

Report to: Cabinet

Date: 16 March 2020

Title: Completion of the Winter Garden redevelopment

Report of: Phil Evans, Director of Tourism and Enterprise

Cabinet member: Councillor Margaret Bannister, Cabinet member for Tourism and Enterprise

Ward(s): All

Purpose of report: To agree on proposals for the completion of the Winter Garden redevelopment to support the conferencing, entertainment and private hire functions of the premises

Decision type: Key

Officer recommendation(s):

- (1) To support Option 2 of the two proposals for completion that are offered. The business plan commissioned by David Clarke Associates (DCA) 2015 identified that for the full income potential to be realised for Devonshire Park, all of the complex needed to be transformed to the same standard. The Winter Garden remains outstanding. We are seeking authority to agree a programme of works for the Winter Garden
- (2) To delegate responsibility for all contractual land procurement related decisions to the Director of Tourism & Enterprise (up to £3m in total spend)

Reasons for recommendations: Opportunity to increase additional income and to meet financial targets identified by DCA

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Introduction

- 1.1 From the commencement of the redevelopment of Devonshire Park it was always envisaged that the refurbishment of The Winter Garden would be the final phase of the project. Currently it remains as the one outstanding building that needs to be completed to complement the Devonshire Quarter business, cultural and sporting complex as was defined in the original business case for the redevelopment of Devonshire Park produced by DCA prior to the works commencing.
- 1.2 The Devonshire Park Theatre underwent refurbishment in 2016; the sports

facilities including the tennis irrigation schemes and Locker Room project were completed in 2017/18; the Congress Theatre refurbishment was completed in March 2019 and the new Welcome Building opened in June 2019. The external plaza and landscaping were also completed in 2019.

- 1.3 The Winter Garden has been closed to the public since 2017. The former staff offices including non-structural partitions on the upper floor were removed and the Floral Hall and bar fittings stripped out after the building closed. The Gold Room has since been used as temporary office space for on-site contractors and the Floral Hall used for storage of equipment during the construction process.

2 Proposal

Complete the works still outstanding

The Winter Garden is a Grade II listed building and there are restrictions on works that can be implemented on the structure but it is of less significance than the Grade II* listed Congress Theatre and there is more flexibility allowed by Historic England on some aspects of its redevelopment. The building has undergone many uses since it was completed in 1875 ranging from a glasshouse displaying exotic trees and plants, to a roller skating rink to a dance hall and various additions and changes have been made to the fabric of the structure, including the introduction of glazed outer shell panelling that was constructed to the first floor foyer and front offices in the early 1960s. More recently the Winter Garden was used variously as a dining/function room, an exhibition space for conferences, as a theatre and music venue and as an auditorium for conferences and events.

In 2015, the last full year of operation, the Winter Garden generated a gross income of £486,755 and a net income (surplus) of £199,000. £135,000 of the gross was from 5 Christmas parties but at the time the premises were winding down prior to the redevelopment and there would be scope to do many more than 5 such events.

In order to generate private booking income of this kind it can only be achieved if the following are included within any refurbishments:

Bar

There is a need to extend the bar in the Bistro to provide more serving space if the Long Bar is no longer available. Most of this work could be done through joinery and the estimated cost would be in the region of £50K.

Cloakroom and Toilets

For private functions and public entertainment there is a need to recreate a cloakroom. The former cloakroom is now the location for the new lift. Without this the Winter Garden would struggle to provide functions and for any provision of dining, customers need to be able to deposit outer wear and bags. The toilets were in very poor condition and will therefore need a total refurbishment. The estimated cost of this work is £250K.

Sound proofing

Sound proofing of the new kitchen will be essential given that it is being located within the footprint of the Floral Hall but this can be integrated into the design.

Kitchen – connectivity

The Long Bar is the best option in terms of kitchen location which will give optimum connectivity with the Winter Garden, however the connectivity with the Welcome Building is not ideal: it is quite a long way from the kitchen to the Halls, there is no connectivity into the Mallory Hall, the service lift near to the kitchen takes one into the pantry at the back of the Shackleton Hall. The pantry is too narrow to be used as a servery. The only way staff can serve a formal dinner is by creating a servery within one of the halls. This is realisable and can be managed in the short term but it radically limits capacity and will not enable the targets set out in business plans for the complex to be achieved. The capacity in the Shackleton Hall for a dinner is 220 (allowing for a stage and a dance floor) The issue of using the halls for dinners creates an additional cost as it increases staffing levels to ensure food is hot and service does not take too long.

The Floral Hall of the Winter Garden is therefore integral for dining as part of the conferencing offer and it is key to income generation.

Priority Works and cost estimates

- Kitchen £500K
- Toilets and Cloakroom £250K
- Extension of the bars £50K
- Front entrance and fascia of the Winter Garden £400K
- Lift £200K
- Floral Hall only – just re-carpet and decorate to first floor level £150K

Second Phase

- Gold Room
- South Pavilion (former staff offices)
- Gold Room toilets
- Stage improvements

Consequences of not doing anything in the Winter Garden

Operating without a kitchen and without the Winter Garden in the last financial year (2018/19) we achieved £260k income, £187k in letting income and £70k in catering income -this was achieved utilising the temporary kitchen in the ILTC. It is clearly not an option going forward and would undermine the whole business case for the works already completed.

3.0 Current situation

The Conference Team are not currently marketing the Winter Garden. The consequences of this mean that we are not an option for conferences that require both exhibition and dining space. For example the Rotary Conference in October

requires 500m² of exhibition space and wants space for a sit down lunch for 300 and theatre style for 300. We could only deliver this if we used the Congress Theatre auditorium, as we can't offer the lunch and the seating in the Shackleton Hall. Clearly 300 people in the Congress is not a good use of the space and means it is not available as a performance venue. We are not able to offer the gala evening dinner for the Rotary as we don't have the capacity in the Welcome Building. If the Winter Garden remains closed there are no opportunities to increase income. Income achieved in 2019 would plateau and fall far short of the targets outlined in the DCA report.

1) Completion of Priority Works

- Kitchen
- Cloakroom
- Extension of the bars
- Front entrance and fascia of the Winter Garden
- Toilets
- Lift
- Floral Hall only - just re-carpet and decorate to first floor level

The kitchen is the most important element of the new works because it services the whole Devonshire Quarter site. The cloakroom is necessary to service functions within the Winter Garden. The extension of the bars is necessary to replace the Long Bar (lost to the new kitchen area) and to provide additional serving space to generate income, especially from music events. The front entrance and fascia are badly in need of repair and re-cladding. The toilets were gutted when the Winter Garden closed. They had been due for replacement and to be made accessible. The lift is needed to make the Floral Hall accessible from the entrance and the whole complex needs to be recarpeted and repainted up to first floor level.

Completion of the priority works will increase income not just for the Winter Garden but for the entire complex.

The appeal of the Winter Garden has always been its capacity. There is no other venue in Eastbourne that can cater for more than 250 guests in one sit down venue. The Winter Garden capacity is comfortably 500 (or 750 without a dance floor). Up to 1800 people can be accommodated if it is used as a live music venue.

On average a dinner for 300 would generate a net income in excess of £8,000

On average a sell-out live music event would generate a net income of circa £7,000 but the gross value including drinks sales can rise as high as £20,000.

Each Christmas party night generated a net income of circa £10,000 in the last 3 year(s) of trading.

Potential additional income of £206,000 per annum could be generated by the Winter Garden through bookings alone based on the following estimate:

7 x Christmas Parties = £70,000

8 x Live Music Events = £56,000

10 x Dinners = £80,000

The primary benefit of realising the priority works however is to attract larger conferences and conventions utilising the entire site. At present, conference organisers will only be attracted to a facility that can combine a lecture hall, a dining space and exhibition space and this is currently limited to around 300 delegates using the Welcome Building. If we can provide a flexible space through utilisation of the Floral Hall in the Winter Garden we can go up to around 1200 delegates. We anticipate that we can achieve maximum capacity of 1500 delegates by utilizing the Congress Theatre, Welcome Building and the Winter Garden for a single event with options on using the Towner and other Devonshire Quarter facilities for break out space if needed.

The estimated value of additional conference booking operating at full capacity is £900,000 per annum.

2) Completion of Priority Works and Second (Final) Phase Works

Completing the Second Phase works in addition to the Priority works would offer significant financial benefits to the overall budget in that work could be undertaken simultaneously with the Priority works thereby reducing labour costs and opportunity costs caused by building closure periods. Maintaining continuity in the conferencing and exhibitions market is important and if buildings were to close for a second time, even if it was for a temporary period, it could impact on the longer-term business opportunities, especially for loyal clients such as charity and trade associations that depend on the venue for their annual meetings.

There are four main elements of the Second Phase works:

- Restore the Gold Room £350K
- Reconfigure the South Pavilion £300K
- Complete Gold Room toilets restoration £200K
- Upgrade the Floral Hall Stage for live music events £300K

In addition to the obvious benefits of being able to offer a wider range of facilities such as break out space to conference clients and the additional hiring fees that could be raised there are further advantages of completing the Second Phase works. The Floral Hall could be used for additional evening performances as a much needed primary music venue. The provision of larger scale live music acts is an area where Eastbourne is recognised as under-performing compared to competitors such as Brighton, Hastings and Bexhill. By improving the stage area, the Winter Garden could attract sell out acts with up to 1800 patrons and whilst the ticketing revenue is usually taken up by the promoter, the Winter Garden could raise revenue through secondary spend on food and drinks sales. This can add up to substantial sums for single events, especially with improved layouts of

the bars and retail areas. The restoration of the South Pavilion could provide both office space and/or break out space for conference organisers. This would create a revenue generating opportunity that has to date been unrealised and provide greater flexibility with the option to run more than one conference at the same time.

The toilets restoration would be a necessary element of works to bring the Gold Room up to a similar standard as the rest of the facilities.

The restoration of the Gold Room could provide additional meeting room space, act as a second auditorium or act as a lounge to complement the music venue. The fabric of the auditorium space is largely intact but the removal of a late Twentieth Century ceiling grid would expose the Victorian roof structure and highlight the space as a unique and authentic architectural structure without risk of opening up or intrusive works.

The completion of Second Phase works could generate an additional £300K per annum.

4 Financial Appraisal

4.1 Phase One of the works is circa £2m

Phase Two of the works is circa £1m

Ongoing operational revenue budget will be required to deliver the above

5 Legal Implications

5.1 In the absence of a waiver it is a requirement that all procurement decisions will be made in accordance with the Council's adopted contract procedure rules. Cabinet has power to waive this requirement and may delegate this power to a Director who may exercise such power if there is sound reason for doing so and providing the reasons for doing so are fully recorded.

6 Risk Management Implications

6.1 A risk register will be completed ahead of the project starting.

- Cost V Benefit
- Timeline
- Business Continuity

7 Equality Analysis

7.1 The equality implications of individual decisions relating to the projects/services covered in this report are addressed within other relevant Council reports or as part of programmed equality analysis.

8 Environmental sustainability implications

- 8.1 There is little construction work included in this proposal and indeed the proposal to carry out works through internal project management will enable the re-use of existing materials (such as relocation of the Long Bar fittings) and preservation of the south pavilion wooden roof structure. The kitchen suppliers will conform to EBC requirements to provide high efficiency/low carbon footprint in terms of types of equipment installed and future catering regimes (which are also in-house) will follow our local supplier/local source /fair trade procurement policies.

9 Appendices

- 9.1 None