

Report to:	EXECUTIVE
Relevant Officer:	Alan Cavill, Director of Place
Relevant Cabinet Member:	Councillor Graham Cain, Cabinet Member for Tourism and Leisure
Date of Meeting:	9 th March 2015

DEVELOPMENT OF THE FORMER TOWER LOUNGE SITE

1.0 Purpose of the report:

- 1.1 To consider the proposed redevelopment of the former Tower Lounge supported by a contribution to capital works by Blackpool Council of £0.4M, in conjunction with the granting of a lease to a tenant.

2.0 Recommendation(s):

- 2.1 That the Director of Place be given delegated authority to complete the process, following consultation with the relevant Cabinet Member, including negotiations with a branded eatery and necessary arrangements for the development of the former Tower Lounge, and take the required steps to select an appropriate tenant for the redeveloped site, including the completion of appropriate legal documentation. These powers to be exercised by means of a published officer decision.
- 2.2 That the Council contributes a sum of £400,000 to redevelopment works associated with the former Tower Lounge, financed via Prudential Borrowing.

3.0 Reasons for recommendation(s):

- 3.1 To allow the redevelopment of the former Tower Lounge and selection of a suitable tenant.

To contribute to ensuring a use for the site in keeping with Blackpool's Tourism offer, while attracting sustainable investment.

To support the regeneration and economy of the Town.

- 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:

Continue to seek other possible uses for the former Tower Lounge site.

The delays associated with this course of action would have an immediate negative effect on the profitability of the Tower and subsequent financial returns to Blackpool Council. The site would remain largely out of use while other viable options are identified and considered which would have a detrimental impact on the local environment, community and economy.

4.0 Council Priority:

4.1 The relevant Council Priorities are:

“Expand and promote our tourism, arts, heritage and cultural offer” and “Attract sustainable investment and create quality jobs”

5.0 Background Information

5.1 Blackpool Council took ownership of the Tower in March 2010, appointing Merlin Entertainments Limited as operator of the Tower complex. As part of that appointment, Blackpool Council and Merlin Entertainments Limited established that, working together in good faith, plans to redevelop the Tower Lounge would be agreed in order to bring the site into a use considered more appropriate and fitting to the Tower complex itself and wider Blackpool Tourism offer.

5.2 Following a period of time in which a number of potential operators have been approached in order to assess interest in operating the former Tower Lounge, a proposal has been received to transform the site into a branded eatery.

5.3 The vision for the proposed restaurant is to deliver an eating experience, a superb, year round destination of recognisable quality, which would help to drive economic prosperity and benefit to the Town. The proposal received offers the sea change required for the site in order to improve the environment for the benefit of the local economy and community.

5.4 The concept of Blackpool as a successful year round resort with a vibrant day and night time economy is a key component to the Tourism strategy. A family friendly resort with an extensive range of attractions is fundamental to supporting the day

and night time economy and essential to achieving a successful future for Blackpool. The proposed combination of redevelopment to the former Tower Lounge site and appointment of an operator to the new restaurant is an important step in attaining this vision.

5.5 The development proposal includes a complete reworking to the interior of the site, in addition to changes and modifications to the exterior of the Tower building.

5.6 The information contained within the proposal received to date indicates the Council will achieve value for money both from the perspective of the site development and operator appointment. Continued financial and legal assessment will take place in this regard in order to ensure value for money is generated however, should the current proposal cease to offer value for money further information will be submitted to the Executive for consideration.

5.7 Does the information submitted include any exempt information? No

5.8 **List of Appendices:**

None

6.0 **Legal considerations:**

6.1 The development works will be procured in accordance with the Council's Contract Procedure Rules and Public Contracts Regulations 2006 as appropriate. Formal contracts will be entered into with the Tenant and development contractors as necessary.

6.2 To satisfy Best Consideration a full market test or independent valuation from a chartered surveyor will be undertaken.

6.3 The Head of Procurement and Development will be consulted on any potential State Aid matters that may arise.

7.0 **Human Resources considerations:**

7.1 None

8.0 **Equalities considerations:**

8.1 None

9.0 Financial considerations:

9.1 A Blackpool Council capital contribution to the site redevelopment work is required of £400,000. The support to the scheme would be funded via Prudential Borrowing. This expense is already included in the Council's financial plans for the Strategic Leisure Asset Portfolio.

10.0 Risk management considerations:

10.1 A risk associated with not taking the decisions recommended in this report is that the site could remain out of use for some time while alternative options are identified and evaluated. This would have a negative impact on financial returns to Blackpool Council in addition to a detrimental physical bearing on a prime Blackpool location.

10.2 A number of robust financial and performance management controls and measures would be implemented and maintained for both the development of the former Tower Lounge and Operator appointment. The Council has undertaken to ensure rigorous risk management remains in place in the delivery of this project.

11.0 Ethical considerations:

11.1 None

12.0 Internal/ External Consultation undertaken:

12.1 Consultation on the site development and operator appointment proposals has taken place with Merlin Entertainments Limited and the Cabinet Member, Councillor Graham Cain, in order to refine and agree the details of the scheme.

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:	3/2015
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:

Not applicable.

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:

Not applicable.

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

16.0 Scrutiny Committee Chairman (where appropriate):

Date informed: N/A

Date approved: N/A

17.0 Declarations of interest (if applicable):

17.1

18.0 Executive decision:

18.1

18.2 Date of Decision:

19.0 Reason(s) for decision:

19.1 Date Decision published:

20.0 Executive Members in attendance:

20.1

21.0 Call-in:

21.1

22.0 Notes:

22.1