

## 6. **AWARD OF MILLERS DALE STATION CATERING AND VISITOR INFORMATION POINT LEASE**

### 1. **Purpose of the report**

This report seeks approval to award the Millers Dale Station catering and visitor information point lease to **Blueberry Café (Castleton) Ltd** at a proposed rent of £40,101 per annum (total rent of £120,303 over the 3 year lease) for the period 1 April 2023 to 31 March 2026.

#### **Key Issues**

- **P&R Committee approval is required (Standing Orders 7.D-3) to grant the lease because the term of the lease is less than seven years and the value of the lease rent is in excess of £100,000.**
- **The proposed lease is for a total value of £40,101 per annum for 3 years.**
- **The current lease has a value of £26000 p.a and expires 31 March 2023**
- **The café is an important element of the Millers Dale Station & newly opened Goods Shed operation, providing a significant contribution to the visitor welcome and experience at this site**
- **The Authority must seek to secure sustainable income to support trails management budgets**

### 2. **Recommendation**

1. **That the proposal to proceed to grant a lease to Blueberry Café (Castleton) Ltd at an annual rent of £40,101 per annum (exclusive of VAT) payable quarterly in advance for a term of three years is approved.**

### 3. **How does this contribute to our policies and legal obligations?**

The café is an important element of the Millers Dale Station & Goods Shed operation, providing a significant contribution to the visitor welcome at that site. Income from the café lease supports the Authority's Corporate Strategy outcome of "A National Park Loved and Supported by Diverse Audiences" by generating sustainable income, contributing to KPI13 and supporting the ongoing management of the Monsal and other trails in the Authority's ownership.

The successful tenderer Blueberry Café (Castleton) Ltd will be offered a three year lease.

The recommendations in this report seek to ensure that income from this source can be reasonably assured and that quality food and beverage provision is provided at a high standard.

### 4. **Background**

Blueberry Café (Castleton) Ltd are the current lessees having operated the café lease from opening on 3 April 2019, coinciding with when the centre opened to the public. The lease was for a 3 year period to 3 April 2022 with the option of a fourth year dependent on all conditions of lease being fulfilled. The optional fourth year was approved, they have since been awarded a further 1 year lease.

The Invitation for Rental Tender for a lease of the café at Millers Dale Station was advertised on the open market via the Authority's website and closed on 16<sup>th</sup> December 2022. It was stated in the tender pack that tenders would be evaluated with a weighting of 80% in respect rental value offered and 20% weighting in respect of quality criteria set out in the Form of Tender. After evaluation, the recommendation is to award to Blueberry Café (Castleton) Ltd.

Blueberry Café (Castleton) Ltd provided the highest scoring tender for rental income offering £40,101 per annum This equates to £120,303 over the three year period and is above the current rental figure of £26,000pa.

Blueberry Café (Castleton) Ltd provided a detailed response which addressed, in some detail, all or the majority of our requirements including a high quality menu, customer experience, locally sourced products, sustainability and the environment.

The evaluation was undertaken by two officers; following evaluation and adding together scores for (1) rental offer (2) quality, Blueberry Café (Castleton) Ltd achieved the highest score of 92/100

## **5. Proposals**

The proposal is to proceed with the lease to Blueberry Café (Castleton) Ltd at £40,101 per annum paid quarterly in advance for three years.

It is proposed to offer the lease to Blueberry Café (Castleton) Ltd on the basis of their commitment to developing and enhancing the visitor experience and services for visitors at Millers Dale and the Monsal Trail, to using local producers wherever possible and commitment to the environment.

The lease includes a number of Key Performance Indicators that strive to set out the standards that the tenant is expected to meet. This will be monitored at least quarterly by officers and any required improvements will be actioned in line with the lease requirements. The cleaning of the public toilet facilities also forms part of the terms of the lease.

### **Are there any corporate implications members should be concerned about?**

## **6. Financial:**

The tender process for the lease has been an open process and is therefore reflective of what the market is willing to pay for the lease of the site and therefore reflects best value.

A financial due diligence assessment has been undertaken on the proposed tenant and their financial situation has been found to be satisfactory.

Income from the site is kept within the trails budget so all income is reinvested into either the Monsal or other trails owned by the Authority. This income forms an important contribution towards the ongoing management of the site and trails.

## **7. Risk Management:**

The tender at £40,101 per annum exceeds the current £26,000 annual lease.

The current economic situation, increasing energy and food costs presents some risk that the café operation will not be as successful as anticipated by the tenderer. However the successful tenderer states in their return that, as an established business they have anticipated this and have allowed for it in their response. Close liaison will be maintained with the tenant throughout and the supply of turnover data as required by the lease will allow closer scrutiny should this be deemed necessary.

The lease includes a break clause whereby the tenant may give 4 months' notice to the Authority to terminate the lease. The Authority has the usual Landlord rights to forfeit the lease in the event of non-payment of rent, material breach of covenant or insolvency etc.

The recommendations contained in this report seek to minimise the financial risk to the Authority for the period 2023 to 2026 financial years by securing income from the Millers Dale Station & Goods Shed Refreshment Room whilst maintaining a refreshment service on site.

**8. Sustainability:**

See climate change section below.

The lease contributes toward the financial sustainability of the trails and the economic and social sustainability of the local area through providing employment, meeting the needs of visitors and local residents.

**9. Equality, Diversity and Inclusion:**

No issues to consider

**10. Climate Change:**

1. How does this decision contribute to the Authority's role in climate change set out in the UK Government Vision and Circular for National Parks?

a. Educators in climate change

The site has a number of landscape sensitive renewable installations on site including a biomass boiler providing heating to the café and solar PV panels on the goods shed roof contributing to the electrical load of the site. This is promoted through the interpretation within the goods shed which forms part of the visitor offer at the site.

b. Exemplars of sustainability

The lease and KPIs include a number of measures that require the tenant to operate in such a manner so as to reduce its environmental impact. Blueberry Café (Castleton) Ltd are accredited to the Peak District Environmental Quality Mark (EQM).

c. Protecting the National Park

The lease includes clauses whereby the tenant must provide visitor information services as specified by the Authority. This contributes towards the Authority's aim of engaging visitors with the National Park.

d. Leading the way in sustainable land management

N/A

e. Exemplars in renewable energy

As described above, the renewable installations are examples of best practice for this type of installation within a heritage asset and have been approved by planning committee as such. The solar PV panels are roof integrated and run

from verge to verge which the biomass boiler is housed within the old tool store and therefore has minimal visual impact.

f. Working with communities

The provision of facilities for a business at the site increase opportunities for local employment which are currently limited.

2. How does this decision contribute to the Authority meeting its carbon net zero target?  
The site forms part of the Authority's operational emissions calculation so any energy use reductions made here will be reflected in the progress towards this target.

3. Are there any other Climate Change related issues that are relevant to this decision that should be brought to the attention of Members?

None

**11. Background papers (not previously published)**

None

**Appendices**

None

**Report Author, Job Title and Publication Date**

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