

ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF ECONOMIC COMMITTEE ON 26 JULY 2021

REPORT

SUBJECT: Café Leases

REPORT AUTHOR: Sam Horwill – Senior Estates Surveyor
DATE: 22 June 2021
EXTN: 01903 737516
AREA: Technical Services

EXECUTIVE SUMMARY:

Provision of café / restaurant business opportunities within the Council's award-winning parks.

This report seeks to set out the commercial marketing strategy for various catering business opportunities across the Council's parks with specific focus on service improvement, long term financial viability and the securing of increased revenue for the Council.

RECOMMENDATIONS:

1 - That the Economic Committee approve for the Council to proceed with the open marketing of the four separate catering business opportunities at each of Councils identified parks, those being;

- Norfolk Gardens, Littlehampton
- Mewsbrook Park, Littlehampton
- West Park, Bognor Regis
- Marine Park Gardens, Bognor Regis

2 – That the Economic Committee delegate authority to the Group Head of Technical Services to negotiate suitable commercial heads of terms for the four individual leases and, in consultation with the Chair of the Economic Committee, to proceed to enter into leases.

1. BACKGROUND:

1.1. Three of the included premises are approaching the end of their respective leases, all expiring on 31 October 2021. The Mewsbrook Park Café, Norfolk Gardens Café, and West Park Café are all well-established catering businesses recognised across the District. Each is considered to be in need of investment, presenting the Council with an

opportunity to secure significant improvements in terms of the public offering, the aesthetic presence within Council parks and the income revenue generated via rent.

1.2 The remaining site (Marine Park Gardens) is a mothballed public toilet building which has previously been considered (albeit not progressed) for café use and has a previously approved planning application (AW/186/12). The planning application is expired but provides an indication to potential operators of an acceptable scheme and forms the basis of the proposed marketing.

1.3 In consultation with the Economic Regeneration and the Councils Greenspace team, Property Estates and Facilities have developed and agreed individual marketing briefs for each of the four sites (these are attached as background documents). The briefs are essential in order to communicate the Council's aspirations for these important business locations and will allow the Council to attain required improvements to the offerings currently provided. Working in this way Property, Estates & Facilities believe that the Council will attract the right quality operators that will lever in the private investment required to deliver these projects. These establishments will be able to command sound market based rental levels. In return the Council will need to offer leases of sufficient duration to provide the operator suitable return on their investments. The full marketing briefs are included at section 8 of this report.

1.4 The four sites will be marketed concurrently for a period of six weeks, with clear deadlines set for bid submissions, using the expertise of instructed local commercial letting agents. Each bid will be independently evaluated using the developed assessment matrix by a panel of Officers taken from Property Estates and Facilities, Greenspace and Economic Regeneration. A moderation meeting will then be held by the assessing panel and if a consensus cannot be reached the Group Head of Technical Services and Group Head of Neighbourhood Services shall be asked to consider the assessments and make a final decision. This assessment method has been developed in consultation with the Council's Procurement Officer and is in accordance with the Council's constitution.

2. PROPOSAL(S):

1 - That the Economic Committee approve for the Council to proceed with the open marketing of the four separate catering business opportunities, in accordance with the individual location briefs at each of Councils identified parks, those being;

- Norfolk Gardens, Littlehampton
- Mewsbrook Park, Littlehampton
- West Park, Bognor Regis
- Marine Park Gardens, Bognor Regis

2 – That the Economic Committee delegate authority to the Group Head of Technical Services to negotiate and agree suitable commercial heads of terms for the four individual leases and, in consultation with the Chair of the Economic Committee, to proceed to enter into leases.

3. OPTIONS:

Alternative courses of action:

- 3.1 To amend the marketing particulars ahead of proceeding to open market in accordance with the recommendation.
- 3.2 To extend existing leases with existing operators on revised lease terms. Noting that the mothballed Marine Park Gardens public toilets would remain void, and that minimal improvement to the three existing trading cafes will likely be achieved.
- 3.3 To do nothing, causing all sites to fall vacant / void. Resulting in loss of revenue for the Council and increased cost as the Council would then become liable for the maintenance and upkeep of the void premises and the payment of business rates.

4. CONSULTATION

| Has consultation been undertaken with: | YES | NO |
|---|--|-----------|
| Relevant Town/Parish Council | | X |
| Relevant District Ward Councillors | | X |
| Other groups/persons (please specify) | Greenspace Economic Regeneration Community Wellbeing | |
| 5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below) | YES | NO |
| Financial | X | |
| Legal | X | |
| Human Rights/Equality Impact Assessment | X | |
| Community Safety including Section 17 of Crime & Disorder Act | | X |
| Sustainability | X | |
| Asset Management/Property/Land | X | |
| Technology | | X |
| Other (please explain) | | X |

6. IMPLICATIONS:Financial

It is considered achievable that rental income from these properties will increase.

Legal

The role out of the recommended option will involve the Council's Legal Services team, if capacity allows, in the drafting of new leases.

Human Rights/Equality Impact Assessment

No adverse impact on the protected characteristics were identified

Sustainability

Marketing Briefs and the assessment matrix focus on environmental and sustainability improvements.

Asset Management / Property / Land.

The Property & Estates team will be involved in the ongoing management of the sites moving forward, including the issuing of title plans and leases, and will lead agreeing heads of terms for each site, instructing the Council's legal services team and ongoing monitoring of compliance with the terms of the leases.

7. REASON FOR THE DECISION:

Three of the included premises are approaching the end of their respective leases, all expiring on 31 October 2021. The Mewsbrook Park Café, Norfolk Gardens Café, and West Park Café are all well-established catering businesses recognised across the District. Each is in need of investment, presenting the Council with an opportunity to secure significant improvements in terms of the public offering, the aesthetic presence within Council parks and the income revenue generated via rent.

The remaining site (Marine Park Gardens) is a mothballed public toilet building which has previously been considered (albeit not progressed) for café use and has a previously approved planning application as such. The planning application is expired but provides an indication to potential operators of an acceptable scheme and forms the basis of the proposed marketing.

For the above reasons the recommended decision within this report is considered to be in the best interests of the Council.

8. BACKGROUND PAPERS:

- 8.1 2021-06 Marine Park Gardens Marketing Brief
- 8.2 2021-06 Mewsbrook Park Café Marketing Brief
- 8.3 2021-06 Mewsbrook Park Café Indicative Plan
- 8.4 2021-06 Norfolk Gardens Café Marketing Brief
- 8.5 2021-06 Norfolk Gardens Café Indicative Plan A
- 8.6 2021-06 Norfolk Gardens Café Indicative Plan B
- 8.7 2021-06 West Park Café Marketing Brief
- 8.8 2021-06 West Park Café Indicative Plan
- 8.9 Example Assessment Matrix
- 8.10 EIA Café Leases