

Briefing Paper for the Tiverton Town Centre Development
Special meeting of the Scrutiny Committee on Thursday 10 September at 10.00am in the
Phoenix Chamber to consider the issue.

Introduction

Premier Inn have over a number of years have been looking to develop a hotel in the centre of Tiverton.

The Head of Planning and Regeneration met with Agents for Premier Inn in August 2014 who had shown interest in developing part of the Multi Storey Car Park, Tiverton (MSCP).

The Councils Management Team gave the go ahead to Premier Inn to look into the feasibility of developing the site.

Jones Lang LaSalle Ltd, Premier Inns Agents, submitted a formal offer for the freehold of part of the MSCP (subject to contract). The offer included a set of plans with a suggested layout for a 73 room hotel.

The transaction was subject to the following conditions:

1. Grant of Satisfactory planning for a 73 bed hotel with breakfast restaurant
2. Licensing
3. Whitbread Group Plc formal board approval

Background on Premier Inn

Premier Inn, as a budget hotel company, is the largest operator in the UK. It is stated that their success storey is based on a great product and high quality service all at affordable price.

Premier Inns have 680 hotels within the UK and an excess of 1500 Costa Coffee outlets which is their sister company.

Premier Inns anticipate 40-50 full and part time jobs will be created and the company employment brochure details the career opportunities at Whitbread which includes;

- Recruitment
- Apprenticeships
- Work placements
- Work Inspiration
- Functional skills

- Career progression

Timeline

March 2015 – Heads of Terms drawn up to enable Premier Inns to seek Board Approval as an indication that MDDC were willing in principle to sell part of the car park including the remodelling of the remaining car park and access arrangements.

Heads of Terms included;

- Site boundaries
- Vehicular access to remaining car park
- Final sale price subject to valuation and due diligence
- Timetable for completion including occupation
- 125 year lease (not Freehold)

The Heads of Terms have been subject to a number of rewrites to enable a contract and lease to be drawn up subject to necessary approvals.

10 February 2015 – Tiverton Councillor Group - updated on future plans for the Town Centre including an update on Premier Inn.

17 March 2015 – All Member briefing on Tiverton Town Regeneration including Premier Inn.

2 April 2015 Cabinet Report, recommendation agreed to accept the regeneration project initiation document. Project Objective Clause 2.2.11 – Work with the private sector to bring forward plans for a hotel in the town.

29 April 2015 – Full Council – Consideration of reports, minutes and recommendations of previous Cabinet meeting.

A number of pre planning application meetings held between the applicant, MDDC Planners, Environment Agency (EA) and Devon County Council (DCC) on the proposed scheme.

Identified that with the impact of site constraints, remodelling of the car park and EA requirements, Premier Inns business plan could only go ahead with an 85 bedroom scheme.

22 July 2015 – DTZ of Bristol were instructed by Officers to provide valuation advice and assist the Council with providing pre-disposal due diligence advice.

26 August 2015 – DTZ report received

The report outlines the approach taken by DTZ in assessing the Developer's financial offer within the context of scheme delivery (i.e. location, land and other site constraints) and other similar market transactions.

The report ultimately provides an independent view as to whether the financial proposal appears reasonable.

Conclusion:

DTZ's high level viability assessment indicates that the proposed deal appears to be adequate against other benchmarked schemes.

Scheme Details

85 Bedroom hotel with restaurant facility incorporating;

- New access to MSCP including highways work
- Construction of new structural elements within the car park(ramp, separating walls and staircase)
- Reconfiguration of car park layout and traffic flow
- MSCP remains a P&D Car Park with no designated parking for Premier Inns
- Current MSCP has 647 parking bays and historically is seldom full
- Proposed demolition and reconfiguration would result in a loss of 66 full bays and 7 ¾ width bays.
- Potential increase in income from hotel guests (80% occupancy – overnight could generate £25 k per annum)
- Little additional cost for car park to remain open 24 hours
- Potential to provide Pay on Foot/ Pay on Exit arrangements
- Improved signage and security including general appearance

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