

**MINUTES OF TOURISM, ECONOMY AND RESOURCES SCRUTINY COMMITTEE MEETING -
TUESDAY, 20 DECEMBER 2016**

Present:

Councillor Hunter (in the Chair)

Councillors

Callow	Galley	Scott	L Williams
G Coleman	Ryan	Singleton	

In Attendance:

Councillor Blackburn, Leader of the Council
Councillor T Williams

Mr Neil Jack, Chief Executive
Mr Steve Thompson, Director of Resources
Mr Chris Kelly, Acting Scrutiny Manager
Miss Yvonne Burnett, Senior Democratic Governance Advisor

1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

2 CALL IN REQUEST

The Committee considered the Call-In of Executive decision EX59/ 2016 'Central Business District - Development of a four star hotel and interconnection of Transportation Infrastructure' that had been called-in by Councillor T Williams on 16 December 2016, as per the agreed procedure.

The Chairman advised the Committee that the following procedure would be followed:

- Councillor T Williams would be invited to speak first.
- Councillor Blackburn, as decision maker, would be invited to respond.
- The Committee would then ask questions of the decision maker and then debate the issue and vote.

At the invitation of the Chairman, Councillor T Williams outlined his reasons for the Call-In. He advised that his reasons were not politically motivated, but that he considered them to be in the interest of the town. He referred to the Council's proposals in 2014 to develop a hotel on the existing car park at East Topping Street, which had subsequently been terminated.

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Councillor T Williams stated that he did not believe the hotel could achieve the required weekly occupancy throughout the year to make the hotel sustainable. In addition, there were a number of factors that could influence the success of a new hotel and which he believed therefore increased the risk of the Council's investment:

- The closure of the airport
- Changes in visitor trends
- Competition from other new hotels being built in Blackpool
- Location and the star rating
- Insufficient demand due to changing trends – wedding/ corporate events
- A potential Food poisoning outbreak
- Quality of staff

Councillor T Williams reported that he was supportive of the concept of borrowing to invest in the town, but the venture would not provide a quick profit and he instead suggested borrowing additional funds (£17m) to build new houses/ apartments, which would provide a steady income stream.

He informed the Committee that historically any jobs created through similar projects were not filled by local residents or companies and the hospitality industry usually attracted zero hour contracts with minimum or Living Wage rates of pay. He suggested the proposed increase to the living wage to a minimum of £9 an hour by 2020 would further reduce the feasibility of the venture. In addition, he considered that the majority of hotel brands required rooms to be refurbished every three years, with a typical cost of £7,500 per room.

In conclusion, Councillor T Williams believed there were better investments that could be made to improve the aesthetics of the town and achieve investment and boost development. He reiterated that he favoured the building of houses and that the residents of Blackpool were of the same opinion. He noted that the venture was based on a 50 year model, but suggested the building would not be standing in 50 years.

The Chairman invited the Leader of the Council, Councillor Blackburn to respond to the Call-In request.

Councillor Blackburn responded by reminding the Committee that the Council was building houses at Queens Park and Foxhall and in doing so improving the local economy. He advised that the Council had decided not to proceed with the hotel development in 2014 due to the initial contribution being increased from £12m to £20m and following a risk assessment it had been agreed that the venture had not been good value for money. He added that the same technique had been adopted to assess the viability of the current venture.

In response to the potential risks identified by Councillor T Williams, he reported that the development of the largest conference centre in the country would provide an ideal opportunity to increase business tourism and that wedding and corporate events to be held in the hotel had not been included in the decision process. With regards to quality of staff

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and jobs for residents, he reminded the Committee of the internationally recognised Tourism Academy at Blackpool and the Fylde College and the involvement of local labour in the development of Phase 1 of the Central Business District.

Councillor Blackburn considered the payment of the Living Wage as an investment in the town and not a financial drain. He pointed out that the purpose of the venture was not to make a quick profit, but to provide a sustainable income, adding that in 2020/ 2021 the only sources of income for the Council would be those raised by itself.

Councillor Blackburn reported that alternatives had been considered and market research, by hospitality specialists, supported a desire for a more upmarket hotel offer and the long term financial viability had been evaluated over a 50 year model. He added that the construction of the underpass would not be at the same time as the tramway developments.

The Chairman invited questions from the Committee.

In response to a question from Councillor Callow, Councillor Blackburn reported that it was difficult for hotel groups to obtain a commercial loan for the required level of investment, so it was not uncommon for Local Authorities or Government agencies to be involved in investments of this nature.

He also confirmed, in response to a number of questions from Councillor Galley, that the interest rates would be fixed and that the Council was in early negotiations with the developer of a new hotel on another site, with both being aware of each other's aspirations. It was anticipated that those developments, along with the conference facilities would encourage and support the development of business and holiday accommodation above the current one or two star rating. Councillor Blackburn added that he was satisfied with the proposed quality of the development and the facilities offered, but would closely monitor the cost and specification and if it was felt the costs were escalating or the facilities compromised, then the venture would not proceed. He noted Councillor Galley's comments regarding the artist impression of the proposed building and the suggestion that it was dissimilar to the building design in Phase 1, but assured the Committee that the focus would be on build quality.

Councillor Scott asked how much consideration had been given to the proposed construction area as he believed it was not conducive for the proposed type of development. Councillor Blackburn advised that it was necessary to invest in areas that were not considered prime locations to boost the immediate and surrounding areas. Councillor L Williams, Ward Councillor for Claremont ward, added that in order to regenerate the outline areas of the town, regeneration was needed in the inner wards and this area welcomed the regeneration opportunity.

The Chairman reminded Members of the Committee's potential courses of action, which were to refer the matter to the original decision maker, to refer the matter to the Council, as requested by Councillor T Williams, or take no further action in respect of the called-in

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decision.

Motion: Councillor Galley proposed (and Councillor Scott seconded):

‘To refer the matter to Council’.

Motion lost: The motion was submitted to the Committee and lost.

Motion: Councillor Singleton proposed (and Councillor G Coleman seconded):

‘To take no further action in respect of the called-in decision’.

Motion carried: The motion was submitted to the Committee and carried.

Background Papers: None

Chairman

(The meeting ended at 4.50pm)

Any queries regarding these minutes, please contact:

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