

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE COBTREE MANOR ESTATE CHARITY COMMITTEE

Decision Made: 26 October 2022

Cobtree Café Letting

Issue for Decision

To determine the future arrangements in relation to the Cobtree Manor Park Café given the impending expiry of the current operator's lease.

Decision Made

1. That the leased and retained areas of the café premises be reviewed to achieve optimum financial returns and operational suitability at Cobtree Manor Park.
2. That agents be appointed to act on behalf of the Charity, engage the market, source prospective tenants and assist in selecting the most suitable tenant for the Park and their quotation of £9,500 payable on successful completion be approved.
3. That the lease of Cobtree Manor Park Café be placed on the market and offers be invited from prospective tenant operators.
4. That delegated authority be given to the Director of Finance, Resources and Business Improvement to agree Heads of Terms with the preferred new tenant to achieve the optimum annual financial return and operational situation for Cobtree Manor Park Café.

Reasons for Decision

Introduction and Background

DA GT Ltd, through its subsidiary company Cobtree Café Ltd, has been operating Cobtree Manor Park Café since 2018. DA GT Ltd (DAGT) won a competitive tender for the running of three Maidstone cafes, the other two being Mote Park Café and Maidstone Museum Café. DAGT exited its agreements at Maidstone Museum and Mote Park Café and it will not be renewing its lease at Cobtree Manor Park by mutual consent.

Prior to 2018, the café was run in house at a loss to the Cobtree Manor Estate Charity (CMEC). Since letting the café to a private operator the Charity receives an annual rent of £25,000 and an 8% share of all turnover, which is a stable income for the Estate to be receiving against its fixed expenditure. The lease of Cobtree Manor Park Café (the café) expires in April 2023 and a new tenant must be found to continue the operation and the provision of services at the Park.

Building Layout

The café building contains the Park toilets, which are part of the café tenant's lease area, and a corner office which is retained by the Council for staff welfare.

The corner office was formerly the Park Manager's office but the Park Manager no longer spends every day in the Park and is able to work remotely when on site. The location of this corner office means it would make an ideal point of sale opportunity for the new café tenant. It would add more value to the opportunity used in this way as opposed to being retained for staff welfare. If the corner office is let to a new café tenant then alternative staff welfare provision will be required for the Park staff at Cobtree. A separate report has been prepared addressing this issue.

Public Toilets

The public toilets at Cobtree Manor Park are leased to the café tenant and the café tenant has the responsibility and obligation to open them for the public each day. Over the last five years there have been disputes with the tenant over the management of these toilets and the new lease gives an opportunity to review the arrangements for how public toilets in the Park are managed.

Removing the obligation to manage the public toilets makes the café lease opportunity more appealing to prospective bidders and gives the Council greater control over the toilet opening hours and standards of cleanliness.

An indicative quote for managing the toilets has been obtained and this can be managed within operational budgets and a service charge contribution from the café tenant can also be obtained. This management structure will also ensure that café staff can focus all their attention on catering.

Proposed Way Forward

Working arrangements in the Park have changed significantly since the 2018 café lease was signed and it has been identified that the let spaces and the retained spaces can be reviewed and managed differently to achieve the most attractive rental proposal to the market to achieve the most successful terms with a new tenant.

An agent's opinion has identified that reviewing the premises arrangements is the best approach for CMEC, but the final agreed terms are subject to agreement by at least one incoming tenant. There are a number of variations for how the premises as a whole are let and retained. Depending on how the spaces are apportioned, CMEC will be liable for additional capital and revenue expenditure but will also benefit from revenue savings. For example, letting the entire café building to a new café tenant, without any retained areas, will enable CMEC to make the lease a fully repairing and insuring lease and will mean the café tenant will be solely liable for all utilities costs. Savings in these areas will be used to meet the costs of managing the public toilets.

Agents can take the café opportunity to the market and engage with prospective tenants to find the best tenant outcome for CMEC. The final outcome can reset premises and management arrangements for the café spaces and the public toilets. An agent who has successfully performed identical services for the

Council at the Mote Park Café has quoted £9,500 to complete this service for CMEC.

The final terms of a new lease will require a future decision from the Committee when the final let and retained spaces are known and the final capital and expenditure amounts of that variation can be assessed and compared.

Alternatives Considered and Why Rejected

Not Search for a New Café Tenant

This option would mean that catering provision at Cobtree Manor Park either ceases or is brought in house. The café is a popular facility at Cobtree Manor Park. It is part of a day out in the Park and links to increased visitor numbers. Before 2018 the café was run in house by a team of Council staff and this was not financially successful. Outsourcing this provision has given CMEC a stable annual income with additional performance uplift payments, and it gives operational certainty to Park visitors. Advertising the lease opportunity to the market will enable CMEC to assess multiple operators and select one who complements the Park best.

Retain the Same Premises Arrangements

Working practices in the Park have changed since the premises arrangements were set in 2018. Hindsight has also enabled Officers to assess day-to-day arrangements and review the way in which things work. The current arrangements contribute to some operational challenges that take up a lot of Officer time and cause conflict between organisations on site. The expiry of the current Cafe lease provides an opportunity to review the way in which the spaces in the premises are let or retained. Reviewing the premises arrangements in conjunction with identifying new tenants is the preferred option.

Background Papers

None

I have read and approved the above decision for the reasons (including possible alternative options rejected) as set out above.



Signed: _____
Leader of the Council – Councillor David Burton

Full details of the report for the decision can be found at the following area of the [website](#).

Call-In: Should you be concerned about this decision and wish to call it in, please submit a call-in form signed by any three Members to the Proper Officer by: **5pm 4 November 2022**