



**COUNCIL CABINET**  
**15 June 2022**

# ITEM 12

Report sponsor: Rachel North – Deputy Chief Executive  
Report author: David Fletcher – Director, City Development & Growth

## **Former Aida Bliss site, City Road**

### **Purpose**

- 1.1 To brief Cabinet on alternative proposals for the development of the former Aida Bliss factory site, City Road.
- 1.2 To seek approval for disposal of the site for the purpose of developing the site into state of the art film studio and stunt training facilities.
- 1.3 To set out the financial implications and conditions associated with the proposed disposal.

### **Recommendations**

- 2.1 To formally declare the former Aida Bliss site as surplus to Council requirements and available for sale.
- 2.2 To approve disposal of the former Aida Bliss site on the basis of the agreed heads of terms, to an appropriate legal entity.
- 2.3 To delegate authority to the Strategic Director of Communities and Place, following consultation with the Strategic Director of Corporate Resources, the Cabinet Member for Adults, Health and Housing and the Cabinet Member for Place and Community Development, to finalise all relevant contractual matters and associated legal documentation to facilitate this disposal.
- 2.4 To delegate authority to the Strategic Director of Corporate Resources in consultation with the Cabinet Member for Finance, Assets and Digital, to authorise the terms of the sale.
- 2.5 To delegate authority to the Strategic Director of Corporate Resources to make the necessary financial arrangements and changes in relation to both the Council's General Fund and Housing Revenue Account to enable these proposals to proceed, including making amendments to the capital programme and the issuing of a grant if required.
- 2.6 To approve the making of a grant to MARV Studios (or other appropriate legal entity) for the sum of up to £303,000.

## **Reasons**

- 3.1 These proposals offer an exciting alternative use of this former industrial site, which will contribute to the growth of the creative and digital sector in Derby and the diversification of the local economy.
- 3.2 These proposals leverage significant private sector investment to the city and associated ongoing economic benefits.

## **Site History**

- 4.1 The site is the former Aida Bliss factory on City Road, which closed in 2004. The factory, originally named the Union Foundry, was built between 1877 and 1891, and was sold to US company EW Bliss in 1939 and ultimately became Aida Engineering.
- 4.2 At the 22 October 2014 Cabinet meeting, members gave delegated authority to the Chief Executive, Strategic Director of Resources and the Strategic Director of Neighbourhoods in consultation with the Cabinet Member for Planning and Regeneration, for the Council to purchase land to ensure the delivery of the Our City Our River (OCOR) flood protection programme. In line with this authorisation, delegated approval was given in May 2017 for the acquisition of the Aida Bliss site.
- 4.3 Ultimately, the site was acquired by Derby City Council in 2018 via the Housing Revenue Account (HRA), with a view to enabling the Council to fully appraise the site's potential to deliver new affordable homes.
- 4.4 A proposed social housing scheme of 74 new homes has been drawn up to RIBA Stage 3 and is essentially ready for planning submission. This scheme can be funded within the approved HRA capital programme and is within the financial parameters for a council development scheme. In addition, £0.825m in Brownfield Land Release Fund grant is being held to partially offset the costs of developing the site for housing.
- 4.5 However, the overall cost is relatively high. Further work would be needed to assess whether this would be good value in the context of the overall HRA Business Plan, and to understand the financial risk posed by Right to Buy sales on such a scheme. If the proposed sale of the site did not progress, it may be that the Council would decide to proceed with the housing scheme, but this would only be after careful consideration of the Full Business Case and Cabinet approval of a revised project budget to enable this.

## **Alternative development proposals**

- 5.1 The Council has been approached by MARV Studios, a world-leading UK based film production company, with a view to the organisation acquiring the site and investing an estimated £13M in significant state of the art film studio and stunt training facilities.

- 5.2 A key member of the senior management team of MARV is Damien Walters, one of the leading stunt actors in the world, and who also runs the very successful Derby City Gymnastics Club, operating from the Lancaster Sports Centre within the Chapel Street multistorey car park in Derby city centre.
- 5.3 The development proposals being promoted by MARV would include 3 key elements:
- Film studio space – to enable MARV to provide professional training space for rehearsing and shooting purposes for TV and film productions;
  - Stunt training academy – Europe’s first stunt training and testing centre, the vision being to create a National Centre of Excellence in Gymnastics, Trampolining, Parkour and Martial Arts;
  - Fitness and rehabilitation centre – providing cutting edge health and fitness services to both the international film industry and to elite sports people – but also making available the gym and fitness facilities for local residents to use.
- 5.4 Key potential benefits which could be leveraged from this investment include:
- Diversifying our economy and positioning Derby as a key player in the film and television media sector – in 2021, the UK film production industry was worth £1.55bn, but at present less than 1% of all UK film production takes place in the Midlands – these facilities will help to address a sector-wide shortfall in studio space and increase Derby’s share of this high profile market (the section below sets out in more detail the anticipated economic impact of these proposals);
  - Creation of greater business opportunities for the creative and digital media sector locally;
  - Attracting people of all ages and ability to recreation, participation, world level competition and professional opportunities within sport – and helping local people to develop strong positive attitudes and improve their physical as well as mental health (part of the academy will be run as a charitable venture, allowing young talented participants to be sponsored and supported by MARV in the sports listed above);
  - Opening up new career opportunities for Derby’s residents, linked to the University of Derby’s BA (Hons) in Film and TV production and the BFI Film Academy hosted by QUAD, supporting graduate retention and creating new volunteering opportunities.
- 5.5 Below are summarised key potential risks associated with these proposals and the proposed mitigations:

<b>Risk</b>	<b>Proposed Mitigation</b>
Planning consent not being secured	<ul style="list-style-type: none"> <li>• Significant pre-planning discussions have taken place to determine whether the principles of this scheme are acceptable</li> <li>• Disposal of site by DCC is subject to planning</li> </ul>
Development costs increasing	Significant technical due diligence has been undertaken by MARV's professional team to develop a comprehensive understanding of the nature of works required to the site. Any cost increase in development of the site would sit with MARV as purchaser and developer.
Grant support (level of DCC funding required dependent on successful DEGF application)	Significant evidence of economic impact potential which provides a strong basis for the grant application.

## **Economic Impact**

- 6.1 MARV have commissioned Focus Consultants to undertake an analysis of the estimated local economic impact of their proposed investment in Derby.
- 6.2 The study undertaken indicates overall economic and social benefits of over £12M per annum, including the following:
- Additional annual spend of £9M in the local economy and supply chain
  - Estimated 30-40 staff directly employed
  - When film production underway on the site, and when at maximum capacity, circa 270 people working at the studio
  - Additional 400-450 visitors to Derby per week, generating increased overnight accommodation demand (100-150 nights per week)
- 6.3 In addition, of course, the MARV development will repurpose a historically significant building in Derby and generate significant annual business rates income for the Council.

## **Public / stakeholder engagement**

- 7.1 These proposals have been the subject of briefings for the Darley Ward Councillors.
- 7.2 We are also arranging opportunities for Chester Green residents to informally ask questions about this alternative use of the Aida Bliss site.
- 7.3 A detailed planning application is being prepared for these proposals and this will of course create the opportunity for further engagement and consultation with local residents and other relevant stakeholders.

## **Other options**

- 8.1 The primary alternative option, as described above, is for the Council to proceed with the housing scheme on the site. This scheme is relatively expensive and further work would be required to ensure that it delivers value for money.

## **Financial & value for money issues**

- 9.1 Local authority owned land should only be disposed of for best consideration (section 123 of the Local Government Act 1972). In addition, under the General Housing Consents 2013, a local authority can dispose of vacant land (a site on which no housing has been built) at market value without the consent of the Secretary of State. The Council can therefore dispose of this site within the Housing Revenue Account (HRA) at market value to MARV for the purposes described above.
- 9.2 A professional valuation, commissioned by Estates, indicates a market value of the former Aida Bliss site of approximately £453,000. It is therefore proposed to dispose of the site to MARV at this value.
- 9.3 In addition, the Council will offer MARV a grant of £303,000 to support their development of the site and strengthen their internal business case for investment in Derby. It is proposed that this grant is part-derived from the Derby Enterprise Growth Fund (DEGF), subject to a successful application to DEGF, and part-funded directly by the Council, the proposed amounts being £235,000 and £68,000 respectively.
- 9.4 The flood defence wall will continue to be held on the Council's balance sheet. The Council is to explore the feasibility of these costs being retrospectively accommodated by the OCOR programme, subject to the approval of our external funding partners.
- 9.5 The remaining abortive costs attributed to the HRA would be £473,000. It should be noted that these abortive costs will be incurred in any circumstances whereby the housing scheme option is not pursued.
- 9.6 A grant from DLUHC of £825,000 had been granted from the Brownfield Land Release Fund for use on the site for housing redevelopment. Discussions are taking place exploring the opportunities of using this grant on other sites however, there is a risk that the grant may have to be repaid if these discussions aren't successful.

- 9.7 A summary of the cost implications for the Council's General Fund and Housing Revenue Account is provided below:

	<b>General Fund</b>	<b>HRA</b>	<b>Comments</b>
	<b>£000k</b>	<b>£000k</b>	
Historic costs incurred		1,729	
Capital receipt		(453)	
Grant to MARV	303		DEGF application for £235k
Revaluation of site asset		(147)	
Flood protection wall		(656)	Asset to be held on the Council Balance sheet
<b>Net Costs</b>	<b>303</b>	<b>473</b>	

## Legal implications

- 10.1 As stated above, as this site is held by the HRA, local government legislation requires that the site be disposed of at market value.
- 10.2 In addition, the proposed grant to be awarded to MARV is subsidy control compliant as the current EU-UK Trade and Cooperation Agreement does not apply to the audio visual sector and therefore there are no restrictions on the level of grant that can be awarded under the current subsidy control regime.
- 10.3 The proposed heads of terms for the disposal of the site include a number of conditions, the transaction being subject to:
- detailed planning consent being secured;
  - the grant support offered being conditional on all 3 elements of the proposals being delivered.
  - A buy back clause at the same value if the scheme is not delivered within a 5 year timeframe from the date of the completion of the purchase.

## Climate implications

- 11.1 These proposals bring a derelict but prominent industrial site back into economic use, which will benefit from utilising the embedded carbon within the existing building structures.
- 11.2 Part of the site has already been used for the provision of critical flood protection measures.
- 11.3 The design of the new facilities on the site will incorporate contemporary measures aligned with sustainability, including material choices, energy efficiency and provision for cycle users. It is anticipated that many visitors, who are working on site for a period of days or weeks, will stay in the city centre and walk there rather than using the private car.

This report has been approved by the following people:

<b>Role</b>	<b>Name</b>	<b>Date of sign-off</b>
<b>Legal</b>	Emily Feenan	25 May 2022
<b>Finance</b>	Simon Riley	28 May 2022
<b>Service Director(s)</b>	David Fletcher	25 May 2022
<b>Report sponsor</b>	Rachel North	27 May 2022
<b>Other(s)</b>	Jayne Sowerby-Warrington	26 May 2022

<b>Background papers:</b>
<b>List of appendices:</b>