

Officer Non Key Executive Decision

Relevant Chief Officer (Decision Maker):	Chief Executive
Relevant Cabinet Member (for consultation purposes):	Councillor Mark Smith, Cabinet Member for Regeneration, Enterprise and Economic Development
Report Author (Officer name and title):	Antony Hill, Special Project Manager
Implementation Date of Decision:	20 June 2017

TALBOT GATEWAY (CENTRAL BUSINESS DISTRICT) – HOTEL BRANDING AND HOTEL OPERATOR AGREEMENT

1.0 Purpose of the report:

1.1 To re-affirm the selection of a preferred operator in respect of the proposed Council owned Hotel and to re-affirm the Brand Franchise selection.

2.0 Recommendation(s):

2.1 To agree to the selection of Redefine BDL as the preferred operator and to progress the Heads of Terms and entering into the contract accordingly.

2.2 To agree to the selection of Holiday Inn as the preferred Hotel Brand Franchisor and enter into the Franchise agreement.

3.0 Reasons for recommendation(s):

3.1 The selection of a preferred operator and the hotel Brand will enable the Management Agreement to be progressed with the operator and the Franchise Agreement with the hotel Brand Franchisor.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council’s approved budget? Yes

3.3 Other alternative options to be considered:

None

4.0 Council Priority:

4.1 Priority one - The Economy: Maximising growth and opportunity across Blackpool

5.0 Background Information

5.1 In accordance with EX50/2014 the negotiation of the Brand and third party operator was delegated to the Chief Executive, with a Chief Executive Officer Decision being made in Jan 2015 to appoint Redefine BDL as the preferred Hotel Operators.

5.2 The decision made under EX50/2014 has been superseded by EX59/2016 following the change of the location of the proposed hotel which was reported to the Executive in December 2016

5.3 EX59/2016 however still agreed to the principle of nominating a Brand to promote a four star hotel and Delegated the Authority to the Chief Executive for the negotiation of the terms of the management agreement with a third party operator.

5.4 Both the preferred Hotel Brand and the preferred operator have been involved with changes to the hotel design and layout which are as a result of the change of location, as reported under EX59/2016.

5.5 Although both the Hotel Brand Franchiser and the Operator had the right to walk away from the previously agreed Heads of Terms, both have confirmed that, save for minor alterations to the Council's advantage, they are willing to proceed on the basis of the terms previously agreed.

5.6 As the Authority to proceed with both Holiday Inn as the Hotel Brand Franchisor and Redefine BDL as the operator was granted under EX50/2014, authority is sought to re-affirm the decision to proceed with both Holiday Inn and Redefine BDL following the decision made under EX59/2016

5.7 Does the information submitted include any exempt information? Yes

5.8 List of Appendices:

None

6.0 Legal considerations:

- 6.1 The Operating Agreement shall be for a period of 10 years, and by mutual agreement, extending on a 5 yearly basis. Should the Council wish, it can terminate the agreement at any time by serving 6 months' notice and upon paying the equivalent of 6 months fees.
- 6.2 The Franchise Agreement shall be for a period of 20 years, with a minimum fee payable

7.0 Human Resources considerations:

- 7.1 The operating companies do not directly employ staff at the hotel (with the exception of the General Manager), they shall, instead, employ staff through a wholly owned third party company.

8.0 Equalities considerations:

- 8.1 None

9.0 Financial considerations:

- 9.1 The projected returns have been updated to reflect the revisions anticipated and take into consideration all fees and costs, including the Brand Royalty fees, as well as setting aside a sum for replenishing fixture and fittings.
- 9.2 The projected returns, plus the Pre-opening expenses in respect of Service Fee and Technical Input and Franchise setting up fees were accounted for within the Development Appraisal.

10.0 Risk management considerations:

- 10.1 None.

11.0 Ethical considerations:

- 11.1 None.

12.0 Internal/ External Consultation undertaken:

- 12.1 The proposed preferred operator and Brand Franchise had been recommended for approval by the CBD Project Board.

13.0 Decision of Chief Officer

13.1 To agree to the selection of Redefine BDL as the preferred operator and to progress the Heads of Term and entering into the contract accordingly.

13.2 To agree to the selection of Holiday Inn as the preferred Hotel Brand Franchisor.

14.0 Reasons for the Decision of the Chief Officer

14.1 The selection of a preferred operator and the hotel Brand will enable the Management Agreement to be progressed with the operator, and the Franchise Agreement with the hotel Brand Franchisor.