

**Teignbridge District Council
Executive
04 January 2022**

Letting of the Former Beachcomber Restaurant, Teignmouth

Purpose of Report

To seek approval for the Head of Place and Commercial Services to grant a lease of the former Beachcomber Restaurant for a term of up to 25 years.

Recommendation(s)

The Executive delegates:

Authority to the Head of Place and Commercial Services to grant a new lease of up to 25 years on such terms as he in consultation with the Executive Member for Corporate Services considers appropriate.

Financial Implications

Financial Implications are as detailed in section 2.1

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Legal Implications

There are no legal implications arising out of this report.

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Risk Assessment

Risk implications are as detailed in section 2.3

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Environmental / Climate Change Implications

There are no environmental or climate change implications associated with the granting of the lease.

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Executive Member

Cllr Richard Keeling, Executive Member for Corporate Resources

Appendices/Background Papers

None

1. Introduction/Background

The Council recovered possession of the Beachcomber Restaurant in March 2020. Since then the building has remained empty, save for a temporary letting,

to enable an amount of renovation work to be completed. The Council is now in a position to advertise the premises to let by tender.

The proposal is to let the whole of the building. The public toilets, currently situated in part of the ground floor are to be relocated. The resultant increased floor area will provide any new tenant with an opportunity to increase the seating provision for the restaurant by allowing the kitchen and stores to be placed on the ground floor making it a more viable commercial enterprise and an increase in rent for the Council.

In view of the scale of investment required by any new tenant in terms of fitting out etc. it is considered appropriate and advantageous to offer a lease for a term of up to 25 years. This would give any incoming tenant sufficient security to justify the initial investment in the building and is likely to result in better quality schemes being proffered by tenderers looking to secure a lease of this prominent building. It will also allow a new business to establish itself, develop and be a boost to the Town's local economy.

The property is to be marketed to let by tender. A detailed selection process will be in place to enable Officers to score each tender against set criteria. This will ensure a transparent and fair selection process. The scoring parameters will consider issues such as: the rental offer and level of investment proposed; the quality of the offer in terms of the ongoing use of the building together with the quality of the potential lessee in relation to experience in running a business of this nature. Other considerations will include: job creation, sustainability, environmental impact of the business, opening hours, community benefit and suitability in terms of the prominent seaside position of this property. All of these considerations will be individually weighted to reach an overall score.

2 Implications, Risk Management and Climate Change Impact

2.1 Financial

The rental offers tendered may be reduced if Officers are restricted to offering a lease for a maximum 10-year term being the extent of their current delegated authority. It is anticipated that the refurbishment schemes submitted would likely be scaled back and of a lesser quality. A reduced lease term will be unappealing to the tenants with grander business plans.

2.2 Legal

The Council is the freehold owner of the building which comprises the Beachcomber Restaurant and the public toilets and stores below. Officers will need to ensure that the issues around the relocation of the public toilets have been completed before the Council is able to proceed as recommended.

2.3 Risks

The approval of a lease up to 25 years poses no greater risk to the Council than a 10 year lease accept as stated above, in circumstances where the Council wishes to redevelop the building.

There is a risk that an agreement cannot be reached with Teignmouth Town Council about the relocation of the public toilets. This will limit the area within the building Officers can offer to the market with only the first floor restaurant space being included in the lease. This will, in turn, affect the attractiveness of the business opportunity with reduced rental bids.

2.4 Environmental/Climate Change Impact

As detailed elsewhere in the report it is considered that there aren't any environmental or climate change implications associated with the disposal.

3. Alternative Options

The granting of a 10-year lease. As stated previously, this would be likely to result in a reduced rental offer, scaled back investment/refurbishment proposals, attract tenants of lesser covenant and would generally produce a less attractive overall outcome for the property.

4. Conclusion

The Head of Place and Commercial Services be granted delegated powers to offer the building to let, by way of a lease of up to 25 years on such terms as he, in consultation with the Executive Member for Corporate Services considers appropriate.