

 Overview & Scrutiny – 9th January 2019		Agenda Item No. 8
Title	Update on Catering & Concessions Contract – Royal Pump Rooms and Jephson Gardens	
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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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 Commercially sensitive and/or legally privileged information contained in confidential appendices.	
Date and meeting when issue was last considered and relevant minute number	Executive 31 st October 2018, Item 10	
Background Papers	Collaboration Agreement, Creative Quarter Project	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
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	19/12/18	Andrew jones
Head of Service	19/12/18	Rose Winship
CMT		Chris Elliott/Andrew Jones/Bill Hunt
Section 151 Officer		Mike Snow
Monitoring Officer		Andrew Jones
Finance		Mike Snow
Portfolio Holder(s)	12/12/18	Cllr Coker; Cllr Butler
Consultation & Community Engagement		
N/A as the basic service to the public has not changed		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

1. **Summary**

- 1.1 This report seeks to update the Overview and Scrutiny Committee on progress with proposals to improve the catering and events offer at the Royal Pump Rooms and the Glasshouse in Jephson Gardens.
- 1.2 It also seeks to update the Overview and Scrutiny Committee on progress with plans to invest in the Royal Pump Rooms to improve the catering areas and the public toilets that serve both the café, the Library and the Art Gallery & Museum.

2. **Recommendations**

- 2.1 That the Overview & Scrutiny Committee notes the progress made with this project.

3. **Reasons for the Recommendations**

- 3.1 Following an extended OJEU compliant procurement exercise the Council entered into a Collaboration Agreement with Complex Development Projects Limited (CDP) in November 2017 to deliver the masterplan for a Creative Quarter in Royal Leamington Spa. That Agreement included provision for CDP to deliver, or provide through a sub-contractor, catering and events services at assets owned by the Council provided that those proposals are within the scope of the Creative Quarter project and directly linked to the masterplan that CDP are contracted to bring forward for Council approval. However, a contract variation was required in order to allow CDP to bring forward any catering proposals in advance of the masterplan being formally adopted.
- 3.2 On 31st May 2018 Executive approved a recommendation by officers to vary the Creative Quarter Collaboration Agreement with CDP in order for CDP to deliver catering and events services at the Royal Pump Rooms and Restaurant in the Park (within the Glasshouse) before a masterplan is in place. The variation agreement was drafted by Warwickshire Legal Services and, at the time of writing, is due to be completed in the week commencing Monday 17th December 2018.
- 3.3 Executive has approved the catering offer proposed by CDP and their preferred subcontractor Holt Solutions Ltd, trading as Just Inspire Hospitality & Event Management (Just Inspire). The details of the proposal have now been incorporated into a new contract and Service Specification (the Specification is included as **Appendix A**).
- 3.4 A new Catering and Events Concessions Contract, including a detailed Service Specification, has been created by Officers in collaboration with Warwickshire Legal Services. This was done in order to directly address concerns raised by Members regarding previous issues with the quality of provision and the historical underperformance of the contract. The new Specification makes it clear that the catering and events offer delivered from the Royal Pump Rooms and Glasshouse must reflect and embody the essence of the cultural services delivered from the sites and should be seen as one of the integral elements contributing to the overall visitor experience.
- 3.5 Officers believe that the key to ensuring that the catering offer only ever enhances the experience of visiting the Art Gallery & Museum, Library, or

Jephson Gardens will be a genuine meeting of approach, ethos and operational style between the Catering Partner, the Council and CDP. The Council has therefore changed its approach to managing the contract and will become more collaborative with the Catering Partner. The Specification reflects this closer working relationship and includes greater detail surrounding the Council's expectations than previously.

- 3.6 Just Inspire and CDP have committed to supporting the Council's aim to create an inspirational product and to position the Royal Pump Rooms and Glasshouse as popular, "must visit" venues – becoming a benchmark of quality and a creative focus in the town. Just Inspire aim to maintain a reputation for providing excellent, welcoming customer service, high quality food and beverages and a high end, although still affordable, visitor experience.
- 3.7 Through the catering & events concessions contract the Council seeks to provide visitors to the Royal Pump Rooms and Jephson Gardens with a high quality catering experience which will complement the cultural setting of the venues, enhance the reputation of the Council and generate increased footfall. To this end, Just Inspire and CDP recognise that the use of the various catering and events spaces should be maximised as much as possible and that they must deliver and promote their services in a proactive manner that is highly attractive and competitive in the local market.
- 3.8 Just Inspire and CDP have also recognised that, as publically owned assets, there must be a fair and reasonable balance between commercial and community use of the venues. The facilities will be made available for use by local community groups and Just Inspire have committed to adopting a flexible, innovative approach to accommodating community events, with staggered hire charges in place that charities, societies, clubs and other community organisations can reasonably be expected to afford. The director of Just Inspire, Steven Holland, has pledged to create strong linkages with the local community to ensure accessibility and engagement is maximised.
- 3.9 In order to increase levels of trade, Just Inspire 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.
- 3.10 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.

- 3.11 The mechanism by which the Council monitors the performance of the contract has been strengthened and greater levels of operational, day-to-day scrutiny have been included. Service Levels are more detailed and specific and the contract's Key Performance Indicators are now focused on delivery and the impact upon customers.
- 3.12 The inclusion of Improvement Notices and Warning Notices within the contract will enable the Council the opportunity to meaningfully correct under performance against the Specification.
- 3.13 The Arts Manager and Head of Cultural Services were given delegated authority by Executive to conclude negotiations with CDP and ensure that the new Catering Partner is in place from 1st March 2019.
- 3.14 Just Inspire have now carried out their own due diligence process, mapped out the business model in greater detail and revised their financial proposal (**Confidential Appendix A**) with the cash flow of the business given detailed consideration. As it is a concessions contract, from which the Council receives a percentage of all income generated, the Council has no guaranteed level of income from the operation. However, financial forecasts have been conservative and remain in line what the Council has budgeted for previously.
- 3.15 Negotiations between the current provider, Crown Holdings (Kudos), and WDC have also taken place. Kudos indicated that they would be open to an early exit from the existing contract extension (otherwise due to expire on 28th February 2019). Provided all Exit Conditions are met officers are prepared to allow Kudos to cease trading on site after their last scheduled function on 22nd December 2018. Officers were prepared to agree to this as it allows the Council to take the opportunity to invest in the Royal Pump Rooms early in the New Year. The loss of income to the Council during that period is minimised as it is historically the quietest trading period of the year. The income shortfall is expected to be made up through increased trade during the lifetime of the contract.
- 3.16 In relation to Kudos' responsibilities within the existing agreement, WDC's contract manager for the catering and events concessions contract (Arts Manager) has already carried out pre-exit checks and equipment inventories and Schedules of Condition have been updated. The sites will be cleared and cleaned by Kudos' staff on 23rd and 24th December 2018. Final Exit checks and the formal handover are scheduled to be completed on Friday 4th January 2019.
- 3.17 A variation to the terms of the existing contract with Kudos and a deed of surrender for the relevant leases were required in order to allow the early termination of the Catering & Concessions Contract on 4th January 2019. At the time of writing, the Deed of Variation and Deed of Surrender are due to be completed in the week commencing Monday 17th December. The early termination of the contract and surrender of leases does not absolve Kudos of their liabilities regarding any outstanding charges or contractual conditions regarding the transfer of the business.
- 3.18 The termination of the concessions contract and the surrender of the leases for the Royal Pump Rooms and Restaurant in the Park by Kudos are interdependent. The concessions contract and lease for the Restaurant in the Park will transfer immediately to Just Inspire. The lease for the Royal Pump Rooms shall transfer to Just Inspire in March once the refurbishment works

have been completed by the Council. As the incoming provider, Just Inspire have taken their own legal advice regarding the transfer of staff between the two companies under TUPE regulations.

- 3.19 The contract with CDP and Just Inspire shall commence on 5th January 2019 and will last for a period of 3 years. Officers were advised by Warwickshire Legal Services to include a clause allowing the Council the option to extend the agreement up to a maximum of two years. The principle of this agreement is that it is directly connected to the wider Creative Quarter project and it is advisable that the Council maintain flexibility and manage its risk regarding this. The Council may choose to extend the agreement with CDP and Just Inspire solely at its discretion and the Council is under no obligation to extend. The decision whether or not to extend the contract would be made in conjunction with the Portfolio Holder for Cultural Services and is dependant on performance and against the context of the developing Creative Quarter.
- 3.20 Due to the refurbishment works taking place in the Royal Pump Rooms, the Service Commencement Date of the new contract shall be 1st March 2019. No works are planned at the Restaurant In The Park and Just Inspire intend to take occupation immediately in January in order to begin promoting their services and generating business. However, they will not begin trading from either site until 1st March 2019 at the earliest.
- 3.21 The catering and events provision at the Restaurant in the Park and Royal Pump Rooms will be closed to the public between 23rd December 2018 and 1st March 2019. Just Inspire have been preparing their publicity campaign, in conjunction with CDP and the Council, with the intention of actively promoting the new service to the public from 5th January 2019. A number of event booking enquiries for the new financial year have already been passed on to Just Inspire and they are already generating business.
- 3.22 The Royal Pump Rooms public toilets shall also be closed for refurbishment in January until the end of February. There is no legal obligation for the Council to provide public facilities while the café is closed and food and drink is no longer served. However, the toilets are heavily used and so officers have taken steps to make the public aware of the closure and to direct users to alternative public toilets on Regent Grove or in Jephson Gardens, a short walk away.
- 3.23 The refurbishment works that are scheduled to take place in January and February will be funded from up to £100,000 from Service transformation reserve and £220,000 from the Corporate Assets Reserve.
- 3.24 Given the range of specialist work involved and a lack of resources currently available for projects within the Council's Assets team, an external architectural firm, DartonB3 Architecture, was appointed to design and oversee the scheme to keep the project within the necessary timeframe and budget. DarntonB3 Architecture has already delivered RIBA stages 0-4 on behalf of the Council and will deliver RIBA 5-6, monitoring the contractor on site until completion.
- A full topographical and measured survey of the Royal Pump Rooms was commissioned
 - Pre-application advice and guidance from the Council's Conservation Officer and Building Control team was sought
 - A scheme which fulfilled the Council's ambitions was designed
 - A full tender package for the contractor was created

- An application was submitted for planning permission (reference W/18/2160, an application was submitted o Warwick District Council on 9th November 2019. It is hoped that permission for the scheme will be granted by 4th January 2019, as there are no major works involved and the scheme is sympathetic to the building's listed status).

- 3.25 As the majority of the refurbishment work involved on the project is cosmetic and decorative it falls well within the scope of the Council's corporate maintenance and repairs contractor, Pinner & Sons. The Council, DarntonB3 and Pinner & Sons have worked collaboratively together to deliver the most impact for the best value.
- 3.26 The initial vision for the works encompassed all areas, including the back of house catering rooms, was costed and over budget. This proposal was then cost engineered to fall within the allocated budget. The estimated cost of the works is now £300,400. All parties are aware of the limitations on budget and timescale and have planned accordingly.
- 3.27 Planned refurbishment works now include only the high priority, public areas. Attention to these areas will ultimately impact upon footfall and income generation. These include:

PUBLIC TOILETS

Suspended ceilings raised
New furniture / cubicles, sinks
Walls re-tiled

ASSEMBLY ROOM

Redecoration including specialist restoration of listed decorative scheme (walls and pillars)
Ceiling, lighting and chandeliers cleaned
Wooden floor sanded, repaired and sealed

ANNEXE

Redecoration including specialist restoration of listed decorative scheme (walls and pillars)
Ceiling and lighting cleaned
Wooden floor sanded, repaired and sealed
Addition of a new feature bar

ENTRANCE LOBBYS

Redecoration

CAFÉ

Redecoration including specialist restoration of listed decorative scheme
Ceiling and lighting cleaned
Wooden floor sanded, repaired and sealed
Addition of a new feature servery
New internal and external furniture

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	<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

the right job with the right skills and right behaviours		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

4.2 Supporting Strategies

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

5.3 The refurbishment works will be funded from an allocation previously authorised by Executive:

<u>Service Transformation Reserve</u>	£100,000
<u>Corporate Assets Reserve</u>	£220,000
TOTAL	£320,000

6. Risks

6.1 Any change of contractor attracts a degree of risk. Any new catering partner that the Council selected would effectively be beginning a totally new enterprise. A high proportion of new businesses fail within the first three years

– especially catering businesses. However, the Council is protected by the terms of the catering and events concessions agreement, as it is presently. The Council’s development partner, CDP, would be responsible for finding a suitable alternative supplier should Just Inspire fail. CDP are extremely experienced in sourcing and supporting high quality, well run businesses as tenants within their own developments. It is also in the interests of the Council and CDP that the new catering operation flourishes and exceeds expectations. The business will also benefit from advance event bookings already scheduled post February 2019 and an established customer base.

6.2 Officers have ensured that the Catering & Events Concessions Contract has a detailed Service Specification which can be enforced appropriately.

7. Alternative Option(s) considered

APPENDICES:

A Catering & Events Concessions Contract – Service Specification

CONFIDENTIAL APPENDICES:

A Just Inspire’s financial model