

**Meeting:** Cabinet

**Date:** 17<sup>th</sup> November 2020

**Wards Affected:** Tormohun Ward

**Report Title:** Leasehold disposal Pier Point Restaurant and Retail Unit, Torbay Rd, Torquay TQ2 5HA

**When does the decision need to be implemented?** As soon as possible.

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## **1. Purpose of Report**

- 1.1 Torbay Council to enter into an Agreement for Lease to allow the existing tenants to invest in and extend their premises and then, following the completion of the work, to have a new long lease.

## **2. Reason for Proposal and its benefits**

We want Torbay and its residents to thrive.

We want Torbay to be a place where we have turned the tide on poverty and tackled inequalities; where our children and older people will have high aspirations and where there are quality jobs, good pay and affordable housing for our residents.

We want Torbay to be the premier resort in the UK, with a vibrant arts and cultural offer for our residents and visitors to enjoy; where our built and natural environment is celebrated and where we play our part in addressing the climate change emergency.

- 2.1 The proposals in this report help us to deliver this ambition by allowing the current tenant to invest in the asset that will see the building extended and improved in return for a long lease. The asset on completion of the redevelopment will help secure new jobs and enhance Torquay seafront.

### **3. Recommendation(s) / Proposed Decision**

That TDA Director of Asset Management, Investment & Housing, in consultation with the Interim Chief Executive, be authorised to enter into an Agreement for Lease to allow the existing tenants of the Pier Point Restaurant and retail unit to carry out works to extend the ground floor and to create a first floor to the existing premises and, upon completion of these works, to grant a 125 year lease to the existing tenants on terms previously agreed.

#### **Appendices**

Appendix 1: Site Plan – EM3588

#### **Background Documents**

Heads of Terms - Exempt

# Supporting Information

## 1. Introduction

- 1.1 Pier Point Restaurant and Princess Gift Shop are occupied under two separate leases. The lease of Pier Point Restaurant was granted in 2009 for a term of 40 years and the lease of Princess Gift Shop, the small retail unit facing Torbay Road for a term of 15 years from 2011. Both leases are granted with the benefit of the protection of the Landlord and Tenant Act 1954.
- 1.2 In July 2015, a Mayoral Decision was granted to allow the redevelopment of Pier Point Restaurant in isolation, which included a first floor extension. On practical completion of the development the Council would have granted a new 125 year lease. The decision was documented by way of an Agreement for Lease with Pier Point Ltd in January 2017.
- 1.3 At the beginning of 2020, Pier Point Torquay Ltd was sold and the new owner soon after also acquired the lease of Princess Gift Shop. The new owner, on obtaining control of the whole building approached Torbay Council seeking to re-negotiate the 2017 Agreement for Lease. The new owner is seeking to merge the Pier Point Restaurant lease with Princess Gift Shop lease that would therefore enable the redevelopment of the whole building.
- 1.4 It is intended that upon practical completion of the proposed redevelopment of the whole building the Council would grant a new single 125 year lease. The commercial terms of the new 125 year lease are, subject to Council approval now agreed.
- 1.5 The proposal therefore is to enter into a new Agreement for Lease that upon practical completion of the redevelopment of the site will see the surrender of both existing leases in exchange for the granting of a new 125 year lease.
- 1.6 The benefit will be twofold. The Council will have in place only one lease to manage with a single tenant. The site will also be redeveloped in its entirety providing a better 'place' shaping development for Torquay seafront.

## 2. Options under consideration

- 2.1 The Council's Corporate Asset Management Plan 2015 to 2019 (2018/19 Revision) makes specific that the Council will 'always seek to maximise the full market receipt for their assets whether by way of freehold disposal or leasehold interest'. The disposal of this asset by way of the long leasehold will meet that requirement.
- 2.2 The owners of Pier Point Torquay Ltd have expressed their desire to only want to redevelop the whole site. They have taken active steps to secure control of both leases. Whilst the 2017 Agreement for Lease is still a live document it would only permit the granting of a lease for the restaurant. Without the new Agreement of Lease this would leave the Princess Gift Shop outside of the redevelopment. This would in all likelihood have a depressing effect on rental income that could be secured in the future for the premises.

- 2.2 Whilst the Council is under no obligation to approval a new Agreement for Lease it is possible the owner of Pier Point Torquay Ltd may then look to dispose of his interest in the business. The redevelopment of the asset would then be lost.

### **3. Financial Opportunities and Implications**

- 3.1 TDA has negotiated commercially acceptable terms for the new 125 year lease which are commensurate to the proposed levels of investment in the building.

### **4. Legal Implications**

- 4.1 The proposed redevelopment will be formalised and documented by Torbay Council Legal Services through the Agreement for Lease and the granting of the new 125 year lease following practical completion. The existing leases will extinguished also on practical completion of the redevelopment by way of Deeds of Surrender.

### **5. Engagement and Consultation**

- 5.1 No engagement or consultation is planned. The owner of Pier Point Torquay Ltd has secured planning consent for the redevelopment of the site - P/2020/0383.

### **6. Purchasing or Hiring of Goods and/or Services**

- 6.1 There are no procurement issues as Pier Point Torquay Ltd are the existing tenant of both leases currently in place.

### **7. Tackling Climate Change**

- 7.1 The owner of Pier Point Torquay Ltd has secured planning consent for the redevelopment of the site - P/2020/0383. In addition the redevelopment will also need to obtain Building Control approval.

### **8. Associated Risks**

- 8.1 Whilst there are no significant risks if the proposal is not implemented there would however likely be a lost opportunity in seeing the site redeveloped and modernised.

## Equality Impacts

9.	Identify the potential positive and negative impacts on specific groups		
	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people			There is no differential impact
People with caring Responsibilities			There is no differential impact
People with a disability			There is no differential impact
Women or men			There is no differential impact
People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>			There is no differential impact
Religion or belief (including lack of belief)			There is no differential impact
People who are lesbian, gay or bisexual			There is no differential impact
People who are transgendered			There is no differential impact
People who are in a marriage or civil partnership			There is no differential impact

	Women who are pregnant / on maternity leave			There is no differential impact
	Socio-economic impacts (Including impact on child poverty issues and deprivation)	The granting of a long leasehold and subsequent re-development of the site is likely to have a positive impact on locality.		
	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			There is no differential impact
<b>10..</b>	<b>Cumulative Council Impact</b> (proposed changes elsewhere which might worsen the impacts identified above)	N/A		
<b>11.</b>	<b>Cumulative Community Impacts</b> (proposed changes within the wider community (inc the public sector) which might worsen the impacts identified above)	N/A		