

**COBTREE MANOR ESTATE  
CHARITY COMMITTEE**

**26 October 2022**

**Cobtree Café Letting**

<b>Timetable</b>	
<b>Meeting</b>	<b>Date</b>
Cobtree Manor Estate Charity Committee	26 October 2022

<b>Will this be a Key Decision?</b>	No
<b>Urgency</b>	Not Applicable
<b>Final Decision-Maker</b>	Cobtree Manor Estate Charity Committee
<b>Lead Head of Service</b>	Mark Green, Director of Finance, Resources and Business Improvement
<b>Lead Officer and Report Author</b>	Mike Evans, Leisure Manager
<b>Classification</b>	Public
<b>Wards affected</b>	All

**Executive Summary**

Decisions are required about the future of Cobtree Café, given the impending expiry of the current operator's lease. This report sets out the decisions to be addressed within formal recommendations to be made to the Cobtree Manor Estate Charity Committee.

The recommendations in this report are linked to the Cobtree staff welfare facilities report on this same agenda.

**Purpose of Report**

Decision

**This report makes the following recommendations to the Cobtree Manor Estate Charity Committee:**

1. That the leased and retained areas of the café premises are reviewed to achieve optimum financial returns and operational suitability at Cobtree Manor Park.
  2. That agents are 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 is approved.
  3. That the lease of Cobtree Manor Park Café is placed on the market and offers are invited from prospective tenant operators.
  4. That delegated authority is 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.
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# Cobtree Café Letting

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	The work of the charity links directly to its charitable objectives and the Strategic Plan objectives for the council.	Leisure Manager
<b>Cross Cutting Objectives</b>	The work of the charity links directly to its charitable objectives and the cross-cutting objectives of the council.	Leisure Manager
<b>Risk Management</b>	Risk implications are outlined in section 5.	Leisure Manager
<b>Financial</b>	Income from the café contract reduces the net running costs of the park. Funding for the £9,500 agents fee can be accommodated within the existing budgets.	Senior Finance Manager (Client)
<b>Staffing</b>	We will deliver the recommendations with our current staffing.	Director of Finance, Resources and Business Improvement
<b>Legal</b>	Acting on the recommendations is within the Council's powers.	Team Leader, Contracts and Commissioning MKLS
<b>Information Governance</b>	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council Processes.	Information Governance Team
<b>Equalities</b>	The recommendations will ensure a continuation of service and therefore will not require an equalities impact assessment.	Equalities & Communities Officer
<b>Public Health</b>	We recognise that the recommendations will have a positive impact on population health or that of individuals.	Public Health Officer
<b>Crime and Disorder</b>	The recommendations will not have an impact on crime and disorder.	Leisure Manager

<b>Procurement</b>	On accepting the recommendations, the Council will follow a transparent lettings process to find a new tenant operator for the golf course. We will complete those exercises in line with financial procedure rules.	Director of Finance, Resources and Business Improvement
<b>Biodiversity and Climate Change</b>	The implications of this report on biodiversity and climate change have been considered and there are no direct implications on biodiversity and climate change. It is recommended that pending decision, future contracts for the café letting include provision for reducing waste, utilising plastic alternatives, energy efficacy and carbon reduction goals in line with MBCs action plan.	Biodiversity and Climate Change Manager

## 2. INTRODUCTION AND BACKGROUND

- 2.1 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.
- 2.2 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

- 2.3 The café building (shown in appendix 1) 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.
- 2.4 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 on this is included in the agenda.

## **Public toilets**

- 2.5 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.
  - 2.6 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.
  - 2.7 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.
  - 2.8 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.
  - 2.9 These suggestions are subject to tenants accepting final terms but it is believed this approach positions the opportunity to the market in the best way.
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## **3. AVAILABLE OPTIONS**

- 3.1 This Committee is required to formalise two decisions. Decision one is the decision to readvertise the café opportunity or not, and decision two is the decision to keep the lettable spaces the same or to alter them.

### **Decision one**

- 3.2 **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.

**This option is not recommended.**

- 3.3 **Advertise the lease opportunity to the market**

Outsourced provision of the café offer at Cobtree Manor Park ought to see the stable annual rental income to CMEC continue. It will also enable CMEC to assess multiple operators and select one who complements the park best. **This option is recommended.**

## **Decision two**

### **3.4 Retain the same premises arrangements**

Working practices in the park have changed since the premises arrangements were set in 2018. Hindsight has also enabled us 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 lease provides an opportunity to review the way in which the spaces in the premises are let or retained and so **this option is not recommended**

### **3.5 Review the premises arrangements in conjunction with identifying new tenants**

The new lease gives CMEC the opportunity to review the lettable spaces and the retained spaces. In evaluating the re-let we have identified some improvements that can be made that ought to be favourable to CMEC and also to new café tenants and this option will allow us to seek new terms and new arrangements as part of the new lease. **This is the preferred option.**

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## **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 CMEC seeks to present the most attractive rental proposal to the market to achieve the most successful terms with a new tenant.
- 4.2 Working arrangements in the park have changed significantly since the 2018 café lease was signed and we have identified that the let spaces and the retained spaces can be reviewed and managed differently to achieve the objective stated at 4.1.
- 4.3 An agent's opinion has identified that reviewing the premises arrangements is the best approach to 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 as identified in paragraphs 2.4 and 2.7, and will also benefit from revenue savings as explained in paragraph 2.8.
- 4.4 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.
- 4.5 The final terms of a new lease will require a future decision from this 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. For clarity, the recommendation made today is that the spaces are assessed as part of the reletting, with delegated authority to agree

favourable terms for CMEC given to the Director of Finance and Business Improvement. The final lease terms along with the varied capital and revenue positions will be brought to a future meeting of the Committee for approval.

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## **5. RISK**

- 5.1 The risks associated with this proposal relate to the uncertainties and challenges in the leisure and hospitality sector at present. Being agile in our approach will ensure our proposition is attractive to the market and will enable us to deliver the most beneficial terms possible.
  - 5.2 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework. We are satisfied that the risks associated are within the Council's risk appetite and will be managed as per the Policy.
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## **6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 6.1 No public consultation has taken place on this matter, but advice from leisure and hospitality agents is in agreement with the approach that we had identified.
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## **7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 7.1 Following a decision on these recommendations, CMEC will formally appoint an agent to assist with marketing and advertising this opportunity to the market.
  - 7.2 Quotations required for the various variations will be collected so that combinations of premises can be assessed.
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## **8. REPORT APPENDICES**

- Appendix 1: Plan of the Cobtree Manor Park Café building showing the let spaces on page 1 and the retained spaces on page 2.
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## **9. BACKGROUND PAPERS**

- None