CBRE, Ellandi, Workman, M&S

13.0 Decision of Chief Officer

13.1 To purchase the premises for £4.8m (includes the price together with Stamp Duty Land Tax and costs) using the Council’s borrowing powers.

13.2 Head of Legal to prepare legal documentation and enter into and complete appropriate documents/contracts/leases as necessary.

14.0 Reasons for the Decision of the Chief Officer

14.1 The premises, situated at 49 Church Street, is currently owned as part of a portfolio of 17 M&S properties by CF Sparks Limited. The reason for recommending this acquisition is due to it being a strategic regeneration asset in the heart of the Town Centre containing a high profile retailer and thus enabling the Council to utilise its influence and control of the asset to aim to secure the best possible future for the asset including retaining a high profile retailer in the Town Centre.

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for sub-optimal uses in the future, and to capitalise on the benefits of the substantial amount of investment which the Council is securing in the Town Centre and any associated uplifts in value.