

Meeting: Overview and Scrutiny Board

Date: 14 October 2026

Wards affected: Cockington with Chelston, with wider implications for Torbay's visitor economy, cultural and heritage offer

Report Title: Cockington Court: Update on the Review of the Operating Model

When does the decision need to be implemented? Not applicable. This is a scrutiny and assurance update. No decision on the future operating model is requested through this report.

Cabinet Member Contact Details: Councillor Chris Lewis, Cabinet Member for Place Development and Economic Growth

Director Contact Details: Alan Denby, Director of Pride in Place

1. Purpose of Report

- 1.1 This report provides the Overview and Scrutiny Board with an update on the new operating model for Cockington Court. It explains the financial and operational reasons for the review, the options considered and the work underway to develop a more sustainable operating model for the site.
- 1.2 It also updates the Board on staff consultation, tenant engagement, interim site-management arrangements and marketing for a potential longer-term operator.
- 1.3 This is an update and assurance report: the Board is not being asked to approve a change to the operating model or make a formal decision on Cockington Court's future management. The report, subject to staff consultation, distinguishes the current position from proposals, interim arrangements, longer-term options and matters that may require a later formal decision.

2. Reason for Proposal and Benefits

- 2.1 Cockington Court is a much loved and important heritage, visitor and business destination. It provides accommodation for artists, makers and other craft style businesses and forms part of the wider visitor offer at Cockington.
- 2.2 The Council intends to retain ownership of Cockington Court. The current work is focused on identifying a more effective and sustainable way of managing and operating the site. No preferred external operator has been identified.
- 2.3 The review was initiated because the current operating model is financially unsustainable and has not delivered sufficient strategic or economic benefit to justify the continuing level of Council subsidy. Previous activity to increase income has included room hire, weddings, visitor

activity, events and the Visitor Welcome Point. While there have been successes, these have not closed the financial gap.

- 2.4 The July 2026 options appraisal reported an estimated operating deficit of £58,500 based on 2025/26 figures. This was based on expenditure of £190,000 and income of £131,500. These figures excluded some relevant costs, including salary costs held within the Economic Development budget and certain repairs and maintenance expenditure held elsewhere.
- 2.5 The appraisal stated that full occupation of the commercial units could generate rental income of approximately £172,000 a year. At that time, seven units were vacant, representing estimated foregone income of approximately £35,000 a year.
- 2.6 The café made an operating loss of £21,000 in 2025/26. A forecast for 2026/27 anticipated a net profit of £8,000. On the assumption that this forecast was achieved, the combined no-change position was estimated to be an annual deficit of approximately £50,500.
- 2.7 The estimated repairs and maintenance backlog for the Mansion House and wider building envelope falls outside of the deficit figures. The exact level, timing and funding of future works will need to be kept under review.
- 2.8 The proposed direction is a phased approach. Subject to staff consultation and confirmation of safe and workable interim arrangements, the Council would reduce its direct day-to-day operational functions. The elements of activity linked to the tenanted property, not already with the Asset team, will pass to them under an agreed schedule of responsibilities.
- 2.9 Alongside this, the Council intends to market for a partner to operate Cockington Court under a long lease. The operator would need to demonstrate the capability to manage the site, work with tenants, respect its heritage and establish a sustainable operating model.
- 2.10 The emerging operator framework currently identifies 1 April 2027 as the intended date for a successful operator to assume responsibility. This remains dependent on the market process and any necessary Governance approvals.
- 2.11 If a suitable operator is not identified, alternative arrangements could include separate leasing of the café, stables, visitor hub and other suitable areas, alongside management of the remaining tenanted estate by the Council.
- 2.12 The proposed approach is intended to reduce the Council's ongoing financial exposure; place the interim responsibility for the tenanted estate within a property and asset-management arrangement; provide clearer management and reporting routes for tenants; retain Council ownership; test whether a capable partner can operate and improve the site sustainably; protect its heritage significance; and retain flexibility if a suitable whole-site arrangement cannot be secured.

3. Current Position and Interim Arrangements

- 3.1 Formal staff consultation has been initiated in relation to the proposed changes. The detailed employment implications are being managed through the Council's change-management process and are not set out in this public report.
- 3.2 The change proposal would end the day-to-day Economic Development operation at Cockington Court, including operation of the Visitor Welcome Point, once consultation,

communications and interim arrangements are complete. It would transfer the tenanted property to the Council's Assets function under an agreed responsibility schedule.

- 3.3 The change would not be implemented until responsibilities for tenant management, health and safety, building inspections, facilities, public areas, security and incident response had been confirmed as workable and properly resourced.
- 3.4 The current proposals do not involve selling Cockington Court. Existing tenants will continue under their current leases and access arrangements unless formally advised of a change.
- 3.5 The café is expected to remain open to the public. Visitors will continue to be able to visit artists' and makers' studios. The use of Cockington Court as the Council's principal venue for weddings and other ceremonies is expected to continue unchanged under the current proposals.
- 3.6 A tenant handbook is being developed to provide contact details, clarify responsibilities and set out routes for raising or escalating issues. It is expected to cover landlord matters, facilities, health and safety, security, and emergencies.
- 3.7 The interim arrangements will be documented and agreed before any operational change. They will cover tenancy and lease matters, building inspections and compliance, health and safety, facilities management, security and emergency response, opening and access arrangements, repairs and maintenance reporting, and escalation routes.

4. Recommendation(s) / Proposed Decision

- 4.1 That the Overview and Scrutiny Board notes the financial and operational position at Cockington Court and the reasons for changing the current operating model.
- 4.2. Notes the progress of staff consultation, tenant engagement and work to confirm safe and workable interim management arrangements.
- 4.3. Notes the options considered and the work underway to develop a more financially sustainable arrangement while retaining Cockington Court in Council ownership.
- 4.4. Notes the proposed marketing to establish a whole-site operator under a long lease, with separate leasing arrangements retained as a possible alternative if a suitable whole-site arrangement cannot be secured.
- 4.5. Notes that any future arrangement will need to address financial viability, heritage stewardship, tenant management, operational capability, building responsibilities and the experience of residents and visitors.
- 4.6. Requests a further update following the conclusion of the relevant consultation and market-testing work.

5. Appendices

- 5.1 None

6. Background Documents

6.1 None

7. Options under consideration

Option 1: Retain the current operating model

This option would retain the Council's existing direct operational role, including the current management structure and Visitor Welcome Point. It would provide continuity and avoid immediate operational change. However, it would not address the underlying financial deficit, the level of Council subsidy or the need for a more sustainable long-term arrangement.

Excluding any staff costs, the July options appraisal estimated a combined annual deficit of approximately £50,500 under a no-change scenario, assuming that the café achieved its forecast £8,000 profit for 2026/27. The appraisal also identified costs and liabilities that were not fully reflected in that figure. For these reasons, maintaining the current arrangements without change is not the preferred direction.

Option 2: Revised Council operating model and market for a new operator

This is the preferred direction currently being developed. Subject to staff consultation and completion of interim arrangements, the Council would reduce its direct day-to-day operational role. The tenanted parts of Cockington Court would be managed through the Council's Assets function, with clearly allocated responsibilities.

At the same time, the Council would market for a whole-site operator through a long lease. The Council would retain ownership of Cockington Court. This provides an opportunity to reduce operating exposure while retaining flexibility and testing whether another organisation can offer the capability, investment and commercial approach needed to develop the site sustainably. If no acceptable whole-site proposal is received, separate leasing of individual facilities and spaces would remain available as a fallback.

7. Financial Opportunities and Implications

7.1 Excluding staff costs, the options appraisal reported 2025/26 expenditure of £190,000 and income of £131,500 for Cockington Court, giving an estimated deficit of £58,500 t.

7.2 Potential rental income at full occupation was estimated at approximately £172,000 a year. Seven vacant units represented estimated foregone income of approximately £35,000.

7.3 The café recorded an operating loss of £21,000 in 2025/26. Its forecast for 2026/27 anticipated a net profit of £8,000.

7.4 Future responsibilities for planned maintenance, reactive repairs, compliance work and capital investment will need to be clearly allocated in any lease or operating arrangement.

8. Legal Implications

8.1 Legal advice will be required on the form and terms of any long lease, including the extent of the site, existing occupational arrangements, heritage restrictions, repair responsibilities, access rights and protections for the Council.

- 8.2 Existing leases and contractual arrangements must be identified and reflected in the proposed structure.
- 8.3 The Council will need to be clear that it is offering a property opportunity through a lease rather than purchasing defined services and outcomes from an operator. If the Council specifies services or outputs that it is buying from the operator, then a procurement is required.
- 8.4 Employment implications are being managed through the Council's formal consultation and change-management arrangements.
- 8.5 Legal advice and completion of the necessary Governance arrangements will be required before any binding commitment is made to a preferred operator.

9. Engagement and Consultation

- 9.1 Staff consultation is being undertaken through the formal change-management process. The outcome has not been predetermined.
- 9.2 Tenants were invited to a meeting to explain the proposed business plan, the reasons for the review and anticipated next steps.
- 9.3 Tenant engagement will help develop practical arrangements for reporting issues, security, access, events, marketing, visitor information and emergency response. Feedback will also inform the tenant handbook and market-testing process.
- 9.4 The Council will continue engaging tenants as proposals develop, including providing clear written information for those unable to attend meetings.
- 9.5 Communications will continue to make clear that Cockington Court is not being sold under the current proposal; the Council intends to retain ownership; the cafe will remain open, no preferred partner has been selected; staff consultation remains underway; current tenant arrangements remain in place unless formally changed; and interim responsibilities will be confirmed before implementation.

10. Procurement and Property Implications

- 10.1 Work is underway to define the opportunity for a potential operator and the proposed area to be included in any lease.
- 10.2 The emerging framework seeks proposals from organisations with the vision, capability and commercial approach to operate and develop Cockington Court as a financially sustainable destination.
- 10.3 Before marketing, the Council will need to agree the site and property included, legal route, required, financial due diligence and governance route.
- 10.4 No preferred operator has been identified. The marketing exercise will set out the proposals that any potential operator has for the site.

11. Protecting our Naturally Inspiring Bay and Tackling Climate Change

- 11.1 Cockington Court is part of a sensitive historic and natural environment. Any future arrangement should protect the character and heritage of the site and take account of the surrounding landscape.
- 11.2 Any future operator will be encouraged to consider energy and water use, waste, sustainable travel, biodiversity, the environmental impact of events and visitor activity, building resilience and the requirements of heritage buildings.
- 11.3 Proposals should demonstrate how any required investment will be funded.

12. Associated Risks

- 12.1 Financial sustainability: The operating deficit may continue if the transition is delayed or an operator cannot be identified. Savings may also be lower than forecast if the Council retains property, compliance, facilities, security or emergency-response responsibilities. Financial assumptions and retained costs will be refreshed before implementation. Indicative status: to be monitored.
- 12.2 Market interest: No suitable whole-site operator may come forward, or proposals may not be financially viable. Separate leasing of suitable areas remains a fallback option.
- 12.3 Building condition: The maintenance backlog creates a risk of unplanned costs, disruption and reduced attractiveness to operators. Up-to-date condition information and clear repair obligations will be required. Indicative status: to be monitored.
- 12.4 Interim management: Unclear accountability during transition could affect tenants, health and safety, security, inspections, public access or emergencies. No operational changes are proceeding until responsibilities are documented, assigned and resourced.
- 12.5 Tenants and businesses: Uncertainty may affect confidence, business planning and relationships. Regular communication, a tenant handbook, named contacts and transparent updates will help manage this.
- 12.6 Heritage and reputation: Changes to access, management or events may attract public and media interest. Communications should explain the reasons for the review, the intention to retain ownership and the safeguards for tenants, heritage and public use.
- 12.8 Programme and capacity: The work requires input across Council services. A coordinated programme, named responsibilities and clear governance has been required.

13 Equality Impact Assessment

- 13.1 A separate Equality Impact Assessment has been prepared in relation to the proposed change. It will be reviewed and updated as the operating arrangements and any effects on access become clearer.
- 13.2 The assessment should consider potential effects on disabled visitors and tenants; older people and people with limited mobility; people who rely on accessible information or support; people without digital access; families and carers; people using the Court for ceremonies, events or community activity; tenants, workers and volunteers; and residents and visitors affected by changes to opening or access.
- 13.3 The proposed restriction of general public access to parts of the main house may affect groups differently. These effects should be considered alongside arrangements for the café, studios, ceremonies, events, toilets, parking, paths and other public areas.
- 13.4 Mitigation should include clear and accessible information; maintaining accessible routes wherever reasonably practicable; consulting affected tenants and users; providing more than one way to contact the Council or operator; considering equality and accessibility when assessing proposals; and reviewing the assessment before any material change.
- 13.5 The Equality Impact Assessment will remain a live document during consultation, market testing and implementation.

14. Cumulative Council Impact

14.1 The proposed change affects Economic Development, Assets, Finance, Legal, Procurement, Human Resources, Communications, Facilities Management and Health and Safety. The reduction of one operational function may create additional responsibilities elsewhere. These impacts must be identified and resourced so that savings are not overstated or achieved by transferring unfunded responsibilities to another service. Any future arrangement should be considered alongside the Council's wider work on culture, heritage, the visitor economy, asset management and financial sustainability.

15. Cumulative Community Impacts

15.1 Cockington Court supports tenants, artists, makers and visitor-facing businesses. Changes may affect footfall, events, visitor information and the way businesses receive support or report issues. There may be wider effects on the Cockington visitor offer, neighbouring organisations and businesses, and Torbay's cultural and heritage profile. A sustainable operator could improve all of these, create opportunities for investment, stronger programming, collaboration and improved use of the site. These benefits cannot be assumed and will need to be tested through the market process.