

Report to	-	Cabinet
Date	-	2 October 2017
Report of the	-	Executive Director of Business Operations
Subject	-	The Colonnade, Bexhill-on-Sea

Recommendation: It be **RESOLVED:**

- 1) That a new tenancy be granted on the terms set out in Confidential Appendix (1) to the report and such other terms as the Executive Director of Business Operations considers appropriate; and
 - 2) That provision be made in the Capital Programme for up to £100,000 representing the Council's maximum contribution to the fit-out costs for the new tenant. This will be funded by the earmarked reserve for corporate priority projects.
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Service Manager: Brenda Mason

Lead Cabinet Member: Councillor Lord Ampthill

Background

1. The Colonnade was constructed in 1911 to commemorate the coronation of King George V and was designed as a sheltered structure from which to enjoy open-air beachfront concerts and performances, and subsequently fulfilled several functions over the years. The building was Grade II listed in November 2008, and is sited close to the Grade I listed De La Warr Pavilion.
2. Following the £5m seafront regeneration project in 2012, the seafront at West Parade was completely transformed and the Colonnade was extended and refurbished to enclose the whole of the semi-circular frontage and to form a 'back of house' area capable of accommodating a kitchen, toilets and storage. The covered areas flanking the main structure were extended underground to form a number of small kiosks.
3. For the last four and a half years, the Colonnade has been occupied by Janet Bussche, trading as Tea Beside the Sea; initially for a period of a few months, extended by three years and then extended by a further year from November 2016. During 2016, a marketing exercise was conducted in-house, which focused on targeting local businesses trading in a 20-30 mile radius. Whilst this generated some interest, resulting in proposals coming forward to the Council, it was felt that all of these proposals fell short of the Council's requirements and expectations and none were recommended to go forward as a result (Minute CB16/17).
4. Ms Bussche has undertaken a degree of fitting-out to provide kitchen and customer toilet facilities; however the level of fit-out is limited due to the short-

term nature of her tenure. Ms Bussche was among those who put forward a proposal to the Council in 2016.

Vision and Objectives

5. The Council's vision for the Colonnade is that it should make a positive contribution to Bexhill's commercial scene and contribute towards re-positioning the town as a desirable place to live, work and visit.
6. The commercial activity at the Colonnade should therefore achieve the following objectives:
 - Collectively act as a destination and generate footfall in its own right, contributing to Bexhill's overall product 'offer' – i.e. its high quality seafront, world-class cultural icon and distinctive retail and leisure.
 - Complement other local businesses that also contribute positively to that product offer.
 - Complement the quality of the surrounding public realm to add to its overall appeal.
 - Offer a high quality customer experience while providing value for money (not necessarily 'high end').
7. Previous marketing of the Colonnade has established that the property does not appeal to chain operators or franchises due to its location and configuration. The property was therefore more likely to appeal to a local entrepreneur with a good understanding of the local market, who sees the Colonnade as an opportunity to offer something distinctive in an up-and-coming location.
8. Based on the experience of previous marketing exercises, officers have also considered whether an alternative approach to letting the Colonnade is merited; whether the focus on food and drink is correct or whether other types of activity should be considered; and whether to reconfigure the premises to provide two or more smaller units.
9. Having sought examples of different approaches to letting seafront buildings in similar locations elsewhere in the country, research suggests that the Council's vision and overall approach to the Colonnade is consistent with the approach being taken in similar situations elsewhere, and do not point towards a radically different approach. This suggests a café/restaurant as 'anchor' tenant, complemented by smaller businesses operating alongside it.

The Proposal

10. The Council appointed agents to re-advertise the premises for letting, primarily as a café / restaurant. Interested parties were invited to submit their expressions of interest and business proposals, and these have been considered by a panel comprising Members and officers.
11. Four expressions of interest were received by the given deadline. Having considered these, the recommendation of the panel is to proceed with a tenancy with the party named in Confidential Appendix (1), on the heads of terms set out and such other terms as the Executive Director of Business Operations considers appropriate. The recommended tenant has also been asked to share their business plan in order to offer further assurance (Appendix 2).

12. Following last year's marketing exercise, it was noted that the level of upfront investment needed for fitting-out had proved to be an obstacle in securing a suitable tenant; and it was agreed at that time to offer the option of a capital contribution to the fit-out costs from the Council's Corporate Priority Project earmarked reserve if necessary (Minute CB16/17). The heads of terms attached as Confidential Appendix (1) accordingly makes reference to a capital contribution, which will go towards permanent fit-out elements such as flooring, toilets, ventilation / extraction that will remain with the property. The incoming tenant will be responsible for fixtures and fittings (such as kitchen equipment, tables, chairs etc.) and they have allocated capital within their business plan to facilitate this. Whilst the bidder has estimated this cost at £60,000 it is proposed that an overall provision of £100,000 be made in the Capital Programme to ensure there is sufficient contingency should there be further costs associated with these works.

Water Ingress

13. The Colonnade continues to suffer from water ingress in certain areas. A condition survey has been carried out to identify the remaining sources of water penetration and make recommendations to address these.
14. The main issues flagged up by the survey are as follows:
- Water ingress at the junction between the original Colonnade structure and the new rear storage area.
 - Minor water ingress at a number of the support beams and columns.
 - Localised water ingress around a soil vent pipe.
 - Water ponding on the east and west tiled upper landings.
15. Over the past two years various works have taken place to address problems of water penetration as they have arisen; and the survey has confirmed our understanding of the remaining issues and their causes.
16. The Council's priority is to address the cause of ingress to the main structure referred to; and arrangements are in hand to undertake this work over the forthcoming months from the repairs and maintenance budget

Conclusion

17. The panel are recommending that the proposal in Confidential Appendix 1 be approved and authority is given to the Executive Director of Business Operations to conclude the lease.

Dr Anthony Leonard
Executive Director of Business Operations

Risk Assessment Statement

The Colonnade occupies a prominent location and has a key role to play in the success of Bexhill seafront. It is important therefore to secure a tenant that contributes to this success. Should the tenancy not proceed, the Council will need

either to seek an alternative tenant or make alternative arrangements for the operation of the Colonnade, with the associated risks of delay, loss of rental income and reputational damage to the authority.