

# Gloucester City Council

<b>Meeting:</b>	<b>Overview &amp; Scrutiny Committee</b>	<b>Date:</b>	<b>13 June 2016</b>
	<b>Cabinet</b>		<b>22 June 2016</b>
<b>Subject:</b>	<b>Catering Service Review</b>		
<b>Report Of:</b>	<b>Cabinet Member for Culture &amp; Leisure</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
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<b>Appendices:</b>	<b>1. Surplus / (Deficit) of Catering Sites 2012/2013 – 2015/2016</b>		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 This report is intended to inform Cabinet on the outcome of the Catering Service Review and requests approval for a number of recommendations that will ensure that the Council is providing modern, cost effective and attractive catering services moving forward.

### 2.0 Recommendations

- 2.1 Overview & Scrutiny Committee is asked, subject to any recommendations it wishes to make to Cabinet, to **note** the contents of the report.
- 2.2 Cabinet is asked to **RESOLVE** that:
- (1) Approval be granted to cease operating the catering facility at the Council's Herbert Warehouse, but to note that alternative arrangements are being investigated to provide a snack option for staff at no cost to the Council;
  - (2) Approval be granted to cease operating the Museum of Gloucester Café, but to note that alternative arrangements are being investigated to provide a snack option for visitors at no cost to the Council;
  - (3) Further investigation into opportunities to develop a shared café space with the City Library be endorsed; and
  - (4) Plans outlined within the report in respect of the catering facilities at The Arbor at Gloucester Crematorium, Gloucester Guildhall, Gloucester Life Museum and Blackfriars Priory, which will enhance the level of service provided at these facilities be endorsed.

### **3.0 Background and Key Issues**

- 3.1 An initial commercial review was carried out of the Guildhall and Museums Services in 2014. This report highlighted areas for potential growth within the catering facilities attached to these services, including the potential for outsourcing some elements.
- 3.2 Subsequently a further review ('the review') was commissioned and undertaken in 2015 which encompassed all of the Council's catering services to address whether an outsourced option was both financially viable and practically deliverable. Furthermore the brief of the review was to identify short-medium term options for in-house growth of catering services if outsourcing proved to be non-viable.
- 3.3 In general the review confirmed the following –
- 1) Individually and collectively the Councils catering services were unlikely to provide an attractive outsourcing opportunity;
  - 2) The catering service provided at The Arbor at Gloucester Crematorium, Gloucester Guildhall, Gloucester Life Museum and Blackfriars Priory were all operating at profit and options should be developed to grow these catering sites to improve the level of service provided, thus increasing income;
  - 3) The Museum of Gloucester Café is running at a loss and required an increase in footfall if it were to operate at profit, and
  - 4) The staff kitchen at Herbert Warehouse is also running at loss due to insufficient footfall and relatively high staffing costs for the hours and nature of the operation.

### **3.4 The Museum of Gloucester Cafe**

- 3.4.1 The review highlighted that the level of footfall seen through the Museum was contributing to the loss making position of the Café on site. Annual losses since 2012/2013 have ranged from £5,000 - £12,000.
- 3.4.2 The review recommended that a transformation project aimed at increasing footfall and subsequent sales should be explored, with an option of a shared entrance/café space with the City Library. This project is already being explored but will require time to develop and may require a significant amount of capital expenditure to implement.
- 3.4.3 To continue to operate the Café whilst this project is explored and developed does not seem financially prudent and therefore the report seeks approval to close the Café whilst alternative models of delivery are explored.
- 3.4.4 In order to continue to provide a catering offer however that adds value to the customer experience at the Museum it is intended that hot and cold drinks and pre-packaged snacks will be sold from the reception area at no cost to the Council this being delivered from within existing resources.

### **3.5 Herbert Warehouse Staff Kitchen**

- 3.5.1 The kitchen at Herbert Warehouse is predominantly used to cater for staff in respect of breakfast, lunch and snack offerings. The review confirmed that the kitchen continues to operate at a loss, these losses ranging from £4,000 to £25,000 since 2012/2013.
- 3.5.2 The kitchen was installed prior to the Quays development and as the lunchtime options in the surrounding area have increased and the number of staff working within the building has steadily decreased, this has resulted in a decline in sales.
- 3.5.3 Work has already commenced to investigate alternative snack facilities for staff by way of a visiting food vendor (i.e. sandwich van) or vending machine. Subject to approval arrangements will be made to implement such a service with all staff being made fully aware of its introduction and availability. It should also be noted that kitchen pods are provided throughout the Council's Docks offices and these will be retained for use by staff to prepare and consume their own food & drink.

### **3.6 The Arbor & Tea Room at Gloucester Crematorium**

- 3.6.1 The catering facility at Gloucester Crematorium consists of The Arbor (a purpose built wake room) which can hold up to 80 people and The Willows Tea Room, which in addition to a day to day café facility, can also be used to hold private wakes for up to 40 people. This however requires the Tea Room facility to close to non-wake customers.
- 3.6.2 The Cemeteries & Crematorium Service Manager has identified that having only one wake room that is able to hold more than 40 people and the fact that this room operates on a maximum 2 hour hire, is resulting in a number of hire requests having to be declined due to a lack of availability. A second dedicated wake room would provide scope to hold longer wakes but also cater for wakes resulting from services held within a short period of time of each other.
- 3.6.3 A draft business plan including draft drawings is currently being developed in conjunction with Asset Management, for a second dedicated wake room at the site which would hold 80 people. These plans would also be accompanied by plans to maximise car parking spaces at the site to cater for extra vehicles. Once complete and subject to approval by the Capital Expenditure Board the plans will be consulted on with relevant Cabinet Members and a report submitted to Cabinet for their approval.

### **3.7 The Gloucester Guildhall**

- 3.7.1 The service benefits from an existing steady level of footfall generated through events and gigs. The review however identified three areas for improvement, these being:
- 1) Amended opening hours of catering facilities to cater for range of needs and active advertisement of new opening hours;
  - 2) Review of menu to cater for opening hour needs, and

3) Kitchen infrastructure improvements which will support an efficient catering operation that can cope with demand.

3.7.2 The Guildhall Service Manager has commenced developing plans to address these three items and intends to implement these in the forthcoming months through a mix of existing budgets and capital expenditure subject to approval.

### **3.8 The Gloucester Life Museum**

3.8.1 This museum closed its café facility in 2014 due to operational changes implemented at the site. This achieved a saving of £18,000 although it is still not considered cost-effective to open a full café on-site at this time. Developing the self-service by way of a 'vintage theme' would provide a better offer to customers more in keeping with the museum.

3.8.2 Subject to approval of this report several donations of vintage tea sets and cutlery will be incorporated into the self-service offer and be made available for visitors to use if they so wished. Having such a facility visible to passing pedestrians would also provide a greater attraction for them to visit the museum.

### **3.9 Blackfriars Priory**

3.9.1 This site has year on year since 2012/2013 run at surplus, ranging from £3,000 - £13,000. Services are provided through a mix of in-house and 3<sup>rd</sup> party provision depending on the nature and scale of event.

3.9.2 The review recommended that the catering brand at the site be developed through use of a contracted 3<sup>rd</sup> party caterer operating under the banner of the Council. This would allow the Council to review its investment costs at the site through minimising the catering infrastructure it is responsible for. It will however be prudent to hold a basic level of catering equipment so that small – medium events such as meetings and conferences can still be managed in-house and will prevent us from having to hire such equipment.

3.10 In conclusion, the report confirms the financial operating position of each catering site and offers more detail at Section 7. Two of the sites, Herbert Warehouse Kitchen and the Museum of Gloucester Café are running at a loss. It is not financially viable to operate the two sites highlighted and to do so would not represent best value for money. The report seeks approval to cease operating catering facilities at these two sites and in its place implement an alternative but reduced catering offer at no cost to the Council.

## **4.0 Asset Based Community Development**

4.1 In considering a longer term option for catering at The Museum of Gloucester it is important that community catering models are actively encouraged and considered. Such models are active and successful within the City and we will look to engage such organisations in order to explore alternative opportunities for delivery.

## **5.1 Alternative Options Considered**

- 5.1 The initial focus of the review was to examine the benefits of outsourcing the Council's Catering Services. This was discounted as an over-arching model, as each service has distinctly different needs and there are few if any 3rd party catering/hospitality contractors who could provide all such requirements.
- 5.2 Furthermore due to the variance in income from site to site, outsourcing all catering services under one umbrella would be unlikely to present an attractive business opportunity.

## **6.0 Reasons for Recommendations**

- 6.1 With the Council needing to make significant savings over the next 3 years it is prudent to cease operating those sites that are loss making. Such a decision would remove a pressure from the Council's budgets of approximately £24,000 per annum.
- 6.2 Ceasing to operate loss making sites would then allow the Council to concentrate on improving the level of service at those sites that are currently making a surplus and at which it has been identified can become more profitable through a mix of capital infrastructure works and re-focussing of resource.

## **7.0 Future Work and Conclusions**

- 7.1 As outlined in the report and subject to its approval, those services where it is recommended that improvements are made will require its Service Manager in conjunction with relevant internal services and the relevant Cabinet Member, to develop business cases where expenditure for infrastructure improvements are required. These business cases will then need to be submitted to the Council's Capital Expenditure Board for approval.
- 7.2 Where capital expenditure is not required then Service Managers in conjunction with their Head of Service and relevant Cabinet Member will need to implement those operational changes that have been identified as necessary.
- 7.3 In respect of the Museum of Gloucester and Herbert Warehouse Staff Kitchen then subject to approval, work will commence to implement an alternative snack offer such as vending machine or visiting sandwich van.
- 7.4 Subject to approval of the report a formal consultation process involving those staff whose posts will potentially be deleted as a result of closure of catering sites will be undertaken in conjunction with Human Resources. Formal consultation with relevant Trade Unions will also take place.

## **8.0 Financial Implications**

- 8.1 The proposal to close catering facilities at Herbert Warehouse and The Museum of Gloucester will remove a pressure on the Council's budget. The sites are budgeted by the Council to achieve a break even position. Removing a break even budget does not contribute to the Council's savings target as it has no net budget impact.

- 8.2 However if the sites continue to trade at a deficit it would be necessary to add to the savings target to remove pressure created by that deficit. The level of pressure removed is approximately £24,000 as per 2015/2016 figures and will therefore improve the outturn position in 2016/2017.
- 8.3 It is illustrated in Appendix 1 that remaining sites are operating at surplus. However catering does not yet trade at the level of surplus included within the Council's budget, most notably at the Guildhall.
- 8.4 As outlined in the report the Service Managers with responsibility for these sites have started to develop plans on the back of the review on how improvements can be made. Any projects requiring capital expenditure will be supported by businesses cases to show how the capital expenditure will generate a payback against the cost of the project.

(Financial Services have been consulted in the preparation this report.)

## **9.0 Legal Implications**

- 9.1 The recommendations made within the report will require redundancies to be made. Redundancy is a fair reason for dismissal under the Employment Rights Act 1996 provided there is a diminution of the work or the work ceases altogether.
- 9.2 The Council's policies and processes will be followed diligently regarding redundancy and should there be volunteers for redundancy the Council will support these colleagues as necessary whether that be preparation for future employment opportunities or perhaps planning for retirement. This will also apply in a compulsory redundancy situation.
- 9.3 The Council is under a general Best Value Duty to 'make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness'. Under this duty the Council needs to consider overall value, including economic, environmental and social value, when reviewing service provision. Before deciding how to fulfil its Duty, the Council is under a compulsory duty to consult with Council Tax payers, service users and potential users of the service with full information and the right to put forward alternative options.
- 9.4 The Council is required to comply with its Public Sector Equalities Duty and present an Equalities Impact Assessment under Section 149 of the Equality Act 2010. Careful thought must be given to the need to engage with relevant individuals and that the aims of the Duty are achieved at the earliest possible stage in the decision making process. Often this process is combined with the process for the Best Value Duty outlined in paragraph 9.3 as a People Impact Assessment which is covered in Section 11 of this report.
- 9.5 To avoid any judicial challenge, when formulating a decision to cease or outsource a service, the Council need to have regard and be able to demonstrate it has given due regard to any People Impact Assessment.

(One Legal have been consulted in the preparation this report.)

## **10.0 Risk & Opportunity Management Implications**

10.1 It may be perceived that withdrawing catering facilities from The Museum of Gloucester would affect footfall into the core museum area of the building. Although research suggests that those who use the Museum Café are very often there only to use the café, such a risk is mitigated by the provision of a reduced catering offering selling snacks and drinks and furthermore an eating area so goods bought on site or brought from off site can be consumed at The Museum.

## **11.0 People Impact Assessment (PIA):**

11.1 The potential impact resulting from the proposal to close the catering facilities at both Herbert Warehouse and The Museum of Gloucester is that service users would need to make alternative arrangements to source food or drink.

11.2 This impact in itself is low to moderate given the range of alternative catering facilities in close proximity of both sites, but is further mitigated by the proposal to offer a reduced catering offer at both sites to meet basic needs. Furthermore in respect of The Museum of Gloucester it is still the intention to provide a space for the consumption of food brought in from off-site by visiting groups such as schools.

11.3 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required. However a two week consultation exercise with service users of the Museum Café commenced on Friday 27<sup>th</sup> May 2016, to further assess the impact of closure and obtain their views on alternative provision.

## **12.0 Other Corporate Implications**

### Community Safety

12.1 Not applicable in respect of this report

### Sustainability

12.2 Reviewing the Council's Catering Services presents an opportunity to modernise and provide offerings that deliver best value for both the Council and our customers moving forward.

### Staffing & Trade Union

12.3 Subject to approval of this report a full and formal staff consultation in conjunction with Human Resources will be undertaken within those services where redundancies may be necessary. Relevant Trade Unions will also be consulted with in a timely fashion.

## **Background Documents:**

- 1) MYA Consulting Report (1<sup>st</sup> December 2015)
- 2) People Impact Assessment – Screening Stage Assessment (19<sup>th</sup> May 2016)

## Appendix 1 – Surplus / (Deficit) of Catering Sites 2012/2013 – 2015/2016

Site	2012/2013 £000	2013/2014 £000	2014/2015 £000	2015/2016 £000	2016/2017 Budget £000
The Museum of Gloucester	(9)	(12)	(5)	(7)	0
Herbert Warehouse Staff Kitchen	(25)	(15)	(4)	(17)	0
The Arbor & Willows Tea Room at Gloucester Crematorium	2	13	33	22	19
Gloucester Guildhall	19	10	(1)	28	57
The Gloucester Life Museum	5	(12)	N/A	N/A	N/A
Blackfriars Priory	3	13	6	10	8
<b>Annual Total</b>	(5)	(3)	29	36	84