

Report to:	EXECUTIVE
Relevant Officer:	Alan Cavill, Director of Communications and Regeneration
Relevant Cabinet Member:	Councillor Gillian Campbell, Deputy Leader of the Council (Tourism, Economic Growth and Jobs)
Date of Meeting	10 December 2018

‘BLACKPOOL CENTRAL’ DEVELOPMENT PROPOSALS

1.0 Purpose of the report:

- 1.1 To seek agreement on new development proposals and the emerging Masterplan presented by a Developer for the “Blackpool Central” site, formerly known as Blackpool Central Leisure Quarter.
- 1.2 To outline the basis of the agreement with the Developer and set out the Heads of Terms which will form the basis of detailed legal and financial arrangements prior to entering into formal legal contracts.
- 1.3 To note that the Council remains in negotiations with the Developer on the terms of the disposal of land and that the details of the proposals are commercially sensitive. The basis of the agreement is therefore contained within Appendices 7a and 7b which are anticipated to be disclosed on the 7 December 2018 although the Heads of Terms (Appendix 7c) will remain confidential between the parties.

2.0 Recommendation(s):

- 2.1 To agree to the adoption of the proposed Masterplan for ‘Blackpool Central’, as presented by the proposed Developer and included within Appendix 7b. The Masterplan forms the basis for progressing a major leisure development on the site in line with the adopted planning framework in the Blackpool Local Plan Core Strategy and Leisure Quarter Supplementary Planning Document.
- 2.2 To agree to the Heads of Terms as presented in Appendix 7c which provide the principles of the agreement with the proposed developer.
- 2.3 To agree to the establishment of a ‘Blackpool Central’ Project Board to include the Leader of the Council, the Chief Executive, Senior Council Officers and the Developer to monitor, track progress and provide appropriate professional support and advice to both the Leader of the Council and Chief Executive in matters and decisions relating to the land sale.

- 2.4 To delegate authority to the Chief Executive after consultation with the Leader of the Council to enter into the detailed commercial and legal arrangements to deliver the proposals, based upon the principles set out in the Heads of Terms. This includes agreeing any changes to the Heads of Terms where it is appropriate for the successful delivery of the scheme and the protection of the Council's interests.
- 2.5 In addition to the above, agreement to delegate authority to the Head of Legal to enter into any proposed legal agreements relating to the scheme.

3.0 Reasons for recommendation(s):

- 3.1 To ensure Blackpool continues to be a world class destination for tourism, bringing new high quality, innovative leading-edge, year round attractions set in a first class leisure environment for the enjoyment of both local residents and visitors.

To encourage large scale regeneration of the Blackpool Central area, which will see wider direct and indirect benefits to businesses, the visitor economy and local economy.

To support growth in the economy through improved visitor spend and business rate growth.

To provide good quality employment opportunities for people ensuring resilience and sustainability within the local area and beyond.

To maximise use of a prime seafront location within the heart of Blackpool, adjacent to the town centre, Promenade and a number of other key destinations within the town, including Blackpool Tower, Sealife Centre, Madame Tussauds, the Winter Gardens and Houndshell Shopping Centre.

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| 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:

- 3.3a To do nothing on the site and for the majority of the site to remain for car parking, with existing uses continuing within the remaining buildings. The site has seen a significant decline over the past twenty years or more and whilst this is an option, it does not provide a long term vision for such a prominent site within the town and does not maximise the potential that the site has. The site has a long history of being underdeveloped with large

areas vacant since the 1960's.

In addition to this, Lancashire Constabulary has recently vacated their former Divisional Headquarters on Bonny Street and will soon be handing the building over to the Council. The building is beyond its useful life and had been acquired by the Council with a view to demolish it to enable the redevelopment of the area. If the development proposals presented by the Developer were not to proceed, then the demolition or considerable refurbishment / remodelling of these premises would need to be considered.

This option would also require that a more permanent solution be sought for coach pick up and drop off services. The current services operate from temporary buildings on the site but these are inappropriate for the long term and are a cause of concern for many of the coach operators who run regular services to and from the resort.

- 3.3b Another alternative option would be to obtain vacant possession of the remaining site/ buildings currently not in ownership of the Council and to go out to the market to seek a variety of Developer proposals. This option has not been pursued as the Council have been looking to develop this strategic town centre site for a very long time and over the past decade there has only been one genuine interest shown in the site. This did not materialise at the time as vacant possession of the majority of the site could not be obtained quickly enough and alternative opportunities for the Developer arose elsewhere within the UK.

4.0 Council Priority:

- 4.1 The relevant Council Priorities for this project are both:

- “The economy: Maximising growth and opportunity across Blackpool”
- “Communities: Creating stronger communities and increasing resilience”

5.0 Background Information

- 5.1 The Blackpool Central site is pivotal to Blackpool's regeneration ambitions. It occupies a prime seafront location in the heart of Blackpool on the Golden Mile, a stone's throw away from the famous Tower and the Golden Mile. The 7.15 hectare site presents a unique opportunity for a multi-million phased redevelopment to provide a new, exciting and unique tourist destination and act as an important catalyst to wider resort and town centre regeneration.
- 5.2 Blackpool Central site is identified in the Blackpool Local Plan Part 1: Core Strategy as one of Blackpool's most strategically important development sites for major leisure proposals in the town. Policy CS20 sets out the development requirement for the site and is supported by the Leisure Quarter Supplementary Planning Document which provides further detailed

planning guidance for bringing forward development on the site. The Core Strategy planning framework was adopted by Full Council in January 2016.

- 5.3 In March 2017 the Council entered into an Exclusivity Agreement with the Developer who had expressed an interest in purchasing the site and who had plans to develop a high quality all-year round attraction based on a proposal to create a new leisure destination within Blackpool.
- 5.4 Agreement is now being sought for the Masterplan within Appendix 7b to form the basis for progressing a major leisure development on the Blackpool Central site and agree to the proposed draft Heads of Terms. Further negotiation relating to the disposal of land will then be undertaken with the Developer, subject to Executive approval, prior to agreeing fully detailed appraisals and the Council entering into formal legal contracts. It is anticipated that these detailed financial and legal contracts will be agreed before the end of February 2019.
- 5.5 Additional background information in relation to the project is included in Appendix 7a. Due to the ongoing negotiations at the time of publication this document is not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered on balance that the public interest would be not served by publishing information at this stage. It is anticipated that the document will be released for publication as soon as the negotiations are concluded.
- 5.6 Does the information submitted include any exempt information? No

6.0 List of Appendices:

- 6.1 Appendix 7a: Additional Information relating to Development Proposals for Blackpool Central
- Appendix 7b: Blackpool Central Masterplan; Masterplan Drawings - illustrating; Site Layout, Proposed Development Plots, Land Use, Phasing and Public Realm Strategy.
- Appendix 7c: Draft Heads of Terms (confidential)

These documents are not for publication as they are currently exempt from publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered on balance that the public interest would be not served by publishing information at this stage.

7.0 Legal Considerations:

- 7.1 The Council is required to ensure that it meets its statutory obligations under Section 123 Local Government Act 1972, ensuring it achieves the best price reasonably obtainable for the Blackpool Central site. In considering such the Council has been and will continue to take appropriate professional advice to ensure that the Council gets best consideration for the sale (long-lease arrangement) of the land. This may take the form of an upfront payment, deferred payment, some form of overage on the site, or a combination of the above. The Council will also give consideration to the wider benefits that the scheme offers, for example socio-economic and regeneration benefits.
- 7.2 The Developer will be required to submit and have approved a valid Planning Application prior to commencing any development on the site, together with ensuring that all other necessary statutory approvals are obtained to permit the development to be undertaken, these will include Listed Building consent and Highways consent where appropriate. The Council's influence over the development will be through exercise of its planning powers.
- 7.3 The Council has taken legal advice in light of the Court of Appeal's recent decision in *Faraday Development Limited v West Berkshire Council* and earlier case decisions. The Council intends to contract with the private sector without triggering public procurement law as it will :
- (a) Dispose of land and specify, in the contracts related to the disposal, desirable outcomes of the transaction, without linking legally-enforceable obligations on the developer to carry out works;
 - (b) Link these desirable outcomes to negative buy-back principles which allow the Council to buy-back land in the event that the desirable outcomes are not specified;
 - (c) Rely on the exercise of public planning powers to influence development; and
 - (d) Not specify requirements for what development must be carried out by the developer following purchase of the land, or have a decisive influence on the design of works which will be carried out by the developer.
- 7.4 The Council's principal aims in relation to the Blackpool Central site are set out at section 3.1 and its priorities in relation to this transaction are set out at section 4.1 of this report. The Council's focus for the project is maximising growth and opportunity across Blackpool and creating stronger communities and the Council will not seek to control or specify the works to be undertaken by the developer. The Council will specify desirable outcomes of the transaction and rely only on its planning powers so is comfortable that the project does not comprise a "public works contract" which requires a formal public procurement process to be undertaken.

7.5 Additional details with regards to legal considerations are also contained with Appendix 7a.

8.0 Human Resources considerations:

8.1 Details with regards to human resources are contained within Appendix 7a.

9.0 Equalities Considerations:

9.1 An Equalities Impact Assessment will be undertaken in respect to the development in due course.

10.0 Financial considerations:

10.1 During the next stage of the negotiations, full development appraisals will be provided by the Developer. Detailed assessment of these appraisals will be undertaken by both the Council and its professional advisors, which will enable further consideration of the offer being presented by the Developer for the purchase of the land and future capital and revenue benefits to the Council.

10.2 Given the scale of the development on the site, it is reasonable to assume that there will be significant long term financial benefits in relation to both increased business rates and increased visitor spend within the resort. Further details in relation to this will be provided prior to entering into the proposed Land Sale Agreement.

10.3 The majority of the investment in the development is expected to come from the private sector. There may however be opportunities for the Council to bid to be the operator of elements of the development, such as the car park, which may be of interest. These opportunities will be subject to a further report to the Executive where they lie outside either existing delegations or those being sought in this report.

10.4 The Council will be considering the loss of existing income from the site (for example existing car parking and rents) within the viability assessments presented by the Developer.

11.0 Risk Management considerations:

11.1 There are a number of risks associated with the proposals the details of which are contained with Appendix 7a of the report.

12.0 Ethical considerations:

12.1 The ethical considerations of the development will be undertaken in due course.

13.0 Internal / External Consultation undertaken:

- 13.1 Due to the commercial sensitivity of the project, consultation has been restricted to date. Wider consultation will take place following and subject to agreement of the Executive to proceed with the proposed scheme.

14.0 Background papers:

- 14.1 Blackpool Local Plan part 1: Core Strategy (adopted January 2016)
(<https://www.blackpool.gov.uk/Residents/Planning-environment-and-community/Documents/J118003-107575-2016-updated-17-Feb-2016-High-Res.pdf>)

Leisure Quarter Development Brief Supplementary Planning Document March 2011
(<https://www.blackpool.gov.uk/Residents/Planning-environment-and-community/Documents/Leisure-Quarter-Development-Brief-March-2011.pdf>)

15.0 Key decision information:

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| 15.1 | Is this a key decision | Yes |
| 15.2 | If so, Forward Plan reference number | 6/2018 |
| 15.3 | If a key decision, is the decision required in less than five days? | No |
| 15.4 | If yes , please describe the reason for urgency. | |

16.0 Call-in information:

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| 16.1 | Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? | No |
| 16.2 | If yes , please give reason: | |

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

17.0 Scrutiny Committee Chairman (where appropriate):

Date informed: 29 November 2018 Date approved:

18.0 Declarations of interest (if applicable):

18.1

19.0 Executive decision:

19.1

19.2 Date of Decision:

20.0 Reason(s) for decision:

20.1 Date Decision published:

21.0 Executive Members in attendance:

21.1

22.0 Call-in:

22.1

23.0 Notes:

23.1