

 Executive – 31 October 2018		Agenda Item No. 10
Title	Royal Pump Rooms Catering and Events Investment	
For further information about this report please contact	David Guilding david.guilding@warwickdc.gov.uk	
Wards of the District directly affected	Leamington wards – direct impact	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No. Confidential Appendices with commercially sensitive information are attached.	
Date and meeting when issue was last considered and relevant minute number	Executive 31 st May 2018, Item 9	
Background Papers	Collaboration Agreement, Creative Quarter Project	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes 932
Equality Impact Assessment Undertaken	No
N/A – no change in policy of minimum service standards	

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	11/10/18	Bill Hunt
Head of Service	10/10/18	Rose Winship
CMT	11/10/18	Chris Elliott/Andrew Jones/Bill Hunt
Section 151 Officer	10/10/18	Mike Snow
Monitoring Officer		Andrew Jones
Finance	10/10/18	Mike Snow
Portfolio Holder(s)	10/10/18	CLlr Coker
Consultation & Community Engagement		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. Summary

- 1.1 This report follows on from proposals, first brought to Executive for consideration on 31st May 2018, to improve the catering and events offer at one of the Council's key town centre assets in Royal Leamington Spa, the Royal Pump Rooms.
- 1.2 This report seeks approval to draw down additional funds in order to enable the full scheme of refurbishment works required. Executive has previously approved a total allocation of up to £250,000 (£150,000 drawn from the Corporate Assets Reserve and £100,000 from the Service Transformation Reserve) in order to invest in the catering and events offer at the Royal Pump Rooms and to improve the building's public toilet facilities.
- 1.3 Since this report was first considered by Executive in May 2018 DarntonB3 Architecture has been appointed to design the scheme and oversee the project, further surveys of the Royal Pump Rooms catering and events spaces have been carried out, and detailed negotiations with the incoming catering and events provider, Just Inspire, regarding the priorities of their proposed business model have taken place.
- 1.4 Detailed surveys of the catering and events spaces at the Royal Pump Rooms revealed a greater than expected level of dilapidation which will require extensive restoration and decorative work. It is now estimated that the total cost of the works required to restore the Council's asset to an acceptable level will cost up to £320,000.
- 1.5 The total budget required to complete the project is £320,000 and so approval for an additional allocation of up to £70,000 is required.
- 1.6 Executive has previously agreed to allocate £100,000 from the Service Transformation specifically for investment into the catering and events spaces and £150,000 from the Assets Reserve specifically to refurbish the Royal Pump Rooms public toilets. In order for the funds to be best utilised it is necessary for Executive to agree that they may combined and spent on any element of the project.

2. Recommendations

- 2.1 That Executive approve an additional allocation of up to £70,000 from the Corporate Assets Reserve in order to fund the refurbishment and restoration of the catering and events areas at the Royal Pump Rooms.
- 2.2 That, subject to 2.1, Executive allow the use of these funds, and the funds allocated previously, to be utilised for the refurbishment of the public toilets, Assembly Room, Café, Annexe and associated circulation spaces as required.
- 2.3 That, subject to approval of recommendation 2.1 and 2.2, Executive delegate authority to the Arts Manager and Head of Cultural Services, in consultation with the Portfolio Holder for Culture, to draw down these funding allocations to allocate to the project however it is required.

3. Reasons for the Recommendations

- 3.1 The Council currently has a catering concessions agreement incorporating events in place with Crown Holdings Limited (operating as 'Kudos Know How') at the Royal Pump Rooms and the Glasshouse in Jephson Gardens. The contract extension currently in place will expire on 28th February 2019. However, Kudos' management have made a formal request to the Council to exit the contract extension earlier than planned on 23rd December 2018 after the Christmas trading period. While the Council is under no obligation to agree to this, Officers would support an early exit as it would allow the Council the opportunity to carry out necessary restoration work and invest in the operation before the new Catering & Events Provider, Just Inspire, is due to begin from site from 1st March 2018.
- 3.2 Trading levels during January and February are consistently much lower than the rest of the year as event bookings and building footfall drop off significantly after the festive season. As a result the loss of income paid to the Council from the catering and events commission would be relatively small and negated by the overall increase in income generated by the new business model over the three year contracted period. There are also currently only two confirmed, contracted events due to take place in the venues in January and February, which normally accommodate a large number of high profile events throughout the remainder of the year. Closing the business for these two months in order to carry out investment works would both minimise the loss of income to the Council and cause the least disruption to the wider building and the programme of local events.
- 3.3 The new catering and events provider, Just Inspire, are able to take occupation from early January and begin trading from 1st March 2019. The detailed financial model they have provided to the Council is based upon the business beginning to trade in full from the first week in March. Any further delay would significantly affect their financial modelling and begin to reduce the Council's financial return. It is therefore essential that any works to the building that would prevent Just Inspire from operating are completed by this date.
- 3.4 Both Complex Development Projects (CDP) and Just Inspire have identified that the Royal Pump Rooms catering offer requires development, offering a place for the local community to use whilst 'emphasising good produce, sourced locally, prepared with care, served with pride and with quality and affordability very much at the forefront'. The performance of the Café in particular has declined in recent years. Just Inspire are of the firm belief that the current catering operation is failing to meet its full potential and that investment in the offer is required in order for it to be competitive in the local market and to generate higher levels of trade.
- 3.5 The proposal from Just Inspire detailing their own investment into the operation and the vision for the business was included in the Executive report 'Catering & Events Concessions Contract - Royal Pump Rooms and Jephson Gardens Glasshouse' brought to the Executive meeting on 31st May 2018, item 9.
- 3.6 An allocation of £100,000 from the Service Transformation Reserve was intended to assist with ensuring that the offer of the new provider is optimised and the financial returns to the Council are maximised. The proposed changes to the catering and events offer present the Council with an opportunity to deliver investment in the Royal Pump Rooms and the Glasshouse in order to increase footfall and improve the overall offering and customer experience for residents and visitors to the district. This will begin to showcase the changes

that the community can expect as the Creative Quarter develops and potentially maximise the financial return from the new catering concessions contract.

- 3.7 A key element of Just Inspire's business model is to introduce additional capacity for the Café and attract greater numbers of customers. They have proposed increasing the number of covers both inside the Café and outside underneath the Colonnade, introducing more tables and chairs so that customers may be seated along the front of the building during the summer months.
- 3.8 Just Inspire also intend to re-open the entrances under the Royal Pump Rooms Colonnade at either end of the building and to reposition them as the primary routes into the Café and events spaces directly from the Parade. These changes will create focused 'arrival points', making the café offer more visible to the public, particularly to visitors from Jephson Gardens and the Parade, and ultimately drive up footfall. The use of these entrances will have the added benefit of also 'opening up' spaces within the building which are currently hidden from sight, allowing better circulation between the various spaces and revealing more of the original architectural features.
- 3.9 It is the intention to transform the current Café environment into an 'orangery' style with a simple, clean but high quality design and offer. As part of this it is the intention to replace the current servery with a much smaller, more contemporary display and counter area. Customers will continue to order at the counter, but meals will be freshly prepared in the kitchen and brought to the table, rather than being displayed and served directly from the servery. The scheme will make a feature of the Café's abundance of natural light from the large windows and skylight and planters will be placed around the space to help create a more intimate atmosphere. These improvements will create a unique offer, reflect the status and heritage of the wider building and make the Café competitive within the local market.
- 3.10 It is also the intention to upgrade the light fittings throughout the catering and event spaces to be more in keeping with the Regency style and increase energy efficiency.
- 3.11 Just Inspire also intend to use the Royal Pump Rooms spaces more flexibly and for multiple events to take place at the same time, as well as increasing the use of the Café space in the evenings for pop up events, pre-event dining or VIP receptions.
- 3.12 The current Annexe bar requires a complete rebuild, which will help to address some of the venue's storage limitations. The Annexe itself requires full redecoration.
- 3.13 The kitchens at the Royal Pump Rooms and the Glasshouse more generally, are in an acceptable state of repair and will not require investment. The outgoing catering and events provider is obliged to replace any missing or broken equipment and the new provider shall purchase all other items required.
- 3.14 Currently the catering and event areas within the Glasshouse and the Royal Pump Rooms are leased to Kudos on a 'maintain and repair' basis and no significant investment has been made by the Council into the fabric of the catering operation for a number of years. While Kudos are obliged by the terms of their lease to restore the Council's equipment and spaces to a comparable

state of condition in which they were provided, it remains the Council's responsibility to maintain its asset in good order and an intervention will be required in order to bring the condition up to the standard expected by the public.

- 3.15 It was originally proposed that, separate from the changes to the catering and events offer, that the Council invested in a re-modelling of the public toilets in the Royal Pump Rooms. Whilst, this will be of benefit to the Café the main driver is to support the goal of the Council's Arts Team to increase footfall and use of the building and position it as a 'creative hub' for the town, an ambition consistent with the wider goal of creating the Creative Quarter. Officers have explored the possibility of creating a fully accessible 'Changing Places' facility for disabled adults and children. However, it was not possible to accommodate this within the existing footprint of the public toilets or elsewhere within the building due to conservation limitations and the location of key services required. A maximum of £150,000 was originally allocated to renovate the Royal Pump Rooms public toilets, but it is now clear that only up to £60,000 of this fund will be required for these renovations specifically. Therefore it is proposed that the remainder be reallocated to the wider refurbishment of the catering and events spaces.
- 3.16 An extensive survey of the catering and events areas revealed that a higher than expected level of restoration work was required. Gradual dilapidation has occurred over the years as successive catering and events contracts have been in place and historic leaks in the roof have caused water damage to the décor. All public spaces within the catering and events areas require redecoration, some of which will require specialist, heritage contractors.
- 3.17 There were also unexpected additional costs early on in the project as it became clear that, given the range of specialist work involved and a lack of resources currently within the Council's Assets team, an external architect would be required to design and oversee the scheme if it were to keep within the timeframe necessary to limit the impact of the works. A full topographical and measured survey of the Royal Pump Rooms also had to be commissioned as only paper plans existed and digital plans were required to create the necessary schedule of works and to apply for Listed Building Consent.
- 3.18 The large proportion of works involved in this project can be delivered by the Council's own maintenance and decoration contractors. The project schedule has been drafted and is achievable within the timeframes, should Executive authorise the allocation of funds.

4. **Policy Framework**

4.1 Fit for the Future (FFF)

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects. This report shows the way forward for implementing a significant part of one of the Council's Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy."

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels
Impacts of Proposal		
Impressive cultural offering which encourages an increase in community led activities and use Re-positions the Royal Pump Rooms as a high quality 'creative hub' for Royal Leamington Spa	Area has well looked after public spaces (the Glasshouse is an integral part of the Jephson Gardens and the Pump Rooms faces onto the Pump Room Gardens) Safe and vibrant town centres where the community feel comfortable at all times	Contributes to a dynamic and diverse local economy Increases visits from day trippers and tourists to the area. Increased income levels and footfall through the site
Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
Impacts of Proposal		
	Focusing on our customers' needs and significantly improving the catering and events offering	Better return/use of our assets Maximize income earning opportunities and seek best value for money

Each strand of the FFF Strategy has several supporting strategies and the relevant ones for this proposal are explained here:

4.2.1 Local Plan

The Vision for the District as supported by the Local Plan (paras 1.30-1.34) is to make Warwick District a Great Place to Live, Work and Visit. Specifically the Plan delivers a Spatial Strategy that, amongst other things, focusses employment, retail, leisure and cultural activities in town centres (1.34). Furthermore, para 5.75 recognises the “multifunctional benefits” offered by sport and recreational facilities noting that “they have a positive impact on people’s quality of life, particularly in terms of their health and wellbeing”. Clearly any activity that reinforces the usage of these facilities is in line with these paragraphs.

4.2.2 Economic/Tourism Impact

For many visitors the Royal Pump Rooms is the first impression of Royal Leamington Spa and as such the site has a high importance for tourism in the area. The Sales & Information area within the Royal Pump Rooms is the Council’s primary face to face visitor information provider. The main entrance has an annual footfall of 500,000, approximately half of which are visitors to the area.

4.3 Changes to Existing Policies

None

5. Budgetary Framework

5.1 The income to the Council from the current catering concessions contract has failed to meet budgeted annual income targets. The total annual income to the Council from the catering concessions contract is budgeted as £77,000 in 2018/19 and for the next three financial years ongoing. Net annual income after expenses is budgeted at £51,400. The financial modelling which shows with impact of the new provider’s business case is included as **Confidential Appendix A**.

5.2 In order to raise the standard of offering to meet customer expectation and to generate additional business some investment is required from the Council. The project’s indicative budgets are included as **Confidential Appendix B**.

5.3 £250,000 was previously agreed for the works, funded £100,000 from the Service Transformation Reserve, and £150,000 from the Corporate Asset Reserve. With the net increase in total costs of £70,000, it is proposed that this additional sum is taken from the Corporate Assets Reserve, which has an unallocated balance of £937,000.

6. Risks

6.1 The primary risk to the project is that the works may overrun. A full schedule or works will be created as part of the design scheme. Much of the work is decorative and relatively straightforward. As it is primarily of a cosmetic nature it is also unlikely to encounter unexpected delays - for example the discovery of asbestos. DarntonB3 have been appointed to oversee this scheme through to completion.

7. Alternative Option(s) considered

- 7.1 Executive could instruct Officers to utilise the £250,000 already allocated from the Service Transformation Reserve and Assets Reserve to fund the necessary repairs and restoration work. This would only fund partially the works necessary to restore the catering and events areas to an acceptable level and would therefore dramatically reduce the ability of the new provider to deliver their business model and improve the level of service and the financial return to the Council. Without these restorative works it is also highly likely that the condition of the building will deteriorate further, at an increased cost.

CONFIDENTIAL APPENDICES:

A Confidential Appendix A – Just Inspire Financial Model

B Confidential Appendix B – Project Indicative Budget