

Report of	Meeting	Date
Director of Commercial (Introduced by Leader of the Council and Cabinet Member (Strategy and Reform))	Cabinet	Wednesday, 18 January 2023

Leyland Town Deal - Land Acquisitions

Is this report confidential?	Yes – by virtue of paragraph 3 of Part 1 to Schedule 12A of the Local Government Act 1972.
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Is this decision key?	Yes
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Savings or expenditure amounting to greater than £100,000	Significant impact on 2 or more council wards
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Purpose of the Report

- To note the below updates in relation to the land acquisitions associated with the Leyland Town Deal project.
- To approve the recommended acquisitions and Heads of Terms as detailed within this report.

Recommendations

- To consider and approve the Heads of Terms for the purchase of Sovereign House, Newsome St, Leyland PR25 2SY (Title number: LAN44114) to enable delivery of the Leyland Town Deal project.
- To delegate any amendments to the Heads of Terms to the Director of Commercial Services, in conjunction with the Leader of the Council.
- To note the below updates related to the progress of acquisitions.
- That the reasonable surveyors and legal fees be met by the Council in relation to the acquisition of No.s 51,53 and 55 Hough Lane as outlined in paragraph 26, should that become necessary.

Reasons for recommendations

- To ensure the Council achieves the outputs and commercial development project as detailed within the Business Cases for Leyland Town Deal project.

- To ensure that the overall delivery programme completion date of 31 March 2026 is achieved.

Other options considered and rejected

- Presenting this report and recommendations at a later date has been rejected as this does not align with the pressing delivery programme associated with the Leyland Town Deal project as a result of the funding. The report 'Leyland Town Deal Land Acquisitions' presented at Council in May 2022 along with the report 'Leyland Town Deal Land Acquisitions' presented at Cabinet in June 2022, provided advance notice of the intention of the Council and proposed methods of purchase.

Corporate priorities

- The report relates to the following corporate priorities:

An exemplary council	Thriving communities
A fair local economy that works for everyone	Good homes, green spaces, healthy places

Background to the report

- In October 2020 the Council in conjunction with the Leyland Town Deal Board submitted a Town Investment Plan (TIP) to propose a regeneration project for Leyland Town Centre. The submission proposed a £24.950 million investment from Town Deal. This funding submission was successful subject to submission of a business case for the proposed project. The TIP describes Leyland as being dispersed without a clear centre. The aim of the project is to create a high-quality central heart to Leyland, with investment in strategic connections to the north and south to improve connectivity. The Plan proposed 3 key projects including Project A: Town Centre Transformation; Project B: Market Regeneration and Project C: The BASE2.
- In May 2021 the Council approved a budget of £2,774,000 to progress the delivery of the Town Deal scheme including progressing the business case submissions, design to RIBA Stage 3 and preparation and submission of planning applications. In addition to this the capital programme already included £2m for the Leyland Masterplan and £1.123m for property acquisitions on Quin Street.
- In September 2021, BEIS confirmed a 5% drawdown of the Town Deal allocation would be made early to enable capital delivery which amounted £1,247,500 for Leyland Town Deal; this payment was received by the Council in September 2021.
- On Wednesday 23 February 2022 Council approved an increased budget of £32,104,973; giving an overall budget of £38,001,937.
- It is to note that although the 3 above projects were identified within the TIP, during the development of the RIBA Stage 2 designs Steer, who supported the Council in preparing the business cases analysed the requirements of the Business Cases. Steer identified that in order to maximise the strategic alignment, complementarity and value for money, and to ensure proportionality in the production of the business cases, the

Council should combine two projects into one, which ultimately proposed the submission of two business cases as opposed to three. A summary of which is provided below.

TIP Projects / Previous Business Cases	Final Business Cases to be Submitted*
Project A: Town Centre Transformation	Project A: The Town Centre Transformation (includes Market Regeneration project)
Project B: Market Regeneration	
Project C: The BASE2	Project B: The BASE2

17. On 24 March 2022 two business cases including a project adjustment request were submitted to the Town Deal for approval of £24.950 million of funding. These were approved in October 2022.
18. In May 2022 a report was issued to Council updating on the Land Acquisitions and those proposed for this project in order to deliver the Leyland Town Deal project; subsequently, a further report was issued to Executive Cabinet in June 2022 further details this and seeking approvals.
19. Members may wish to visit the Town Deal website to familiarise themselves of the developments here: [Public consultation - Leyland Town Deal](#).

Acquisitions for Quin St Developments - NFM Iddon Factory Site (Plot 1 - LA858239) and Surrounding, Vacant Development Land (Plot 2 and Plot 4 - LAN241623)

20. Approval was obtained under Executive Member Decision Taken Under the Scheme of Delegation, Urgent Decision in March 2021 for the capital budget and its increase related to the land acquisitions concerning:
 - Plot One i.e. LA858239; for ease of reference, this is the site concerning the NFM Iddon Factory. A copy of the Title Plan can be located at Appendix 1.
 - Plot Two i.e. LAN241623; for ease of reference, this is the strip of vacant development land between the NFM Iddon Factory Plot and Former Heatons Engineering Plot (Plot 3 as detailed below). It is to note, this plot along with Plot Four is registered under one title - a copy of the Title Plan can be located at Appendix 2.
 - Plot Three i.e. LA864393 & LA910557; for ease of reference, this is the vacant development land previously home to the Heatons Engineering Factory. A copy of the Title Plans can be located at Appendix 3 and 4.
 - Plot Four i.e. LAN241623; for ease of reference, this is the vacant development land south of John St and opposite Plot 3. It is to note, this plot along with Plot Two is registered under one title - a copy of the Title Plan can be located at Appendix 2.
21. South Ribble Borough Council (the Council) exchanged contracts for Plot Three on 1 April 2022 and completed 8 April 2022; this site is within the Council's ownership.
22. Officers are pleased to update that South Ribble Borough Council have now exchanged contracts for all remaining sites concerned with this Acquisition Strategy including Plot One, Plot Two and Plot Four on 6 October 2022, with completion to follow. For ease, a summary has been provided for all plots below.

Plot	Title	Exchange of Contracts	Completion
One	LA858239	06.10.2022	04.01.2023
Two	LAN241623	06.10.2022	13.10.2022
Three	LA864393 & LA910557	01.04.2022	08.04.2022
Four	LAN241623	06.10.2022	13.10.2022

23. It is to note, the Heads of Terms to lease Unit 124 and 125-126 Brookfield Place, Walton Summit Industrial Estate to NFM Iddon Ltd were approved at Executive Cabinet March 2022 with the view of leasing these to NFM Iddon Ltd given the issues in identifying premises for them to relocate to and to enable completion on vacant possession. The lease for Units 125-126 Brookfield Place were also completed 06.10.2022. NFM Iddon Ltd will commence their relocation to these units with the view of leasing Unit 124 Brookfield Place in the future, providing this becomes available and is still required by NFM Iddon Ltd.

Acquisitions for Church Place Development – Sovereign House (LAN44114) & 51, 53 and 55 Hough Lane (LA547828)

24. It is to note the Heads of Terms for Sovereign House (LAN44114) were issued to SMT and Leader Brief on 17 August 2022 and 30 August 2022, respectively; these were agreed on the basis this acquisition is attributed to the Leyland Town Deal funding. A copy of the Title Plan can be located at Appendix 5 and the draft Heads of Terms can be located at Appendix 10.
25. At Executive Cabinet June 2022, Members agreed for Officers to pursue a Compulsory Purchase Order (CPO) of the properties 51, 53 and 55 Hough Lane, Leyland PR25 2SA (LA547828) in order to enable the delivery of the Leyland Town Deal project; in particular the Church Place development. Members also authorised Officers to continue negotiations with the agent, and owners when agent allows, of the properties 51, 53 and 55 Hough Lane, Leyland PR25 2SA, and seek to conclude terms to acquire the property by agreement, in an attempt to avoid the need for a CPO. A copy of the Title Plan can be located at Appendix 6.
26. Further to submission of the planning applications for the developments and projects concerned with Leyland Town Deal, the Council's Principal Estates Surveyor has been engaged by the agent on behalf of the sole owner of the properties 51, 53 and 55 Hough Lane, Leyland PR25 2SA. Despite the owners previously advising that they are not minded to sell the properties, the agent has confirmed they are retained to act on behalf of the owners and have confirmed the owners are willing to enter into discussions with the Council in respect of a possible purchase of their property, subject to agreement of terms. However, the owners have advised they require their reasonable surveyors and legal fees are met by the Council in the matter including any abortive fees that may be incurred if the property is not ultimately purchased by the Council.
27. As Heads of Terms are yet to be devised relating to the aforementioned acquisition; these will be presented for approval/agreement at Executive Cabinet in due course.

Acquisitions for Commercial Building C – Balfour Court (LA688488)

28. Approval was obtained by Members at Executive Cabinet to authorise Officers to continue negotiations with the agent / owner of Balfour Court, off Hough Lane, Leyland PR25 2TF and seek to conclude terms to acquire the property by agreement, in an attempt to avoid the need for a Compulsory Purchase Order (CPO). Heads of Terms were also agreed with delegation to any amendments to both Heads of Terms to the Director of Commercial Services, in conjunction with the Leader of the Council to deter any future delay to programme. A copy of the Title Plan can be located at Appendix 7.

29. The draft Heads of Terms relating to the land exchange of 14A-18F Boxer Place Industrial Estate, Leyland PR26 7QL (South Ribble Borough Council-owned) and Balfour Court, off Hough Lane, Leyland PR25 2TF (Northern Trust-owned) approved at June 2022 Cabinet, have since been issued to the agent, Whittle Jones, who requested several changes to the Heads of Terms as detailed below:-
 - Consideration – Northern Trust have confirmed they are seeking a straight swap of assets with no monies exchanged
 - Exclusivity Agreement – To work both ways and the exclusivity period should expire after a reasonable period
 - Disposition of title - At the end of the five years, in the extremely unlikely event that Northern trust seek to dispose of Boxer Place, the property will need to be placed on the open market and South Ribble Borough Council will have the opportunity to purchase at the equivalent price to the highest offer. The option to purchase should run for a further 5 years.

30. The initial valuation for Balfour Court indicated a value of £1.1m, as per the report issued to Cabinet June 2022 – and Boxer Place at £1.315m, leaving a differential in the values of land of £0.215m. However, Officers since received the formal valuation which indicates a higher value for Balfour Court of £1.250m than the desktop valuation of £1.1m; leaving a new differential of £0.065m between both assets (as opposed to the £0.215m previously indicated in the report). A copy of the Valuation Report for Balfour Court can be located at Appendix 8.

31. Officers sought comments from the Director of Commercial Services, in conjunction with the Leader of the Council on the above requests from Whittle Jones in relation to the land exchange. The Leader requested a secondary valuation of Balfour Court which has been received. This indicated a value of £1.4m a figure higher than that for Boxer Place. Despite this, there will be no payment made to Northern Trust. A copy of the latter Valuation Report for Balfour Court can be located at Appendix 11.

32. It is important to note that further to agreement from the Leyland Town Deal Board in 2021 in eliminating Churchill Way Car Park as a development site for Commercial Building C in light of the negative feedback received at the Consultations, and instead bringing forward Balfour Court as proposed by the Architects, that designs for the Churchill Way development closed out at RIBA 2. Whereas designs for Balfour Court have progressed. This poses a risk to programme given designs haven't concluded for Churchill Way Car Park in light of this. Furthermore, the designs have progressed for Commercial Building A in which the footprint of this building encroaches the boundary of Balfour Court given the agreement to pursue design on this basis; posing a risk to

the scheme as a whole in terms of deliverability, outputs and the Market Square if Balfour Court does not pursue as part of this project. Ultimately this would also pose a further risk in identifying a site to bring forward for Commercial Building C given it was proposed to eliminate Churchill Way Car Park due to the feedback received at the Consultations. Underpinning this is also further concern to programme in light of the pressing timescales imposed by the Town Deal timescales of completing all projects by March 2026.

Climate change and air quality

35. Climate change and air quality will be considered within the design.

Equality and diversity

36. There are no equality and diversity implications arising from this report.

Risk

Risk	Mitigation
Any further delays associated with the acquisitions schedule may impact the Delivery Programme for Leyland Town Deal.	Estates and Legal to progress urgently with concluding the land acquisitions and exchanges as appropriate once approved.
CPO and Land Acquisitions not aligning with the Town Deal delivery programme.	Estates and Legal to progress urgently with concluding the land acquisitions by way of agreement and exchanges as appropriate once approved and to commence the CPO process urgently.
Any compensation due to the existing Tenants of Balfour Court exceeding what has been accounted for in the budget.	Tenants with existing leases will be supported in finding alternative premises and that any compensation will be taken from the overall Town Deal budget.

Comments of the Statutory Finance Officer

37. At this stage there are no further financial implications beyond the Head of Terms contained within Appendix 10. The purchase of this land will be funded from the Towns Fund capital budgets already approved within the Council's programme. Following confirmation of the Towns Fund grant at this stage the vast majority of expenditure is being covered via grant funding direct from government.

Comments of the Monitoring Officer

38. In part the purpose of this report is to provide an update to members on the progress that has been made in respect of the acquisition of various parcels of land. Inevitably this sometimes takes longer than you would wish. The fall-back position is that we are able to use Compulsory Purchase Order powers but that should only be as last resort – it is only if negotiations fail that we should go down this route.

39. As a holder of public funds the council should always be minded to ensure that it obtains best value in its dealings.

Background documents

Council: The Leyland Town Deal – Town Investment Plan, September 2020

Executive Member Decision Taken Under the Scheme of Delegation: Acquisition of Land, March 2021

Council: Leyland Town Deal, May 2021

Executive Cabinet: Leyland Town Deal - Procurement Strategy, January 2022

Council: Leyland Town Deal Business Case and Budget, February 2022

Executive Member Decision: Leyland Town Deal – Business Case Submission, March 2022

Executive Cabinet: Leyland Town Deal Acquisition and Leases, March 2022

Council: Leyland Town Deal Land Acquisitions, May 2022

Executive Cabinet: Leyland Town Deal Land Acquisitions, June 2022

Balfour Court Valuation

Appendices

Appendix 1 – Title Plan LA858239 (Plot 1 - NFM Iddons Factory)

Appendix 2 – Title Plan LAN241623 (Plot 2 & Plot 4 – Vacant Development Land)

Appendix 3 – Title Plan LA864393 (Plot 3 – Former Heatons Engineering Site)

Appendix 4 – Title Plan LA910557 (Plot 3 – Former Heatons Engineering Site)

Appendix 5 - Title Plan LAN44114 (Sovereign House)

Appendix 6 – Title Plan LA547828 (51, 53 and 55 Hough Lane)

Appendix 7 – Title Plan LA688488 (Balfour Court)

Appendix 8 – Heads of Terms for Purchase of Sovereign House

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