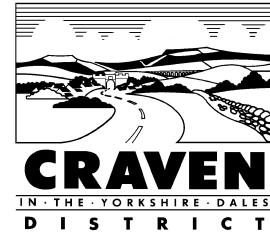


Policy Committee – 1st November 2016

SKIPTON TOWN HALL – BAR AND CATERING PROVISION



Report of Director of Services

Lead Member; Councillor S Myers

Ward(s) affected: All Wards

1 Purpose of the Report

To consider options for the provision of bar and catering facilities in Skipton Town Hall

2 Recommendations

Members are recommended to:

- 2.1 Agree the preferred option for the provision of bar and catering facilities in the Town Hall is for a partnership with a commercial provider and authorise the Director of Services to seek expressions of interest from potential partners.
- 2.2 Request a report to March 2017 Policy Committee detailing the outcome from the evaluation of expressions of interest and enable a decision to be made on the preferred partner.

3 Introduction

- 3.1. Skipton Town Hall is of significant historical importance, located in a prominent position on the High Street in Skipton and restoring the Hall as a sustainable and vibrant community venue is a key priority in the Council Plan. Once its future is secured the Town Hall will be a destination for the use and enjoyment by the whole of the Craven District, improving the economic and social vitality of the area.
- 3.2 The Main Concert Hall is at the heart of the next phase of development. Members of September 2016 Policy Committee were presented with findings from a feasibility study that concluded in order to generate and sustain the potential audience levels a number of improvements were required to modernise the Concert Hall. In response Members approved the commencement of a second major phase in the

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re-development of the Town Hall to significantly upgrade the Main Concert Hall, backstage rooms and explore the potential to extend the rear of building, animating the rear of the Town Hall and the ginnell leading from Jerry Croft. Design work is now underway and on track to report detailed proposals to Members of Policy Committee in March 2017.

- 3.3 The feasibility study also highlighted the current limited bar and catering provision which is only provided if requested by the hirer. Its current location is not ideal and provision of permanent pre/post and intermissions bar and catering facilities are considered pivotal to the future sustainability of the Hall.
- 3.4 The study recommended any bar / catering provision should be considered in addition to existing front of house space which is under pressure and proposed the front corner unit of the Town Hall be used to create a crush bar and daytime café. This unit is in an ideal position and would complement the flow throughout the building, relieve the pressure on the narrowness of the entrance hall which would need to manage audiences of around 280 and could be designed as a crush bar, café, meeting space where creative people could meet and network, or provide more intimate performances when the Concert Hall is not in use – this not only encourages creative development and nurturing of new artistic talent in the area, but also provides further secondary spend opportunity.
- 3.5 The café / bar's location within the Town Hall and how it complements the flow throughout the building are being considered as part of the design work that is now underway. This report explores the delivery model options available to the Council for the operation of the future bar and catering facilities.

4 Business Case

- 4.1 To establish the likely investment required and potential return research has been carried out with possible partners, restaurant owners, chefs and from observations of existing café provision. This has enabled illustrative costs to be prepared to establish the business case.
- 4.2 To inform customer numbers reference has been made to the Skipton Town Centre Health Check Report February 2016, 2015/16 performance indicator returns for the Tourist Information Centre and Museum and throughput at a similar arrangement in South Lakeland.
- 4.3 Table 1 below sets out the indicative capital investment requirement. These costs and estimates are illustrative and final costs will be dependent on the final specification for fit out, level of kitchen required and menu offered. A full cost proposal would need to be sought as part of any expression of interest process.

BAR / CAFÉ INDICATIVE CAPITAL INVESTMENT REQUIREMENT	
Item	£
Fit Out (plumbing, electrics, infrastructure, walls, decoration etc)	87,000
Fixtures and Fittings (fixed bar/service area, in-built music system, refrigeration storage for basement, CCTV, alarm, WiFi)	39,500
Kitchen	25,000
Equipment (furniture, epos & waiting staff service points, cutlery/plates/cups/glasses, glass washer, ice & coffee machines & grinder, juicer & blender – industrial, hot water boiler, uniforms)	29,500
Total	181,000

Table 1

- 4.3 Table 2 sets out the indicative income and expenditure. Similarly the final figures will be dependent on the menu offered and the number of events in the Town Hall programme.
- 4.4 The potential customer base used in table 2 is conservatively estimated, but not guaranteed. The figures are based on the following calculations/ estimations:
- Existing Annexe 'café' audience estimated at 400 per week (20,080 per year)
 - Skipton TIC visitors x 70,000 per year, target to translate 10% to café customers
 - Museum visitors x 60,000 per year, target to translate 10% to café customers
 - Creative programme target audience 6,240 year 1, 12,480 year 2, 18,720 year 3
 - Passing trade average 4020 per week, target to translate 10% to café customers

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CAFÉ / BAR INDICATIVE INCOME AND EXPENDITURE			
Item	Year 1 £	Year 2 £	Year 3 £
Expenditure			
Staffing Costs (Duty Manager, Assistant Manager, Casual Hours covering 16 per day / 2 shifts over 6 days)	73000	73000	73000
Running Costs	12000	12000	12000
Costs on Interval Bars	4680	9369	14040
Costs on general customer catering provision (based on average £2.50 per head)	134960	134960	134960
	224640	229329	234000
Income			
53,984 general customers based on existing cafe provision in building, plus bar etc. spending @ £5 per head average	(269920)	(269920)	(269920)
Interval bar customers of 6240 @£3 per head average increasing in years 2 & 3 as audience develops	(18720)	(37440)	(56160)
	(288640)	(307360)	(326080)
Surplus	(64000)	(78031)	(92080)

Table 2

- 4.5 Income from general customers in years 2 and 3 does not factor in potential market growth. Similarly years 2 and 3 do not take into account the possible closure of the Museum for development as part of the Heritage Lottery funded project.
- 4.6 Based on year 1 surplus the pay-back period on investment would be 3.51 years indicating the proposal for a bar and catering business in the Town Hall is a viable proposition.

5 Options

- 5.1 Four potential delivery models for the provision of bar and catering facilities within the Town Hall have been assessed ranging from a wholly Council operation with the Council taking all the risk and any surplus to a full outsource. The delivery model options and their strengths and weaknesses are detailed in table 3 below.

CAFÉ / BAR OPTIONS APPRAISAL		
Option	Strengths	Weaknesses
Council Owned and Managed	<p>Wholly within Council control</p> <p>Council take all surplus</p> <p>Good location, footfall already, night-time economy growing and Council can market as part of Town Hall brand</p>	<p>Council has limited experience of running bars cafes etc.</p> <p>Council assumes all the risk</p> <p>Council need to invest capital to fit and furnish unit and employ staff</p> <p>High number of cafes already in the area and potential competition within the building.</p>
Partnership	<p>Council gets hospitality expertise without paying a fee</p> <p>CDC receives share of any surplus</p> <p>Partner responsible for operational management</p> <p>Reduced risk</p> <p>Opportunity for co-branding</p>	<p>Investment from Council needed.</p> <p>Council takes on a proportion of the risk if visitor numbers not achieved</p> <p>High number of cafes already in the area and potential competition within the building.</p>
Outsource	<p>Council gets hospitality expertise without paying a fee</p> <p>Minimal risk</p> <p>Council receives a rental income</p>	<p>Outsourced operator would likely expect to come into a unit fit for purpose so Council investment required.</p> <p>Any income generated goes to the outsource contractor</p>
As is	<p>No investment needed from Council</p> <p>Revenue from rental income approx. £15k - £20k pa generated for the Council</p>	<p>Risk tenant not bar and catering provider causing pressure on space for reception and intermission facilities (unless use restricted to bar / café with agreement to service the Town Hall Programme)</p> <p>Reduces opportunity for secondary spend income for the Council</p>

Table 3

- 5.2 The potential surplus income that could be generated from the café/bar is attractive particularly within the context of the overall aim of the Town Hall to become a self-financing operation. However based on the level of risk involved, the lack of expertise in the Council in running commercial café/bar operations, the fact that the business is not yet established and the need for capital investment for fit out the recommended option is for the Council to seek a partner with a professional bar / catering partner. This way the Council could retain an element of control of the provision of the service and share and any surplus.

6 Next Steps

- 6.1 Both potential partners approached during the soft market research have indicated they would be willing to consider various options for partnership. To test the market fully however it is proposed Members authorise the Director of Services to prepare a specification and seek expressions of interest from potential partners.
- 6.2 The expressions of interest will be evaluated with the results and a recommendation brought to Policy Committee in March 2017. The partnership and a fully operational bar / catering facility could then be open for business from September 2017.
- 6.3 It is not foreseen that the new bar / café would have a role within the current arrangements for charitable organisations. The current 'café' system operates at a financial disadvantage to the Council, although it is a benefit to the local community. This arrangement however would not suit a commercial partner.
- 6.4 Recognising the importance of the use of the Town Hall as a community venue for fund raising instead, alternative ideas and options for fundraising in the building will be offered to existing charitable organisation users in addition to the new café. First draft ideas include fundraising from shows and concerts using the newly refurbished Concert Hall, plus charity auctions and Bake-Off style competitions with large scale bake sales etc. These hires would be offered at a discounted charitable rate and idea formats/guidance would be provided free of charge by the Town Hall Team.

7 Financial Implications

- 7.1 The costs of seeking and evaluating expressions of interest are minimal and can be contained within existing revenue budgets.
- 7.2 If the front corner unit was commercially let by the Council it is projected to generate rental income of £15,000 per annum. Any partnership arrangement would therefore need to provide the Council with at least this amount and the business case indicates this amount could be exceeded if the partnership was a 50:50 arrangement.
- 7.3 Whichever partnership option is selected it is likely capital investment will be required. The proposed expression of interest process will provide a more robust capital estimate and inform a budget provision request as part of the 2017/18 capital programme.

8 Legal Implications

None arising directly from this report

9 Contributions to Corporate Priorities

The development of Skipton Town Hall into a vibrant cultural community venue is a key action in the Council Plan and contributes towards the objective to improve the economic vitality of Craven's market towns and villages under 'Enterprising Craven'.

10 Access to Information: Background Documents

Skipton Concert Hall Feasibility Study

11 Author of the Report

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