

North Star Regional Leisure Development

Scrutiny Committee

Date: 9th December 2019

Author: Cabinet Member for the Town Centre and Head of Property Assets
Wards: Rodbourne Cheney
Parishes Affected: Central Swindon North

1. Purpose and Reasons

- 1.1 The purpose of this report is to set out progress on the North Star Development trigger points, which has been requested by the Scrutiny Committee.
- 1.2 Pledge 3F of the Council's Vision is "Working with Seven Capital, to deliver the development of the new regional leisure destination at North Star."

2. Recommendations

The Committee is recommended to:

- 2.1 Note the contents of the report.

3. Detail

- 3.1 Seven Capital (SC) obtained outline planning consent S/OUT/15/0143, for the erection of indoor ski, cinema, bowling and trampoline facilities (Class D2), shops, restaurants & cafes (Class A1 - A4), parking, landscaping, access and associated works in February 2018. This was then followed up in November 2018 by the highway condition being discharged under S/COND/18/1738.
- 3.2 Since obtaining planning consent for the proposed development, SC have been unable to secure lending to build out the leisure destination. Generally, large funders are not committing to fund developments of this nature nationally due to economic uncertainty around Brexit. In an effort to raise finance for the scheme, SC has been talking to lenders, who would, rather than acquire the completed development as would a funder, lend finance on the basis that the loan was repaid by SC. SC have also been having discussions on what is required to secure a sufficient legal interest in the North Star site in a way that is acceptable to a funder to obtain £80m+ of loans recognising what is needed in the current funding environment.
- 3.3 To address these issues, and following discussions with SC, the Council have identified changes to the development agreement that should secure a way forward with a funder. The changes look to mitigate some (but by no means all) of the risks, and new clauses would be included to state that the build contract must be explicitly for the construction of the consented leisure destination, and that it is placed with a major contractor. SC has advised that they have completed pre-lets achieving £4m of rental income as part of their funder discussions. In addition, as part of varying the development agreement, the

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Council would also require evidence of a signed finance offer for the full development costs.

- 3.4 Based on these changes, and by way of a decision note dated 3 September 2019, the Council agreed to amend the Council's right to terminate the North Star development agreement, which was exercisable in the event that the developer does not complete the piling works for the leisure destination by 13 March 2022. The new provision is now that the Council has the right to terminate the agreement if a building contract for leisure destination is not placed by 13 March 2024. This recognises that the scheme is at a critical stage and the variation is realistically the last opportunity for SC to secure finance for its delivery.
- 3.5 This termination clause is the only "trigger point" in the development agreement. If the building contract is not placed by this date, either party has the ability to terminate the development agreement. If the agreement is terminated, the 3 leases of the North Star site that form part of the agreement would also terminate, and control of the site would return to the Council.

4. Alternative Options

- 4.1 There are no alternative options that apply in relation to the contents of this report.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 There are no direct financial implications arising from this report.

Legal and Human Rights Implications

- 5.2 There are no legal or human rights implications arising from this report.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 There are no known implications.

Diversity Impact Assessment DIA)

- 5.4 A Diversity Impact Assessment has not been completed for this specific report as there are no proposed changes to the provision of any services.

Risk Management

- 5.5 There are no risk management implications arising from this report.

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6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Chief Legal Officer are consulted in respect of all reports.

7. Background Papers

- 7.1 None.

8. Appendices

- 8.1 None.