

# Agenda Item 64.

|                             |   |
|-----------------------------|---|
| <b>TITLE</b>                | <b>New Lease to American Amusements Ltd (AAL) within MSCP at Carnival Pool Site</b> |
| <b>FOR CONSIDERATION BY</b> | The Executive on 24 September 2015  |
| <b>WARD</b>                 | Emmbrook  |
| <b>LEAD OFFICER</b>         | Andy Couldrick, Chief Executive   |
| <b>LEAD MEMBER</b>          | Philip Mirfin, Executive Member for Regeneration and Communities                    |

## **OUTCOME / BENEFITS TO THE COMMUNITY**

Retention of a popular leisure operation within Wokingham  
Improved and enhanced bowling and other leisure facilities in the heart of Wokingham, in line with the aspirations and objectives of the Wokingham Town Centre Masterplan

## **RECOMMENDATION**

The Executive is recommended to:

- 1) agree a Pre-let with American Amusements Ltd to provide suitable alternative accommodation for the relocation of Wokingham Superbowl in new premises within the new multi-storey car park building on Carnival Pool site, subject to commercial terms;
- 2) delegate any further related and subsidiary decisions if required to complete the transaction, including a Pre-let to an alternative operator on similar or improved terms if necessary to the Chief Executive, in conjunction with the Leader and Executive Member for Regeneration.

## **SUMMARY OF REPORT**

The report sets out the reasoning behind retaining and relocating the American Amusements Ltd leisure facility within the redevelopment of the Carnival Pool site. It. The purpose of the issue coming before the executive is that the proposed length of lease is greater than the 14years delegated to Officers.

## **Background**

The Carnival Pool site was identified as a leisure quarter of Wokingham town to include a new multi-storey car park, in the Wokingham Town Centre Masterplan SPD, adopted in June 2010.

The Regeneration team have been developing the principles and ideas for the site in line with this document and a detailed planning consent for the MSCP together with an outline planning consent for the remainder of the site was received on 22nd July 2015.

There are several site constraints including the location of the existing bowling/leisure facility operated by AAL, sits in the middle of the site and is in a poor state of repair. Masterplanning of the site identified that the existing facility would need to be demolished to ensure a comprehensive redevelopment of the site and in particular to ensure good linkages between the multi-storey car park on the southern boundary of the site and Elms Field and the wider town centre to the north.

Feedback from the leisure consultation in December 14/January 15 identified the bowling alley to be popular amongst the residents of Wokingham. Furthermore, in discussion with the operator, there is a strong wish by them to continue operating this facility and, importantly, without disruption to their operation. Retention of this facility which provides for residents of all ages including teenagers will act as a leisure anchor within the site, helping to attract footfall into Wokingham and meet the objectives of the town centre masterplan.

The proposal being progressed identifies the re-location of the bowling/leisure facility within the new multi-storey car park (which can be built out without significant disruption to the current operation of their existing premises). Design work has been undertaken in conjunction with AAL and suitable accommodation can be provided for the bowling/leisure facility within the ground floor of the multi-storey car park. The proposal is to enter into an 'Agreement for Lease' now, which will identify the lease itself to come into effect upon completion of the new facility. This represents a 'pre-let' of the leisure area thus mitigating the risk in terms of building a bespoke facility.

## **Analysis of Issues**

- 1) AAL trading as Big Apple took an assignment in 2003 of the unexpired balance of an original 50 year lease of the current building. This is a ground lease which will expire in March 2016 and includes the building itself together with car parking.
- 2) Over the last few years AAL have asked the Council to consider granting a lease extension to enable them to develop their business and commit much needed investment to improving the current dilapidated premises. The Council has been unable to assist pending a more detailed interpretation of the 2010 Town Centre Masterplan. This left AAL facing the possibility of losing their premises which were earmarked for demolition in the Masterplan.
- 3) In 2014 the Council's regeneration team opened a dialogue with AAL based on a three phase strategy to retain AAL as part of the regenerated Carnival Leisure hub, subject to commercial terms:

- a) Phase 1: Regear the lease of the current premises into 2 parts – the building and the car park to allow short term period of occupation of the car park until the Multi Storey Car Park (MSCP) construction commences and a longer period of occupation until the new MSCP is built on the southern part of the Carnival Site including a new leisure box within the MSCP structure.
  - b) Phase 2: Subject to entering into a suitable Pre-let Agreement, on completion of construction of the MSCP fit out the new leisure box for AAL to occupy under a new long term lease and relocate seamlessly from their current premises
  - c) Phase 3: Demolish the existing AAL premises to make way for comprehensive redevelopment of the northern part of the Carnival site.
- 4) This dialogue has been progressing for over 12 months and has grown to involve both sides' technical teams. The Council has led negotiations via the regeneration team supported by independent advice from Arup and Savills on specialist issues. In principal the 3 phase strategy is agreed and a road map has been adopted to deliver the end result.
  - 5) The new lease will be granted pursuant to a pre-let Agreement in line with the Consent and therefore eliminate a lot of the usual conditionality that complicates the drafting and increases the cost and risk of the Agreement.
  - 6) The detailed design of the multi-storey car park is shortly to commence to enable construction to start on site in Spring 2016. Certainty of an occupier, through a pre-let, for the ground floor leisure block would mitigate the risk of designing a speculative leisure block at this stage.

## **FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

|                                   | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1)   | See part 2 report             | See part 2 report   | See part 2 report   |
| Next Financial Year (Year 2)      | See part 2 report             | See part 2 report   | See part 2 report   |
| Following Financial Year (Year 3) | See part 2 report             | See part 2 report   | See part 2 report   |

### **Other financial information relevant to the Recommendation/Decision**

See part 2 report

**Cross-Council Implications**

Improved and enhanced leisure facilities aligns with the council's health and well-being strategy

**Reasons for considering the report in Part 2**

The commerciality of the deal is still in discussion. Disclosure at this point could disadvantage the council in those negotiations

**List of Background Papers**

None

|                                   |   |
|-----------------------------------|---|
| <b>Contact</b> Bernie Pich        | <b>Service</b> Regeneration               |
| <b>Telephone No</b> 0118 974 6700 | <b>Email</b> bernie.pich@wokingham.gov.uk |
| <b>Date</b> 10 September 2015     | <b>Version No.</b> 01                     |