

# WIRRAL COUNCIL

## CABINET

21 JUNE 2012

|                                      |   |
|--------------------------------------|---|
| <b>SUBJECT:</b>                      | <b>SAILING SCHOOL, MARINE POINT, NEW BRIGHTON</b> |
| <b>WARD/S AFFECTED:</b>              | <b>NEW BRIGHTON</b>                               |
| <b>REPORT OF:</b>                    | <b>DIRECTOR OF LAW, HR AND ASSET MANAGEMENT</b>   |
| <b>RESPONSIBLE PORTFOLIO HOLDER:</b> | <b>CORPORATE RESOURCES</b>                        |
| <b>KEY DECISION?</b>                 | <b>NO</b>   |

### 1.0 EXECUTIVE SUMMARY

- 1.1 To report the terms provisionally agreed for the lease to the Council of a purpose built Sailing School building constructed as part of the Marine Point Development adjoining New Brighton Marine Lake.
- 1.2 To report the terms agreed for a sub under lease of the building to an appropriate operator.
- 1.3 To update members on the continuing discussions that are taking place with Neptune Developments Ltd to finalise terms.

### 2.0 BACKGROUND AND KEY ISSUES

- 2.1 The regeneration of New Brighton has being led by the Council and its development partner Neptune Developments Ltd (Neptune). The £60m mixed-use development has transformed the waterfront, providing a wide range of new retail and leisure amenities, and has been built on land leased from the Council on a 250 year lease. This has been taken forward in two distinct phases:

#### Phase 1

- 2.2 Successfully completed in December 2008, this phase encompassed the redevelopment of the Floral Pavilion Theatre and Conference Centre – backed by £8.25m of joint public sector investment from the North West Development Agency and Government Office North West via the Merseyside Objective 1 Programme.

#### Phase 2

- 2.3 Commenced in January 2010, and nearing completion, the cornerstone of the regeneration activity includes both leisure and retail space set in high quality landscaping and public realm and along with complementary highways and transport improvements.

- 2.4 The main mixed-use building features a number of leisure uses, including a Travelodge Hotel, a six screen 1,000 seat digital Cinema, Morrison's supermarket and Casino.
- 2.5 This second building borders the western edge of the refurbished Marine Lake and includes restaurants and bars along with a new two storey purpose built Sailing School with pontoon and jetty.
- 2.6 At the western end of the site is a new model boating lake. The area between the boating lake and main mixed-use building provides a 750 space landscaped car park.
- 2.7 The Sailing School is now complete and the following terms have been provisionally agreed with Neptune for the Council taking a sub lease of the building as follows:

**Term**

249 years (to be consistent with the head leasehold interest granted to Neptune)

**Rent**

Peppercorn

**User**

Training and Educational Facility related to water based activities.  
Ancillary retail sale or hire of goods and products associated with water based activities.

**Service Charge**

A service charge will be payable to Neptune to cover the cost of repair and maintenance of communal areas. This will be passed on to the underlessee chosen to operate the facility.

- 2.8 Given the length of the proposed lease term it is the view of officers that it would be prudent to include a break clause. The purpose of such a clause is to help the Council mitigate its liabilities under the terms of the lease, particularly given the agreed lease term. This has been agreed in principle by Neptune but the conditions of the break clause have yet to be agreed. Negotiations are continuing and it is anticipated that terms will be agreed in the next few weeks.

**SUBUNDERLEASE**

- 2.9 A procurement exercise has recently been completed to secure an operator for the building and a Company known as Peak Pursuits Limited has been selected.
- 2.10 The Company are to be offered a 10 year lease of the Sailing School and the Lake. The lease will incorporate a 12 month break clause, and an initial rental of £14,400 per annum will be paid. All outgoings in respect of the property including the service charge will be met by Peak Pursuits.
- 2.11 Consent will be required from NWDA to any disposal of the lake or grant of a licence or leasehold interest.

2.12 The Council will complete its lease of the sailing school from Neptune simultaneously with the grant of the sub under lease to the operator.

### **3.0 RELEVANT RISKS**

3.1 Should the Council's underlessee invoke the 12 month break clause at any time in the 10 year term, then the Council would need to invoke its 6 month break clause with Neptune. In the absence of a break clause the Council would be liable for the service charge under the sub lease in the event that it could not find an alternative operator.

### **4.0 OTHER OPTIONS CONSIDERED**

4.1 None

### **5.0 CONSULTATION**

5.1 Consultations were made as part of the planning process.

### **6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

6.1 The tender process required that a Community Engagement Programme was provided.

### **7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

7.1 Should the Council's subtenant subsequently vacate, the Council will be responsible for the service charge, business rates payable on the Marine Lake and building, and the standing charges in respect of utilities until its sub lease is brought to an end. These costs are likely to total in excess of £25,000 per annum.

### **8.0 LEGAL IMPLICATIONS**

8.1 Set out within the main body of the report.

### **9.0 EQUALITIES IMPLICATIONS**

9.1 None.

9.2 Equality Impact Assessment (EIA)

(a) Is an EIA required? No

### **10.0 CARBON REDUCTION IMPLICATIONS**

10.1 None

### **11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

11.1 The development has planning permission which makes provision for facilities for users of the Marine Lake such as the Sailing School. No planning implications arise from this report.

## 12.0 RECOMMENDATIONS

That

- 12.1 The Director of Law, HR and Asset Management be authorised to negotiate and agree in consultation with the Cabinet Portfolio Holder the terms of the underlease from Neptune Developments Ltd and the sub under lease to Peak Pursuits Ltd on the most advantageous terms to the Council.
- 12.2 The Director of Law, HR and Asset Management is authorised to execute all relevant legal documents to give effect to the establishment of a new sailing school at Marine Point, New Brighton on the basis of the terms outlined in this report and in pursuance of 12.1 above.

## 13.0 REASON FOR RECOMMENDATIONS

- 13.1 To facilitate the operation of the Sailing School and Marine Lake at New Brighton.

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## APPENDICES

None

## REFERENCE MATERIAL

None

## SUBJECT HISTORY (last 3 years)

| Council Meeting | Date |
|-----------------|------|
|                 |      |