

Rother District Council

Report to:	Cabinet
Date:	7 September 2020
Title:	Letting of Beeching Road Studios, 18-40 Beeching Road
Report of:	Ben Hook – Head of Acquisitions, Transformation and Regeneration
Cabinet Member:	Councillor Bayliss
Ward(s):	All
Purpose of Report:	To authorise the letting of Beeching Road Studios
Decision Type:	Non-Key

Officer

Recommendation(s): **It be RESOLVED: That** the Executive Director be authorised to enter into a lease with Bexhill College for the Beeching Road Studios project at 18-40 Beeching Road Bexhill, for a term not exceeding 20 years and otherwise on terms approved by the Executive Director.

Reasons for

Recommendations: As this is a first letting of a recently acquired property, Cabinet authority is required to enter into the lease. It is necessary to secure a tenant prior to undertaking designs for the internal refurbishment of the premises, so that the tenants' requirements can be incorporated.

Introduction

1. In December 2018, the Council completed the acquisition of the head leasehold interests of three sites on the West Trading Estate in Beeching Road Bexhill, including the site at 18-40 Beeching Road.
2. One half of this site is let to commercial tenants (Screwfix and Phase Electrical); the remainder is vacant and in a deteriorating condition. The purchase price for the head leasehold interest reflected the fact that the vacant premises would require significant refurbishment in order to re-let them.
3. At the same time, the Council has been in discussions with partners, including the De La Warr Pavilion, East Sussex County Council and local stakeholders, to identify opportunities to develop the cultural and creative sector in Bexhill, in pursuance of the East Sussex Cultural Development Strategy and the South East Local Enterprise Partnership (SELEP) Cultural Strategy.

4. The Council has been successful in securing £960,000 Local Growth Fund grant through SELEP, to convert the vacant premises into workspaces aimed at developing creative sector enterprises and funding is allocated in the Council's capital programme for this work (Cabinet Minute CB18/67 refers). The Council's bid drew upon the findings of the feasibility study carried out by the Council in 2018 which identified demand and the opportunities to stimulate growth in the local creative sector.

Analysis / Details of the proposals

5. The project has been given the working title of 'Beeching Road Studios'. A steering group of stakeholders, including RDC, the De La Warr Pavilion, Bexhill Contemporary Group, Bexhill College and others engaged closely with the development of the business plan; the Council will continue to work closely with the steering group in bringing forward the project and monitoring its future success.
6. The vision for the project is that by 2025 Beeching Road Studios will be established as:
 - A distinctive, arts-led creative cluster of artists and makers, craft design and media businesses and their supply chains, specialist training and education providers and their students.
 - A hub that offers tenants, service users and visitors a variety of attractive, affordable and secure spaces; access to high-quality support services, facilities, learning and cultural experiences; and opportunities for collaboration, career development and business growth.
 - Accessible and connected to local residents and businesses, other regional creative communities and workspaces, commercial, cultural, educational and civic institutions.
7. The refurbishment of the exterior of the premises has recently been tendered and work on site is due to commence imminently, with completion expected by December of this year. Phase 2 of the refurbishment, comprising the internal fit-out and mechanical and electrical systems, will follow once a tenant has been selected.

Options

8. Four potential operators have expressed interest in the managing the scheme and the Council has invited interested parties to set out their proposals, to include a rental proposal and preferred length of lease. These have been reviewed by a panel comprising the Cabinet Portfolio Holder for Regeneration, along with the Head of Service for Acquisitions, Transformation & Regeneration, the Property Investment and Regeneration Manager and the Regeneration Officer.

9. Recognising that this is first and foremost a regeneration project that will take time to become established, the selection of a tenant has taken into consideration the experience and track record of the operators, their financial standing and 'best fit' with the vision for the project; rather than simply considering rental.

Conclusion

10. Having assessed the proposals from interested parties the panel has concluded that Bexhill College offers the best strategic fit with the aims and objectives of the scheme. Draft heads of terms of the proposal are set out in Confidential Appendix 1); these will be subject to further negotiation and Cabinet is asked to give delegated authority to the Executive Director to negotiate the detailed terms of the lease. Bexhill College will draw upon their experience to work alongside officers to develop Phase 2 of the refurbishment of the property, with a view to being open by spring of next year.

Implications

Financial Implications

11. No rent is proposed for the first 2 years, although the Council will recover its costs of maintaining the common parts of the Estate.

Legal Implications

12. A lease will be required, and Legal Services will be instructed to undertake this work and advise on any legal issues arising.

Risk Management

13. Failure to appoint an operator will risk the Council being unable to meet the conditions of the Local Growth Fund grant, which may ultimately have to be repaid if the project does not proceed.
14. It is also beneficial to secure an operator at this stage in order that they can have input into the later stages of the refurbishment, including internal fit-out and services.
15. As the aim of the project is to establish a successful incubator for creative sector businesses, and the Council is receiving grant funding to do so, it is important that the Council should adopt a 'best value' approach when selecting an operator which considers not only the rental proposal but also takes into account other factors which determine the suitability of the tenant for the project.

Exempt from publication

Appendix 1 contains details that remain commercially confidential pending completion of the lease.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	No	Access to Information	No
Sustainability	Yes	Exempt from publication	Yes
Risk Management	Yes/No		

Executive Director:	Dr Anthony Leonard
Proper Officer:	Malcolm Johnston, Head of Paid Service
Report Contact Officer:	Graham Burgess, Property Investment and Regeneration Manager
e-mail address:	graham.burgess@rother.gov.uk
Appendices:	Appendix 1 CONFIDENTIAL - Heads of Terms
Relevant Previous Minutes:	CB18/67
Background Papers:	None.
Reference Documents:	None.