

Report of: Business Manager,
Financial and Asset Management

To: Executive Board

Date: 10 September, 2007

Item No:

Title of Report : Proposed redevelopment and new lease of site of
Odeon Cinema, Gloucester Green

Purpose of report: To advise on the outcome of negotiations authorised in 2005 for the grant of a new lease of the cinema site, and to recommend
terms of terms for new and revised leases.

Key decision: Yes

Portfolio Holders: Councillor John Goddard and Councillor Jim Campbell

Scrutiny Responsibility: Finance

Ward(s) affected: Carfax

Report Approved by: Councillor John Goddard - Overarching
Councillor Jim Campbell - Finance
Jeremy Thomas – Legal
Sarah Fogden/Penny Gardner- Finance

Policy Framework: - West End Area Action Plan [Appendix 2, (Development site 6) and the Policies listed in Para 3 below]
Local Plan 2001-2016 (policy DS 54);
-Asset Management Plan [Appendices 1& 4]

Recommendation(s)

Subject to planning consent, and the consent of the City Council as landowner:

1. To agree to the grant of a lease to AXA Sun Life, of the site shown hatched on the plan on the terms set out in Para 2, and the report on the confidential agenda.

To agree to extend the lease of Blocks A, B, and D (cross hatched on the plan) on the terms set out in Para 3, and paragraph 1 of the report on the confidential agenda, and

3 To note that once AXA are confirmed as prospective lessee and development partner, negotiations will be progressed on design development to achieve the Councils and AXA's aspirations for the new building and public realm improvements, before plans are submitted for planning consent, and the approval of the Council as freeholder.

Background

1. At its meeting on 7 November, 2005 (min 138), the Board agreed to enter into negotiations for the grant of a long lease of the Odeon cinema site to Sun Life (now AXA Sun Life), to appoint consultants to carry out negotiations, and to await a further report, (as required under the current Constitution, contract rule 20.20.c
2. The Odeon site and the adjoining Gloucester Green Square are located in the West End of Oxford. In June this year the City Council published its West End Area Action Plan (AAP), setting out the policies and delivery mechanisms to be employed in the regeneration of the West End. The overall regeneration process is being guided by the West End Partnership, collaboration between the City and County Councils, and the South East England Development agency, (SEEDA)
3. The AAP lists a number of potential development sites in the West End, including the Odeon Cinema site (No 6), which is indicated as being suitable for a mixed-use development. It also contains a number of policies, which have helped shape, the Councils strategic aspirations for this part of the West End. These aspirations are:
 - To reconnect Gloucester Green to George Street and the rest of the City Centre by widening, and, if possible, pedestrianising St Georges Place, with the overall aim of making the Gloucester Green area a 'destination' in its own right.
 - To improve the public realm within the square itself to provide a better environment for residents, shoppers, and businesses surrounding the square
 - To remove the two 'dead' ground level frontages to George Street and Gloucester Green of the current Odeon Cinema
 - To maximise the cultural offer and increase vitality by improving the facilities and environment of Gloucester Green
4. If the recommendations of this report are accepted, then the design development to implement these aspirations will be worked up through detailed discussion and design. AAP policies WE1, WE5, WE20, WE23, WE24 in particular will form a framework for developing the shape and content of this scheme.

Proposed Scheme

5. The Council's consultants (Cluttons) have now concluded negotiations with AXA Sun Life and secured a lease package that will secure a mixed-use redevelopment of the cinema, including a new seven screen multiplex. The package also includes a substantial capital sum to provide a number of public realm, environmental and cultural improvements to Gloucester Green with the overall aim of delivering the Council's vision and aspirations for the area, as well as delivering AXA's objectives of improving the quality of its property investments fronting onto Gloucester Green. The exciting opportunity to maximise the cultural potential and ensure Gloucester Green becomes a flexible and attractive public space will be fully explored and worked up in consultation with stakeholders and partners during pre-planning application discussions.
6. The report recommends acceptance of the Heads of Terms so that Officers can proceed with the detailed negotiations for a new lease of the cinema/kiosk site (hatched black on the appended plan) to AXA, subject to planning and other statutory consents. The Heads of Terms are as follows
 - Site – To include the site of the existing cinema and kiosks (hatched black on the appended plan). The sites of Blocks A, B, and D, where the existing lease will be updated, are shown cross-hatched. It should be noted that the entrance to the Old Fire Station fronting Gloucester Green will not be affected by the proposal
 - Term – 150 years from a date to be agreed, for the cinema site. The existing lease of Blocks A, B, and D, which currently has 108 years to run, will be extended by 42 years to the same term.
 - Works – Following further design development and consultation in line with the aims of the West End AAP, AXA will redevelop the cinema site, and carry out public realm improvements to Gloucester Green. These plans and specifications will need to first obtain planning permission and other statutory consents, and will also be subject to approval by the Council as landowner.
 - Development Costs – The lessee will be liable for all costs of development, including any cost overruns.
 - Proposed Rent structure and Capital Premium – these are set out in the accompanying report on the confidential agenda.

Development of the Scheme

7. Negotiations to date with AXA have focussed on the vision of the Council and objectives of AXA, Heads of Terms and the property package. Subject to the approval of the Executive Board to these Heads of Terms, Officers would proceed with detailed negotiations for a new lease and design development, including detailed pre-planning

application discussions. There are a number of exciting possibilities for improving the function of Gloucester Green as a public and cultural space that will need to be fully explored during these discussions and by consulting stakeholders and others. Some early dialogue has been held with a limited selection of stakeholders and these discussions would need to be broadened to include residents and other with an interest in the cultural and other activities in and around the square.

Legal Implications

8. There are no legal implications of this report.

Financial Implications

9. These are contained in the confidential appendix

Conclusion

10. The financial package on offer to the Council is a good one, and presents an attractive opportunity to work in partnership with a financially sound, major institutional investment fund as development partner to deliver the physical and cultural renaissance of the Gloucester Green Square. The value generated by the cinema redevelopment will allow substantial funds to be allocated to the enhancement of the public realm and cultural offer of Gloucester Green. This will enable delivery of the Council's strategic objectives and the vision set out in the West End Area Action Plan.

Name and contact details of author: Martin Lyons
01865 252138
mlyons@oxford.gov.uk

Background papers: None

