



# EXECUTIVE MEMBER DECISION

**REPORT OF:** Executive Member for Growth and Development  
Executive Member for Finance and Governance

**LEAD OFFICERS:** Director of Growth and Development

**DATE:** 1<sup>st</sup> September 2020

**PORTFOLIO/S AFFECTED:** Growth and Development  
Finance and Governance

**WARD/S AFFECTED:** Blackburn Central

**SUBJECT:** Blackburn Cinema Lease Amendments

## 1. EXECUTIVE SUMMARY

1.1 For the Executive Members to approve the extension of the Blackburn Cinema lease contractual term from 20 to 25 years and delegate authority to the Director of Growth and Development to agree the final amendments to the lease and lease plans to reflect the actual build.

## 2. RECOMMENDATIONS

That the Executive Members:

2.1 Note construction works for the new cinema and under-croft car park will be completed by October 2020. Reel Cinema will then commence their fit-out works from October and will complete these works for a December 2020 opening. All external and highway works associated with Jubilee Square will also be complete for the December opening.

2.2 Approves the extension of the lease contractual term from 20 to 25 years.

2.3 Delegates authority to the Director of Growth and Development to agree the final amendments to the lease and lease plans.

## 3. BACKGROUND

3.1 In late 2016 the Council undertook an informal tender exercise with four of the main cinema operators in the UK to operate a new cinema development on the site of the former Waves Leisure Centre in Blackburn Town Centre. The bid from Reel Cinema was the strongest financial offer and had the highest quality score when assessed against other bids. Reel Cinema was appointed as the preferred bidder and the Council signed an agreement for a 20 year lease of the completed development which will see them operate the new cinema and retail unit.

3.2 In March 2018 the Council undertook procurement of the construction works through the Council's Growth Framework. Barnfield Construction submitted the most economically advantageous tender as was appointed to undertake the construction works.

3.3 Barnfield Construction commenced works in September 2018 and are scheduled to substantially complete the works by October 2020 with the building being handed over to Reel Cinema to then undertake their fit-out works in time for a proposed opening date of December 2020.

3.4 Casey are progressing with the adjacent Jubilee Square Public Realm & Highway works and these are scheduled to be complete by December 2020.

3.5 Reel Cinema have proposed an amendment to the lease agreement by extending the contractual term from 20 to 25 years.

3.6 As the build has progressed there have been alterations, which now necessitate amendments to the lease and lease plans.

#### **4. KEY ISSUES & RISKS**

4.1 In the current economic climate the extension of the lease from 20 to 25 years shows Reel Cinema commitment to the borough and there is no additional risk to the Council.

4.2 There is no increase in rent for the extended lease term however, the Council will see an additional 5 years of rental income secured.

4.3 The final amendments to the lease and lease plans reflect changes that have occurred during the actual build.

#### **5. POLICY IMPLICATIONS**

5.1 The development of Cinema, Undercroft Car park and Jubilee Square is within the Northgate area of Blackburn Town Centre and meets the objectives of the Council's adopted Core Strategy and Local Plan Part 2.

5.2 It also accords with the 'Culture and Life' objective of the Blackburn Town Centre Strategy. Specifically, Policy 26 of the Local plan supports the delivery of the projects within the defined Northgate Quarter.

5.3 The project also helps to deliver the improvements set out in the Northgate Conservation Area Appraisal and Management Plan, and the heritage priority and ambitions within the Council's 12 point Plan.

5.4 All of these projects are illustrated within the Town Centre Supplementary Planning Document (SPD) August 2018.

#### **6. FINANCIAL IMPLICATIONS**

The Council will see an additional 5 years of rental income secured.

#### **7. LEGAL IMPLICATIONS**

The formal lease between the Council and Reel Cinema has already been drafted as part of the Agreement for Lease. The proposed changes will be incorporated as changes to the lease before the lease is engrossed and sealed. The parties may need to undertake a formal Deed of Variation to the original Agreement for Lease to incorporate this change but this can be done in parallel with the lease document completion and is a modest document itself.

## 8. RESOURCE IMPLICATIONS

8.1 Current staff resources from the Council's Growth and Legal teams will be utilised to agree the revised lease agreement.

## 9. EQUALITY AND HEALTH IMPLICATIONS

**Please select one of the options below. Where appropriate please include the hyperlink to the EIA.**

Option 1 ☒ Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 ☐ In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. (*insert EIA link here*)

Option 3 ☐ In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. (*insert EIA attachment*)

## 10. CONSULTATIONS

Public consultation on development of the Cinema and Under-croft Car park was undertaken during the planning application process, with the scheme receiving planning approval in March 2018 (see planning application reference 10/18/077).

## 11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

## 12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded and published if applicable.

<b>VERSION:</b>	1.0
<b>CONTACT OFFICER:</b>	Simon Jones
<b>DATE:</b>	1 <sup>st</sup> September 2020
<b>BACKGROUND PAPER:</b>	EBD Blackburn Cinema Under-croft Carpark & Jubilee Square July 2018