

Report to Memorial Centre Committee 2nd February 2021

Arrangements for the Leasing of the Café at the MMC

1. **Summary** This report explains the situation with regard to the decision taken in September last year to 'rent the café unit at the MMC and updates members on recent developments.
2. **Recommendation** It is recommended that at this stage a decision on the future of the Cafe is deferred until the Business Plan has been agreed.
3. **Previous decision** at the meeting of the MMC Cttee on the 3rd September 2020 you resolved; Minute 15.2

that the café unit would be offered for rental and that the Clerk contact the Council's letting agents regarding the proposed rent charge for the unit.

There was no actual agreement to lease at this meeting so the Council is not fettered by this decision.

4. **Current position** Since that time the MMC Committee on the 25th January 2020 has taken the decisions to commission further work on the legal structure and relationships between the Council the centre and the WMT.

Implicit in these is the ability of the Centre to be self-managing and to operate as a complete entity. Separating off the café unit at this time, which whilst potentially achieving some short-term income could constrain the longer time operation and success of the Centre. There are also other significant issues, including the lack of toilet provision in the Café unit, meaning the Centre toilets would need to be used with staffing implications for the opening of the whole Centre whilst the café is running.

5. **Comments of our Business Planning consultant** Following a meeting of the MMC staff the Business planning consultant and the Clerk Ian Morrell issued the following advice.

"As we discussed I am now looking at the detailed numbers regarding the MMC Business Plan. The Cafe has emerged as an issue which I need to raise with you urgently.

Operationally, the Cafe is not self-contained because it does not have a toilet, and so the rest of the building needs to be staffed to fit with the cafe opening hours in order that the main toilets are always available. It also has implications for the idea of a second bar for certain events. There is the option of including in the lease that the MMC might use the space as and when a second bar was required, but a potential tenant is likely to

regard this as unreasonable as they would lose control of a space for which they are paying.

Financially, I am concerned that leasing the Cafe might have a negative impact on the Business Plan. Whilst there is the obvious attraction of a stable, predictable income from a tenant, this could be a lost opportunity for generating significant profit from the MMC controlling the Cafe, either by directly employing staff or by contracting with a local firm to run it. In both cases the MMC will be able to control the provision of a second bar, and the profits which would result. We have also discussed the potential for limited catering for certain types of events.

In other words, a decision to have a tenant might forego potential significant profits, and will certainly have operational repercussions which will inhibit the potential of the Business Plan. I am not saying that leasing the space should not be considered, just that this needs to be done in the context of all the options and the projected financial and operational implications of each, which need to be fully understood before a final decision is made.

In conclusion, any decision to lease the space now has a direct impact on the Business Plan and the day to day operations. At this stage what I am saying is that a decision on the future of the Cafe must be deferred until the Business Plan has been agreed”.

6. These views are also shared by the staff at the Centre who said:

- The café is an integral part of the MMC and it's ability to create revenue.
- A lot was learned during the time the café was previously tenanted and we feel really strongly that this isn't the best route for the benefit of the MMC.
- As it stands we currently don't have a downstairs bar and this does have an impact on bookings
- We also get asked a lot if we can provide food or buffets for private functions so being able to offer this could potentially increase bookings and the revenue they generate.
- If the café was available as a bar then we can potentially increase revenue as we would be able to have two separate functions with bars happening in the building at the same time (one upstairs, one downstairs).
- We also get asked a lot if we can provide food or buffets for private functions so being able to offer this could potentially increase bookings and the revenue they generate

Ross Willmott
Locum Clerk
27th January 2020