

## Report of the Interim Deputy Chief Executive

**BEESTON TOWN CENTRE REDEVELOPMENT**1. Purpose of report

To update members on progress on The Square Phase 2 in Beeston.

2. Background

Committee will recall that the Council has agreed to act directly as developer for a cinema and food and beverage development at the top end of the site, with a residential development at the bottom end of the site, linked by public realm. The estimated cost of the development is approximately £10.865 million over the next three years.

3. Key Updates

- Planning permission will be sought in the next few weeks, following a brief further public consultation.
- A design review panel has been held.
- Discussions continue with the prospective cinema and various food and beverage (F&B) operators.
- The Council has now secured sufficient funding to cover pre-construction costs.

It is recommended that no construction contract is let until such time as the following have been secured:

- Cinema conditional agreement for lease
- Rent payable under the above (plus any other forward lease commitments) sufficient to cover estimated interest payable on the project capital borrowing.
- Planning permission for leisure element
- Legally-binding sale agreement for residential site.

4. Financial implications

These are outlined in appendix 1. A marketing update is included in the confidential section of the agenda at appendix 2.

**Recommendations**

**The Committee is asked to RESOLVE that no construction contract is let until such time as the conditions set out above have been secured.**

Background papers

Nil

Financial implications

The capital programme 2018/19 – 2020/21 approved at Finance and Resources Committee on 15 February 2018 included £10.865 million over the next three years for the Beeston Town Centre redevelopment.

The planned financing of the capital programme assumes at this stage that the estimated £10.865 million cost will be met by borrowing. Whether the Council needs to borrow the entire £10.865 million or a reduced amount will be heavily influenced by the following factors;

- The sale of the residential element
- The level of tram compensation received
- Any funding that may be received from the D2N2 Local Enterprise Partnership.

Whilst the level of budget allocated to this initiative is set by members, responsibility for deciding the methods used to finance this expenditure is delegated to the Interim Deputy Chief Executive in his role as Section 151 Officer. Details of financing measures taken will be reported to members at the earliest opportunity.

The Finance and Resources Committee on 18 May 2016 allocated a budget of £325,000 for specialist legal and procurement advice for Beeston Square. It is intended that this is met from a combination of General Fund capital receipts, tram compensation and £70,000 received from the Nottingham Pre Development Fund. The total expenditure incurred against this budget to date is £211,795.

It is anticipated that securing the conditions necessary to allow the construction contract to be let including the procurement of a building contractor to the point of contract award would cost up to £800,000. It is presently anticipated that this will be met from the £10.865 million as set out above. If any further budget allocation is required then this will be brought before members for consideration.