

Officer Non Key Executive Decision

Relevant Chief Officer (Decision Maker):	Neil Jack, Chief Executive Officer
Relevant Cabinet Member (for consultation purposes):	Councillor Mark Smith, Cabinet Member for Levelling Up - Place
Report Author (Officer name and title):	Alan Cavill, Director of Communications and Regeneration
Implementation Date of Decision:	7 March 2024

TALBOT GATEWAY PHASE 3 - OFFICE ACCOMMODATION

1.0 Purpose of the report:

- 1.1 To approve the development of a site within The Talbot Gateway (Central Business District) as grade 'A' office accommodation and to authorise the execution of the Contracts necessary to facilitate this Development.
- 1.2 This report updates EX25/2021, the ONKD of 27th September 2021 and the ONKD of 1st December 2022.

2.0 Recommendation(s):

- 2.1 To authorise the Head of Legal Services to enter into a Deed of Variation to the Agreement for Lease to amend the Agreement for Lease and Lease with the Department for Work and Pensions and subsequently grant the Lease with them for the proposed office on King Street.
- 2.2 To authorise the Head of Legal of Services to enter into a Lease with Electricity North West Limited in accordance with the Heads of Terms appended and with a redevelopment lift and shift clause.
- 2.3 To authorise the Head of Legal to prepare legal documentation and enter into and complete appropriate documents/contracts as necessary to complete the transactions after due diligence is completed.

3.0 Reasons for recommendations:

- 3.1 The Council has an agreement for lease and an agreed lease with the Department for Work and Pensions that requires minor amendments in order to facilitate the installation of substation(s) provided by Electricity North West Limited that are required to serve this development.

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 The relevant Council Priority is

- "The Economy: Maximising growth and opportunity across Blackpool"

5.0 Background Information

5.1 For the background information please refer to the Executive Decision EX25/2021 which was approved by the Council's Executive on 12th May 2021, Officer Non Key Decision of 27th September 2021 and the ONKD of 1st December 2022

5.2 The Council & the DWP agreed terms for the Agreement for Lease in December 2022 that enabled the project to proceed to Contract.

5.3 At the same time the Council and Muse Developments agreed the Forward Funding Agreement for them to deliver the development of the office accommodation (with a GIA of circa 20,300m² and a NIA of 15,494m²) and associated infrastructure on King Street.

5.4 The terms of (1) the Agreement for Lease with the Tenant and (2) the Forward Funding Agreement are that:

- The new building is being designed and delivered by Muse Developments Limited.
- The Tenant has entered into an Agreement for Lease confirming that they are committed to a Lease for a period of 25 years.
- The Agreement for Lease and the Lease have been negotiated to reflect the commercial deal agreed between the parties.
- The Council is forward funding the acquisition of the necessary property, the demolition of the existing structures and site clearance, the construction of the office building (i.e. the CAT A works), the construction of the surrounding public realm and infrastructure and the construction of the temporary car park.
- The Council is forward funding the construction of the CAT B and C fitting out of the building. The Tenant will reimburse the Council for their costs associated with

these fit-out works as they are incurred and prior to them taking occupation of the building.

- The Council is retaining the freehold of the office building.

(Note: 'Cat A', 'Cat B' and 'Cat C' are industry accepted terms relating to the construction of a commercial property and the standard of the internal fit out of an office building.

'Cat A' is the basic office block fitted out but as an open space with lighting, ventilation decorating and carpet.

'Cat B' is where the office is fitted out with internal partitions for meeting rooms, offices and kitchens, along with the installation of underfloor electrics and where necessary ICT cabling and switches etc.

'Cat C' covers the installation of furniture such as desks chairs)

5.5 As part of this development there are 2 substations located within the building that are provided by ENWL. In order for this infrastructure to be provided ENWL will require a lease for these areas within the building. In order to achieve this the following actions need to be carried out:

1. The Council to enter into a Deed of Variation to the Agreement for Lease to amend the Agreement for Lease and Lease with the Department for Work and Pensions to remove the areas required for the ENWL substations from the areas of the existing agreed lease and detail the DWP's responsibilities and obligations with respect to these areas that are within the building.
2. The Council to enter into a Lease with Electricity North West Limited to enable them to provide the necessary electrical infrastructure for the new building.

5.6 There are no cost implications to the project providing that the actions in 5.5 are implemented.

5.7 The DWP have already agreed to the necessary amendments to the Agreement for Lease and the Lease that are required.

5.8 The Lease with ENWL has been agreed.

5.10 Does the information submitted include any exempt information?

Yes

List of Appendices

Appendix A - Heads of Terms for Lease with Electricity North West Limited (**EXEMPT**)

6.0 Legal considerations:

6.1 Ensuring that the Deed of Variation to the Agreement for Lease incorporates the

appropriate amendments and that any new agreements entered into are fit for purpose.

7.0 Human Resources considerations:

7.1 None as a consequence of this report.

8.0 Equalities considerations:

8.1 None as a consequence of this report.

9.0 Financial considerations:

9.1 None - this is all within the existing approved budget.

10.0 Risk management considerations:

10.1 None if this report is approved

11.0 Ethical considerations:

11.1 None

12.0 Internal/ External Consultation undertaken:

12.1 Chief Executive, Directors Resources, Growth and Prosperity Programme Director, Head of Programme Delivery, Legal and Finance

13.0 Decision of Chief Officer

13.1 To authorise the Head of Legal Services to enter into a Deed of Variation to the Agreement for Lease to amend the Agreement for Lease and Lease with the Department for Work and Pensions and subsequently grant the Lease with them for the proposed office on King Street.

To authorise the Head of Legal of Services to enter into a Lease with Electricity North West Limited in accordance with the Heads of Terms appended and with a redevelopment lift and shift clause.

To authorise the Head of Legal to prepare legal documentation and enter into and complete appropriate documents/contracts as necessary to complete the transactions after due diligence is completed.

14.0 Reasons for the Decision of the Chief Officer

- 14.1 The Council has an agreement for lease and an agreed lease with the Department for Work and Pensions that requires minor amendments in order to facilitate the installation of substation(s) provided by Electricity North West Limited that are required to serve this development.