

Notice of:	EXECUTIVE
Decision Number:	EX28/2018
Relevant Officer:	Alan Cavill, Director of Communications and Regeneration
Relevant Cabinet Member	Councillor Simon Blackburn, Leader of the Council
Date of Meeting	18 June 2018

CONSIDERATION OF A LEASE FOR THE MUSEUM PROJECT

1.0 Purpose of the report:

1.1 To agree a Lease at the Palatine Building Promenade Blackpool.

2.0 Recommendation(s):

2.1 To agree in principle to locate the Blackpool Museum in the Palatine Buildings.

2.2 To authorise the Director of Communications and Regeneration to enter/continue negotiations.

2.3 To receive a further report on the next steps.

3.0 Reasons for recommendation(s):

3.1 The discussions on the Agreement for Lease and Lease are at a delicate stage and a number of modifications to the contractual documentation have been requested. In addition the Landlord's obligation on delivery of the handover specification to the Council is not agreed and this will lead to cost changes. Approval of a preferred option will strengthen the Council's position in being able to negotiate with the landlord.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? Yes

3.2b Is the recommendation in accordance with the Council's approved budget? No

3.3 Other alternative options to be considered:

Alternative property options were considered by the Museum team and these were discounted on suitability grounds in favour of the former Palatine Building.

4.0 Council Priority:

4.1 The relevant Council priorities are: “The economy: Maximising growth and opportunity across Blackpool” and “Communities: Creating stronger communities and increasing resilience”

5.0 Background Information

5.1 Steps up to date.

In July 2017 Blackpool Council withdrew its Round Two Heritage Lottery bid to develop a Museum in the Winter Gardens. However it remained committed to its ambition to develop a Museum, with the ability to deliver on the key social and economic outcomes of the Winter Gardens scheme, at a significantly reduced capital cost. Consequently an options appraisal was undertaken to assess and establish the best value option within these parameters.

The four options were:

1. Baseline – do nothing. Blackpool would not have a Museum and all of the collections would remain in storage around the town.
2. The preferred option as described and as presented. This would see the creation of a nationally significant Museum celebrating Blackpool’s role as a resort but more importantly as a centre of popular culture and entertainment.
3. A more ambitious, larger option which includes the Museum, as described, in the Pavilion and Horseshoe areas of the Winter Gardens.
4. A much smaller Museum which would see space within the library being used. The Museum would be much more local in focus and reach. The displays would be small and concentrate on local history. It would attract a very local audience.

The economic case demonstrated that option 2 represented the greatest value for money for the public sector investment required.

Four sites were explored to establish viability and value for money. Based on this, seven potential sites were identified from which a shortlist of three town centre properties were identified. These were:

- Stanley Buildings (reuse of a locally listed building)
- King Street Carpark (new build)
- Basement of the British Home Stores (BHS) building (reuse of a non-historic building).

At a later stage the Palatine Building was considered and found to be more suitable. The location of the site and the potential for the Project to be simplified, effectively to a fit-out, within a redeveloped core. Consequently, the four sites were presented to the Project Board and the Palatine building was selected as the preferred option. The revised scheme was developed within the new location, whilst retaining the original vision and encompassing relevant work from the Winter Gardens Pavilion scheme.

- 5.2 The Palatine Building is to undergo substantial work and re-modelling to convert into a 5 star hotel and Spa and Proposed to open in the summer of 2019, the Museum is proposing to take a Lease within the premises.
- 5.3 The Musuem is expected to receive handover of the premises in 2019 and will then commence its fit out, opening expected to be in the Summer of 2020.
- 5.4 The Musuem entrance is expected to be from Bank Hey Street with a ground floor entrance and first floor space containing permanent and temp displays and learning areas.
- 5.5 The total scheme fit out is outlined in the attached Appendix 4a and outlines that the majority of the funding will come from external sources and a number of bids have been submitted and awaiting a result.
- 5.7 Is the Corporate Delivery Unit aware of this report? Yes
- The Corporate Delivery Unit has been involved in the report and their comments are included in the report.
- 5.6 Does the information submitted include any exempt information? Yes
- The detailed scheme budget is still commercially sensitive and is included in the exempt Appendix 4a.

5.7 List of Appendices:

Appendix 4a– Detailed Scheme Budget (exempt from publication)

6.0 Legal considerations:

6.1 The Agreement for Lease and Lease will be agreed by Legal Services, it is expected the Museum will be operated by a Limited company who will be required to enter into a formal lease with the Council.

7.0 Human Resources considerations:

7.1 The Museum will be operated by a Limited Company, it is expected the staff would be employed by the Company, TUPE considerations may arise as a result.

8.0 Equalities considerations:

8.1 None.

9.0 Financial considerations:

9.1 The value for money appraisal lead to the selection of the Palatine building, any substantial change in costs would prompt a re-consideration of the location.

9.2 The final figures for the rent and service charge have not been agreed, although it is known the Council would be required to pay a rent and a service charge.

9.3 The majority funding for the scheme is expected from external sources, refer to Appendix 4a to the Executive report.

9.4 Commencing rent remains subject to negotiation and officers will ensure that this represents value for money and will be at a market rate.

10.0 Risk management considerations:

10.1 Should all the funding in Appendix 4a, to the Executive report, not come forward the scheme may not be able to proceed and therefore the agreement for lease would be conditional on all the funding being confirmed in full.

10.2 The sub-lease to a new Limited company will not extinguish the Council's liabilities on the lease.

11.0 Ethical considerations:

11.1 None.

12.0 Internal/ External Consultation undertaken:

12.1 Internally with the Growth and Prosperity Board, Finance, Legal, Museum Project Board

13.0 Background papers:

13.1 None.

14.0 Key decision information:

14.1 Is this a key decision? Yes

14.2 If so, Forward Plan reference number: 19/2018

14.3 If a key decision, is the decision required in less than five days? No

14.4 If **yes**, please describe the reason for urgency:

15.0 Call-in information:

15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

15.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

16.0 Scrutiny Committee Chairman (where appropriate):

Date informed: 8 June 2018 Date approved:

17.0 Declarations of interest (if applicable):

17.1 None.

18.0 Executive decision:

18.1 The Executive agreed the recommendations as outlined above namely:

1. To agree in principle to locate the Blackpool Museum in the Palatine Buildings.
2. To authorise the Director of Communications and Regeneration to enter/continue negotiations.
3. To receive a further report on the next steps.

18.2 Date of Decision:

18 June 2018

19.0 Reason(s) for decision:

The discussions on the Agreement for Lease and Lease are at a delicate stage and a number of modifications to the contractual documentation have been requested. In addition the Landlord's obligation on delivery of the handover specification to the Council is not agreed and this will lead to cost changes. Approval of a preferred option will strengthen the Council's position in being able to negotiate with the landlord.

19.1 Date Decision published:

19 June 2018

20.0 Executive Members in attendance:

20.1 Councillor Blackburn, in the Chair

Councillors Cain, Campbell, Cross, Jackson, Kirkland and Mrs Wright

21.0 Call-in:

21.1

22.0 Notes:

22.1