

THE OVERVIEW AND SCRUTINY COMMITTEE

23 September 2013

CABINET

23 October 2013

THE GUILDHALL AS A COMMERCIAL VENUE ISG – FINAL REPORT

REPORT OF HEAD OF ESTATES

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RECENT REFERENCES:

CAB1857 : Guildhall Catering Contract – 8 July 2009

CAB1894: Guildhall Catering Contract – Further Update - 14 October 2009

EXECUTIVE SUMMARY:

This Report summarises the ISG conclusions following its review of the Guildhall.

The ISG met on four occasions. At its inaugural meeting held on the 4 July, the ISG agreed the terms of reference as set out below:

*The ISG terms of reference should consider the use of the Guildhall as a commercial venue, this involved looking at:*

- *The markets the Guildhall serves;*
- *Where the Guildhall generates its income;*
- *The linkages between the different parts of the business;*
- *Event Catering;*
- *Charity usage;*
- *Use of the building by the Mayor;*

- *Developing the business.*

*The ISG will not look at:*

- *The use of the Guildhall for Council meetings;*
- *Building maintenance issues.*

At its first meeting, the Head of Estates updated the ISG on the various staffing issues that had arisen at the Guildhall over the previous years. The ISG noted the comments made and the past difficulties experienced at the Guildhall and agreed it was important to now focus on moving forward and future development.

The business is proving to be sustainable: there is very clearly a market for weddings, parties, conference and meeting facilities it is just unfortunate that since the refurbishment the business has not operated at a level to secure an acceptable share of the market. New markets are being explored such as boxing and darts events and live entertainment. Members considered that the use of appropriate advertising media would be of significant assistance in realising the commercial potential of the Guildhall.

From the evidence presented and following discussion over the course of three meetings, the ISG agreed nine recommendations at its final meeting on the 12 September 2013. The recommendations are set out below for The Overview and Scrutiny Committee to consider and recommend in turn to Cabinet to endorse and implement.

RECOMMENDATIONS: That The Overview and Scrutiny Committee recommend to Cabinet

- 1 That the Guildhall Yard Car Park be offered exclusively to users attending major events held in the Guildhall for a limited number of major events including those held at weekends.
- 2 The arrangements entered into with parking services to enable Guildhall users to park on the top deck of the Chesil MSCP when attending conferences be continued with.
- 3 That the Council continues to operate the Guildhall catering service for the next three years, with a review in December 2016.
- 4 That the Guildhall operate its own banqueting offer alongside that of external catering contractors and that the outside catering contract is re-tendered for a further period of three years to expire in June 2017.
- 5 That tenders be sought by the Head of Estates to secure a range of additional banquet caterers to complement the in-house catering team and to ensure that a varied range of quality and pricing structures are available to serve the banquet catering needs of Guildhall customers.
- 6 That the Guildhall be allowed to erect temporary banners outside the building on the day of or during the week of events to advertise events and to make internal arrangements for more flexible use of Council display boards for advertising upcoming events.
- 7 That an ISG be established to examine the potential for increased use of Abbey House (whilst retaining it as a Council and Mayoral asset).
- 8 That the refurbishment of the Wintonian Room and Bar is considered and that its use as a public bar at lunchtimes is investigated;
- 9 That the commercial potential of the Guildhall can be further developed by pursuing the future development opportunities identified in paragraph 3.24

## THE OVERVIEW AND SCRUTINY COMMITTEE

23 SEPTEMBER 2013

### CABINET

23 OCTOBER 2013

## THE GUILDHALL AS A COMMERCIAL VENUE ISG – FINAL REPORT

### REPORT OF THE HEAD OF ESTATES

#### DETAIL:

#### 1 INTRODUCTION

- 1.1 The ISG was set up to look at the use of the Guildhall as a commercial venue. Its membership was Councillors Scott (Chairman), Banister, E Berry, Bodtger, Cook, Izard, Nelmes, Rutter and Verney.
- 1.2 The ISG meetings were well attended and covered a range of issues relating to the market the Guildhall operated in, in accordance with the Terms of Reference established. Members extended the discussion to include matters relating to car parking and access.
- 1.3 The Guildhall is one of the foremost conference and meeting venues in the County and to be a success, it needs to consistently provide excellent levels of service to customers in all areas of the business, none more so than in the provision of catering.

The following sections of this report reflect the matters discussed.

#### BACKGROUND

- 1.4 During 2006 the Guildhall's reputation as a venue for banqueting was damaged due to poor catering and the impact of this past service failure is still being felt years later. However there has certainly been a return in business since the introduction of a range of caterers and more recently with the development of the in-house catering teams.
- 1.5 Experience with the appointment of a single external contractor to manage all of the catering in the Guildhall was that the service provide by that contractor could have a very severe impact on the ability of the Guildhall to secure conferences and events. Consequently when the catering contract came to an end in 2010, it was concluded that it was no longer appropriate to let the Guildhall catering be managed by a single external contractor.
- 1.6 CAB1857 (Cabinet, 8 July 2009) authorised the appointment of a range of catering companies to deliver banqueting and large scale catering in the Guildhall from April 2010 to enable a more diverse catering package to be

offered to customers. CAB1894 (Cabinet 14 October 2009) agreed to meeting room and café catering to be run directly by the Guildhall. The revised arrangements were to be reviewed in December 2013.

- 1.7 Following recent changes there has been a marked increase in the amount of business. Previous clients were returning. It was noted that the business took time to develop, as events were booked long in advance and that there was a requirement to put in place the foundations to allow this new momentum to continue and flourish.

## 2 MEETING 2 -THE GUILDHALL BUSINESS

- 2.1 At its meeting on 5 August, the Group considered a range of background marketing documentation produced by the Heads of Tourism and Corporate Communications, who attended the meeting and responded to questions. The discussion focussed on what the Guildhall currently offered and what it could offer; the markets the Guildhall served and publicity; where the Guildhall generated its income and linkages between different parts of the business.
- 2.2 The Guildhall marketing strategy identified that staff were key to the delivery of its core strategic aims, tactical actions, product and vision. Since the staffing had been reviewed it was noted that there had been a marked improvement in staff morale and a change in the teams approach to the business. The staff had been re-motivated and engaged in the forward planning of the event's business plan and business development.
- 2.3 A targeted approach to marketing the Guildhall had been introduced; a new brochure was being developed, while an e-newsletter had been designed and circulated to all previous bookers and those on the database which had been developed from the Café Loyalty Cards. A Christmas brochure had also been published and a significant client booking of 400 plus has been confirmed for Christmas. This booking had a value of £18,000, which did not include the potential bar takings. The venue's website was now regularly updated and a new more interactive website was under construction which when it is completed will give clients the ability to make enquiries online. A promotional video was in post production and should be ready to launch alongside the new website.
- 2.4 The limitations of visual advertising in the Town area were discussed and it was noted this was a significant problem for the Guildhall. Members were of the view that staff should be able to erect banners outside the venue in the windows of the café and that use should be made of the notice board by Marks and Spencer. The ISG concluded that the use of banners and 'what's on notices' were an important part of the promotion of the venue and the staff should be encouraged to utilise these to advertise events as much as possible.
- 2.5 It was noted that the Guildhall does not fully utilise the external and internal notice boards and also those at the Park & Ride display board to show case events. Members noted that these boards were regularly updated and changed in line

with the upcoming events. It was agreed that the advertising board outside the Guildhall should not be removed. The Guildhall would shortly be producing a 'what's on' at the Guildhall guide and it was suggested that this be promoted round the City and also in the Parishes, by sending copies to the Parish offices.

- 2.6 The ISG strongly supported the desire to properly market the venue for large corporate conferences. This was likely to require a modest budget for entertaining potential clients and Members agreed that this was a reasonable marketing expense provided it was properly managed. It was recognised by the Guildhall that there was a need to diversify the venue's client base. This was because the recession had reduced considerably the number of large bookings made by public sector organisations compared with previous years. The staff had adopted a new approach to securing business, with the introduction of more networking, target marketing and a proactive approach to regaining previous clients introduced.
- 2.7 The Guildhall, as a venue, was in a competitive market (i.e. the Holiday Inn, Wessex Hotel etc) and therefore a sufficient advertising and marketing budget should be maintained.
- 2.8 Weddings were an increasingly important area of revenue and were well suited to the venue, with scope to expand this business to include civil partnership ceremonies and Asian weddings. There was a new emphasis on show casing rooms for clients and holding internal wedding displays. The Guildhall provided a full personalised package for wedding couples. However most weddings were booked 2 years in advance and therefore the improvement in business would develop over a period of time.
- 2.9 There are many associated products for weddings and the Guildhall was working in partnership with photographers, chair covers suppliers, florists, disco's etc to cross market products.
- 2.10 In addition to the 'high earning' corporate and wedding daytime bookings, it was envisaged that the venue could become more of a community hub. Further community events would take place in the future, for example boxing matches, live music (a Frank Turner concert had been secured for 2014) as well as classes in the evenings; for example - Zumba fitness.
- 2.11 The current management objective was to secure an occupancy rate of 70% - 80% of the capacity of the venue within the next three years.
- 2.12 The Courtyard is a self-contained venue that is now marketed differently for use by community groups and private parties. It is not an ideal conference venue due to the restricted view; however it has proved to be an extremely popular venue for parties. It is the only venue within the Guildhall that gave the client flexibility by allowing them to provide their own catering and for this reason it appealed to the lower cost end of the market. The Guildhall was also working on a schedule of events to fill the Courtyard during weekday evenings.

- 2.13 The Guildhall's existing pricing structure was viewed as being reasonable – but it was hard to make direct comparison with commercial competitors as most venues did not charge for rooms by the hour. It was considered that charges needed to be reviewed and restructured following a benchmarking exercise, but it was intended to keep the hourly rate charges particularly for internal clients. There remains the capacity to negotiate rates with potential clients and not-for-profit organisations. In quieter periods, prices were also negotiable; however the venue now ensured that all event running costs were covered within the negotiated prices.
- 2.14 The ISG discussed the use of the Bapsy bequest and its use to refurbish the re-named hall, as well as a proportion of associated works outside the Hall itself e.g. access improvements directly related to the Hall.
- 2.15 It was recognised that Student Ball events would achieve large bar revenues subject to events being properly managed. School Proms were another growth area to which the venue would be well suited and members concluded that this market should be further developed. Packages had already been put together to try and increase the share of this market using the Guildhall and were due to be sent out this month.
- 2.16 In line with the business plan it was envisaged that the Guildhall would expand the opening hours and operate eighteen71 café space as restaurant for special evening events. The daytime operation of the café continued to improve its turnover, while reducing its supplier costs.

#### RELEVANT RECOMMENDATION

- That the Guildhall be allowed to erect temporary banners outside the building on the day of or during the week of events to advertise events and to make internal arrangements for more flexible use of Council display boards for advertising upcoming events.

### 3. MEETING 3

- 3.1 On the 20 August 2013, the Group considered each of the following areas:
- Catering;
  - Management structure;
  - Staff training and recruitment;
  - Parking and transport
  - Bar facilities
  - Possible franchise of café
  - Abbey House
  - Charity usage of the Guildhall;
  - Use of the building by the Mayor;
  - Developing the business

#### PARKING

- 3.2 Input from Parking Services had been requested and in discussions, the following comments were made.
- 3.3 The Guildhall has an agreement with the Parking Team that Chesil Street Multi-Story Car Park (MSCP) can be used for parking by day delegates attending conferences etc at the Guildhall. The cost of parking is included within the day delegate rate. However there is still a requirement for further parking and the possibility of making more of the Guildhall Yard Spaces available for the Guildhall use was discussed. It was highlighted by the Parking Services Manager that it was important that a number of car parking spaces were retained for those officers whose job required them to provide a quick response to urgent matters around the District. Some Members believed that parking bays for staff should be removed but it was explained that there were genuine operational needs behind staff use of the Guildhall Yard car park.

#### RELEVANT RECOMMENDATIONS:

- That the Guildhall Yard Car Park be offered exclusively to users attending major events held in the Guildhall for a limited number of major events.
- The arrangements entered into with parking services to enable Guildhall users to park on the top deck of the Chesil MSCP when attending conferences be continued with.

#### CATERING, BAR FACILITIES and POSSIBLE FRANCHISE OF CAFÉ

- 3.4 The catering issues were fully debated. Experience had shown that letting all Guildhall catering to a single contractor was a significant risk. The first issue was that if the supplier failed to deliver an adequate service it would not be possible to replace them without the need to tender the service in the market place. This would of necessity take a considerable period of time, during which significant damage could be done to the reputation of the Guildhall as a venue.
- 3.5 The second issue was one of choice for the customer. When booking events customers very much liked to be able to have a choice of suppliers offering a range of prices and service levels.
- 3.6 The third issue related to the income which could be generated through the catering side of the business. Banquet catering was seen to be a profitable business and as such it was in the Council's interest to be involved in it, provided it could be properly and profitably managed. In order to run banquet catering it was necessary to have a core of staff who were able to manage catering functions. This could be achieved provided the Council ran the café, as staff and equipment were available to both run the café and manage event catering. It was of course necessary to have a bank of staff to run the café during peak times, but this bank of staff could be used to serve at events and run bars etc.



- 3.7 It was not proposed to reintroduce a single catering contract/franchise but instead that more of the catering provision be brought under the control of the Guildhall management team using the in-house staff. It was proposed to invite new tenders for the provision of additional banquet services. The ISG identified that there were three elements to the Catering at the Guildhall:-
- Meeting refreshments and small/medium buffets
  - eighteen71 Café
  - Banqueting and large scale catering
- 3.8 It was noted that the catering and room hire businesses were symbiotic. Without adequate room service, the market for room letting would always be limited and if room lettings were not regular there would not be enough business to justify on site catering. Members noted that it was important that in-house management and operation of the Guildhall catering was retained, with customer choice being maintained by offering a range of contractors to supplement the in house offering for banquet catering.
- 3.9 If the café operation was let out, then the staff working within it would no longer be employed by the Council which would have significant impacts upon the Council's ability to continue to operate banqueting facilities. In addition, if the whole catering service was contracted out (as in the past), this would prevent the Guildhall from being able to offer a choice of caterers for events. Experience had shown that clients liked to have a choice of caterers.
- 3.10 Members considered the financial operation of the catering business at the Guildhall under the two previous private contractors, with the operation during the last two years with the in-house team.

**Table 1: Bar & Catering Income Generated by Previous Contractors**

Contractor 1 2005/2006		Contractor 2 2009/10	
Café sales	£ 210,794	Café Sales	£ 99,193
		Broadway Bean	£ 10,046
Event Bars	£ 90,442	Event Bars	£ 67,286
Event Catering inc Banqueting	£ 560,901	Event Catering inc Banqueting	£ 360,714

	£ 862,137	Coffee Direct	£ 2,505
			£ 539,744
Commission sliding scale	£ 114,066		
		Commission @15% paid to Council	£ 80,962

**Table 2: Bar & Catering Income**

<u>eighteen71</u>	Sales*	Cost of Sales	Gross Surplus**
	£	£	£
<u>2012/13</u>			-
Café, Bar & Catering	608,000	306,000	302,000
Banquet Commission	22,050		
<u>2013/14 - Year to July</u>			
Café, Bar & Catering	230,000	85,000	145,000
Banquet Commission	5,660		
<i>* Includes both internal &amp; external bookings</i>			
<i>** Includes cost of supplies, excludes Employee &amp; other direct costs)</i>			

- 3.11 The figures highlighted the significant decline in the turnover between the two private contractors and this may have been due to the significant expansion of restaurant business in the city during this time. The latest years figures with the in-house operation showed a significant gross surplus (excluding Employee and other direct costs) was being developed.

- 3.12 Members concluded that it was important to maintain the management of the catering service in house for a further period of three years and a recommendation to this effect would be made to Cabinet.

### BARS

- 3.13 The ISG received income figures for bar sales at the Guildhall from January 2013 to present. There has been extensive work undertaken to improve the bar facilities at the Guildhall. This included new pumps, fridges and a mobile “pop-up” bar, all provided free by Heineken. The shelving in the Wintonian Bar had also been rebuilt and there were plans to improve the décor in the bar area and within the Wintonian Room itself.
- 3.14 Members were advised that the Guildhall operate a 1 to 50 ratio with bar staff at events. However Members have found that if events organisers were unclear on the numbers of attendees, there have been occasions when insufficient staff had been provided. This has been rectified by ensuring that when clients sign the booking form they detail the final numbers of guest which are expected to attend, thus allowing the correct numbers of bar staff to be booked.
- 3.15 Members highlighted that previously the Wintonian Bar was used for lunchtime drinks. However, while it was noted that there was already a bar facility in eighteen71 available for day time use, consideration should be given to the viability of opening the Wintonian Bar during the day. To better advertise the bar facilities which were already available, more prominent signage and menu boards have been introduced within eighteen71.
- 3.16 Members also suggested the possibility of offering the facility for attendees at evening events to pre-order drinks for the interval. The feasibility of this suggestion will be investigated.

### RELEVANT RECOMMENDATIONS:

- That the Council continues to operate the Guildhall catering service for the next three years, with a review in December 2016.
- That the Guildhall operate its own banqueting offer alongside that of external catering contractors and that the outside catering contract is renewed for a further period of three years to expire in December 2016.
- That tenders be sought by the Head of Estates to secure a range of additional banquet caterers to complement the in-house catering team and to ensure that a varied range of quality and pricing structures are available to serve the banquet catering needs of Guildhall customers.
- That the refurbishment of the Wintonian Room and Bar is undertaken and that its use as a public bar at lunchtimes is investigated;

## ABBNEY HOUSE

- 3.17 Abbey House is an historic, Grade 2\* listed building, with significant costs to the Council to upkeep. The Guildhall were able to make use of the rooms for lettings, however it was reported that its use was limited because there was no disabled access to the first floor, where the main reception room was located. To install a lift would cost at least £30,000 and would also raise significant issues as to how and where it could be installed in such an important historic building.
- 3.18 The ISG all agreed that the Council should not seek to dispose of Abbey House. However, various suggestions were made by Members as to how its use could be increased and therefore generate income for the Council:
- Small museum;
  - Venue for small and exclusive weddings;
  - Venue for small and exclusive meals.

The retention of the building was considered to be of such significance by Members, that they requested that a further ISG be set up to consider how to make the best use of the building.

### RELEVANT RECOMMENDATIONS:

- That an ISG be established to examine the potential for increased use of Abbey House (whilst retaining it as a Council and Mayoral asset).

## MAYORAL AND CHARITABLE USE

- 3.19 Members noted that the Guildhall offered a published discounted booking rate for charities.
- 3.20 With regard to the use of the Guildhall by Mayors, the situation had recently been clarified. It had been agreed with the Chief Executive that each Mayor would be entitled to £4,300 use (the equivalent of a one whole day booking) of the Guildhall for charity events during the term of their Mayoral year. This sum would be paid to the Guildhall from the Democratic Services budget. Members concluded that, once the £4,300 had been spent for Mayor's charity events, it would be appropriate for any further bookings for Mayors charity events to be offered at the published Charity booking rate.
- 3.21 Events such as the Mayor's retirement dinner were civic events and covered by the Mayoral budget. The ISG also commented that such events were attended by dignitaries and a wide range of people from across the District and they offered a good opportunity for the Guildhall to showcase its facilities.

## STAFFING

- 3.22 The current management structure of the Guildhall was discussed. It was highlighted that all that all permanent staff were employed on a 37 hour contract basis, which was unusual in the trade where staff were often expected to agree to opt-out of a standard working week. These staff work on a rota basis to cover the business needs and operating hours of the Guildhall. On top of the permanent staff there was currently a pool of 65 casual staff, consisting of transient students along with some individuals seeking part time work, all of whom could be called in as required to work on specific events or business needs.
- 3.23 Training of staff was an issue which Members expressed a concern over. Guildhall Staff were now being trained appropriately to help maximise income and provide standard service levels. The cafe was closed until 10am twice a month for training and two Guildhall Facilities Assistants were undertaking NVQ courses, which included modules on Hospitality and Customer Service.

## FUTURE DEVELOPMENTS

- 3.24 The Guildhall Management were constantly working on Business Development and some of the work being undertaken included:
- Working with the Theatre Royal with a view to some larger (perhaps music) events being held at the Guildhall;
  - Working to increase the share of the catering market (further promotion of our internal catering)
  - Taking steps to increase the conference business use – staff given negotiating flexibility to attract new business;
  - Contacting previous Guildhall customers to try and encourage people to use the venue again;
  - Exploring new market opportunities, e.g. selling ice to local pubs, outside catering
  - Developing Christmas marketing opportunities;
  - Work to explore opportunities for indoor events at the Guildhall in conjunction with the existing successful Sunday Antique & Collectibles market
- 3.25 The Guildhall has a continued plan for improvements and these include:
- Refurbishment of ground floor toilets;
  - Improvements to acoustics in King Charles Hall;

## RELEVANT RECOMMENDATIONS:

- That the commercial potential of the Guildhall can be further developed by pursuing the future development opportunities identified in paragraph 3.24

#### 4 MEETING 4

- 4.1 The ISG held its final meeting on 12 September 2013 to discuss the contents of its final report and to make any required changes, prior to recommendation to The Overview and Scrutiny Committee and Cabinet.

#### OTHER CONSIDERATIONS:

#### 5 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

- 5.1 The Guildhall helps the Council meet the objectives of the Active Communities, Prosperous Economy, High Quality Environment and Efficient & Effective Council themes.
- 5.2 In June 2013 the Guildhall became a member of Winchester Carbon Smart and adopted the principles of sustainable event management as set out in BS 8901. As part of this it is proposed that the Guildhall becomes fully accredited for VS8901 which will reap large amounts of PR and potential business. In adopting the principles of sustainable event management as set out in BS 8901 it was noted that this will give the Guildhall an edge over many of its competitors.
- 5.3 The building is consistently being reviewed to make improvements to its heating and air conditioning – to optimise these are far as possible to reduce running costs as well as to further reduce the venue's carbon footprint. One example of how this was being achieved was the replacement of hundreds of 50 w halogen bulbs with 5 w LED units.
- 5.4 The Guildhall is an important buyer and resource to the local economy and the current catering arrangements will further support local businesses.
- 5.5 The diverse catering offer broadens the appeal of the Guildhall to wider sections of the local community. Past research has identified that the cost of hiring the premises with catering has been prohibitive for many community groups. The availability of a room where community groups can make their own catering arrangements remains important and at the forefront of the business.

#### 6 RESOURCE IMPLICATIONS:

- 6.1 A successful and well run Guildhall has the potential to make a significant contribution towards its fixed costs. Continued improvements in the operational management of the Guildhall will ensure a significant improvement in the income earned from commercial events. Attached at Appendix A are high level account details for the Guildhall showing the progress being made in the Guildhall financial position during the period 2011 -2014
- 6.2 There is a small number of post re-gradings under consideration, which will have modest financial implications for the business.

## 7 RISK MANAGEMENT ISSUES

- 7.1 There is a risk that if the key posts are not graded in line with market expectations that it will prove to be impossible to secure or retain the services of appropriately skilled persons. The risk can be mitigated by securing appropriate job design and re-grading through the HR process.
- 7.2 There is a risk that if it is not possible to provide parking for conferences or events, that the customers will move elsewhere. The risk is mitigated by ensuring that the arrangements entered into with Parking Services for the use of the Chesil MSCP upper deck are continued with.
- 7.3 There is a risk that business is lost by not being able to signpost events in the building. The risk can be mitigated by allowing short term display of event banners in compliance with planning regulations.
- 7.4 There is a risk that standards of customer service are inadequate. The risk can be mitigated by continuing with staff training programmes and the completion of the development of standards of service which can be used to develop the skills of new and temporary staff.

## 8 CONCLUSION

- 8.1 The operation of both the café and in house catering offers the greatest potential to continue the turn around in the financial fortunes of the Guildhall. By offering competitive clearly understood pricing and services it will be possible to secure greater levels of commercial business for the Guildhall. Business enquiries are growing and turnover of the business will continue to rise as new business is secured. The Guildhall is currently on target to make a contribution towards its fixed costs this year. By continued in house control of the café and banqueting catering service, the Guildhall Managements will have the ability to directly influence the standards of service received by customers, and the ability to achieve this will determine how successful the business will be.

### BACKGROUND DOCUMENTS:

Non-exempt Minutes and Working papers of the ISG held within Democratic Services Team

### APPENDICES:

Appendix A: Guildhall Trading Account 2011 - 2014