

# RECORD OF DECISION TAKEN UNDER DELEGATED AUTHORITY FROM EXECUTIVE/COUNCIL/COMMITTEE



<b>DELEGATED OFFICER</b>	<b>Deputy Chief Executive</b>
<b>DECISION TAKEN BY:</b>	
<b>DELEGATED BY:</b>	Executive (May 2014)
<b>IN CONSULTATION WITH:</b>	Chief Officer
<b>PORTFOLIO AREA:</b>	Resources

**SUBJECT:**  
**One Cathedral Square Lettings – part second Floor**

## 1. DECISION

To agree the terms stated below for the letting of part second floor offices, One Cathedral Square.

## 2. REASON FOR DECISION

In negotiation with the Council's retained office agents, Knight Frank, Heads of Terms have been agreed to now take the empty part of the second floor.

## 3. BACKGROUND

One Cathedral Square is a Grade A BREEAM Excellent Building 5 storey office building above 2 ground floor retail/restaurant units and reception/lobby.

The creation of high quality office space within a mixed use development in the town centre was to improve the office market offer and generate demand for city style accommodation for new and expanding businesses. A 60 bed hotel, restaurants and a high quality public space surrounding Lancashire's Cathedral and new residential and commercial buildings provide the amenity and attraction for occupiers.

The building has been almost fully let for the last 8 months and this proposed letting of part of the second floor will see the building space all completely let. Capita are now in occupation of the 1<sup>st</sup> floor, Govnet in the other part of the second floor, Organic Investment Management occupy the third floor, Northern Rail the fourth and Cummins Mellor the fifth. Both restaurant units on the ground floor are also let and have been trading for some months as Amano and Starbucks.

Terms have been negotiated for the part second floor which are acceptable within the parameters of the letting strategy.

## 4. OPTIONS CONSIDERED AND REJECTED

The property has been marketed during construction and post completion and has been almost fully let since the latter half of 2017. The last space on the second floor has been marketed since Govnet took occupation in 2016 of part of the floor and since then all the other floors have been let

without division.

This letting complements the diverse range of professional services companies taking space in the building, all employing a highly skilled workforce.

A further letting on this scale has significant positive implications for the wider regeneration of the area and supports the existing infrastructure and the new leisure operators. It also supports the imminent planning application for phase 2.

## **5. POLICY IMPLICATIONS**

The Cathedral Quarter development is a transformational high quality regeneration project built around the Cathedral which sought to address some key gaps in the town centre offer including grade A office space, a hotel and food and beverage offer and high quality public realm. It is a key project in the Council's Growth programme and its success vital to build a strong platform for future town centre growth. This letting fits with the aspirations for the site and will support future lettings.

## **6. FINANCIAL IMPLICATIONS**

Business rates will be payable from occupation and the overall rateable value on this part 2<sup>nd</sup> floor is £43,500 pa

The Tenant will also have to insert certain physical elements such as rated blinds in order for BREEAM rating to be maintained and does have the benefit of a lease break on the third anniversary.

The full terms are spelled out in the Heads of Terms.

## **7. LEGAL IMPLICATIONS**

Heads of terms have been agreed and the Council will negotiate with the occupier's solicitors to agree the 10 year lease.

## **8. RESOURCE IMPLICATIONS**

The Council's project manager along with property colleagues and in house legal services will negotiate and complete the lease. It is proposed that Knight Frank, the Council's managing agents and the Council's project manager will oversee the fit out.

## 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

Consultations with the Strategic Leadership Team including the Executive members for Regeneration and Resources have been ongoing with regular marketing updates including prior to agreeing and finalising Heads of Terms.

## 11. DECLARATION OF INTEREST

All Declarations of Interest of the officer with delegation and the any Member who has been consulted, and note of any dispensation granted should be recorded below:

<b>VERSION:</b>	<b>1</b>
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<b>CONTACT OFFICER:</b>	<b>Clare Turner</b>
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<b>DATE:</b>	20/8/2018
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<b>BACKGROUND DOCUMENTS:</b>	
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DIRECTORS - has legal and finance advice been considered ?

YES

NO