

## ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

<b>1. Meeting:</b>	<b>Cabinet</b>
<b>2. Date:</b>	<b>5<sup>th</sup> September, 2012</b>
<b>3. Title:</b>	<b>Forge Island</b>
<b>4. Directorate:</b>	<b>Environment and Development Services</b>

### **5. Summary**

The delivery of a cinema and a new theatre are key regeneration objectives for the town centre.

After looking at a number of town centre options, a preferred location has been identified as Forge Island which has capacity for a cinema and associated car parking which is a crucial factor in encouraging an end user to locate in the town centre. The site also benefits from the proximity of both the bus and train stations.

Development and feasibility work will also be undertaken into the possibility of co-locating a cinema and theatre on Forge Island. Initial studies show that both a cinema and theatre can physically be accommodated on the site.

### **6. Recommendations**

- 1) That Cabinet note progress to date in the delivery of a town centre cinema.
- 2) That Cabinet confirm Forge Island as the preferred site for a town centre cinema and theatre development
- 3) That once site investigations on Forge Island and further financial analysis have been completed a further report is brought back to Cabinet

## 7 Proposals and Details

The Council are currently seeking to deliver a new cinema for Rotherham town centre. A similar project group is looking at future Theatre provision for Rotherham. An opportunity exists to look at the two together.

### 7.1 Location

The Rotherham Renaissance masterplan identified Forge Island as a key location for culture/leisure activity in the town centre. During the course of several officer meetings, backed up by informal discussions with cinema operators, Forge Island was re-affirmed as the best location available in the town centre. It benefits from the proximity of both rail and bus stations and if properly designed will provide its own intrinsic car parking. There are also adjacent sites with potential for development of ancillary uses such as restaurants.

### 7.2 Delivery Model

There are currently two models to deliver a cinema,

- a) a developer led scheme which incorporates a cinema in the "anchor" role. This option would develop the entire Forge Island site and include ancillary uses such as restaurants, retail, residential, other leisure, car parking etc. There are currently three developers who have expressed an interest in taking this site forward on this basis. .

For this model the developer will require to factor in their own profit margins and a reverse premium for a cinema operator. They will have to secure significant levels of pre lets and design issues will be complex as all users need to be flood protected.

- b) the second model involves disposing of all, or part, of the site to an independent operator. The operator would then finance the development through their own funding sources and seek to operate at a profit. This is the model used to deliver the cinema at Worksop, where the Council gifted the land to the developer but there was no reverse premium on the development.

The key to this development is provision of adequate car parking (deemed essential), good public transport links and the right demographics.

The experience from Worksop (Savoy Cinemas) and other sites is that the cinema would attract other uses to adjacent sites and act as an anchor in its vicinity. The obvious sites adjacent to Forge Island include Weirside, Keppel Wharf and Riverside Precinct which could all benefit from leisure development on

Forge Island. Such a development would also link well with the Guest & Chrimes site and the new stadium development.

Continued use of part of the site as a car park would help address both flood issues and continued support of businesses on this side of the town as well as having a positive impact on cost issues.

### 7.3 Programme

The programme is reliant on support from Tesco and the speedy and successful conclusion of a site licence enabling access to the site for the purpose of undertaking site investigation works. It is anticipated that site investigation works and flood feasibility works could be programmed for completion by the close of 2012, with an options and cost review exercise completed for Cabinet consideration in March 2013. Works could then begin mid 2014 and be completed mid 2015.

The earliest that the Council can exercise its option is when Tesco sign their Underlease with TCN. Tesco are hoping to gain access to the new store for fit out in late 2013/early 2014 so the earliest likely date when the Council could exercise its option is January/February 2014.

### 7.4 Next steps

Discussions with an independent cinema operator have established that the town's demographics seem suitable to support a cinema, with Forge Island the most appropriate town centre site.

We have contacted Tesco to seek permission to enter on to site to undertake surveys. We are still awaiting a response.

We have also been in touch with Jacobs who are willing to share the information they hold regarding perimeter river walls and certain SIs undertaken around the perimeter. This will be of considerable help in determining where we are missing information and will help determine where to undertake our own SIs.

Finally we have submitted a bid into the Environment Agency for funding (£20K) of studies into flood matters affecting this site and the flood cell it is a part of. We are still awaiting a decision on this bid

All of the above will be pulled together over the next couple of months and will enable the Council to take an informed decision as to whether we acquire the site, the scale of development and likely development model.

## 8 . Finance

The initial cost to the Council of exercising its option to acquire Forge Island will be £1.5m. The Development agreement with Tesco allows for overage to

be paid in the event of any “superprofits” being generated if the site was sold on as an investment. However this is likely to be limited given the state of the site and likely remediation costs and therefore impact on values associated with abnormal costs

The cost of undertaking site remediation is currently unknown at this stage .

Further work is required on the development, funding models and types of supporting/enabling development that may assist in funding the overall development.

RERF funding has already been secured to fund the site investigations on Forge Island. Other possible sources of funding will be investigated although gap funding is no longer available as grant and this will introduce additional risk for any developer.

## **9. Risks and Uncertainties**

There are potentially considerable risks in the ground conditions, flood issues and condition of the river wall. Officers are making every effort to gain access to the site to undertake detailed site investigations and are awaiting a response from Tesco.

Following these studies, officers will be better able to identify the implications of dealing with any abnormal costs and as a result decide whether delivery of a cinema and theatre on this site is commercially viable.

There are further risks in identifying a suitable operator/developer who can come forward with a financially viable business case.

There will be the normal risks to programme normally associated with the procurement process.

In the event that the Council choose not to exercise its option there is the risk that Tesco will be unable to introduce a new occupier into the site and this key location remains empty.

## **10. Policy and Performance Agenda Implication,**

The provision of a town centre cinema and theatre contributes to the wider strategic vision for Rotherham town Centre. It would contribute to the Community Strategy and Corporate Plan.

## **11. Background Papers and Consultation**

The financial implications section has been agreed by Financial Services.

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