

**REPORT TO:** POLICY & RESOURCES COMMITTEE – 10 FEBRUARY 2014

**REPORT ON:** PROPOSED REDEVELOPMENT OF DUNDEE RAILWAY STATION CONCOURSE BUILDING

**REPORT BY:** DIRECTOR OF CITY DEVELOPMENT

**REPORT NO:** 41-2014

## **1 PURPOSE OF REPORT**

- 1.1 This report seeks authority to conclude a lease with a hotel operator for the hotel component of the proposed redevelopment of Dundee Railway Station Concourse and to fund the necessary hotel fit out costs through Prudential Borrowing.

## **2 RECOMMENDATION**

- 2.1 It is recommended that the Committee notes the positive progress being made in securing a long term lease with a hotel operator for the Station Concourse project, authorises the Head of Democratic and Legal Services to conclude a lease with Sleeperz Dundee Ltd, and agrees to Prudential Borrowing of £4.6m for the fit out of the hotel element of the Station Concourse.

## **3 FINANCIAL IMPLICATIONS**

- 3.1 The costs of the necessary hotel fit out can be met from Prudential Borrowing against additional future commercial income from the hotel operator

## **4 BACKGROUND**

- 4.1 The Committee agreed at its meeting on 20 May 2013 (Article XV refers) that the Council continues with the implementation of the project and seeks tenders for the staged implementation of the project.
- 4.2 Report 220-2013, Policy & Resources Committee 20 May 2013, also sought and gained approval for the Director of City Development to seek submissions by interested parties for the lease of the hotel component of the development.
- 4.3 Following a number of detailed negotiations with a preferred hotel operator, Sleeperz Ltd, it became clear that the best commercial option for the Council would require that the hotel element is fully fitted out to the requirements of Sleeperz, the cost of which is estimated at between £3.9m and £4.6m which will in turn be reflected in higher rental incomes from Sleeperz Ltd to the Council.
- 4.4 The Director of Corporate Services has confirmed that the increased payments by the hotel operator over an agreed 30 year lease period would support prudential borrowing up to £4.6m.

## **5 POLICY IMPLICATIONS**

- 5.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

## **6 CONSULTATIONS**

- 6.1 The Chief Executive, the Director of Corporate Services and Head of Democratic and Legal Services have been consulted and are in agreement with the contents of this report.

**7 BACKGROUND PAPERS**

7.1 None.

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Director of City Development

MPG/AMW/MS

4 February 2014

Dundee City Council  
Dundee House  
Dundee