

BRIEFING NOTE

Agenda Item no.

7

TO: REGENERATION SCRUTINY PANEL

DATE: 17 October 2013

RE: OLD SQUARE PROJECT UPDATE

Purpose

To advise Regeneration Scrutiny Panel of recent progress with the Old Square project, with reference to further changes required to the legal documentation, and the next steps required to ensure project delivery.

Recent project progress

Amended Agreements for Lease were exchanged with Primark and the Co-op on the 2nd October 2013, and simultaneously unconditional notices were served on the tenants, to commit the Council to role of developer and landlord to the two tenants. The Council is now committed to delivering the requirements of the two tenants within a specified timescale and with an absolute construction completion deadline. As well as the Agreements for Lease being exchanged, the Council also served an unconditional notice on Zurich Assurance to acquire the leasehold land interests needed to undertake the development.

In the last few weeks before contracts were exchanged, Primark sought further changes to its Agreement for Lease to ensure that certain requirements were met. These were accepted by the Council to ensure that Primark was still committed to the development, but also required the Council to amend its Agreement for Lease with the Co-op and its land sale agreement with Zurich Assurance.

Next steps in project delivery

Attention must now be given to the detailed design of the development, working with the preferred contractor's design team, to ensure that the specifications demanded by the tenants can be delivered by the Council in the prescribed timescales. To enable the evolution of the design, the Council and the preferred contractor have entered into a pre-construction services agreement, whereby the Council will provide funds for the preferred contractor to progress its design and arrive at a target sum for the construction of the development. This target sum will form an important element of the Council's building contract with the preferred contractor, and other elements of the building contract are being simultaneously negotiated with the contractor.

It is currently anticipated that the pre-construction services will be completed by the end of the calendar year, and that a building contract will be entered into shortly afterwards. Following the temporary relocation of some market stalls to accommodate the development, the preferred contractor is expected to commence on site in January 2014 with the erection of hoardings and disconnection of services, and demolition is currently programmed to start in early February 2014. The preferred contractor expects to be on site

for 55 weeks, and thereafter the two tenants will undertake a fit-out of their stores before opening in mid 2015.

Recommendations

That recent progress and anticipated next steps with the project are noted.

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