

## Report of the Deputy Chief Executive

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

To update members on progress on The Square Phase 2 in Beeston and to recommend continued delegation of key approvals to the Deputy Chief Executive in order to maintain sufficient pace for a Christmas 2020 opening.

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 northern end of the site, with a residential development to the south, linked by public realm.

3. Key updates (further details are given in appendix 1 and in the exempt appendix 2)

The cross-party Project Board considered all of the following in detail at its meeting of 9 September 2019:

- The lease/operating deal with The Arc cinema should be completed by this meeting.
- The original sale of the residential element fell through and a different purchaser has now been agreed by the Project Board.
- Commercial discussions with restaurant/café bar operators are continuing.
- The Deputy Chief Executive, in consultation with the Project Board, has agreed to award the main building contract, subject to finalisation of the contract terms and cinema lease.

A number of risks remain to the delivery of the project.

4. Financial implications

Details are given in the exempt appendix 2.

**Recommendations**

**The Committee is asked to:**

- 1. NOTE the report and any further verbal updates provided.**
- 2. RESOLVE to continue to delegate to the Deputy Chief Executive all key approvals, in consultation with the cross-party Project Board, and subject to the overall project cost remaining within the financial limits already set or subsequently changed by the Finance and Resources Committee and/or Full Council as appropriate.**

Background papers

Nil

## APPENDIX 1

Key Updates

- The lease with The Arc cinema should be agreed and exchanged by the time of this meeting.
- Sale of the residential element has been delayed due to some defects in the Council's legal title that are a legacy of acquisition and hand-back of land for the tram, and because the original agreed purchaser failed to make sufficient progress. When given a final deadline they only agreed to proceed on the basis of a significantly reduced offer.

Consequently the Deputy Chief Executive re-invited bids for the land, and the Project Board agreed to accept a bid from a different bidder at its meeting of 9 September 2019. The intention is to complete this new deal by Christmas 2019.

- The mid-range food and beverage retail market remains in the doldrums due to a combination of over-supply, under-patronage and aggressive price-cutting.

That said, a number of significant operators are very enthusiastic about Beeston as a location – albeit their ability to obtain board approval to proceed is prejudiced by the wider picture above. Our agents have reported that there is an increasing 'fire sale' market whereby fully-fitted premises of failed operators can be acquired by a competitor for much less than the cost of fitting out from new. To help address this, we are reviewing how we can increase Beeston's attractiveness to such operators within the financial envelope.

- The main building contract should be awarded to J.Tomlinson by the time of this meeting and construction works should commence later this month. The intention is still to complete the new development by Christmas 2020.
- A number of risks remain to the delivery of the project.

The main open risks identified on the risk register are:

Commercial Retail and Tenant

- Lack of interest in retail and restaurant opportunities, resulting in lower lease receipts and reputational impact.

Site conditions

- Unexpected below ground utilities found during construction works.
- Unexpected archaeological finds.

Late Client design change

- Design change by Client, or future operator.
- Changes instigated by the Utility companies.