

Your Leisure - Winter Gardens

Report Author Chris Blundell, Director of Finance and Procurement and S151 Officer

Executive Summary:

This report seeks to address the cost significance for YL in relation to the lease for the Winter Gardens not expiring until October 2024, but with an anticipated hand back from 14 August 2022.

Recommendation(s):

That Cabinet agrees to the redistribution of the residual funding approved for the replacement and repair of the Winter Gardens boilers, up to £166,819 to meet the potential costs associated with early surrender of the lease. To be signed off by the S151 after review.

1.0 Background

1.1 This report is influenced by four key factors. These being:

- Financial implications of the coronavirus pandemic and future viability
- The lack of Local Authority funding to provide the required operational subsidy
- The ongoing and substantial maintenance, repair and refurbishment costs
- The opportunity for TDC to utilise money from the Margate Town Deal Fund

1.2 In view of the above it was agreed that programming should be paused at the Winter Gardens from the 14 August 2022. This was agreed to facilitate further consideration on the future of this venue and YL's involvement.

1.3 **Winter Gardens** - By agreeing early surrender of the lease YL will incur additional unplanned costs in excess of £156k. Early surrender of the lease is subject to approval of YL's board, which will convene on the 9 March 2022; it is anticipated this agreement will be reached subject to the support of TDC with regards to these estimated exit costs.

2.0 Key considerations:

2.1 TDC Cabinet agreed in January 2021 to fund the investment in the heating system at the WG at an estimated cost of £230k as well as the opportunity for a loan of between £0.700m and £1.5m. It was subsequently agreed to fund a temporary heating solution due to the ongoing discussions and to enable operation during Autumn 2021 and Winter 2021/22. This temporary solution has been funded at a cost to TDC of £63.5k, leaving £166.8k of the original allocation uncommitted.

2.7 Opportunity through Margate Town Deal funding to invest in this venue with consideration to the legal restrictions imposed through YL's tenant/operator status at the venues.

3.0 Outstanding issues/risks:

- 3.1 Delay in Decision Making / Change in Decision - With bookings now being paused at the Winter Gardens from 14 August 2022 a change of direction requiring Your Leisure to operate beyond this date will not be financially viable, without substantial extra funding, due to having to rebuild the programme.
- 3.3 Surrender of Lease for Winter Gardens - The existing lease covers four facilities owned by TDC and YL withdrawing from the Winter Gardens would legally breach the lease arrangements. The lease includes a dilapidations section and agreement will be required this will not be enforced by the landlord.

4.0 Options

- 4.1 Cabinet agrees to the redistribution of the residual Boiler monies, up to £166,819 to meet the potential costs associated with early surrender of the lease. To be signed off by the Acting S151 after review.
- 4.2 Cabinet agrees to a lower value of contribution, potentially placing pressure on YL's financial situation.

Contact Officer: *Chris Blundell, Director of Finance and Section 151 Officer*
Reporting to: Madeline Homer

Annex List

N/A

Background Papers

Cabinet report 28 January