

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET MEMBER FOR ECONOMIC DEVELOPMENT AND TRANSPORT

Decision Made: 23 December 2011

CONSIDERATION OF MUSEUM CAFE TENDER

Issue for Decision

To consider the Museum Café tender and appoint a café operator.

Decision Made

1. That The Barge Limited be granted a contract to operate a café facility concession at the Maidstone Museum and Bentrif Art Gallery, St Faiths Street, ME14 1LH, Kent subject to satisfactory financial, Health and Safety checks and agreement on terms.
2. That delegated authority be given to the Director of Regeneration and Communities to agree the terms of the Contract.

Reasons for Decision

The existing café is located in the Brenchley Room and is operated by the Museum's Customer Service Advisors (CSA). The café was co-located with the shop until recently, enabling a single member of staff to serve both the shop and the café. The shop has now been relocated next to the new reception and main entrance to increase its visibility and improve sales.

The continuation of the café in its current form would require a member of staff to be available in the Brenchley Room to serve customers. Income from the café would not make this viable, once staffing costs have been taken into account. Table 1 sets out the income from the Café over the last 5 years but does not include costs related to staffing, utility or Non Domestic Rates.

Table 1

	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>As at</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>28/09/11</u>
Items for Resale	6,895	6,914	7,250	7,619	6,883	3,641
Coffee Shop	-10,520	-8,995	-10,362	-11,425	-8,740	-3,785
Net Income	-3,625	-2,082	-3,112	-3,806	-1,857	-144

Clearly the café, once staffing and other costs have been taken into account, is not financially viable. However with investment, a broader range of food and drink and increased visitor numbers following the opening of the East Wing, a café might be viable. Soft market testing confirmed some interest in the proposition from the private sector and it was decided to offer the opportunity to operate the Museum's Café to the market. The opportunity was advertised in the Kent Messenger, sent to Town Centre Management members, the Federation of Small Businesses, The Improvement & Efficiency South East (IESE) Business Portal, The Council's website, and other online tender sites.

The tender required operators to invest in the servery to increase the range and quality of the café offer in the first year. No payment would be expected to the Council in the first year in exchange for this investment. The tender documentation asked bidders to propose a profit share arrangement in following years. The contract term offered was 5 years, with the opportunity to extend the contract by a further 3 years in 2017, subject to satisfactory performance. The tender document is set out in Appendix 1 to the report of the Assistant Director of Regeneration and Cultural Services.

63 expressions of interest were received but no tenders were submitted by the deadline of 31st October 2011, except one which was late, and deemed not valid.

In the absence of bidders, following market testing, the Council's procurement policy enables the Council to negotiate terms with any operator. Tenders were going to be scored against the following: Experience and track record; vision and imagery for café; level of investment in first year; proposed profit share; delivery timetable; flexible working.

Voluntary Action Maidstone was approached, as was Mid Kent College to see if there was interest in operating a café but no interest materialized.

The tender submission that was late and not valid was revisited. The proposal was submitted by The Barge Limited, of the Barge Restaurant located next to the Archbishop's Palace. The proposal is being assessed against the criteria set out in the procurement process and will be expected to achieve satisfactory ratings against the criteria.

The Barge Limited currently operates in Maidstone and is a local company. Discussions with the Managing Director have taken place and the company stands by their tender submission and will work flexibly with the Museum to create a quality café offer. This includes investing in the café servery, providing staff and catering for functions and events held at the Museum.

Alternatives considered and why rejected

There are four alternatives which have been rejected.

The Museum's CSA staff could continue to run the café as it is but this would require additional staffing resource, capital investment and focus on

building up the business. There are not the in-house skills to successfully achieve a viable café and this option exposes the Council to more risk than the preferred option.

The café could be closed and alternative activities could take place in the Brenchley Room. These include:

- using it as a community art space, allowing more community groups to display their work;
- using it as a space available for hire (business use, weddings, lectures, events etc). This use may generate revenue. If a café does operate from the room it would still be possible to hire the space out but on a more limited basis;
- Using it as a permanent gallery to display the collections.

However it is considered that a café adds to the Museum's appeal as a visitor destination, and could provide a revenue stream.

Vending machines could be installed however this service does not reflect the quality and vision the Museum aspires to following the completion of the East Wing.

The opportunity could be re-tendered however it is felt there is no evidence to suggest it would produce a different result and would mean a delay in the process.

Background Papers

None

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Change and Scrutiny by: 05 January 2012
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