

Report to - Cabinet  
Date - 1 October 2018  
Report of the - Executive Director  
Subject - The Colonnade, Bexhill

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**Recommendation:** It be **RESOLVED:** That:

- 1) Members offer a steer on contractual winter opening 2019/20; and
  - 2) the Executive Director be authorised to enter into a lease with the preferred operator for the Colonnade café/restaurant for a term of not less than 10 years on such terms as deemed appropriate.
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**Head of Service: Ben Hook**

**Lead Cabinet Member: Councillor Lord Ampthill**

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## **Background**

1. On 15 January 2018, Cabinet resolved to proceed with the establishment of an in-house café/restaurant offer at the Colonnade, with the future operation to be kept under review (Minute CB17/59 refers).
2. This followed the withdrawal of a prospective tenant in late 2017 due to difficulties in raising sufficient funds to undertake the necessary fitting-out works. The required capital investment proved to be a significant obstacle to securing tenants as the Colonnade was completed to a shell finish only without any further fitting-out.
3. Following Cabinet's resolution, the necessary work to commission the fitting-out of the premises was undertaken. In addition a limited company was established to manage the trading activity of the operation.
4. The Colonnade opened for business on 21 July 2018 and operated on a 7-day basis up until the second weekend in September, after which it has reverted to a 5-day operation.
5. Whilst the newly-opened Colonnade has proved popular with customers, it has been unable to offer a full food menu as envisaged due to delays in connecting to the gas supply. While there has been constant communication with the gas company, being outside of the Council's control this has been the single greatest constraint to the business thus far. A full report on the operation of the Colonnade will be presented to Cabinet at its meeting on 5 November 2018.

## **Opportunities**

6. As a direct result of the Colonnade opening, the Council has been approached by several restaurant operators seeking to take a lease of the premises; and this interest has resulted in three serious rental offers being put forward.
7. Officers have met with all of the interested parties. Two of these would look to trade over the 18/19 winter season, although some are seeking a rent-free period as they would be commencing operations during the off-peak season. The offers come from operators with an established business portfolio, considerable experience in the restaurant sector, and coherent vision for the future of the Colonnade.
8. Attached at Appendix 1 are the general terms of the offers. The financial offers are all well in excess of the previous rental received of £2,000 per annum and would contribute to the Council's 2020 income target.

## **Recommendations**

9. Based on the level of offers made, it is recommended that the Executive Director be granted delegated authority to conclude negotiations with the preferred operator and on other terms appropriate to the premises and its location. A steer from Members as to whether we contractually oblige the operators to open the premises over the winter months will determine the preferred operator.

Dr Anthony Leonard  
Executive Director

## **Risk Assessment Statement**

There is a risk of trading losses over the winter season as the Colonnade is not yet fully operational, and at the date of publication no date has been set for connection to the gas supply. Despite the operational difficulties experienced to date there is strong interest from external operators. A rental income would both ensure a return on the capital invested in the property and reduce the financial risk to the Council.