

BRIEFING	TO:	Overview & Scrutiny Management Board
	DATE:	17 th July 2019
	LEAD OFFICER <i>(Full name, title and Directorate)</i>	Tim O'Connell Head of RiDO Regeneration and Environment
	TITLE:	Forge Island Update

Background

1.

This briefing provides an update on progress toward delivery of the Forge Island regeneration scheme.

*An **exemption from the Press and Public** is sought for Appendix A to this briefing under paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part I of Schedule 12A of the Local Government Act 1972 is requested, as this report contains sensitive commercial information with regards to costing for works and commercial agreements which could disadvantage the Council in any negotiations if the information were to be made public.*

It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information, as the parties' commercial interests could be prejudiced by disclosure of commercial information.

On the 17th December 2018 Cabinet resolved: -

- (1) That the entering into a development agreement and the granting of the long lease of the Forge Island development site to the selected developer, Muse Developments Ltd. be approved.
- (2) That the outlined financial approach to deliver the Forge Island development be approved and the Strategic Director for Regeneration and Environment be authorised to approve the final proposal in consultation with the Cabinet Member for Jobs and the Local Economy; subject to confirmation by the Strategic Director for Finance and Customer Services that the final proposal is affordable within the Budget and Financial Strategy and within the following parameters:
 - The initial rents the Council is entitled to receive from occupiers are greater than the initial head lease rent and

- The financial modelling over the 35 year period shows that the Council's anticipated income from the development exceeds the total anticipated head lease costs.
- That the Assistant Director of Legal Services be authorised to agree the final legal documentation.

The key milestone of signing of an agreement for lease (AFL) has now been achieved. The agreement for lease was signed by the developer on 14 June 2019 and sealed by the Council on 17th June 2019. This allows the developer to progress with detailed design, obtaining planning permission, securing end users etc.

The AFL sets out a series of pre-conditions which if satisfied, trigger the Council granting a lease of Forge Island to the developer and allow the developer to commence building the scheme.

It is important to note that the AFL is not the agreement of the final proposal in respect of either the detailed scheme or the financial approach but puts in place the agreements to ensure that the final proposal will be compliant with the Cabinet resolution of December 2018. In negotiating the AFL the Council has taken professional legal advice from Pinsent Mason LLP.

Key Issues

2.

The Agreement for Lease commits the Council to grant a 250 year lease of the site to Muse Developments Ltd (the developer) to allow them to develop the site for the agreed scheme comprising;

- Cinema
- Hotel
- Food and beverage outlets
- Residential
- Car parking
- Public realm
- New bridge connecting Forge Island peninsula and current Riverside Precinct.

The AFL includes pre-conditions, to be met by set long-stop dates, in order for the Lease to be granted and a further long-stop date for the developer to commence the scheme once the lease has been granted. If long-stop dates are not met the Council can take the site back from the developer.

The pre-conditions include the developer having:-

- obtained satisfactory planning permission;
- secured funding;
- demonstrated that the development is viable; and
- secured pre-lets on terms that are acceptable to the Council.

The agreement on pre-conditions ensures that the Council grants a lease once the scheme is in a position to proceed with certainty.

The AFL also includes an option for the developer to ask the Council to take an over-

	<p>riding lease of the scheme.</p> <p>The Council has progressed work on designing the flood defence infrastructure needed to facilitate the development. Planning permission for the proposed flood wall on Forge Island was granted in December 2018 and site investigation works to identify archaeological remains or contamination from previous usage commenced in May. Tender documents have been issued with a return date of 21th June and the appointment of a contractor to deliver the works is anticipated in July, with works expected to start at the end of August and last for 24 weeks.</p>
Key Actions and Relevant Timelines	
3.	<p>The agreement for lease was signed and sealed by the Council on the 17th June 2019. The long-stop development programme runs from the dates in the agreement for lease. The intention of both parties is to deliver the scheme earlier than the long-stop dates</p> <p>Construction of the scheme will commence with essential flood defence infrastructure which will be delivered by the Council. As indicated above, appointment of a contractor to deliver the works is anticipated in July, with works expected to start at the end of August and last for 24 weeks.</p> <p>Muse has commenced negotiation with occupiers and the Council is engaging in these negotiations alongside Muse. There are variations in the operating models of occupiers which have an influence design and it is therefore helpful to progress these discussions swiftly. It is anticipated that Muse will commence obtaining planning permission by engaging in pre-application discussions over the next 2-3 months and submit a full planning application before the end of the year.</p>
Recommendations	
4.	<p>Progress towards delivery of the Forge Island scheme is noted.</p>