

Report to: Placemaking in Exmouth Town and Seafront Group

Date of Meeting 10<sup>th</sup> October 2022

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Exemption applied: None

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## **Proposals for the temporary uses of Queens Drive Space for the 2023 Season.**

### **Report summary:**

This report summarises the actions we need to put in place to ensure we have a vibrant level of activity at Queen's Drive Space for the incoming season (2023) by:

Granting leases to current tenants and including a goodwill benefit of a reduction in their rent for the incoming season of 15% below the current market rate.

Appointing a leisure operator to manage the fitness space.

Seeking a reliable operator for the events space.

### **Is the proposed decision in accordance with:**

Budget Yes  No

Policy Framework Yes  No

### **Recommendation:**

That members of the Group recommend to Cabinet to delegate to the Service Lead – Place, Assets & Commercialisation:

- To grant leases to current tenants based on their current rents and include a goodwill benefit of a reduction in their rent for the incoming season of 15% below the current market rate. If the current tenants are unable to take up the offer for 2023 season then we would market the pitches in a tender process.
- The Events Space will be tendered to attract an operator for the season. If one cannot be appointed for the season we will then put out a tender for the 6 weeks school holidays. Out of this time, the events team will hire out the Event Space as per the events Policy, terms and conditions, and Portfolio Holder agreed prices.
- We consider a proposal from LED for the fitness space for 2 seasons (received in 26<sup>th</sup> July 2022) ie 2023/2024 subject to Heads of Terms being agreed – noting that we would have to include a break clause (with a pre-agreed compensatory payment) should we reach a decision to bring forward a development at Queen's Drive Space.

### **Reason for recommendation:**

To ensure a vibrant level of activity at Queen's Drive Space.

- To allow tenants to better prepare for the season with leases in place before they take possession, and to save on the costs of protracted negotiations of previous years
- Appointing a leisure operator to manager the fitness space
- Hire out the events space when not occupied.
- Seeking a reliable operator for the events space for the 2023 season.

Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Democracy, Transparency and Communications
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities
- Tourism, Sports, Leisure and Culture

**Equalities impact** Low Impact

**Risk:** Low Risk; The report has a low equalities risk and open marketing has been carried out for these opportunities.

**Climate change** Low Impact

**Risk:** Low Risk; Any activity must be in keeping with current planning consent and other Council policies eg zero plastic.

**Links to background information**

Link to [Council Plan](#)

Priorities (check which apply)

- Better homes and communities for all
- A greener East Devon
- A resilient economy

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**Report in full**

Queen's Drive Space

- 1.1 Queen's Drive Space (QDS) opened on time just prior to Easter of 2022 following significant refurbishment work supported by the ERDF Welcome Back Fund (cost ~£40,000).
  - The following works were commissioned:
  - Removal of existing wooden picnic benches – including 6nr from the children's play area – 13 nr.
  - Replacement with recycled material picnic benches 1.800 long – 13 nr.
  - Removal of Hammock timber posts.

- Replacement with recycled material picnic benches 1.800 long – 2 nr.
- Removal of existing Festival Tables – 5 nr.
- Replacement with recycled material picnic benches 1.800 long – 10 nr.
- Sun Shelters –works to include cleaning off of roof canopy, and treating timber with wood preservative together with strengthening the frame – 2 nr.
- Festoon Lighting – removal & replacement of festoon lighting in the Play and Events area – 165m
- Support posts embedded in oil drums –Metal surfaces to be treated and repainted in colours to match existing

- 1.2 In early 2022 the opportunities for providers at QDS were marketed publicly and following an assessment process 4 tenants were granted leases for the season at Queen's Drive Space (one pitch remained unlet).
- 1.3 A fairground provider was also granted a lease of the events space and was scheduled to arrive on the 26th of April 2022. A representative of the provider took up occupancy on the 7th July 2022 and then departed 3 weeks later without any notice or contact. This was disappointing and impacted negatively on the other traders due to the loss of footfall.
- 1.4 The fitness space was due to be leased to Leisure East Devon (LED) however The Council and LED were not able to exchange contracts for the fitness space due to a number of issues;- these centred around our delays in issuing Heads of Terms which meant they [LED] couldn't order the equipment in time for the lucrative start of the season. The equipment suppliers had a lead in time and as LED couldn't place their order in time, their suppliers had moved on; there were also staffing challenges. Following a meeting with the CEO of LED, officers asked them to resubmit their proposal for QDS for next season.
- 1.5 Other ad hoc interests were received for the fitness space throughout the season but few were able to generate a consistent market to be sustainable.
- 1.6 Following a debriefing meeting with the traders on Queen's Drive Space to discuss opportunities for next year and to determine what can be done to support the activities onsite, it was agreed that we would seek early approval to grant new leases to allow them to prepare better for the 2023 season – this was done in discussion with the Chair of the Placemaking Group and the Leader. The reality is that 2022 has been a poor season for the traders. Rents in many cases increased significantly for this reason to reflect a market rental level comparable with other similar sites across the south west for what was on offer. Disappointingly as set out in para 1.3 above the fairground operator did not operate as intended and this resulted in a significant drop in expected footfall. The location of the traders stands, set back from highway, makes it difficult to attract visitors onto the site without a larger attraction at the rear of the site or without smaller pop-up type activities and events. Whilst the play park has remained busy, those parents using this space have been reluctant to spend money, preferring instead to bring picnics. Opening hours of the traders have been inconstant, possibly due to lack of footfall, but again this has impacted. Requests have been made by a number of traders for a reduction in this year's rent. This has been resisted, instead seeking to secure traders early for next season and by doing so enabling the traders to plan and invest to better enable a stonger 2023 season – possibly exploring diversification of uses but also holding pop-up events as a group of traders together. In exchange for signing up early (no later than Christmas) each will receive a 15% reduction from current rent levels. This would compensate them for this year's season but provide the Council with greater certainty for the 2023 season.

1.7 The outcome of the discussion was that Council Officers would seek approval as follows:

- To grant leases to current tenants based on their current rents and include a goodwill benefit of a reduction in their rent for the incoming season of 15% below the current market rate. If the current tenants are unable to take up the offer for 2023 season then we would market the pitches in a tender process.
- The Events Space will be tendered to attract an operator for the season and if one cannot be appointed then we can advertise for events proposals for the incoming season on an ad hoc basis on a commercial basis. If we cannot attract an operator for the season, we will look to attract an operator for the 6 week summer holidays. Out of this time, the events team will hire out the Event Space as per the events Policy, terms and conditions, and Portfolio Holder agreed prices.
- We consider a proposal from LED for the fitness space for 2 seasons (received in 26<sup>th</sup> July 2022) ie 2023/2024 subject to Heads of Terms being agreed – noting that we would have to include a break clause (with a pre-agreed compensatory payment) should we reach a decision to bring forward a development at Queen's Drive Space.

1.8 The aim of this approach is to ensure a vibrant level of activity on the seafront and especially QDS;

- To allow tenants to better prepare for the season with leases in place before they take possession, and to save on the costs of protracted negotiations of previous years
- Appointing a leisure operator to manager the fitness space
- Hire out the events space when not occupied.
- Seeking a reliable operator for the events space for the 2023 season.

### **Financial implications:**

There is a financial implication identified in the report in relation to 15% reduction in rent income which is in the order of £1,000 reduction in total.

### **Legal implications:**

QD Space – 'As this is a short term let the legal requirement to secure best value does not apply and so letting at 15% less than market value is permissible without having to consider the promotion or improvement of economic, social or environmental well-being under the General Disposal Consent. State Aid (now Subsidy Control) is unlikely to apply here but will be assessed as part of relevant due diligence. Otherwise what is proposed appears acceptable. .