

RECORD OF EXECUTIVE DECISION

Tuesday, 29 October 2024

Decision No: (CAB 24/25 46125)

DECISION-MAKER:	CABINET
PORTFOLIO AREA:	Cabinet Member for Economic Development
SUBJECT:	Lease restructure on West Quay Retail Park
AUTHOR:	James Lazarus

THE DECISION

- (ii) To approve the proposed changes to the existing lease and recommendations set out in Confidential Appendix 1.
- (ii) To delegate authority to the Chief Executive following consultation with the Leader and Executive Director of Growth and Prosperity to finalise the detailed terms of the agreements required and all other ancillary legal documentation to support the delivery of the redevelopment of the area.

REASONS FOR THE DECISION

As freehold landowner, the Council wishes to support the delivery of the redevelopment of West Quay Retail Park (Plan attached at Appendix 2) over a period of time for a mix of uses consistent with its ambitions for the good growth of the city. The lease currently restricts opportunities for redevelopment and therefore needs to be altered to allow the leaseholder to develop schemes other than retail. Due to the considerable size of the area in question and the staggered expiries of the various occupational leases, comprehensive development in one phase poses significant challenges to delivery, so the leaseholder, Aviva has proposed an indicative redevelopment programme over a ten-year period in a number of phases.

Allowing changes to the lease as recommended in Appendix 1 acknowledges the impacts of macroeconomic challenges faced by construction projects over the past few years, gives the leaseholder certainty that it can undertake Development over a period of time, but also allows the Council to continue to actively monitor and support progress towards delivery of redevelopment in this area. The arrangements envisage delivery of an initial phase commencing in the next 12/24 months. The S.123 report that forms Appendix 3 suggests that the proposals represent better value to the Council than the existing status quo.

DETAILS OF ANY ALTERNATIVE OPTIONS

Do nothing. The existing buildings are nearing the end of their economic life and require investment, however the market for “retail sheds” is weak at present and many of the operators who would occupy are in a poor financial state. There is therefore a risk that as leases expire units will remain vacant impacting on the level of the Council’s rent share which will reduce and also adding to the general decline of the area. Aviva have also indicated that without this restructure they would be unable to justify further investment in the site and/or buildings which would result in further decline.

Take a surrender of the existing Headlease. This option would entail the Council acquiring the interest off Aviva. This option would involve a significant capital outlay and increase the Council’s exposure to risk as the condition of the buildings decline and the income falls away, together with the difficulties in dealing with a reluctant counter party.

OTHER RELEVANT MATTERS CONCERNING THE DECISION

None

CONFLICTS OF INTEREST

None

CONFIRMED AS A TRUE RECORD

We certify that the decision this document records was made in accordance with the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 and is a true and accurate record of that decision.

Date: 29 October 2024

Decision Maker:

The Cabinet

Proper Officer:

Claire Heather

SCRUTINY

Note: This decision will come in to force at the expiry of 5 working days from the date of publication subject to any review under the Council’s Scrutiny “Call-In” provisions.

Call-In Period expires on
Date of Call-in <i>(if applicable) (this suspends implementation)</i>
Call-in Procedure completed <i>(if applicable)</i>
Call-in heard by <i>(if applicable)</i>
Results of Call-in <i>(if applicable)</i>