

Title: A follow up report looking into the progress made by Just Inspire in terms of their recovery

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Portfolio Holder: Councillor Liam Bartlett

Wards of the District directly affected: N/A

Summary

It was agreed at a previous meeting of the Finance and Audit Scrutiny Committee that a report would be brought to a future meeting to set out the progress of Just Inspire in operating the Glasshouse Restaurant, and reporting their recovery after the Covid-19 pandemic.

Recommendation(s)

- (1) That members of the Finance and Audit Scrutiny Committee note the report and highlight any specific issues that they would like the Culture, Tourism and Leisure PAB to consider when they discuss this report on 11th November 2021.

1 Background/Information

- 1.1 Just Inspire, a local, independent, family-run business was appointed to manage the catering and events operation at various Council sites in January 2019 as part of a tripartite Catering and Events Concessions contract between the Council's Creative Quarter regeneration partner, Complex Development Projects (CDP), Just Inspire and the Council.
- 1.2 The Catering & Events Concessions contract encompassed the Restaurant in the Park (part of the Glasshouse in Jephson Gardens) and the Café, Assembly Rooms and Annexe at the Royal Pump Rooms. The Council benefitted financially from commission on all income generated by the contract and through a proportion of overheads for those venues being charged back to the catering and events provider.
- 1.3 Since they first began trading in March 2019 Just Inspire encountered significant challenges in developing the functions and events aspect of the business at the Royal Pump Rooms and therefore revenue had been much lower than anticipated. As a result, in September 2019 Just Inspire indicated to the Council that they would become insolvent by the end of October 2019 if no action was taken. Whilst Just Inspire had proven to be an excellent catering and events partner for WDC, with exceptionally positive customer feedback and had met the detailed expectations of the Catering & Events Concessions contract specification, they anticipated a significant gap in their cash flow and issued the stark warning that this was so severe that the business would become insolvent.

- 1.4 In order to mitigate the potential impact of the catering provider being unable to deliver the Catering and Events Concessions contract was varied in late 2019 in order for Just Inspire to be released from operating the Royal Pump Rooms café and Assembly Rooms. Since that time, they have operated the Glasshouse restaurant as a standalone operation.
- 1.5 The Royal Pump Rooms Assembly Rooms and Annexe events spaces have since been directly managed by WDC's Arts team.
- 1.6 Since 1st June 2020 the Royal Pump Rooms café has been rented by a local café operator, The Larder, on a 5-year lease agreement. The opportunity was advertised in November 2019 and attracted a great deal of interest from local businesses. The rental level was assessed and set at a competitive market rate by the Council's independent property advisor. Although the commencement of the lease was delayed by three months due to the Covid-19 pandemic, the café is now thriving and has become an asset to the Royal Pump Rooms.

1.7 **Performance of Just Inspire**

- 1.7.1 Just Inspire had accrued a debt in the region of £53,000 to Warwick District Council by the end of 2020. Just Inspire committed to repaying this debt through a structured repayment plan by the end of the contract period. It became necessary to pause this repayment plan during the Covid-19 pandemic as the resulting Government restrictions made it impossible for Just Inspire to trade. There was no trading at all between January 2021 to the end of April 2021. The end date of the Catering and Events Concessions contract was subsequently extended in January 2021 to the maximum length permitted by the terms of the Extension Clause to 4th January 2024 in order to allow adequate time for the repayment plan to be completed. The outstanding amount is currently £40,643 and this began to be paid off again on a monthly basis from July 2021. The full amount will be paid by the end of 2023.
- 1.7.2 During the Covid-19 pandemic Just Inspire were able take advantage of all government grant aid available to them. They accessed a 'bounce back' loan to ensure they would be able to continue trading but have used little of it. This is held in a reserve account as an insurance. All but one of the wedding bookings that they had scheduled for 2020 have moved to 2021/22. When they were able to do so Just Inspire opened the Glasshouse as a takeaway 'Street Food' operation which proved to be very popular and allowed them to keep their core staff employed. The Glasshouse reopened as an events venue in 2021 as soon as government restrictions allowed for functions and wedding ceremonies to go ahead.
- 1.7.3 Trading has improved significantly since the end of April 2021 and they have delivered 26 events since reopening. Just Inspire have carried forward a cumulative loss of £55,000. However, their projected full year profit for 2021/22 is circa £30,000, leaving £25,000 of cumulative losses. This forecast is based on confirmed advanced bookings only, so should improve as the market improves. Just Inspire's cashflow projections are also reassuring with their current account cash at the end of April 2022 projected to be circa £50,000. Again, based on confirmed orders only, their projected profit for the first half of 2022/23 is circa £50,000. These are traditionally their best trading months in the year, but it is still very encouraging.
- 1.7.4 Having downsized dramatically during the Covid pandemic, Just Inspire were able to appoint a General manager in the summer and are recruiting a Head Chef to work alongside their Executive Chef Russell Backwell. They are now also in a position to recruit a back of house role to free up the Director's time to

focus on sales and marketing. Recruiting frontline serving staff at the current time is proving to be extremely challenging, which is nationwide problem. Just Inspire have a long-term relationship with a staffing agency which has meant they have been able to continue to staff events. However, this is a high cost and the intention is to recruit their own local workforce and minimise the use of agency staff.

- 1.7.5 The Glasshouse is primarily used for weddings, functions and private events, as previous attempt to create a 'pop-up' restaurant have failed. However, Just Inspire are keen to keep the venue accessible to the local community and introduced a monthly 'Sunday Lunch' event which has proven to be very popular, regularly attracting 70 covers. Even so, this is operated on a 'breakeven' basis and has not proven to be profitable. Just Inspire have repeatedly shown that they are willing to work with the local community and support events whenever they can – including Warwickshire Open Studios' Plein Air event in the summer and Heartbreak Productions.
- 1.7.6 Just Inspire have a five-star rating on all of the review websites and have received 100% positive feedback from events they have delivered. Their reputation as a quality, welcoming events venue is now well established. The performance of the Catering and Events Concessions contract is monitored through quarterly monitoring meetings where financial performance, quality of service and customer feedback, food safety and health and safety are assessed.

2 Alternative Options available to (name of Committee/Cabinet etc.)

2.1 N/A

3 Consultation and Member's comments

3.1 N/A

4 Implications of the proposal

4.1 Legal/Human Rights Implications

4.1.1 N/A

4.2 Financial

4.2.1 The debt repayment plan continues to be paid by Just Inspire on a monthly basis, along with the Service Recharges and Concession on events.

4.3 Council Plan

4.3.1 N/A

4.4 Environmental/Climate Change Implications

4.4.1 The Glasshouse Restaurant is included in a WDC project which seeks to lower the carbon footprint of the building.

4.5 Analysis of the effects on Equality

4.5.1 N/A

4.6 Data Protection

4.6.1 N/A

4.7 Health and Wellbeing

4.7.1 N/A

5 Risk Assessment

- 5.1 Whilst the impact of the Covid-19 pandemic continues to be felt in the hospitality industry there will remain a high risk of the Catering and Events Concessions contract failing as it is ultimately dependant on the market. As the Glasshouse and the Royal Pump Rooms café are operated by small independent businesses, they are vulnerable to changes in the economy. Small businesses are often less resilient than larger organisations and there is an increased risk that the catering providers may fail. Officers shall continue to monitor the operation closely in order to ensure that any issues are identified quickly.
- 5.2 Although Just Inspire have provided a detailed revised business case there is a risk that the business will fail and the Council would not recover what is owed. This risk is, in any case, mitigated as Just Inspire have been open and transparent throughout this process and they have been able to show an increase in bookings for the Glasshouse for 2021/22.

6 Conclusion/Reasons for the Recommendation

- 6.1 Although there remain significant financial challenges and uncertainty for Just Inspire, and the hospitality industry more widely, officers are confident that the company had a good, robust approach to handling the business throughout the pandemic, particularly in how they have managed clients whose weddings had to be postponed and retained business. The quality of the offer continues to be excellent and in line with the terms set out in the Catering and Events Concessions Contract.
- 6.2 A report is scheduled to go to the Culture, Tourism and Leisure PAB on 11th November to consider options for the future relationship between the Council and Just Inspire.

Background papers:

N/A

Supporting documents:

N/A

Report Information Sheet

Please complete and submit to Democratic Services with draft report

Committee/Date	Finance & Audit Scrutiny Committee, 3 November 2021	
Title of report	A follow up report looking into the progress made by Just Inspire in terms of their recovery	
Consultations undertaken		
Consultee *required	Date	Details of consultation /comments received
Ward Member(s)		
Portfolio Holder WDC & SDC *		Cllr Bartlett
Financial Services *		Mike Snow
Legal Services *		
Other Services		
Chief Executive(s)		Chris Elliott
Head of Service(s)		Rose Winship
Section 151 Officer		
Monitoring Officer		
CMT (WDC)		Andrew Jones
Leadership Co-ordination Group (WDC)		
Other organisations		
Final decision by this Committee or rec to another Ctte/Council?		Recommendation to :Cabinet / CouncilCommittee

Contrary to Policy/Budget framework		No
Does this report contain exempt info/Confidential? If so, which paragraph(s)?		Yes, Paragraphs : 1.71, 1.7.3
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?		No
Accessibility Checked?		File/Info/Inspect Document/Check Accessibility