

 <p>Lee Valley Regional Park Authority</p> <p>LEE VALLEY REGIONAL PARK AUTHORITY</p> <p>EXECUTIVE COMMITTEE</p> <p>22 JUNE 2017 AT 11:00</p>	<p><u>Agenda Item No:</u></p> <p>6</p> <p><u>Report No:</u></p> <p>E/511/17</p>
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LEE VALLEY WHITE WATER CENTRE PROJECTS – CAFÉ COUNTER RE-DEVELOPMENT

Presented by the Director of Finance & Resources

EXECUTIVE SUMMARY

This report proposes the release of up to £575,000 (including a 15% contingency) from the capital programme to create a proposed café counter re-development which would change the mode of operation from a single counter and all food being prepared and served from the kitchen, with customers collecting their food from the café counter, to three counters with food being prepped in the kitchen and “finished off” and served from the counter. This will enable queuing times and service delivery times to be reduced, providing a better overall customer experience. In addition, each counter will contain storage space which will help to improve the efficiency of the front of house operation. The proposal forms a key part of the development strategy for the venue and details the capital requirements and revenue projections that are built into the capital programme and mid-term forecasts respectively.

RECOMMENDATION

Members Approve: (1) the release of up to £575,000 (including a 15% contingency) from the capital programme as detailed in paragraph 10 of this report.

BACKGROUND

- 1 Members approved the Capital Programme in December 2016 (Paper E/470/16) which included provision for a number of smaller investment schemes across the venues totalling £6m across the 2016/17 to 2018/19 period. The returns from 2019/20 for these projects were also built into the mid-term financial forecasts.
- 2 Lee Valley Leisure Trust Ltd (the Trust) is responsible for the operation of Lee Valley White Water Centre (LVWWC) as part of its management contract for Lee Valley Regional Park Authority venues for a five year period 1 April 2015 – 31 March 2020. The Trust’s remit is to explore commercial opportunities and realise the full commercial potential of the Lee Valley venues it operates acting as a development partner with the Authority.

- 3 An officer working group, including officers from both the Authority and the Trust, was set up to work through the business case and project details; present these for approval to Senior Management Teams of both the Authority and the Trust; and bring back for further Member approval.
- 4 In February 2017 (Paper E/481/17) Members were updated on the progress of these smaller schemes and advised that some projects were due to come back to Members for approval. This paper seeks approval for a proposed café counter re-development which would change the mode of operation from a single counter and all food being prepared and served from the kitchen, with customers collecting their food from the café counter, to three counters with food being prepped in the kitchen and “finished off” and served from the counter. This will enable queuing times and service delivery times to be reduced, providing a better overall customer experience. In addition, each counter will contain storage space which will help to improve the efficiency of the front of house operation.

LEE VALLEY WHITE WATER CENTRE

- 5 Usage and revenue have increased year on year from 155,000 visits and £1,960,000 income in 2011/12 to 607,000 visits and £3,529,000 income in 2016/17, with the net operating position of the venue improving from a budget deficit of £475,000 in 2011/12 to a net operational surplus of £317,000 in 2016/17 (including annual business rate savings of circa £380,000).
- 6 In 2015/16 and 2016/17 the venue introduced a number of initiatives aimed at increasing non-sporting usage. The Summer Splash festival attracted 4,500 (primarily family) visitors in 2016, the popular beach was installed by the Pavilion in the Park food and beverage outlet in 2016, busy weekly Friday Night Live events continue to take place throughout the season, and a well-attended and received Christmas market was staged in December 2016 too. Initiatives such as these have demonstrated a demand for family and non-sporting activities on site. This has significantly impacted upon the demand for an efficient and quality driven catering service.
- 7 In 2015/16 a report was jointly commissioned by leisure industry specialist consultants to assess the overall potential for the venue. This demonstrated an exciting opportunity for the creation of a world class multi day visitor attraction, in line with both the Authority's and also Broxbourne's / Visit Herts' ambitions, consisting of both large scale family and extreme attractions with supporting accommodation provision. The vision is for the venue is to become a major family leisure destination within the south east.
- 8 Essentially this proposal to improve catering at the venue is critical in supporting the delivery of this vision and to maximising returns, as well as providing a positive all round customer experience.

PROPOSAL

- 9 The Trust has prepared a high-level business case for this project which is attached at Appendix A to this report. In summary the project proposed is a café counter re-development which would change the mode of operation from a single counter and all food being prepared and served from the kitchen, with customers collecting their food from the café counter; to three counters with food being prepped in the kitchen and “finished off” and served from the counter at a

cost of circa £500,000 (pre tender estimate).

- 10 The £575,000 capital investment will include a contingency of up to £75,000 (15%) – subject to completion of the tender exercise.
- 11 The projected return for a full year is a net return of £50,000 (including £25,000 deduction for cost of capital which would be repaid to the Authority) and benefits will start accruing from completion of the project in the Autumn.

PLANNING MATTERS

- 12 There are no planning implications arising directly from the recommendations in this report.

ENVIRONMENTAL IMPLICATIONS

- 13 There are no environmental implications arising directly from the recommendations in this report.

FINANCIAL IMPLICATIONS

- 14 Financial implications are summarised within in the body of the report and detailed in Appendix A to this report.

HUMAN RESOURCE IMPLICATIONS

- 15 There are no human resource implications arising directly from the recommendations in this report.

LEGAL IMPLICATIONS

- 16 Landlord's consent is required which will be dealt with between officers of the Authority and Trust subject to Member approval.

RISK MANAGEMENT IMPLICATIONS

- 17 Should there be any delays to the timescales this would adversely affect successful delivery of the improvement for Autumn 2017 and therefore maintaining and improving income returns and delivering a quality catering service, i.e., increased customer complaints around catering and waiting times.
- 18 Projections have been based on current footfall and customer demand for food and beverage.
- 19 The proposed scheme will also assist with addressing the staff related Health and Safety issues resulting from the current counter's lack of workflow and clearly defined service delivery points.

EQUALITY IMPLICATIONS

- 20 There are no equality implications arising directly from the recommendations in this report.

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PREVIOUS COMMITTEE REPORTS

Executive	E/470/16	Proposed Capital Programme 2016/17 (revised) to 2020/21	15/12/16
Executive	E/481/17	Q3 Capital Programme Budget Monitoring 2016/17	23/02/17

APPENDICES ATTACHED

Appendix A	The Trust's business proposal
Appendix B	Map of indicative project areas at Lee Valley White Water Centre

LIST OF ABBREVIATIONS

Authority	Lee Valley Regional Park Authority
the Trust	Lee Valley Leisure Trust Ltd (trading as Vibrant Partnerships)
LVWWC	Lee Valley White Water Centre



BUSINESS DEVELOPMENT INITIATIVE

June 2017

Lee Valley White Water Centre – Food and Beverage Serving Counter Re-development

Presented by Vibrant Partnerships' Managing Director

PROJECT SUMMARY

Usage and income at Lee Valley White Water Centre has grown significantly throughout the last two summer seasons which has resulted in significant budgetary improvements. It has however also stretched the venue's operations and led to a number of capacity related challenges. Various projects are proposed and business cases will set these out individually.

With the current food and beverage serving counter configuration, we have to compensate for layout and configuration challenges with additional staff. Staff act as runners between café and store rooms as there is no suitable storage upstairs for the volumes of stock required during peak times. Staff also "work the queue" in an attempt to manage the level of custom through a single point.

The proposed counter re-development would change the mode of operation from a single counter and all food being prepared and served from the kitchen, with customers collecting their food from the café counter. To three counters with food being prepped in the kitchen and "finished off" and served from the counter. This will enable queuing times and service delivery times to be reduced, providing a better overall customer experience. In addition, each counter will contain storage space which will help to improve the efficiency of the front of house operation.. According to the industry standard this would reduce staffing levels by approximately 4%. This translates to circa £10,000 net over financial year 2016/17. Currently up to six additional staff are employed at peak times to re-stock the F&B outlets on the second floor from the downstairs store room.

In addition to the above reduced staffing implication, the new layout would enable the venue to sell more in-house, freshly made meal options. Currently the centre is operating at approx. 60% GP due to the large amount of pre-packaged/made food options. Food made in-house, draught beer and mixer soft drinks can be expected to achieve a higher GP, which could elevate the overall GP to somewhere in the region of 65%; based on a net revenue of £1m, this would be a net saving of £50,000 pa.

As well as raising the GP and staffing percentages, a development to the café counter will enable the venue to deliver a higher quality of food and deliver a more superior service.

Throughout financial year 2016/17 the centre received a number of complaints linked to queue times. Spreading these queues across multiple sales points will ensure that people are able to have more choice and a faster speed of service.

Based on historic trends, the venue has seen a year-on-year increase in footfall, with this impacting heavily on the catering operation and revenue. The café needs to adapt to delivering service to anything from 20 customers to 3,000 on any given day. In order to do this the design of the counter needs to ensure adaptability and clear “modes of operation”. This will enable the centre to better respond to and maximise on peak footfall times, which could increase net income by a further £1,500 per day, 5 days a week throughout the peak 6 weeks of the season, translating to circa £40,000 net income over the course of the year based on maintaining the current spend per head.

It is proposed that circa £500,000 is invested in redeveloping the counter in the café which will generate a net income return of £75,000pa.

The proposed scheme will also assist with addressing the staff related Health and Safety issues resulting from the current counter’s lack of workflow and clearly defined service delivery points. Over the past year, there has been 33 staff injuries primarily linked to burns and scalds. The trend shows a disproportionate peak around the busy times, when there are multiple people trying to operate in a confined workspace. The works will remove the entire existing counter, instating a larger counter with clearly defined service points and making good the floor and surrounding area.

BUSINESS CASE OBJECTIVES

1.

- Income generation
 - i. Improved GP
 - ii. Increased spend per head
- Visitor experience
- Ability to respond to business opportunities
- Supporting creation of vibrant visitor destination
- Improvement of staff welfare/health & safety and workflow

CURRENT POSITION

2.

- Income and usage improvements
- Customer experience improvements
- Capacity issues with existing F&B outlets due to popular and ever growing demand
- 50% year on year on year net income growth for past three years with trend in line for this in 2017/18 as well

WEAKNESSES OF CURRENT POSITION

3.

- Capacity issues surrounding existing F&B outlets

- Visitor experience issues resulting from capacity issues
- Limit to income generation potential through capacity and design issues
- Avoidable accidents and incidents resulting from poor workflow

BENEFITS OF PROJECT INCLUDING HOW 'SUCCESS' WILL BE MEASURED

4.

- Generates additional income
- Addresses existing visitor experience issues
- Addresses health and safety issues for staff
- Aids in developing and enhanced menu offer
- Improves profitability
- How 'success' will be measured:
 - i. Generates £75,000 net income pa
 - ii. Reductions in queue times, complaints and H&S issues

ONE-OFF CAPITAL COST

5.

- Circa £500,000 (pre tender estimate)
 - i. Fees – £15k up front for design
 - ii. Contingency – £75,000 (15%)

Sign off / comments / limitations from LVRPA Head of APMD (if required):

Name:

Date:

PROJECT MANAGEMENT ARRANGEMENTS

6.

- **Project's Director / Sponsor / Executive:**
 - i. Managing Director
 - ii. Ultimate decision maker
 - iii. Secure funding
 - iv. Escalate issues to corporate
- **Senior User:**
 - i. Venue Manager
 - ii. Specifies user needs and acceptance criteria
 - iii. Ensures benefits are realised
- **Senior Supplier:**
 - i. LVRPA's APMD section
 - ii. Represents interests of those designing the products
 - iii. Accountable for quality of products and technical integrity
- **Project Manager:**
 - i. Catering & Hospitality Manager
 - ii. Day to day authority on running project

ANNUAL INCOME AND EXPENDITURE EFFECT

7.

	2017/18	2018/19	2019/20
Net additional income	75	75	75
5% cost of capital	25	25	25
Net effect	50	50	50

N.B. Please note these figures exclude any repayment of external financing and instead use a 5% cost of capital

PROCUREMENT METHOD

8.

- A design was commissioned by Vibrant Partnerships and this design was used to procure against
- A full ITT was prepared by consultants Pick Everard which has been used for the procurement process
- The tender is below the OJEU threshold for procurement of works

TIMESCALES

9.

- The aim is for these works to be completed by mid-October 2017 with an anticipated 6 week programme of works and thus a corresponding start date of early September

PLANNING MATTERS

10.

- Planning permission not required which has been verified with the Planning Officer at Broxbourne Council
- No car parking impact as the counter is primarily about better servicing existing demand and driving income through efficiencies

Sign off / comments / limitations from LVRPA Head of Planning (if required):

Name:

Date:

PUBLIC ENGAGEMENT

11.

- N/A – the proposal addresses issues raised by customers but does not require further formal engagement as such

HUMAN RESOURCE IMPLICATIONS

12.

- Design to allow for effective operation during high, medium and low season to enable appropriate staffing levels

EQUALITY IMPLICATIONS

13.

- N/A

IT RESOURCE IMPLICATIONS

14.

- Requirement for additional network points and tills factored into both the capital spend and staff work programmes

ENVIRONMENTAL IMPLICATIONS

15.

- N/A

Sign off / comments / limitations from LVRPA Senior Conservation Officer (if required):

Name:

Date:

LEGAL IMPLICATIONS

16.

- N/A

Sign off / comments / limitations from LVRPA Director of Corporate Services (if required):

Name:

Date:

LANDLORD IMPLICATIONS

17.

- Formal Landlord's consent required

Sign off / comments / limitations from LVRPA Head of Property Services (if required):

Name:

Date:

COMMUNICATIONS IMPLICATIONS

18.

- Social media communications to existing customers regarding timescales

NATIONAL GOVERNING BODY IMPLICATIONS

19.

- N/A

Sign off / comments / limitations from LVRPA Head of Sport & Leisure (if required):

Name:

Date:

RISK MANAGEMENT IMPLICATIONS

20.

- Pre tender engagement has been carried out with industry specialists to reduce the risk of the tenders coming back in excess of the affordability envelope
- Prudent financial returns have been built into the business case to make appropriate allowances for 'normal' usage and weather fluctuations
- The café would still be exposed to the risk that if there were to be a prolonged period of inclement weather then footfall and revenue would be adversely affected. If this were to happen the project would take longer than projected to return on the investment

Report by Catering & Hospitality Manager

Background Papers

- N/A

Appendices

- N/A



- 1 Area 4
- 2 Potential Storage
- 3 Pavilion Servery
- 4 Pavilion Play Area
- 5 Swale
- 6 Office Accomodation
- 7 Covering Decking
- 8 Terrace Bar
- 9 Kitchen and Cafe
- 10 British Canoeing Compound
- 11 Bin Compactor
- 12 Boundary Extension

Project Area

Venue Development Plan: White Water Centre

1:2000 @ A3
13.02.17

Produced by: Corporate GIS (AAB)

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