

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE COBTREE MANOR ESTATE CHARITY COMMITTEE

Decision Made: 18 April 2023

Cobtree Cafe

Issue for Decision

Following the Committee's decision to market the lease for Cobtree Manor Park Café in October 2022, an extensive marketing and applications process has been undertaken and decisions are now required to award the lease to the preferred applicant.

Granting the lease requires additional decisions to be made to streamline premises occupations and facilities management as part of integrating a new tenant into the park alongside Council staff.

Decision Made

1. That the lease of Cobtree Manor Park Café is granted to applicant 3.
2. That the leased and retained areas of the café premises are amended as per the plan at Appendix 1 to the report.
3. That the capital sum identified in the cashflow forecast at exempt Appendix 4 to the report is made available for new or upgraded staffing arrangements in the park with a delegation to the Director of Finance, Resources and Business Improvement to consult with the Chairman of the Committee on key decision points to ensure value for money.
4. That delegated authority is given to the Director of Finance, Resources and Business Improvement to agree the final lease with applicant 3.
5. That delegated authority is given to the Head of Mid-Kent Legal Services to enter into such lease documents and complete any relevant statutory notices in order to complete the lease process.

Reasons for Decision

INTRODUCTION AND BACKGROUND

In October 2022 the Cobtree Manor Estate Charity Committee (CMEC) resolved that:

- The lease of Cobtree Manor Park Café is placed on the market and offers are invited from prospective tenant operators.
- The leased and retained areas of the café premises are reviewed to achieve optimum financial returns and operational suitability at Cobtree Manor Park.
- Delegated authority is given to the Director of Finance 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.

- 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.

The marketing of the café lease included advertising in trade publications, more than 38,000 email alerts, and sending more than 5,400 direct advertisements to 467 relevant parties. This attracted 14 expressions of interest, which led to eight viewings and four proposals being submitted. The four parties submitting proposals were all invited to present them at interview. The four parties all accepted CMEC's heads of terms.

Two proposals were deemed suitable for the lease in terms of the quality of catering and the suitability of their business plan. These were applicant 1 and applicant 3. Of these, applicant 3 is deemed the stronger applicant and it is proposed that the lease is granted to applicant 3, subject to contract, proof of funding, references and agreed fit out. Details of the applicants and their proposals are included at exempt Appendix 2 to the report.

Leased and Retained Spaces

For optimal operations of the café and the public park, the let and retained spaces have been reviewed as per the Committee's decision in October 2022.

CMEC previously let the public park toilets to the café tenant, giving the café staff control over when the public toilets opened and closed each day. This arrangement was less than ideal for park users, particularly during the pandemic, and it also proves demanding for catering staff. It is proposed that CMEC retains control over the public toilets and manages them via the Council's cleaning regime that services the other parks in the Borough. This gives CMEC greater control over the toilet opening hours and standards of cleanliness.

Previously, CMEC retained the corner room of the café building as the park manager's office. The park manager now works via a remote device and does not need a full-time office in the park. The space will make an ideal kiosk point of sale for the café, that can be used on busy summer days to supplement the café and on quiet, rainy winter days instead of opening the whole café.

Currently the corner office is being used as a temporary staff welfare space for the park ranger and occasional grounds maintenance staff because the stand-alone container used for storage and staff welfare is defunct. It is no longer weather-proof and water ingress has taken the electrics out of action. It has no heating and in the winter water can freeze on the floor inside making it slippery and unsafe. Rust to the container will soon render the storage half of the container unusable as well. In addition to its unsuitability, the container is a blot on the landscape of Cobtree Manor Park.

To facilitate the kiosk opportunity, achieve maximum rental income for the café, and provide the best possible service to park customers CMEC looked at alternative staff welfare provision. A new stand-alone storage and welfare unit will be more in-keeping with the look and the feel of the park and make it a more attractive place to visit. Alternatively, despite its age and the issues described

above, the existing facility may be suitable for a full reconditioning, which may be a better value for money option.

The current and proposed leased and retained spaces are shown in the plans at Appendix 1 to the report. The comparison of annual revenue budgets for the current tenancy and the proposed new tenancy are shown in exempt Appendix 3.

Alternatives Considered and Why Rejected

CMEC was required to formalise three decisions:

- Decision one was set in motion in October 2022 as part of the lettings process. It now requires ratification before a new lease can be granted.
- Decision two is necessitated by decision one. Staff welfare facilities will be required elsewhere in the park.
- Decision three is the decision to grant the lease to the preferred applicant, subject to title due diligence and contracts.

Decision One

Retain the Leased Areas as Per the Current Park Arrangements - Rejected

The current arrangements do not suit CMEC and do not suit a café tenant. The park manager's office is an under-used space and has more value as retail space than it does as staff welfare space. The toilets are a key facility for all park users and the current arrangements entrust the management of those to a catering company, and CMEC relies on that company managing those toilets for all who visit the park. This arrangement does not maximise the value of its premises and does not maximise the strengths of the parties involved.

Proceed with the Leased and Retained Areas as Proposed in the Plans in Appendix 1 to the Report – Chosen Option

The park manager's office is larger than it needs to be for staff welfare and its location on the corner of the building means it would make an ideal point-of-sale kiosk. It would be easily accessible for parents and children, and the length of the queue at the kiosk can be assessed before people decide to leave the play area for purchases. Enabling a café tenant to develop an offering in this way will maximise rental returns to CMEC. This was expected to be the case when embarking on the café letting, and all applicants expressed a desire to use the corner office in this way.

The public toilets at Cobtree Manor Park are a key facility and to ensure customer satisfaction CMEC should ensure they are managed in conjunction with other Council parks in the Borough.

Decision Two

Proceeding with new leased and retained areas requires suitable alternative accommodation for the park ranger and occasional grounds maintenance staff being available elsewhere in the park. Providing facilities in the park for staff, besides being a legal requirement, increases the efficiency of their work and ensures CMEC obtains maximum value for money from its staffing budgets.

Welfare facilities can be provided from an existing building or from purpose-built, stand-alone facilities.

Provide Staff Welfare Facilities in the Elephant House – Rejected

The Elephant House is a historic building in the park. It has been surveyed for its suitability to staff welfare, but it requires too many adaptations to be a workable solution. It is also too big a building for a staff welfare and storage facility and would result in a lot of wasted space. It would also remove the opportunity of the Elephant House being developed for other community or leisure interests in the future.

Provide New or Upgraded Stand-alone Staff Welfare and Storage Facilities – Chosen Option

Additional capital expenditure to provide improved staff welfare and storage facilities has been identified in exempt Appendix 4. The sum in exempt appendix 4 has been identified based on indicative quotes for a suitable unit and associated project costs. The Interim Strategic Property Consultant is supporting and advising this workstream. The identified expenditure will provide suitable facilities for parks staff, outside of the corner office, that enable the commercial opportunities of the café building to be realised. The revenues and costs associated with the new café tenancy shown in exempt Appendix 2 demonstrate the return on this investment.

Decision Three

As part of setting the direction for the café letting, in October 2022 the CMEC Committee decided against bringing the café operation in house. Therefore, the decision now is to either grant the lease to the preferred applicant or to another applicant.

Grant a Lease to Applicant 1 – Rejected on this Occasion

The reach of the advertising for the lettings process that ran from September 2022 to March 2023 is set out above. It identified four final proposals that were submitted for presentation and interview. Two applicants are deemed capable of taking on the lease, namely applicant 1 and applicant 3. Applicant 1 has demonstrated they are capable of running the café at Cobtree, but their bid comes with a smaller amount of capital investment and a greater amount of risk, hence them not being the preferred bidder.

Grant a Lease to Applicant 3 – Chosen Option

Applicant 3 has demonstrated in their business plan and at interview that they are the most suitable applicant for the lease. They carry less risk than applicant 1 and they are able and prepared to invest more capital into the premises to kickstart the business.

In summary, the new leased and retained areas will maximise the operations of the café building at Cobtree Manor Park which in turn will improve the quality on offer to park users. The decisions will bring improved service standards to the park and its users and over time will protect CMEC finances.

The details of applicant 3's bid include a capital investment sum that will improve the café premises and the service to park users. The terms of applicant 3's bid will be written into the lease document and become binding terms. The details in exempt Appendix 3 comparing the new tenancy and the current tenancy show a change in utilities costs to the charity. This change in costs relates to a change in responsibilities for utilities costs and represents a saving to the charity. The length of the lease being offered to the new tenant also enables the responsibility for the repair and maintenance of the building to become a lease obligation of the tenant.

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 27 April 2023**