

Report to: LED Monitoring Forum



Date of Meeting 17th January 2023

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Exmouth Pavilion – Position Statement and options for consideration

Report summary:

This report has been requested by the LED Monitoring Forum and sets out a baseline summary of the issues arising from the Exmouth Pavilion site from an EDDC perspective and possible options that Members might wish to consider moving forward.

The report does not at this stage factor in the perspectives of LED and this will be the subject of a separate report.

The purpose of this report is to help inform the LED Monitoring Forum on the need to consider and agree a way forward in respect of Exmouth Pavilion as a site but also on the function it serves, which provides a non-core service, is on a constrained site, in a non-ideal position and requires significant investment.

The report sets out some high level options, each of which would require further detailed consideration against a general understanding that alternative options would take a number of years to be fully worked up and delivered.

It should be noted that this is an EDDC assets and place making driven report but decisions on future use needs to also consider fully the wider implications to the Council's cultural strategy, other corporate objectives and the position of LED.

Based on the recommendation, a further report is likely to be required setting out the resourcing and budgetary implications of taking forward a more detailed review.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

The LED Monitoring Forum consider the report, alongside separate report from LED and make a recommendation to Cabinet on a way forward and next steps.

Reason for recommendation:

This asset requires considerable capital investment and a sizeable revenue maintenance budget but still arguably would not provide a suitable fit for purpose offering. This report puts forward a suite of alternative options that the Forum might like to be further considered.

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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

Climate change Low Impact

Risk: Low Risk; The report sets out the current position in regards to the Pavilion and options that should be considered.

Links to background information [Ernst and Young Report 1991](#)

Link to [Council Plan](#)

Priorities (check which apply)

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

Report in full

- 1.1 Exmouth Pavilion consists of a large hall and a bar/catering area. The hall has a sprung floor and fixed stage. It has seating capacity for ~400 people. In addition to these facilities, there are also dressing rooms, toilets for performers as well as cloakroom, toilets and a ticket office for the public. Other ancillary facilities include a kitchen, bar (converted from the former function kitchen and servery in 2014), a manager's office, plant room, bar store and other storage areas. Virtually all areas are showing their age and the Council has had considerable expenditure to date in basic upkeep and maintenance and with significant capital investment needed in the short / medium term.
- 1.2 In 1991 (background document attached) the Council commissioned Ernst and Young to examine the market for an arts venue in Exmouth and concluded that there was – however it pointed out in the report that the Pavilion did not meet that need for various reasons eg location, lack of car parking, internal layout and the building's general condition. The report acknowledged that in its present form, the building was fast becoming a liability and set out two options – relocate alongside the leisure centre, or completely refurbish the existing pavilion, converting it to accommodate the functions of

a multi-purpose hall / arts centre, together with the construction of a new multi storey car park. That report was prepared at that time for a different purpose, is clearly now very historic, particularly pertinent for the financials included within that report, but fundamentally the issues raised and thoughts given are not that different to those that we continue to face. The advice is that Members consider this report for background but that recommendations made moving forward are based on current information only.

- 1.3 This report will set out the EDDC costs of maintaining this site but in addition (and in due course) the Forum should also consider LED's own costs and therefore indirect costs to EDDC but also of paramount importance is the offering which is provided to our residents and visitors and how this aligns to our cultural strategy and other priorities and strategies.
- 1.4 The report also considers title and other relevant background to the site before also considering links with the Culture Strategy.
- 1.5 Finally, the report sets out a series of options that could be considered.
- 1.6 Exmouth Pavilion Capital Expenditure (actual and projected over two years):
- 1.7 As the table below shows, the site requires circa £1,000,000 of investment in capital works identified as being necessary in 2021 and in 2022. These works are necessary to ensure the building more-or-less in its current form can continue operating in the short / medium term – i.e. continuing the status quo. This sum does not include for significant improvements or necessarily future proofing its viability. £395,000 of this £1,000,000 figure has been approved as related to urgent and health & safety matters and these projects are in-hand with expenditure in 2022, 2023 and early 2024. The remaining circa £600,000 still requires decisions. It is worth noting that should the building be disposed of / or demolished and rebuilt, due to the timescales that we'd be considering, further interim works would still be needed to enable the building to continue operating in its current form.

| Exmouth Pavilion | | | |
|---|----------------------|----------------------|---|
| | | | |
| 2022/23 | Proposed | Approved | Comments |
| Refurbishment and Improvements (inc. complex structural and asbestos related works) | £ 352,000 | £ 352,000 | Fully approved |
| Alterations and refurb of Catering Areas | £ 238,000 | £ - | Not approved |
| FRA Related works | £ 13,000 | £ 13,000 | Fully approved as part of a larger project, incl. other LED sites |
| Ventilation Improvements | £ 2,000 | £ 2,000 | Fully approved as part of a larger project, incl. other LED sites |
| Stage Equipment | £ 28,250 | £ 28,250 | Fully approved as part of a larger project, incl. other LED sites |
| 2022/23 Total | £ 633,250 | £ 395,250 | |
| 2023/24 | Proposed | Approved | Comments |

| | | | |
|-------------------------|------------------------|----------------------|--|
| Roof works | £ 390,500 | £ - | This proposal was not supported at the Budget Setting and Capital Allocation Panel - Capital Bids. |
| 2023/24 Total | £ 390,500 | £ - | |
| | | | |
| | Proposed | Approved | |
| Totals 2022-2024 | £ 1,023,750 | £ 395,250 | |

1.8 Historic Revenue Spend:

1.9 The revenue maintenance budget for LED occupied buildings is £70,000 per annum in total. This budget excludes our own EDDC Maintenance Technician costs – we have three such roles who undertake routine repairs and maintenance works and whose roles are circa 33% LED occupied buildings. Individual sites do not carry their own maintenance budgets however when apportioning that budget by gross internal floor area across the LED occupied buildings, the Pavilion is afforded a budget of £16,349 for maintenance. In 2021/22 spend was 93% over budget, in 2020/21 was 121% over budget and in 2019/20 was 45% over budget. This tells us that this building on a pro-rata basis is more costly to maintain and results in less budget being available to maintain other LED occupied buildings. In addition, we still have need for significant capital expenditure. Between 2017 and 2022, EDDC has incurred £128,781.44 in the maintenance of this building, in addition to own in-house maintenance staffing costs. The below table shows annual maintenance spend on this building.

| Year | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|--------------------|---------|---------|---------|---------|---------|
| Actual Expenditure | £18773 | £17845 | £24341 | £36172 | £31618 |

1.10 Title and other relevant background information on site including reference to Culture Strategy:

- 1.11 The site was originally acquired from the Rolle Estate (Now Clinton Devon Estate) in 1920 and was subject to restrictive covenants which were varied in the 1960's.
- 1.12 The restrictive covenants were bought out by the Council on the 16th of April 2010, which would now we believe permit development, subject to planning consent. Depending on recommendations to Cabinet, a formal Report on Title could be commissioned which will confirm this point.
- 1.13 The current asset valuation for the property is £1,953,608 on a DRC (depreciated replacement cost) basis. This does not reflect the market value.
- 1.14 The property is currently leased to LED Community Leisure since 2nd October 2006 on a peppercorn rent of £1. The current lease expires on 31st December 2035. There is a mutual, rolling break clause of 6 months in set circumstances. The lease sits outside the Landlord & Tenant Act and was contracted out on the 1st of September 2006.
- 1.15 The lease describes "The permitted uses" use as a Public Entertainment Hall and Theatre and Restaurant for the benefit and use of the public as shall be consistent with

the provisions of the Funding Agreement insofar as it relates to the premises and for all purposes ancillary to such uses.

- 1.16 The recently adopted Culture Strategy for East Devon 2022-31 identifies under 'Theme 5: New Places for Culture: Action 5.1.2 : Explore the potential for Exmouth Pavilion as a creative hub for young people'. The consultation process undertaken in June 2022 by the Consultants FEI Ltd identified that there is a clear demand and need for a facility within Exmouth for young people to use for music, performance arts and activities. The opportunity for providing this creative space should be considered within the plans for the Exmouth Pavilion or alternatively in a more central location within the town. A more central location would provide more ease of access for the community and encourage greater participation. The underlying issue is that there is a chronic shortage of such creative space facilities for young people within the town and all options should be considered.
- 1.17 Options for Exmouth Pavilion:
- 1.18 Whilst some high-level options are set out below they have not been given full or detailed analysis in this paper. Should there be an appetite by Forum Members, supported by Cabinet, these options (and others identified by the Forum and others) can be explored further subject to resource and budget being identified. External consultancy advice is likely to be required. These are not recommendations, merely a range of potential options that could be considered.
- 1.19 These options are driven from Assets and Place Making perspectives with less of a reflection at this stage of operational factors and having not at this stage defined what that proposed new offering, if different, would actually be.
1. Refurbishment or internal conversion of the existing Pavilion building for continued use as a theatre and multi-purpose community facility – expensive and arguably still might not be fit for purpose. Constrained by location and site size. Arguably not the best use for a prime seafront location.
 2. Close the pavilion, demolish and construct a new arts centre on the site – same potential issues as (1).
 3. Level the site and sell it for a capital receipt – implications on future cultural provision in Exmouth and might not be perceived well by community although would see investment in site.
 4. Level the site and seek a developer/joint venture partner – same potential issues as (3).
 5. Level the site and build business units/creative industry hub similar to Royal Avenue long Stay proposal for Gateway with a food and beverage or activity provider on the ground floor – loss of cultural provision in Exmouth.
 6. Level the site and provide additional multi storey or surface car parking - implications on future cultural provision in Exmouth and might not be perceived well by community although would see an income generating opportunity for Council and possibly free up other seafront sites for development.
 7. Possible public realm scheme e.g. gardens etc – Loss of cultural provision in Exmouth and cost of demolition and landscaping.
 8. Close the Pavilion and relocate elsewhere – unlikely to be viable in similar form to current.
 9. Consolidate the leisure provision in Exmouth and relocate, including leisure centre to a new purpose built facility, along with possibly relocating town hall and other public sector customer facing and back office accommodation (various such examples in Exmouth) all

into the same facility, perhaps at Imperial Road site or Estuary car park, replacing lost car parking with decking / multi storey as needed. This option (and is an option to consider, not a recommendation) might appear overly ambitious but could be a real 'game changer' for the town. If we were to take the Imperial Road site or Estuary Car Park site, the Council benefits from owning this large expanse of site, in a central location, adjacent to the railway station and, depending on outcome of levelling up bid, a Transport Interchange, with what must be some of the best – if not the best – estuary views, but is a site that is currently under-utilised. This superb location generates not only social value but also financial value and environmental value should different uses be made of this site.

By taking forward a consolidation scheme such as this, it would allow:

- a. Not only the consolidation of a leisure centre and a theatre / arts / cultural venue and the economies of scale and operational efficiencies that would arise
- b. It would also enable investment in the leisure centre provision to provide something truly special and would negate investment costs in existing leisure centre
- c. It would generate both capital receipts from disposal of a number of other assets to help fund this development, but equally importantly, by repurposing other sites there is potential for significant place making opportunities to be realised with much better uses being made of those sites and with investment into Exmouth
- d. Through something of this scale there is greater potential to leverage external DLUHC and other Government funding streams
- e. An opportunity to develop something which is truly sustainable and an exemplar to our commitment to tackle climate change
- f. Making much better use of the Imperial Road / Estuary Car Park site

- 1.20 All these options would require detailed analysis should there be an appetite to progress to either prove / disprove the financial, social and environmental viability. The last option is clearly aspirational but seeks to provide an example of what just might be possible with strong place leadership and collaborative working.
- 1.21 At this stage the above options have been prepared in isolation to the Exmouth Place Making consultation findings and could be considered alongside the work now being commissioned on that project. That said, we know that there is general support from that Place Making consultation work along with the Levelling Up work for making better use of the Imperial Road / Estuary site. The extensive consultation undertaken in summer 2022 should be used to help inform future options for the Pavilion.
- 1.22 To assist Members in understanding some of the viability issues, the below references will be helpful:
- 1.23 The typical build costs for theatres per square metre range from £2500/m² to £4000/m² assume £3000/m²). A recent comparator is The Harlington in Fleet Town Centre, Hampshire.
- 1.24 For a 350 seat auditorium with and a net floor area of 1680m² and a gross area of 2500m² this would mean new build costs of £7.5M + fees, contingency (demolition of existing is not included) would cost an estimated £9.15M based on current rates and final specification.

- 1.25 To fund this through borrowing would cost ~£610,199 PA based on a PWLB borrowing rate of 4.7% and a 50-year term. Payback period will depend on and income/rent from the operator.
 - 1.26 As any new arts facility on its own is unlikely to generate a rental/income to meet the borrowing costs it is likely that the council will have to seek a more collaborative approach by looking at its assets (and other public sector estate providers) as outlined in Option 9 above.
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Financial implications:

The existing financial implications are included within the report and as stated to understand options more fully that members may wish officers to explore will require scoping further and a request for budget to provide suitable resources.

Legal implications:

There is no direct comment to be made in relation to this initial report. Any issues identified for progression will need to be considered as they come forward.