



St Edmundsbury  
BOROUGH COUNCIL

# Z137

## Cabinet 30 July 2008

### West Stow Country Park: Catering Options (Aug 08/09)

#### 1. Summary and Reasons for Recommendation

- 1.1 The purpose of the report is to consider the future provision of catering services at West Stow Country Park and Anglo-Saxon Village.

#### 2. Recommendation

- 2.1 It is **recommended** that the Council tender for the provision of a catering service for 3 years and grant the successful service provider with a licence to occupy the cafeteria during that period, in accordance with Option 3 of this report.

#### 3. Corporate Objectives

- 3.1 The recommendation meets the following, as contained within the Corporate Plan:-

- (a) Corporate Priority : *To Raise corporate standards & efficiency, and*  
(b) Cabinet Commitments : *To Manage the Councils resources effectively in order to raise performance.*  
(c) Vision 2025: St Edmundsbury will be a place : *Where the wide range of affordable leisure and cultural facilities on offer provide opportunities for all sectors of the community*

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## 4. Key Issues

### 4.1 Background

4.1.1 West Stow Country Park and Anglo Saxon Village is situated 7 miles north west of Bury St. Edmunds. The park is open daily from 9am to 8pm in the Summer and from 9am to 5pm in the Winter.

4.1.2 There are approximately 130,000 visitors annually to the facilities at West Stow, which include the Anglo-Saxon Village, visitors centres, nature trails, lake, woodlands, children's play area, shop and the cafeteria.

### 4.2 Current Catering Provision

4.2.1 The cafeteria at West Stow, known as Angles, has been run in-house since 1999. The Heritage Services Manager has direct control over the catering operation and there are 2 permanent part-time staff providing the catering service.

4.2.2 The cafeteria is open daily year round (with the exception of Christmas) from 11am to 4pm and provides a basic and limited menu, including pre-packed sandwiches and cakes provided by an external supplier and hot and cold beverages. It is considered to be an integral element of the visitors experience and enhances the overall attractiveness of West Stow to the customer. One of the most popular elements with customers is its large indoor seating area which overlooks a bird feeding area.

4.2.3 The current catering equipment has been in regular use for several years, and is nearing the end of its useful life. Investment in new equipment will be required in the future.

### 4.3. Financial Performance

4.3.1 The current catering operation trades as part of the general operation at West Stow. This has enabled elements such as staff and utility costs to be offset by the overall service provision.

4.3.2 As part of the Heritage Service assessment of its current levels of service, the sustainability of the cafeteria has been reviewed. The results of the review show that the cafeteria operates at a trading deficit, details of which are shown in the table below for the 2005/2006, 2006/2007 and 2007/2008 financial years.

Description	2005/06 £	2006/07 £	2007/08 £
Sales	47,457	52,172	53,240
Cost of goods sold	27,228	30,177	30,081
GROSS PROFIT/(LOSS)	20,229	21,995	23,159
Direct Costs (salaries)	20,372	21,388	21,748
Indirect Costs (utilities etc)	8,961	8,701	8,548
<b>NET PROFIT/(LOSS)</b>	<b>(9,104)</b>	<b>(8,094)</b>	<b>(7,137)</b>

4.3.3 Having the cafeteria at West Stow enables visitors to purchase refreshments throughout the day which means they may be more likely to extend their visit. It is, therefore, important that the provision of this service continues. Although there is a trading deficit the annual turnover/sales and gross profit are substantial despite the food being purchased from an external supplier. If a caterer were to simply make their own

sandwiches on site there is potential for the gross profit to be increased and the current, limited, service to be developed. This would make a greater financial contribution to the Heritage Service. Through research and informal market testing, officers have identified that there are external caterers interested in providing a catering service at the cafeteria.

## **5. Options considered**

### **5.1 Options considered:-**

- (a) to continue to provide the existing in-house service;
- (b) to grant a 3 year lease of the Angles Cafeteria to a private caterer; and
- (c) to tender for the provision of a catering service for 3 years and grant the successful service provider with a licence to occupy the cafeteria during that period.

5.2 These three options have been considered by officers and the results of those discussions are included in this Report.

### **5.3 Option 1**

Continuing to provide the existing in-house service has the advantage of having no impact on either customers or existing staff. However, Option 1 fails to address the current operating deficit, the limited scope for service improvement and the very limited opportunities to increase usage and revenue without the Council investing in the facilities currently on-site.

### **5.4 Option 2**

Leasing the cafeteria to an external caterer has the advantage of the Council being guaranteed a regular rental income from the tenant. Staff would be protected by the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) as explained in paragraph 5.6 below. However, the Council would have limited control over the level of service being provided and if the service was not satisfactory the Council would have problems repossessing the premises. Further, there are public toilets located within the floor space of the cafeteria which are also used by staff. By granting a lease, the tenant would have exclusive possession of the cafeteria including the toilets. Staff would only be entitled to use and access these toilets with the express consent of the tenant. The toilets are located above the museum on the ground floor and officers must ensure they retain control of the toilets so as to avoid any damage occurring which might affect the museum.

### **5.5 Option 3**

5.5.1 The advantage of tendering the provision of a catering service and entering into a three year contract with the successful service provider is that the Council would have full control over the level and performance of the service being provided. If the service was unsatisfactory, terms of the contract could be enforced to have the situation remedied or the contract terminated. Further, the Council would retain possession of the whole building and would grant the service provider access to the cafeteria by way of a licence to occupy. This is particularly advantageous to the Council because the museum is located on the ground floor of the same building as the cafeteria. It ensures that the Council retains control of the cafeteria and the toilets thus limiting the risk of any damage occurring which might affect the museum.

5.5.2 The criteria for selecting the service provider will be:-

- (a) percentage of annual net profit payable to the Council; and
- (b) standard of service to be provided.

## 5.6 **Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE)**

- 5.6.1 Option 1 will have no impact on the current staff.
- 5.6.2 Options 2 and 3 will both result in a service provision change as defined in TUPE and the Cabinet Office Statement of Practice Staff Transfers in the Public Sector. The two staff who are currently employed would be transferred to the employment of the new service provider under their current terms and conditions. TUPE exists to preserve the continuity of employment and the terms and conditions of those employees who are transferred to the new employer when a service transfer takes place. The two employees automatically become employees of the new employer on the same terms and conditions. The regulations also contain specific provisions to protect employees from dismissal before or after a transfer.
- 5.6.3 The two staff employed at the cafeteria have a right to be informed about a prospective transfer and must also be consulted about any measures which the current and new employer envisages taking concerning the employees. A meeting has taken place with the two employees and their representatives, including Unison, about the options outlined in this report, and the impact of the options on their employment. Human Resources led this meeting, and will arrange more when needed.

## 6 **Community impact** *(including Section 17 of the Crime and Disorder Act 1998 and diversity issues)*

### 6.1 General

- 6.1.1 The provision of a catering service with scope for development will enhance the experience of visitors to West Stow.

### 6.2 Diversity

- 6.2.1 The service will be provided for all people visiting West Stow regardless of ethnicity, religion or gender.

## 7 **Consultation**

- 7.1 Consultation has taken place with users of West Stow. This was by means of a questionnaire carried out in November and December 2007. 80 questionnaires were completed during the survey.
- 7.2 Overall, users questioned were generally satisfied with the quality of service, staff and choice of food and expressed an interest in extending the menu to include hot snacks. In addition, many respondents said that if the cafeteria was improved, they would use it more often.
- 7.3 Consultation has also taken place with the Council's Property Services, Procurement Team, Human Resources, Legal and Democratic Services, Unison and staff.
- 7.4 A meeting has taken place with the staff and their representatives, including Unison, about the options outlined in this report, and the impact of the options on their employment. Human Resources led this meeting, and will arrange more when needed.

**8. Resource implications** *(including asset management implications)*

8.1 The value of the service over three years exceeds the European Union (EU) Procurement threshold and will therefore be advertised in accordance with the EU Procurement Rules. This can be met from within existing budgets.

**9. Risk Assessment** *(potential hazards or opportunities affecting corporate, service or project objectives)*

Risk area	Inherent level of Risk (before controls)	Controls	Residual Risk (after controls)
Corporate risk of unacceptable increase in Council Tax	Medium	The proposals should decrease expenditure on service	Low
Reduction in level of service to customers	Medium	To investigate future catering options	Low
Possible staff implications	Medium	Ensure correct procedures are followed and support given if appropriate	Low

**10. Legal or policy implications**

10.1 The tendering procedure will be conducted in accordance with the Council's Contract Procedure Rules and the EU Procurement Regulations.

10.2 The transfer of undertaking for Staff will be conducted in accordance with TUPE.

10.3 Human Resources has consulted with staff and Unison in accordance with the Council's Organisational Management Change Redundancy Policy.

Wards affected	All	Portfolio Holder	Culture and Sport
<b>Background Papers</b>	P266 Leisure Services Committee November 1999, R343 Leisure Services Committee January 2001	<b>Subject Area</b>	Leisure, Sports, Arts and Culture