

## Margate Winter Gardens update and decision

<b>Cabinet</b>	16 March 2023
<b>Report Author</b>	Bob Porter (Acting Corporate Director of Place)
<b>Portfolio Holder</b>	Cllr Reece Pugh, Deputy Leader and Cabinet Member for Economic Development
<b>Status</b>	For Decision
<b>Classification:</b>	Unrestricted
<b>Key Decision</b>	Yes
<b>Reasons for Key</b>	Property disposal of asset over the value of £750,000
<b>Previously Considered by</b>	Cabinet on 22 September 2022
<b>Ward:</b>	Margate Central

### Executive Summary:

The Margate Winter Gardens is owned by Thanet District Council and has been a vital part of Margate's year round offer, providing space for concerts, events and community gatherings. It is a valuable asset to the council and its communities, and the council understands that it is much loved by the local community with a great deal of interest and passion about its future.

The previous report to Cabinet on 22 September 2022 reported on the Margate Town Deal allocation of £300,000 to carry out research to inform the council on the next steps for the delivery of the Margate Winter Gardens. This report updates cabinet on the work completed since 22 September 2022. This work has included commissioning an evening and night time economy study for Margate and wider Thanet looking at the role of the Winter Gardens, an updated structural survey, detailed drawings of the building and title searches.

The purpose of this work is to inform the development of a detailed marketing pack for the Winter Gardens aimed at securing a partner organisation to refurbish, improve, maintain and operate the venue.

This report recommends that activity to market the Winter Gardens to a suitable partner organisation begins, in line with the decision taken on 22 September 2022 and sets out the headlines of the brief for the appointment of a specialist agent to support the marketing. This report recommends that a further report be presented to Cabinet once marketing has been

completed, setting out the detailed recommendations for the disposal of the building by means of a long-term lease or sale.

## **Recommendation(s):**

Cabinet is asked to agree that:

1. A specialist marketing agency is appointed, as set out in section 4.
2. The Director of Place, in consultation with the Cabinet member for Economic Development, approves the marketing particulars for the Winter Gardens and the evaluation matrix to be used to assess operator and/or JV submissions.
3. A further report be considered by Cabinet following the completion of the marketing and evaluation exercise, setting out detailed proposals.

## **Corporate Implications**

### **Financial and Value for Money**

The costs of appointing a specialist agent to support the marketing of the Winter Gardens are fully funded through the Margate Town Deal allocation of £300k to the project. This funding is also supporting all of the linked research, survey and legal searches work and any legal costs that may be incurred.

The financial implications of any sale or lease proposals, once a suitable delivery partner has been identified, will be fully set out in a subsequent report.

### **Legal**

This report has no current legal implication following the Cabinet decision made on 22 September 2022.

A review of any legal implications, including the appointment of a specialist agent to support the marketing of the Winter Gardens, will take place as part of the appraisal work, given the building is a Grade II listed and a significant heritage asset.

### **Risk Management**

The Winter Gardens is a Grade II listed building of significant heritage importance to Margate. Officers have worked closely with the council's insurers and implemented a detailed mitigation plan, agreed with the insurers, aimed at ensuring the building is properly safeguarded. This has involved extensive building security measures.

The project to find a delivery partner to bring the building back into use, does face some particular risks, not least because of the likely repair, refurbishment and improvement costs, estimated at approximately £6.19m. Submissions will need to be viable when taking into

account these likely upfront costs and demonstrate business plans that can support this level of cost over their lifetime.

## **Corporate**

This report contributes to both the growth and communities ambitions set out in the council's Corporate Statement. The Winter Gardens is a significant heritage asset that has the potential to make a contribution to the economic growth and to the cultural, leisure and tourism offer available in the district.

The Winter Gardens is owned by the council and is currently vacant. As a vacant building, it generates holding costs related to security, insurance, utilities, maintenance and business rates.

Thanet District Council is also the accountable body for the Margate Town Deal. The Margate Town Deal supports the council's corporate priority for Growth, including encouraging the rejuvenation of our high streets and town centres, creating new opportunities to gain skills and therefore employment and continuing to support the growth of the visitor economy.

## **Equality Act 2010 & Public Sector Equality Duty**

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

An equality impact assessment will be completed to inform the final decision to appoint a delivery partner to purchase, lease or operate the building.

## **Corporate Priorities**

This report relates to the following corporate priorities: -

- Growth
- Communities

## **1. Introduction**

- 1.1 The Margate Winter Gardens was built in 1911 and is one of the finest examples of a seaside concert hall in the UK. Owned by Thanet District Council, it has been a vital part of Margate's year round offer, providing space for concerts, events and community gatherings. It is a valuable asset to the council and its communities, and the council understands that it is much loved by the local community with a great deal of interest and passion about its future.
- 1.2 Changes in the way people use entertainment venues and their expectations on what they want from a venue, and a lack of funding to be able to deliver improvements has seen the offer at the Winter Gardens decline over the years. Requiring significant investment and some repurposing of spaces to support its sustainability and viability, the council has needed to bring back the building in order to put a plan together for its future.
- 1.3 The previous report considered by Cabinet on 22 September 2022 recommended the commissioning of a series of studies to support the development of a detailed marketing pack, designed to attract an investment partner with the expertise, experience and capacity to refurbish, maintain and operate the building into the future. The studies have now all been commissioned and this report provides an update on the progress of this work in sections 2 and 3 below.
- 1.4 The Cabinet meeting of 22 September 2022 also agreed to market the leisure opportunity at the Margate Winter Gardens, in order to identify potential interest from operators and/or a commercial partner. Section 4 of this report provides a bit more detail on the proposed marketing, including:
  - A draft brief for the appointment of a specialist agency to support marketing.
  - Updated condition information to be included within the marketing information.
  - An example of potential evaluation criteria for the selection of a suitable delivery partner.
  - A red line drawing showing the extent of the building and linked land.

## **2. The Winter Gardens**

- 2.1 The Winter Gardens is a significant heritage asset and Grade II listed building, situated on Margate seafront. The Winter Gardens is referenced in a published statement from English Heritage about Margate's Seaside Heritage. It offers two distinct event spaces Queen's Hall and the Main Hall with a combined capacity of in excess of 2,000 seats .
- 2.2 Changes in the way people use entertainment venues and their expectations on what they want from a venue, and a lack of funding to be able to deliver improvements has seen the offer at the Winter Gardens decline over the years. The building now requires significant investment and repurposing to support its sustainability and viability into the future.

- 2.3 It is currently estimated that an immediate cost of £2.5m is needed for structural , building and mechanical and electrical works. With a further £3.5m estimated over the next 10 years.Total costs circa £6.25m
- 2.4 A red line drawing showing the extent of the council's ownership is attached at annex 1. There are two further plans attached, annex 3 which shows the extent of the lease previously granted to Your Leisure, largely restricted to the building itself, and annex 4 showing an area that could be potentially offered for sale or lease, which covers the council's area of ownership but excludes the seafront access road. The final area to be included in a lease or sale is still to be determined, based upon advice from the appointed marketing agency and legal searches, and will be included within the detailed proposals presented to cabinet following marketing.

### **3. Margate Town Deal**

- 3.1 The project for the Margate Winter Gardens in the Margate Town Deal included an allocation of £300,000 of revenue funding, to enable the Council to bring in external expertise to help complete an appraisal of the Winter Gardens, market the potential offered by the building and help secure a viable, sustainable long-term delivery model for the venue.
- 3.2 The report considered by Cabinet on 22 September 2022, sets out the next steps in the process of securing a delivery model as:
- commission experts to complete a costed structural survey of the Winter Gardens
  - commission a complete set of drawings for the site
  - identify all legal requirements in relation to the Margate Winter Gardens
  - commission a team of multi disciplinary consultants to review the night time economy in Thanet and the Winter Gardens' role in that - this will include engagement with Thanet's communities to understand the audience potential for a venue.
- 3.3 The council has so far spent or committed £97,635 of the £300,000, completing survey work, and estimates that a further £90,000 will be required to support marketing activity, leaving £112,000 for further legal costs and any other requirements for this field of work.
- 3.4 A number of surveys will be commissioned in order that the council can provide a full and informed picture of the building to its communities and the marketplace. The surveys that have been commissioned to date include:
- Unexploded ordnance risk assessment
  - Asbestos air sampling survey
  - Laser survey for measured drawings
  - Topographical survey
  - Electromagnetic and GPR survey

- Utility, and other searches

The council has also procured and commissioned an evening and night time review of Margate and Thanet to help inform decisions about the future role of The Winter Gardens. It is anticipated that this work will be completed in March 2023.

Further surveys will be commissioned throughout February and March to include:

- Detailed drainage survey
- Flood risk assessment
- Heritage report
- Energy Performance Certificate (EPC)
- Japanese Knotweed survey

3.5 Between Thursday 9 December 2022 - Sunday 8 January 2023 the public were invited to use the council's new public engagement platform - Your Voice Thanet - to share questions they would like to see answered via the updated project online FAQs. During this period users posted 130 comments or questions. In total there were 167 participants, and there were over 700 upvotes cast. The comments have all been reviewed and the questions within them extracted and grouped by theme. In total there were over 200 specific questions asked. Analysis indicates that the questions sit broadly under 15 different themes:

- £300k allocation
- Accessibility
- Communication/Engagement
- Community
- Funding
- Future usage
- Gardens/Ecology
- Interim measures
- Potential operators
- Previous leaseholder
- Profit making
- State of repair
- Timeline
- Transparency
- Venue preservation

3.6 A set of FAQ's is being put together in order to respond to the queries relating to the above themes. The ambition is to provide an update to the FAQ's on the council's website. Some of the recurring comments suggest that people believe that a decision has already been made about the future of the Winter Gardens. It is hoped that by completing this project in an open way, and by engaging a marketing specialist to take the Winter Gardens out to the market will highlight that the decision has not been made. The engagement of specialists to complete an evening and night time review identifies that the Council is interested in building an evidence base to support the future of the Winter Gardens.

- 3.7 The Winter Gardens Project webpages on the council's Margate Town Deal webpages includes a timeline for project delivery which is kept up to date to help provide information on the delivery of this project.
- 3.8 A specialist team from Counterculture has been commissioned to complete a review of Thanet's evening and night time economy (ENTE), with a focus on the role of the Winter Gardens as part of it. The team is currently putting together desk based research to consider the food and beverage, cultural, accommodation, venues, MICE (Meetings, Incentives, Conferences and Exhibitions) and the late night including events offerings in Thanet. This will help inform the market opportunity.
- 3.9 The engagement will be in a number of phases:
- One to one interviews with key stakeholders to build an initial picture of the evening and night time economy landscape in Thanet, its strengths and opportunities, challenges and areas for improvement;
  - Questionnaires sent to the council's visitor economy business database and community organisations;
  - Roundtables with a wide ranging cross section of Thanet's night time economy sector to gain a deeper understanding of the local hospitality, cultural and leisure ecosystem and how it can be supported through Thanet; and
  - Wider engagement with Thanet's communities testing the information is coming from the other forms of engagement that are helping to inform the strategy.
- 3.10 The completed surveys and searches, together with the completed Evening and Night Time Economy study, will be used to inform the approach to marketing the winter gardens and included within marketing particulars.

## **4. Marketing Proposals**

- 4.1 Cabinet previously agreed to market the Winter Gardens to find a suitable partner organisation at its meeting on 22 September 2022. This report provides more detail about how this process will be managed and the likely timescale.
- 4.2 Selling/leasing a listed building with such high socio-economical implications for the town can be a complex and challenging process. Therefore, it is recommended that a specialist agent be appointed to support the marketing. Agents who specialise in this field will have the necessary expertise and knowledge to navigate potential issues and ensure a smooth transaction. Appointment of a marketing agency will be subject to a procurement exercise. This approach is considered to offer the best prospect of attracting the quality of organisation and submission to successfully renovate and manage the Winter Gardens in a sustainable way.
- 4.3 It is recommended that Cabinet retain an open approach to inviting proposals to come forward for a range of potential uses for the building, which could include

concert hall, theatre, event spaces or leisure and tourism uses. Retaining a wide range of potential options at this stage is considered to offer the greatest potential for a viable submission to come forward that both enhances the heritage and cultural importance of the building and contributes to the economic regeneration of Margate and the cultural, leisure, event space and/or tourism offer available in the district.

- 4.3 The procurement objectives, in appointing a specialist agent are as follows:
- To identify a suitable and experienced agent to market and find a buyer/operator for the Winter Gardens.
  - To negotiate and agree on terms and conditions that are favourable for Thanet District Council, the wider district and community.
  - To ensure that the agent has a thorough understanding of the property market in Margate and the surrounding areas.
  - To ensure that the sale/lease of the Margate Winter Gardens is completed in a timely and efficient manner.

- 4.4 The scope of services required from the agent includes, but is not limited to:
- Suggesting an advertising budget and where/how it should be spent to advertise to generate the best local and national interest.
  - Marketing and advertising the Margate Winter Gardens to potential buyers/operators, including the preparation of all marketing materials, incorporating information from the building surveys, night-time economy study and public engagement activities, once completed.
  - Arranging and accompanying viewings.
  - Setting up expressions of interest/informal tender processes.
  - Undertaking due diligence checks.
  - Providing a recommendation for the shortlist to the council of organisations with financially viable and sustainable proposals for a range of possible uses including concert space, theatre, events, leisure and tourism.
  - Providing professional advice on the value of the property and the best form of sale/lease/operating agreement.
  - Negotiating offers and contracts on behalf of the council.
  - Assisting in the transfer of ownership/management process.
  - Any other duties deemed necessary to ensure a successful outcome for the Margate Winter Gardens.

The appointed agent will also support the work of shortlisting interested parties and conducting interviews and evaluating submissions, based on a scoring matrix developed with and agreed by the council. The work to develop the evaluation matrix is not yet completed and may change as the process develops, however an example of an evaluation matrix is attached at annex 2, with 60% of the evaluation criteria based upon the quality of submissions.

- 4.5 The following evaluation criteria will be used to determine the suitability of the agent:
- Experience of marketing concert halls, theatres, event, leisure and tourist facilities and similar buildings in Kent and nationwide.



- Experience of marketing significant listed and heritage buildings.
  - Examples of previous marketing and/or feasibility work, including evaluations of existing and alternative uses.
  - Relevant experience in selling or leasing commercial properties.
  - A proven track record of successfully selling or leasing similar properties.
  - A strong understanding of the local property market in Margate and surrounding areas.
  - Ability to provide clear and concise advice and recommendations.
  - Evidence of a well-established network of potential buyers.
  - The cost of the proposed marketing and support package.
- 4.6 The contract for the marketing agents services will be awarded to the most economically advantageous offer that meets the evaluation criteria set out above, with 60% of the evaluation based upon the quality of submission.
- 4.7 The procurement process is expected to be completed by April 2023.
- 4.8 The budget for the total agent and marketing costs to include all the items in 4.4 is budgeted and estimated at up to £90,000 plus VAT.

## 5. Options

- 5.1 Cabinet have the option to:
- 5.1.1 Approve the recommendations set out in this report. Approval of the recommendations will enable the council to proceed with appointing a specialist marketing agency, producing a detailed marketing information pack and launching a marketing campaign, designed to attract sustainable investment proposals from organisations with relevant experience, expertise and resourcing proposals.
- 5.1.2 Amend or reject the proposals. The recommendations set out will enable the council to proceed with the marketing of the Winter Gardens. Amending or rejecting the proposals risks delaying this process.

## 6. Next Steps

- 6.1 Following completion of the surveys, searches and studies detailed in this report and the completion of a marketing campaign for the winter gardens a further report will be considered by Cabinet setting out detailed proposals for the lease or sale of the venue.

Contact Officer: *Bob Porter, Acting Corporate Director of Place*  
 Interim Reporting to: *Colin Carmichael (Interim Chief Executive)*

## Annexes

Annex 1: Title Report site plan [Link](#)

Annex 2: Example scoring Matrix: [Link](#)

Annex 3: Site plan previously leased to Your Leisure. [Link](#)

Annex 4: Site proposed for lease/transfer. [Link](#)

### **Background Papers**

Cabinet Paper from 22 September 2022: [Link](#)

Margate Town Deal web pages: [Link](#)

Margate's Seaside Heritage, English Heritage 2007: [Link](#)

### **Corporate Consultation**

**Finance:** Chris Blundell, Acting Deputy Chief Executive

**Legal:** Sameera Khan, Interim Head of Legal & Monitoring Officer