

RECORD OF EXECUTIVE DECISION TAKEN BY AN EXECUTIVE MEMBER

This form **MUST** be used to record any decision taken by the Elected Mayor or an individual Executive Member (Portfolio Holder).

The form must be completed and passed to the Chief Officer Legal and Democratic Services no later than NOON on the second working day after the day on which the decision is taken. No action may be taken to implement the decision(s) recorded on this form until 7 days have passed and the Chief Officer Legal and Democratic Services has confirmed the decision has not been called in.

1. Description of decision

- (a) Approve the acquisition of the Lloyds Bank Building, High Street, Bedford, comprising 17,836 square feet of accommodation for £1,375,000 (plus Stamp Duty Land Tax of £58,250 and professional fees estimated at £30,000) funded from the established Regeneration & Development Fund allocation in the capital programme.**
- (b) Delegate authority to the Interim Head of Property Services and Chief Executive to finalise the detailed terms for the acquisition.**
- (c) Approve the funding for essential maintenance works on the non-leased parts of the building, such as preventative repairs, essential maintenance and site security, and to enable rate mitigation measures to be pursued, at an estimated cost of £100,000, from the Regeneration and Development Fund.**

2. Date of decision

17 October 2024

3. Reasons for decision

- The regeneration of Bedford town centre is a key priority, reflecting the importance of a strong and vibrant town centre in achieving the growth objectives set out in national policy as well as regional and sub-regional strategies. The Mayes Yard area has been identified as a key area of change within the emerging Local Plan and a key development site proposals for the re-development and revitalisation of Bedford town centre.
- The opportunities offered by the Council's existing land ownership in this development area have the potential to further stimulate economic regeneration and enhance the overall environment of the river and the town centre and significantly improve the access to and use of it.
- Acquisition of further property interests, such as the Lloyds Bank Building, would enable the Council to promote a significant regeneration opportunity as a key landowner, as well as in its role as a Local Planning Authority. In addition to the ability to influence the overall scale of development, scope exists to achieve benefits of a non-financial nature, including the expansion of the Corn Exchange and updated Library in line with the aspirations of Local Plan 2040.

4. Alternatives considered and rejected

The alternative option is not to proceed with the acquisition and thus not intervene in the property market or proceed on a joint venture basis. There are, however, many ownerships in Mayes Yard which could frustrate the delivery of a comprehensive scheme in the area, given potential over expectation of land value (impacting on overall scheme viability). Intervention in the market in this case relates to the existence of market failure, with key properties redundant now for some considerable time, adversely impacting on the town centre, with limited prospects of resolution given the retail economy.

5. How decision is to be funded

Allocated funding within the Regeneration and Development Fund

6. Conflicts of interest

Name of all Executive members who were consulted AND declared a conflict of interest.	Nature of interest	Did Standards Committee give a dispensation for that conflict of interest? (If yes, give details and date of dispensation)	Did the Chief Executive give a dispensation for that conflict of interest? (If yes, give details and the date of the dispensation).

The Mayor has been consulted on this decision

Not Applicable

Signed 

Date:

17 October 2024

Name of Decision Taker:

Mayor Tom Wootton

This is a public document. A copy of it must be given to the Chief Officer Legal and Democratic Services as soon as it is completed.

Date decision published:17October2024.....

Date decision can be implemented if not called in:28October2024.....

(Decision to be made exempt from call in.....NO.....)

Bedford Borough Council – Report to the Mayor

Date of Report: 17 October 2024

Report by: Interim Head of Property Services

Subject: PROPERTY ACQUISITION – LLOYDS BANK BUILDING, 34/36 HIGH STREET, BEDFORD

1. EXECUTIVE SUMMARY

- 1.1 To consider the acquisition of the Lloyds Bank building, High Street, Bedford for the benefit of and inclusion within the proposed Mayes Yard development within the town centre. Purchasing the site is an opportunity to secure the future use for the wider benefit of the public.
- 1.2 The regeneration of Bedford town centre is a key priority, reflecting the importance of a strong and vibrant town centre in achieving growth objectives. The Mayes Yard area has been identified as a key area of change within the emerging Local Plan and a key development site as part of emerging proposals for the re-development and revitalisation of Bedford town centre.

2. RECOMMENDATIONS

- 2.1 **The Mayor is requested to consider the report and, if satisfied, to:**
 - (a) **Approve the acquisition of the Lloyds Bank Building, High Street, Bedford, comprising 17,836 square feet of accommodation for £1,375,000 (plus Stamp Duty Land Tax of £58,250 and professional fees estimated at £30,000) funded from the established Regeneration & Development Fund allocation in the capital programme.**
 - (b) **Delegate authority to the Interim Head of Property Services and Chief Executive to finalise the detailed terms for the acquisition.**
 - (c) **Approve the funding for essential maintenance works on the non-leased parts of the building, such as**

preventative repairs, essential maintenance and site security, and to enable rate mitigation measures to be pursued, at an estimated cost of £100,000, from the Regeneration and Development Fund.

3. REASON FOR RECOMMENDATIONS

- 3.1 The regeneration of Bedford town centre is a key priority, reflecting the importance of a strong and vibrant town centre in achieving the growth objectives set out in national policy as well as regional and sub-regional strategies. The Mayes Yard area has been identified as a key area of change within the emerging Local Plan and a key development site proposals for the re-development and revitalisation of Bedford town centre.
- 3.2 The opportunities offered by the Council's existing land ownership in this development area have the potential to further stimulate economic regeneration and enhance the overall environment of the river and the town centre and significantly improve the access to and use of it.
- 3.3 Acquisition of further property interests, such as the Lloyds Bank Building, would enable the Council to promote a significant regeneration opportunity as a key landowner, as well as in its role as a Local Planning Authority. In addition to the ability to influence the overall scale of development, scope exists to achieve benefits of a non-financial nature, including the expansion of the Corn Exchange and updated Library in line with the aspirations of Local Plan 2040.

4. THE CURRENT POSITION

- 4.1 The Mayes Yard area is identified in the emerging Local Plan 2040 (currently subject to examination) as a significant redevelopment opportunity within Bedford town centre. The scheme includes the key cultural facilities at Bedford Corn Exchange, the Harpur Suite and Bedford Central Library together with the former Debenhams department store, all of which are within the Council's freehold ownership.
- 4.2 The freehold interest of the Lloyds Bank Building and adjoining land, High Street, Bedford is key to delivering an element of the proposed Mayes Yard scheme. Through negotiation over several months, it has been possible to reduce the asking price from **£2,000,000** to the recommended purchase price of £1,375,000.

5. DETAILS

- 5.1 The Lloyds Bank Building, High Street, Bedford occupies a prominent town centre location in the High Street, Bedford and it comprises 17,836 square feet of accommodation (net internal floor area) and occupies a total approximate land area of 0.137 hectares (0.33 acres). The property comprises a three-storey mid-terrace offering brick/part rendered elevations set under a pitched tile/part flat felted roof, which has been converted to operate as a banking hall with associated offices and storage. The property offers, on the ground floor, the main banking hall, together with strong room, meeting rooms and offices. The upper floors comprise a combination of offices, stores, kitchen and toilet facilities. In addition, the basement comprises a strong room, storage area, staff mess room and toilets. A substantial parking area is available to the rear.
- 5.2 This report seeks to provide a comprehensive appraisal of the regeneration objectives, risks, opportunities and potential financial returns and the resourcing of this commercial property investment.
- 5.3 In developing the business case, advice has been specifically commissioned from specialist advisors in the field:
- Hartnell Taylor Cooke – to undertake a valuation and supplementary property advice.
 - Robinson & Hall, Chartered Surveyors and Property Consultants – to undertake a building survey.
- 5.4 In relation to the wider Mayes Yard regeneration opportunity, Rund (specialist surveying and construction consultant) have been employed to test viability, produce a technical due diligence report to identify project risks and opportunities and provide framework for selecting a developing partner for the holistic Mayes Yard-wide redevelopment. The data in relation to viability has been useful in evaluating this specific acquisition opportunity.
- 5.5 The property is let to [REDACTED] by way of a lease dated [REDACTED]. The main terms are as follows:
- | | |
|-----------------------|------------|
| Lease Term: | [REDACTED] |
| Rent: | [REDACTED] |
| Tenant Break Options: | [REDACTED] |
| | [REDACTED] |
| | [REDACTED] |
| Rent Review: | [REDACTED] |

Repairs:
Decoration:

[REDACTED]
[REDACTED]
[REDACTED]

- 5.6. In terms of restrictions, there are no known public rights of way affecting the property. The freeholders of numbers 42 and 44 High Street, Bedford have the benefit of pedestrian rights of way over the property. There is no knowledge of any wayleaves or easements affecting the property, nor any restrictive covenants.
- 5.7. The Executive considered and approved a report, at its meeting on 16 October 2024, which set out the strategic importance of the Mayes Yard development and the strategies for the remaining land acquisitions and the selection a development partner to take the scheme forward.
- 5.8. In the context of the paper the acquisition of the Lloyds Bank building is considered significant based on it giving the council a strategic foothold in delivering a town centre regeneration focused on Mayes Yard.
- 5.9. Bedford Town Centre's prime shopping 'pitch' has been traditionally centred around Silver Street and until 2017 was endorsed by 4 anchor retailers within 200 yards of each other namely Debenhams, Beales, Marks & Spencer and Next. All 4 have either relocated out of the town centre or ceased trading.
- 5.10. The departure of 4 key retailers has left a significant void in the town centre which has since only been partially reoccupied. With less choice, relevance and vibrancy the customer footfall in this part of town has inevitably reduced. The town has also been impacted, like most UK towns with trade being lost to out of town shopping and internet shopping.
- 5.11. One of the Council's key priorities is to reverse the decline in this part of the town centre by championing a regeneration agenda to improve its fortunes and appeal. It is, therefore, proposed that Mayes Yard will be transformed through the creation of a mixed-use development of new and older buildings overlooking a new public square. The content within the new building fabric is use-interchangeable and could include a significant residential content adjacent to new retail, commercial, food and beverage, hotel, hospitality entertainment, landscaping and further public realm. This proposal accords with a general 'place making' strategy.
- 5.12. The purchase of the Lloyds Bank building will facilitate provision of a public square within the Mayes Yard development and, also, potentially provide the opportunity increase the seating capacity of the town's theatre by providing the land required to add a rear extension to the current Corn Exchange venue or a new-build possibly involving the redevelopment of the existing

library site. Architectural studies have shown that, from a master planning perspective, either theatre option involves the need to acquire the Lloyds Bank building as does the provision of a new public square.

- 5.13. If a Compulsory Purchase Order (CPO) were to be deemed necessary, subject to Executive approval it is considered that the acquisition of Lloyds Bank together with the existing council owned property could significantly improve the chances of a CPO being confirmed by the Secretary of State, as it will help create the 'lion's share' of a significant development site. Having acquired the property ahead of a CPO demonstrates the intent of the council to create a composite development site.
- 5.14. Negotiations to acquire the freehold of 34/36, High Street, Bedford began in 2023. The co-owners were originally disinterested in selling but latterly indicated a sale price of £2,000,000. The Council thereafter offered £1,250,000 which was rejected. Negotiations continued and the co-owners indicated their bottom line was a sale price of £1,375,000. Terms have agreed at this lower level subject to contract, valuation and survey.
- 5.15. As part of its due diligence, the Council instructed Robinson & Hall to undertake a building survey of the premises. The survey report advises that the property is in fair condition for its age [REDACTED]
[REDACTED]
[REDACTED] The report indicates repairs and conversion costs to a non-banking use could amount to a figure close to £2,000,000.
- 5.16. In August 2024 the Council instructed chartered surveyors, Hartnell Taylor Cooke (HTC), to value the property and they reported that the value using the 'investment approach' under the valuation guidelines of the RICS Red Book and duly informed the Council that the property had a 'Fair Value' of £920,000.
- 5.17. Taking account of the vendors minimum selling price requirement of £1,375,000 the above valuation meant there was a shortfall of £455,000.
- 5.18. HTC were asked to advise on whether by paying the additional sum of £455,000 could be justified. HTC have confirmed that, although their valuation remains the same, they advise that: "If the building is needed to secure the future of the Mayes Yard Regeneration scheme and is a strategic foothold in delivering Phase 1 of the scheme, it sounds as if it is an essential purchase. Without the back up of CPO (which, you suggest, the purchase of this site may contribute to achieving) the Council are under an obligation to negotiate the best price possible for the purchase. If that best achievable price is £1.375 million, then that is the level the market has dictated you need to pay if you wish to purchase the building".

[REDACTED] If the property is acquired it will benefit from a lease in favour of [REDACTED] that is due to expire [REDACTED]
[REDACTED] The current rental income is [REDACTED] per annum and based on a full repairing and insuring lease. The banking hall is being used by [REDACTED] for customers although the

remainder of the property is not occupied. [REDACTED]

- 5.20. Should [REDACTED] vacate, the Council will be responsible for utility costs repairs, insurance, business rates and security. The main costs would be Business Rates. There are two rating assessments: 34 High Street, which has a Rateable Value £88,500 and 34a High Street, for which the Rateable Value is £16,250. The total rates payable for 2024/2025 is £57,194. There may be scope to relet the ground floor banking hall, but the remaining parts are likely to have limited letting appeal. Any empty property costs would need to be covered within existing Property Services budgets.

6. **ALTERNATIVES CONSIDERED AND REJECTED**

- 6.1 The alternative option is not to proceed with the acquisition and thus not intervene in the property market or proceed on a joint venture basis. There are, however, many ownerships in Mayes Yard which could frustrate the delivery of a comprehensive scheme in the area, given potential over expectation of land value (impacting on overall scheme viability). Intervention in the market in this case relates to the existence of market failure, with key properties redundant now for some considerable time, adversely impacting on the town centre, with limited prospects of resolution given the retail economy.

7. **KEY IMPLICATIONS**

7.1 Legal Issues	<p>Local Authorities have general powers to acquire and dispose of land either for the Council's functions or for the benefit or improvement or development of their areas, but when trading or exercising their power of general competence for a commercial purpose this must be done through a company. The main law relating to Acquisitions is the Local Government Act 1972.</p> <p>Section 120 empowers a principal council to acquire by agreement any land inside or outside its area for the purposes of (a) its functions under any enactment, or (b) for the benefit, improvement, or development of its area. A principal council may acquire by agreement any land for any purpose for which they are authorised by this or any other enactment to acquire land. Notwithstanding that the land is not immediately required for that purpose; and, until it is required for the purpose for</p>
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	which it was acquired, any land acquired under this subsection may be used for the purpose of any of the council's functions.
7.2 Policy Issues	The regeneration of Bedford town centre is a key priority set out in the draft Corporate Plan 2024/2025-2027/2028 and the Town Centres Capital Delivery Plan, reflecting the importance of a strong and vibrant town centre in achieving growth objectives. The property to be acquired is within the Mayes Yard area which has been identified in the emerging Local Plan as a key development site for the re-development and revitalisation of Bedford town centre.
7.3 Resource Issues	<p>The total cost of acquisition is £1,433,250 including Stamp Duty Land Tax. Professional fees for the transaction are estimated at £30,000. There is provision to fund this within the Regeneration and Development Fund allocation in the approved capital programme. The intention is that the property will be included as part of a wider regeneration scheme known as Mayes Yard. The Council would expect to obtain a reasonable rate of return from this investment. It must be recognised, however, that the full development potential will not be realised for some considerable time. A full report would be submitted to the Executive for approval of the terms of disposal and the formal Development Agreement between the Council and the preferred developer. The rental income receivable from [REDACTED] would need to be added to the 2025/2026 revenue budget.</p> <p>Should [REDACTED] vacate, holding costs for the property are estimated at £60,000 per annum based upon the liability for National Non-Domestic Rates security and utility costs of the unoccupied part of the building. Endeavours will be made, following acquisition, to manage these revenue liabilities. It is proposed that the funding of the property holding costs [REDACTED] is from the Surplus Properties budget, pending disposal of the site for short term uses and, in the longer term as part of an approved regeneration scheme.</p> <p>Whilst there is an existing tenant in part of the building, it is inevitable that some maintenance costs will be incurred in 2025/2026 (and potentially in future years). It is considered, at this stage, that a sum of £100,000 should be allocated for this purpose, which could be funded from the Regeneration and Development Fund</p>
7.4 Risk Implications	The key risks relate to the potential holding costs should [REDACTED] exercise their option to break [REDACTED]. Officers will liaise with [REDACTED] at the earliest opportunity to establish their intentions. Should they indicate that they intend to vacate, then a strategy for ensuring a short-term let to minimise the potential costs. There is also the risk that the Mayes Yard development does not

	proceed, in which case, the Council would lease the property on commercial terms and manage it within its investment portfolio.
7.5 Environmental Implications	The site is currently unattractive and does not make a positive contribution to the streetscape. Eventual re-development will, therefore, result in a positive impact. All relevant environmental considerations will be considered at the design and planning stages of the project.
7.6 Equalities Impact	In preparing this report, due consideration has been given to the Borough Council's statutory Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010. The specific proposal has no relevance to the Council's equality duty and, as such, an equality analysis is not needed.
7.7 Impact on Families	The vacant and underutilisation of the site does not make a direct contribution to the lives of Bedford Borough families, seeking retail, leisure, and community pursuits. Eventual re-development will, therefore, result in a positive impact. The positive impact a short to medium, and longer-term redevelopment project could have on the site will be considered at the design and planning stages of the project.
7.8 Community Safety and Resilience	The site is currently underutilised and has been a magnet for anti-social behaviour including fly-tipping and criminal behaviour. Eventual re-development will, therefore, result in a positive impact. All relevant community safety and resilience elements will be considered at the design and planning stages of the project.
7.9 Impact on Health and Wellbeing	The vacant and depressed condition of the property asset does not make a positive contribution to the health and well-being of the Bedford Borough Community. Eventual re-development will, therefore, result in a positive impact. Relevant health and wellbeing elements which could make a positive impact for the Bedford Borough Community will be considered at the design and planning stages of the project.

8. SUMMARY OF CONSULTATIONS AND OUTCOME

8.1 The following Council units or Officers and/or other organisations have been consulted in preparing this report:

Portfolio Holder for Town Centres and Planning
Chief Executive
Assistant Chief Executive (Chief Finance Officer)

Interim Monitoring Officer & Chief Officer for Assessment, Application & Business Support

All relevant comments have been incorporated into the report, as necessary.

9. WARD COUNCILLOR VIEWS

9.1 This report is not relevant to an individual ward but affects all wards.

10. CONTACTS AND REFERENCES

10.1 Please see references in the table below:

Report Contact Officers	Margaret Birtles, Interim Head of Property Services margaret.birtles@bedford.gov.uk ext. 44894
File Reference	N/A
Previous Relevant Minutes	Executive 16 October 2024 Minute no.42
Background Papers	None
Appendices	None