



## REGENERATION AND ENVIRONMENT SCRUTINY COMMITTEE – 20TH MAY 2014

**SUBJECT: BARGOED RETAIL DEVELOPMENT PLATEAU**

**REPORT BY: ACTING DEPUTY CHIEF EXECUTIVE**

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### 1. PURPOSE OF REPORT

- 1.1 To inform Members on the progress of the delivery of Phase 1 and 2 of the Bargoed Retail Development Plateau (RDP) and three associated ERDF funded projects located immediately adjacent to the RDP.

### 2. SUMMARY

- 2.1 The report provides a progress update on the:-

- Bargoed Retail Development Plateau Phase 1 unit shops that the Council have leased for 25 years from September 2013.
- Three ERDF funded projects that are located in the immediate vicinity of the RDP, to be completed by June 2015.
- Bargoed Retail Development Plateau Phase 2 cinema project.

### 3. LINKS TO STRATEGY

- 3.1 Bargoed is identified as a Principal Centre in the adopted Local Development Plan (LDP) and is identified for major expansion of its retail and leisure facilities.
- 3.2 Regeneration of key town centres has been a priority in the Council's regeneration strategy, the Single Integrated Plan and Welsh Assembly Government's regeneration framework "Vibrant and Viable Places".

### 4. THE REPORT

Retail Development Plateau – Phase 1 Unit Shops.

- 4.1 Cabinet of 25<sup>th</sup> February 2010 agreed that the Council take a head lease on the proposed unit shops in the revised Bargoed Plateau development Phase 1 proposal.
- 4.2 Upon completion of the eight retail units the Council entered into a 25 year lease with BNP Paribas Securities Services Trust Company Limited and BNP Paribas Securities Services Trust Company (Jersey) Limited as trustees of Rockspring Hanover Property Unit Trust. The lease period runs from 29<sup>th</sup> September 2013 to 2038 with an initial annual rental of £155,797

that commences in February 2016.

- 4.3 With the assistance of external retail agent's the Council is seeking tenants for Units 1& 2 (combined in a single unit), Unit 3, Unit 4, Unit 5, Unit 6A, Unit 6B and Unit 7.
- 4.4 Greggs PLC has leased Unit 5, the shop fitting works are complete and trading commenced on 14<sup>th</sup> April 2014.
- 4.5 Company A is in negotiation to lease Unit 6B, the legal documentation is near to completion and approval for the shop fitting proposals has been sought from the landlord, Rockspring Hanover Property Unit Trust.
- 4.6 Units 1 and 2 have been combined to provide a floor area of 817m<sup>2</sup>, approximately 40% of the available overall area, to accommodate an anchor store with a high street frontage. Company B proposed to lease Units 1 and 2 and Heads of Terms have been received for the Council's consideration. However, at present the proposed terms and the associated substantial incentive package that Company B requires to secure their tenancy remain to be agreed.
- 4.7 The other remaining retail units will be marketed as opportunities arise and the Council's response to the proposal on offer from Company B is determined.

#### ERDF additional grant for Bargoed Regeneration Programme

- 4.8 On 19<sup>th</sup> December 2013 WEFO offered the Council an additional £1,100,000 ERDF funding to increase the scope of physical improvement works of the existing Bargoed Regeneration Programme and provide 75% funding for support measures for businesses via a building/commercial improvement grant scheme. The Council has accepted the ERDF grant offer that will be administered by WEFO and is to be completed by June 2015.
- 4.9 The additional ERDF grant will implement a package of five projects; three of these projects complement the RDP's environs and are part of the RDP's overall development strategy.
- 4.10 The Council's Engineering Projects Group is expected to undertake the detailed design, site supervision and contract administration of the three individual projects on behalf of the Urban Regeneration and Conservation Team.
- 4.11 The three projects located immediately adjacent to the RDP that have been awarded funding comprise:-
  - Phase 4b public realm enhancement – ERDF grant of £92,000 to extend the Hanbury Road and Hanbury Square public realm improvements southwards to include Under Cardiff Road.
  - Cinema and Site B (Colliers Walk) access improvements – ERDF grant of £200,000 contribution to formalise the junction of the RDP perimeter access road with Colliers Walk and include for improved access off Colliers Walk into the potential Site B development site. This project also requires a £20,000 match funding contribution from the Authority.
  - HJJ Development Site (51 to 54 Cardiff Road) – ERDF grant of £220,000 contribution to demolish the existing buildings, relocate Statutory Undertakers apparatus and provide new flight of steps from Cardiff Road to Colliers Walk and prepare the site for future development.
- 4.12 The other two projects allocated ERDF funding but not specifically linked to the RDP's development comprise:-
  - A pocket park at Hanbury Road car park - ERDF grant of up to a £408,000 contribution

to create a public space as a focal point at the northern end of Hanbury road car park to link pedestrian movements from the bus station, the car park, the Library and Hanbury Road. This project also requires a £30,000 match funding contribution from the Authority.

- Support measures for businesses - ERDF grant of £180,000 contribution for building and commercial improvement grants with £60,000 match funding being provided by the private sector recipient of the grant.

#### Retail Development Plateau – Phase 2 Cinema Project

- 4.13 Council on 31<sup>st</sup> January 2012 agreed to procure the development of a cinema on the Bargoed Phase 2 plateau directly, subject to confirmation of lease agreements and a further more detailed cost appraisal being produced by officers.
- 4.14 Cabinet on 11<sup>th</sup> September 2012 approved that:-
- Odeon be confirmed as the preferred tenant for the cinema.
  - Officers negotiate terms with Odeon on the basis of Odeon's submitted bid.
  - Officers work with Odeon's designers to reduce the cost of the proposed cinema without compromising on quality.
- 4.15 On 17<sup>th</sup> September 2013 two tenders were returned for the cinema's construction and fit out from the six companies who pre-qualified to be invited to submit bids. They remained valid until the 17th March 2014.
- 4.16 The tender assessment process reviewed the submitted prices for construction operations and the scope of works included in each bid. This information was considered alongside cost estimates for professional fees and the third party works to provide mains services to the proposed cinema. The post-tender review derived a more robust overall project delivery estimate. The output of the review of the project estimate concluded that the delivery cost is likely to exceed the currently allocated project budget of £6.9 million.
- 4.17 Since December 2013 actions to reduce the project's funding gap have been and continue to be progressed. The building's form and its materials specification has been reviewed to identify potential savings in build costs. Alternate procurement options for separate building and fit-out contracts are currently being examined with an aim to reduce overall cinema delivery costs. Officers are in discussion with Welsh Government (WG) officials and are preparing supporting information to establish the level of financial support that may be available.
- 4.18 These revisions will require the construction contract to be retendered in due course when there is greater degree of certainty that the project's cost and its available budget are more closely aligned.
- 4.19 Both Odeon and the Council remain fully committed to bringing a cinema to Bargoed. However, due to commercial confidentiality it is not possible to give further details at this time. Once a way forward is agreed both the Council and Odeon will be issuing a joint statement.

## **5. EQUALITIES IMPLICATIONS**

- 5.1 This report is for information purposes, so the Council's EqIA process does not need to be applied.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 Financial details are contained within the report.

## **7. PERSONNEL IMPLICATIONS**

7.1 None.

## **8. CONSULTATIONS**

8.1 All comments received have been included in the report.

## **9. RECOMMENDATIONS**

9.1 Members note the content of the report.

## **10. REASONS FOR THE RECOMMENDATIONS**

10.1 Members are updated on progress on the physical regeneration of Bargoed.

## **11. STATUTORY POWER**

11.1 Local Government Acts 1972 and 2000

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