

# FRESHNEY PLACE CABINET SUB COMMITTEE

<b>DATE</b>	19 <sup>th</sup> July 2023
<b>REPORT OF</b>	Councillor Philip Jackson, Leader of the Council and Portfolio Holder Economy, Net Zero, Skills, and Housing.
<b>RESPONSIBLE OFFICER</b>	Sharon Wroot, Executive Director Place and Resources
<b>SUBJECT</b>	Freshney Place New Letting
<b>STATUS</b>	<b>Open Report</b> <b>Appendix Closed NOT FOR PUBLICATION</b> Exempt information within paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended)
<b>FORWARD PLAN REF NO.</b>	CBSC 07/23/03

## CONTRIBUTION TO OUR AIMS

Following the acquisition of Freshney Place its successful operation, together with the delivery of the planned leisure scheme, will contribute to the Council's "Stronger Economy" and "Stronger Communities" priorities by securing a strategic economic and community asset which is critical to the town centre's success. The importance of developing the town centre to enhance and diversify its current offer, increase footfall and boost both the day and evening economy is widely acknowledged, and new lettings are a key component of this.

## EXECUTIVE SUMMARY

The acquisition of Freshney Place completed on 4<sup>th</sup> August 2022. Queensberry Real Estate are appointed to undertake the function of Asset Management, concerning the management of the centre to derive the optimum use and income through the management of leases, tenancy arrangements and commercial use of the space available. Authority is delegated to senior officers to approve a variety of new lettings but matters above key decision thresholds are for the Freshney Place Cabinet Sub Committee to consider. This report relates to one such case.

## RECOMMENDATIONS

It is recommended that the sub committee:

1. Approves the principle of the letting as laid out.
2. Delegates authority and responsibility to the Executive Director Place and Resources in consultation with the Leader of the Council to deal settle heads of terms, complete the letting and deal with all matters arising from and ancillary to the above.
3. Authorises the Assistant Director Law and Governance (Monitoring Officer) to execute all documentation arising from the above.

## **REASONS FOR DECISION**

This is a key letting and will be beneficial to the town and the centre. It will contribute to the commercial performance of the asset and brings an established and popular retailer into Freshney Place.

### **1. BACKGROUND AND ISSUES**

- 1.1 Following approval at Cabinet and Full Council, the acquisition of Freshney Place Shopping Centre was completed on 4th August 2022.
- 1.2 This report concerns a letting that would see a national retailer have a presence in the scheme in what was the former WH Smith store, latterly the temporary Primark store.
- 1.3 The report of Queensbury is attached in the closed appendix, setting out the basis of the proposal.
- 1.4 The headline highlights from the proposed tenant's most recently published Annual Report and Accounts are also included in the closed appendix.

### **2. RISKS AND OPPORTUNITIES**

- 2.1 In addition to the commercial terms summarised in the closed appendix, it should be noted that the rates and service charge liabilities against the current void unit amounts to £156,288. This letting provides the opportunity to offset these costs, which are currently the Landlord's responsibility but will be the tenant's responsibility once the lease completes. Moreover, as detailed in the closed appendix, a material rental sum will also be receivable.
- 2.2 The unit is to be handed over with no asbestos and while our consultants can confirm that all asbestos has been removed, in the unlikely event that any further asbestos was found during the fit out, the cost of removal would sit with the Landlord. It is worth noting that any such cost would sit with the Landlord regardless of whether the deal goes forward or not because retailers will reasonably insist on an asbestos free unit.
- 2.3 The Council is also required to repair a lift at an estimated £25k. The work has been tendered and is below budget but as is always the case, there is a small possibility of unforeseen costs.

### **3. OTHER OPTIONS CONSIDERED**

The alternative to not progressing with this letting is for the unit to remain vacant for an undetermined length of time.

### **4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS**

It is felt that the letting will be received positively. Bringing a national retailer to the town will provide credibility and act as an endorsement of the efforts made by the Council since the acquisition. The communications which flow following completion of the lease should drive this positivity in all messaging.

## **5. FINANCIAL CONSIDERATIONS**

As set out in the closed appendix.

## **6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS**

The introduction of a range of occupiers will provide improved amenities for children and young people in the North East Lincolnshire area.

## **7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

The scope to minimise the impact on the environment is considered in all schemes.

## **8. CONSULTATION WITH SCRUTINY**

Full Council approved the acquisition of Freshney Place and the principle of appointing an asset manager to advise on the management and occupation of the centre. The proposed letting (if successful) will ultimately be reported in performance data to the Economy Scrutiny Panel in the fullness of time.

## **9. FINANCIAL IMPLICATIONS**

9.1. The letting will have a financial benefit to the Council from rental income and reduced rates and service charge cost liabilities.

9.2. There will be a requirement for a capital contribution to allow the unit to be properly fit out before the unit is open to customers, which will be more than covered through the ongoing revenue.

9.3. The letting has been subject to due diligence consideration, as outlined in the appendix.

## **10. LEGAL IMPLICATIONS**

The proposed letting is consistent with the stated plans for the site and usual commercial property lease implications will arise. External advisors will support as highlighted in the above report so as to ensure that the Council is mindful of commercial realities and implications.

## **11. HUMAN RESOURCES IMPLICATIONS**

There are no direct HR implications.

## **12. WARD IMPLICATIONS**

Freshney Place is situated within the West Marsh ward.

## **13. BACKGROUND PAPERS**

None

## **14. CONTACT OFFICER(S)**

Damien Jaines-White, Assistant Director Regeneration  
Simon Jones, Assistant Director Law and Governance  
Guy Lonsdale, Deputy S151 Officer

**COUNCILLOR PHILIP JACKSON**

**LEADER OF THE COUNCIL AND**

**PORTFOLIO HOLDER FOR ECONOMY, NET ZERO, SKILLS AND HOUSING**