

<b>Report to:</b>	<b>EXECUTIVE</b>
<b>Relevant Officer:</b>	Alan Cavill, Director of Communications and Regeneration
<b>Relevant Cabinet Member:</b>	Councillor Gillian Campbell, Deputy Leader of the Council (Tourism and Place)
<b>Date of Decision:</b>	20 January 2020

## **MADAME TUSSAUDS ATTRACTION BUSINESS DEVELOPMENT**

### **1.0 Purpose of the report:**

- 1.1 To agree to the further development of the Madame Tussauds attraction as set out in this report and to seek authority allowing progress of the scheme to completion.
- 1.2 To request authority to complete the project funding package through debt finance in the form of Prudential Borrowing as detailed in the financial appendices to this report.

### **2.0 Recommendation(s):**

- 2.1 To agree to the further development of the Madame Tussauds by the creation of a Television Themed attraction in the identified underutilised space.
- 2.2 To complete the delivery of the scheme as set out in this report, to include the completion of all due diligence associated with the project.
- 2.3 To complete the project funding package through debt finance in the form of Prudential Borrowing, as detailed in Appendix 5a to this report.
- 2.4 To agree in principle to the creation of an addendum to the existing Madame Tussauds operating agreement and that the Head of Legal be granted delegated authority to authorise the addendum and any other legal agreements on behalf of the Council.

### **3.0 Reasons for recommendation(s):**

- 3.1 To enhance the Existing Madame Tussauds attraction and therefore further improve the economically important tourism sector, significantly contributing toward attaining the Council's vision of Blackpool being the UK's number one family resort

with a thriving economy that supports a happy and healthy community who are proud of this unique 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:

Do nothing. The area of the building proposed for redevelopment does not currently align fully with the vision of the Council for Blackpool, of being the UK's number one family resort with a thriving economy that supports a happy and healthy community who are proud of this unique town.

#### **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 It has been identified that an area of underutilised space exists within the Council owned building occupied by the Madame Tussauds attraction.

5.2 An analysis of the optimal use of this space has revealed the opportunity for a Television Themed attraction linked directly to the existing Madame Tussauds experience.

5.3 Should authority to proceed be granted, the venture would be operated by Merlin Entertainments (Blackpool) Limited. The attraction will contain interactive elements including photograph opportunities and other activities along with merchandise, and follow the business model associated with the existing, highly successful, Madame Tussauds attraction.

5.4 An addendum to the existing Madame Tussauds operating agreement would be put in place and this governance arrangement offers the benefit of sharing economies of scale with the existing attraction whilst providing assurance with regard to the quality of the product.

5.5 It is planned the new experience will open for the 2020/21 summer season with development work to the unit and attraction contents to commence in January 2020 should authority to proceed be provided. The timing of the investment is critical in order to allow the new attraction to open and trade for May 2020.

5.6 The authority sought through this report will allow completion of the project as set out at 5.1 to 5.5 above, in addition to assembling the associated debt financing in the form of Prudential Borrowing.

5.7 Attached at Appendix 5a is the extensive budget estimate that enables the scheme to be financially viable. The costings would however undermine the Council's position in continuing negotiations so 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.

5.8 Does the information submitted include any exempt information? No

5.9 **List of Appendices:**

Appendix 5a Financial estimates – Commercially sensitive information.

6.0 **Legal considerations:**

6.1 The Council's contracting and commissioning procedures will apply when entering into the addendum to the existing Madame Tussauds Operating Agreement and the contract will be developed in consultation with the Council's Legal Services team.

7.0 **Human Resources considerations:**

7.1 None.

8.0 **Equalities considerations:**

8.1 None.

9.0 **Financial considerations:**

9.1 The total capital cost of this project is £700,000. It is planned for this scheme to be funded via Prudential Borrowing.

9.2 Table 1 below sets out the debt repayment estimates in summary form. Analysis of the forecast business plan confirms financing costs will be met through new, incremental business, generated as a direct result of the project.

**Table 1 - Estimated Debt repayments Summary**

£'000's

Year	1	2	3	4	5	6 - 10	Total
Debt finance costs	102	99	95	92	89	398	875

**10.0 Risk management considerations:**

10.1 A number of robust financial, performance and risk management controls and measures will be implemented as part of the delivery of this scheme. These will continue to be maintained throughout the development in order to help manage project risk considerations.

**11.0 Ethical considerations:**

11.1 None.

**12.0 Internal/ External Consultation undertaken:**

12.1 Consultation has taken place with internal departments on the requirements set out in this report.

**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: 1/2018

14.3 If a key decision, is the decision required in less than five days? N/A

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: 10 January 2020 Date approved:

**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