

Report of the Strategic Director Corporate Services to the meeting of Executive to be held on 5th December 2017.

AM

Subject: Bradford Odeon

Summary statement:

The Executive has considered a Not For Publication Appendix to this report setting out the possible financial and legal arrangement for funding and developing the Bradford Odeon.

It is recommended that the Executive:

- Endorses the risk assessment in the Appendix
 - Endorses further detailed consideration, with partners, of the optimal legal and financial structures to develop the Bradford Odeon
 - Supports the principle that the Council provides loan or other forms of capital to enable the development to proceed
 - Supports bids to other bodies who are willing to co-fund development
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Overview & Scrutiny Area:

Corporate

1. SUMMARY

Having given consideration to the Not for Publication Appendix to this report, the Executive is recommended to support:

- Further detailed consideration, with partners, of the optimal legal and financial structures to develop the Bradford Odeon
- The principle that the Council provides a loan or other forms of capital to enable the development to proceed
- The application of bids to other bodies who are willing to co-fund development

2. BACKGROUND

2.1 The Council agreed to acquire the freehold interest in the former Odeon building, from the Homes and Communities Agency (HCA), at its Executive meeting on 12th March 2013. The Executive considered a report on assets owned by the HCA in Bradford where it resolved:

- That the transfer of the freeholds of the former Bradford Odeon and Tyrls be agreed.
- That the Strategic Director for Regeneration be instructed to bring a future report to Executive on the appraisal criteria on which expressions of interest for commercially viable developments which retained all or part of the former Odeon were to be assessed.
- That, if after appraisal, no commercially viable development which retains all or part of the building can be identified then the Strategic Director, in consultation with the Leader of the Council, progress alternative development options which may include seeking planning permission for the demolition of the building.

2.2 In May 2013, a further report was submitted to the Executive where the appraisal process for the Expressions of Interests was agreed. The Expression of Interest (EOI) was launched in December 2013. The EOI procedure was designed on the premise that following the sale of the Odeon it would then be redeveloped by the new owner. As such, it was a land transaction, and so did not need to be undertaken as a procurement exercise. Three Expression of Interest (EOI) submissions were received and two proposals achieved a score above the minimum threshold required to progress to Stage 2. The Bradford Live proposal alone exceeded the minimum threshold required to progress to the third and final stage of the EOI process.

2.3 In December 2014, a report on the Bradford Live proposal was considered at the meeting of the Executive. The report concluded that Bradford Live had produced scheme proposals through the appointed EOI process that satisfied the key objective of offering to deliver a project that retained all or as much as possible of the existing building.

2.4 The report also stated that, whilst the project demonstrated satisfactory progress, the development process could not at that time guarantee delivery as the capital funding was still not secured and there were uncertainties around the final capital

costs and funding options. However, the information submitted at that time suggested that this was a reasonable scheme that could proceed to the next stage with the Council's support. This stage involved agreeing heads of agreement for the sale of the property and BL seeking financial backing for the redevelopment works

- 2.5 In December 2014, the Executive agreed that the Bradford Live scheme be approved as the preferred development option for the former Odeon site and a Development Agreement be prepared and agreed with Bradford Live for the viable and earliest possible delivery of the preferred scheme.
- 2.6 The Bradford Live proposal was to transform the former Odeon cinema into a commercially viable and sustainable, professionally-run, 4,000 capacity world class live music/ performance venue and leisure hub that will attract new entertainment and events business to Bradford and the Sub-Region over and above that provided by existing venues in the City and the wider City Region. The attraction of the scheme to the Council was not only that it would deliver the Odeon as a significant cultural asset but also that its successful redevelopment would strengthen the night time offer in the city centre and therefore significantly contribute to its regeneration.
- 2.7 Following the Executive decision in December 2014, Bradford Live has continued to refine their scheme, explore funding and following a number of attempts has now identified a preferred operator. Bradford Live's consultant team is the same one that created the solutions for Venues in Leeds, York, Hull, Bristol and Copenhagen. Following a competitive marketing process, Bradford Live has identified this year, the NEC International Group (NEC) as their preferred operator.
- 2.8 Continuing discussion has concluded that the development, whose cost is estimated at c £20m, is not financially viable without some form of funding from the Council. Bradford Live has requested loan capital from the Council, with initial estimates of c £12m which would be repaid through lease payments made by NEC.
- 2.9 The Council has identified the need to ascertain the optimum legal and financial arrangements to secure the Odeon's development whilst complying with its obligations in law.

3. OTHER CONSIDERATIONS

- 3.1 The Council and Bradford Live are currently exploring a number of options to co-fund the project including:
 - An application to the LEP to secure funding from the recently launched Northern Cultural Regeneration Fund (NCRF) £4m
 - An application to the West Yorkshire Combined Authority (WYCA) Regional Growth Fund to secure £1.8m
 - A proposed application to the Heritage Lottery Enterprise Fund (HLF) to secure £2m
 - Private donations and Crowd Funding will also be explored

A decision on the NCRF application is anticipated April 2018, and a decision on the Regional Growth Fund is likely to be later in 2018.

4. FINANCIAL & RESOURCE APPRAISAL

4.1 The Not For Publication Appendix includes a financial appraisal.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

5.1 The Not For Publication Appendix includes a risk and governance appraisal.

6. LEGAL APPRAISAL

6.1 The Not For Publication Appendix includes a legal appraisal.

7. OTHER IMPLICATIONS

None.

8. NOT FOR PUBLICATION DOCUMENTS

8.1 Bradford Odeon – Not for Publication Appendix

This appendix is not for publication and is exempt from disclosure in accordance with paragraphs 3 and 5 of Schedule 12A (financial or business affairs and legal privilege) of the Local Government Act 1972. It is considered that in all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information

9. OPTIONS

9.1 The options available to the Executive are to:

- Authorise no further involvement by the Council in the Bradford Odeon development
- Support the further development of the legal and financial solution explored in the Not for Publication Appendix

10. RECOMMENDATIONS

10.1 The Executive is asked to:

- Endorse the risk assessment in the Appendix
- Endorse further detailed consideration, with partners, of the optimal legal and financial structures to develop the Bradford Odeon
- Support the principle that the Council provides loan or other forms of capital to enable the development to proceed
- Support bids to other bodies who are willing to co-fund development.

11. APPENDICES

11.1 Bradford Odeon – Not for Publication Appendix

12. BACKGROUND DOCUMENTS

- Document BV report to Executive – 12 March 2013 - Homes and Communities Agency (HCA) Assets in Bradford City Centre
- Document CI report to Executive – 7 May 2013 - Homes and Communities Agency (HCA) Assets in Bradford City Centre: the former Odeon and Tyrls buildings
- Document AF report to Executive – 2 December 2014 - Former Odeon Cinema, Bradford