



Harlington Project Interim Business Plan



Contents

1. Introduction	3
2. History	4
3. Current Position	6
3.1 Marketing.....	8
4. The Business Case	8
4.1 Competition	8
4.2 Levels of Subsidy	11
5. Harlington proposal – "EVOLUTION not REVOLUTION"	12
6. Options for the future	14
6.1 Option 1 – Repair existing facility	14
6.1.1 SWOT Analysis for Option 1	15
6.1.2 Potential impact on operating costs	15
6.2 Option 2 – Renovate	16
6.2.1 SWOT analysis for Option 2	16
6.2.2 Potential impact on operating costs	18
6.3 Option 3 – Rebuild	18
6.3.1 SWOT analysis for Option 3	18
6.3.2 Potential impact on operating costs	19
7. Future Management of the Harlington.....	20
8. Capital Funding	21
Appendix 1 – Financial Analysis of Options	22
Appendix 2 – Report on Catering Facilities	24
1.0 Introduction.....	26
2.0 Background.....	26
3.0 Recommendations.....	29
4.0 Catering Facilities and layout.....	33

1. Introduction

The Harlington has been run as a multi-functional entertainment and community venue under the management of Fleet Town Council since 2010 and, it is worth stating, at a significantly lower cost than before the Town Council took on this responsibility. These financial Improvements have been achieved through careful management of investment in the facilities offered to the community, together with an ambitious programme of live entertainment, events and activities. Although this has led to higher operating costs, it has, in turn, brought in significantly higher income through tickets, bars and room hire receipts. The Council is proud that The Harlington now has a stronger identity in the town and a growing footfall year on year.

However, the venue is limited in its ability to operate to the Council's ambitions by the dated services and unattractive façade that it currently presents. If significant investment is not made in the services and general building condition, this could, sadly, lead to its gradual closure. The Town Council, has no option but to take action if The Harlington is to remain open as an asset to the town and the community. It is, therefore, in the process of drawing up plans for three different levels of investment that will provide Fleet with a facility that will last for years to come. In considering the future, Councillors are focussed on the fact that The Harlington must meet both audience and artist expectations and requirements as well as providing a modern economically viable facility designed to prosper in the future.

This Business Plan lays out the financial implications of the three options; Repair, Refurbish and Replace. It focuses on the Council's ambition to capitalise on its success to date as well as the ability to undertake new challenges and improvements over the coming years. The level of success against these criteria will naturally vary across the different investment options outlined below.

It is clear that The Harlington's future success will be built on the programme of events that it provides, its ability to attract customers and the important service that it offers to the community. The vision is to create a varied but focussed calendar of events linked to the arts. This will be built on a range of arts related activities, the encouragement and nurture of musical talent and reinforced with comedy, theatre and film offerings and events. In addition, there will be a wide range of community activities based on both commercial and community hires.

Whilst this Plan sets out the future direction and options for the Harlington, it also relies on the co-operation, belief and trust of a united team of Councillors and officers to work together to achieve these ambitions. It sets out a route by which the Harlington can continue to improve financially and be sustainable for years to come. It seeks to deliver a town centre facility that the community can be proud of, that puts Fleet firmly on the map, attracts more visitors into the town, benefits the local economy and improves the lifestyle options for residents. No small ambition!

MISSION

To create a public facility providing for a broad spectrum of community cultural and commercial activity that supports the future viability and sustainability of Fleet Town

VISION

To better serve the community in everything we do

2. History

The “Harlington Centre”, as it was then known, was built in 1974 and its construction coincided with the closure of Fleet Urban District Council and the formation of Hart District Council (HDC), which took on the ownership of the building and the land on which it stands. At that time, the

original vision for the Harlington Centre was not clearly laid out but, basically, the building provided a multi-functional community facility with a main hall (initially used as a badminton court), meeting rooms and offices. It was built as a separate structure from the Library but, during repairs following a fire in 1991, the passageway between the two buildings was infilled to link them. It is worth noting that the area at the front of the building, currently used as a coffee shop, was leased to HDC by Hampshire County Council (who own the land on which the Library stands and the Library building) under a 99-year lease agreement signed in January 1995.

As part of the rebuilding works following the fire, an additional single storey extension was added to the side and rear of the core building to accommodate the WRVS (now RVS) and a Fleet youth facility. Both of these occupants also signed lease agreements with Hart District Council for a period of 21 years commencing in February 1995. Throughout subsequent years, areas of the building have been modified or created specifically to cater for additional multiple users including a commercial foot clinic, a music school, two pre-school groups and a gymnasium.

The relationship between the County Council owned library and the District Council owned Harlington building is further complicated by the fact that the heating system in the library is served by the boilers housed in The Harlington. This is something that will need to be addressed in considering the options put forward as part of this Plan.

It is clear that the development of the building, prior to the point at which it was leased to Fleet Town Council, had been reactive rather than strategic. It is, therefore, no surprise that, with a lack of a clear vision, the building became a significant financial burden to the residents of Fleet and Church Crookham (and latterly Elvetham Heath). This deficit was financed through a budgetary allocation by Hart District Council termed "Special Expenses," the equivalent of a parish precept. In order to mitigate against this financial burden, Hart District Council undertook a significant cost cutting exercise which led to further erosion of the services offered.

In 2010 three new parish councils were created (Fleet Town Council, Church Crookham Parish Council and Elvetham Heath Parish Council). Although there was an initial proposal to transfer the management of the facility jointly to these three parish councils, this opportunity was declined by two of them. Fleet Town Council then elected to take on the facility and resolved to revive it as a multi-functional community and entertainment centre for the Town. The Harlington Centre was, therefore, transferred to the new Fleet Town Council's management.

The Town Council's strategy was to drive up income and levels of activity to achieve a better financial outcome rather than replicate the previous cost cutting exercise. Part of this strategy was delivered by offering a range of professional shows, including a pantomime. A further element of that strategy was to hire the services of a professional theatre manager to revitalise the facility, introduce more varied entertainment and achieve an improved financial position.

In 2009 HDC launched a public consultation on a future vision for Fleet Town Centre that highlighted the potential development possibilities of the civic area encompassing the Civic Offices, The Harlington, the Library, the forecourt car park and Gurkha Square car park. As a result of this exercise and the uncertainties that it created, Hart District Council offered Fleet Town Council only a short term lease to 2016 on The Harlington. In recognition of the condition of the building the lease limited FTC's liability for replacement of any fixed mechanical and electrical plant and equipment to a maximum of £1,500. Additionally HDC agreed to reimburse FTC for any immediate loss of income as a consequence of equipment failure. FTC and HDC have continued to operate under the implied terms of the lease.

In 2011/12 and as a part of this same Town Centre visioning exercise, a significant piece of work was undertaken to investigate the construction of a new community facility that would potentially house the Town Council, part of the District Council functions, The Harlington, the Library and the local police. This new facility would have been largely financed by developer contribution (as a consequence of Sainsbury's wishing to open a superstore on the civic area) and the design of the proposed new building was led by HCC Architectural Services. Sainsbury's subsequently withdrew from the development as a consequence of the downturn in the economy but, importantly, this whole exercise highlighted the out of date services within The Harlington building and demonstrated that it was no longer fit for purpose.

3. Current Position

Fleet Town Council's objective to re-brand the building as "The Harlington" and position it as the community and entertainment "heart" of Fleet has shown a high level of success. As, over the past seven years, The Harlington has been isolated as a separate cost centre, this success can be readily identified by the fact that its financial performance is recorded in isolation from the other functions of the Town Council (who also occupy the building).

Although the financial performance records show that the building and its operation has run at an average subsidy of £180,000 over the last four years, this figure is significantly lower than that achieved prior to the Town Council's management of the building. This management strategy has also increased the breadth of the events offered, the number of people using the building, and resulted in new partnerships between local community groups and The Harlington that have created several new and well supported community based events (e.g. Fleet Jazz and Fleet Film).

It is, again, worth pointing out that this success has been achieved in spite of the many constraints imposed by the current building but that further progress is unlikely without the modernisation options that this Plan outlines. Recent surveys undertaken as part of this exercise have confirmed that the original building and its services were not of the highest quality and are starting to fail: the roof leaks and the building fabric is thermally inefficient. Although users of The Harlington support the programme of events and community functions currently on offer, they have strongly voiced their opinions that the seating, lighting and sound in the main hall is poor, the toilets are not up to standard and the overall facility is unattractive and uninviting. It has, sadly and despite considerable efforts on the part of the Harlington management team, proved almost impossible to convince the younger demographic to visit the building, in its current condition, in any significant numbers.

It is feared that, if no serious investment is made in renovating or upgrading the building, services will progressively continue to deteriorate and the building will cease to be viable.

The loss of the Harlington could have significant impacts on the community, including:

- The loss of the only entertainment facility in Hart capable of housing large numbers
- The loss of the only major meeting venue in Fleet for larger community groups.
- The loss of community group space.
- The loss of the only local authority-owned public toilets facilities in Fleet

- A loss of parking revenue to HDC as a result of the loss of the Harlington customer contribution
- An impact on the night economy through loss of trade from Harlington visitors
- An impact on the Library services that rely on the Harlington for heating their building
- Another empty building affecting the character of Fleet.

3.1 Marketing

Marketing has been a significant challenge over the seven years of Fleet Town Council's management of The Harlington. Having inherited a building that lacked an identity, a clear position in the community, and that offered an unfocussed and disparate programme of activities, there was a need to create a new identity, provide a focus, contain costs and attract wider audiences.

Having re-branded the facility as "The Harlington", the management team developed a supporting marketing strategy designed to increase audience numbers, attract more arts related activities (music, dance, drama) and to target specific arts genres, including a Youth Theatre group. The strategy adopted an incremental approach that ensured that the community based activities complemented the commercial ones and the range of the programme could be extended over a period of time without incurring risk. The key to early success (and something which has continued over time) was to make the most of the limited infrastructure and make every event unique in its own right.

The investment in marketing has increased to match the growing number of performances and activities. Currently the marketing team consists of one full time employee (who also manages the box office), assisted by other team members as part of their normal day to day tasks.

The main marketing cost is the production of two advertising brochures per year. These brochures are hand delivered to the 29,000 households in Fleet, plus selected surrounding areas. Over time new areas have been carefully selected and the booking success rate in those post codes carefully monitored through the box office marketing system. Each new addition has demonstrated a large spike in sales from the related post codes and this type of marketing has proven to be the most successful for The Harlington, even in these days of on line marketing. To contain costs, the art work designed for the brochures is also used to produce additional posters for display both inside The Harlington and on notice boards outside the venue.

The importance of online marketing, together with its immediacy, cost efficiencies and greater reach, is fully realised within the marketing strategy. There is a dedicated website which is kept current and offers an online booking system which has increased its percentage of total box office sales year on year. The use of Facebook advertising to market specific productions has also proved very successful.

The key to measuring any marketing success is a box office system with a good range of reporting options, allowing the venue to draw all the statistics they require from it. The Harlington has used an industry wide system for some years and is in the process of updating to an even more sophisticated one which will offer even greater flexibility in both booking and reporting options. There is a heavy reliance on this tool to demonstrate those elements of the programme which are

most supported by our audiences and to help find new avenues of marketing opportunity for the future.

4. The Business Case

In exploring all possibilities to retain, what is considered by many to be this valued community facility, Fleet Town Council have been in dialogue with the District Council who have indicated that it is not within their immediate plans to reconsider the redevelopment of the civic area and that it would be many years before such an exercise was considered. They therefore suggested, in 2014, that Fleet Town Council should develop their own plans for the future of The Harlington.

The Town Council have, as a result, taken the initiative to explore the three options set out in this Business Plan - to repair, renovate or rebuild the Harlington - together with the effect each of these options could have on operating opportunities and costs. In preparing this Plan, the Town Council has analysed local competition and the financial subsidies received by other similar venues and details are provided below.

4.1 Competition

Analysis of any potential competition is vital in creating The Harlington Business Plan. The potential competition for both community hire and commercial productions is listed in the following tables:

Table 1 Local and Area Competition

Venue	Location	Type of space	Capacity	Speciality
THEATRE				
The Anvil,	Basingstoke	Theatre	1100	Theatre/performance
The Haymarket	Basingstoke	Theatre/presentations	400	Presentations
The Forge	Basingstoke	Room/hall	95	Receptions
Victoria Theatre,	Woking	Theatre	2300	Theatre/performance
Princes Hall	Aldershot	Theatre and separate suites	Theatre - 595	Theatre/dance and fashion shows/weddings/parties/conference etc

Camberley Theatre and suites	Camberley	Theatre, conference, parties, weddings,	Auditorium - 400, Function Room - 100	Theatre, performance, conferences, weddings,
The Maltings	Farnham	Theatre - retractable plus many other rooms	15 - 500	Parties, conferences, weddings, workshops, performances
West End Centre	Aldershot	Rooms, exhibitions, performance	10 - 200	
Rhoda McGraw Theatre	Woking	Theatre	228	Community groups/amateur performance / dance/youth performances etc.
HALLS				
Church on the Heath	Elvetham Heath	Rooms and worship area	Up to 350 - theatre style	Concerts, performance, meetings etc
Ancells Farm Comm Centre	Fleet	Halls	200	Community Groups, meetings, parties etc
Zebon Copse Comm Centre	Church Crookham	2 halls which can be combined to make one hall with stage	180	Performance, meetings parties etc.
Church Crookham Park Comm Centre	Church Crookham	Halls	16m x 10m and 10m x 8m	Meetings, parties etc.
North Hants Golf Club	Fleet	Reception venue	40-150	Weddings, parties, receptions
Willis Hall, CC	Church Crookham	Hall	60-80	Small meetings
Memorial Hall CC	Church Crookham	Halls	50 seated	Meetings, dance classes, community groups
The Albert Social Club	Fleet	Function room	125	Meetings, parties, receptions etc.
All Saints Church Com Hall	Fleet	Community halls	100	Meetings, lunches, parties
Ss Philip and James Hall	Fleet	Community hall	110	Meetings, lunches, parties
United Reform Church	Fleet	Hall		Meetings, Parties, lunches
Yateley Village Hall	Yateley	Hall	120	Weddings, parties, receptions, meetings etc. Not teen parties
The Tythings	Yateley	Two rooms	Rose Room 1 - 50 people, Gallery Room 2 - 60 People	Meetings, receptions etc. Not teenage
Monteagle Community Hall	Yateley	Main Hall and committee room	Main hall - 50 people, committee room 7 x 4 m	Meetings, receptions etc. - not for teenage parties,
Victoria and Appleton Hall	Hartley Wintney	Halls	Up to 200	Community Groups, parties, receptions, shows, meetings
St Swithuns Parish Centre	Yateley	Main hall	100 people	Receptions, parties, meetings, AV equipment available + bar facilities,
Schools not included				

Table 2A Commercial Users

Current commercial use includes:

Activity	Space required	Perceived local competition	Reason
In-house live professional performances	Large hall / bar / stage / backstage facilities / sound & lighting facilities	Minimal	Little competition due to unique styles of events and set ups.
Meetings / conferences	Large hall / stage / projection and sound facilities / catering	None	Facilities & capacity required
Theatre hires	Large hall / bar / stage / backstage facilities / sound & lighting facilities / box office	None	Facilities & capacity required. Price point

Dance Festival	Whole building / lighting facilities / catering	None	Facilities and capacities required
----------------	---	------	------------------------------------

Table 2B Community Hires

Current hall hires include:

Activity	Space required	Perceived local competition	Reason
Blood Donation Sessions	Large hall Kitchen access	None	Have been unable in the past to find alternative venue in the immediate area if date unavailable
U3A meetings	Large hall / stage	None	Facilities & capacity required
DFAS meetings	Large hall / stage	None	Facilities & capacity required
Townswomen's Guild meetings	Large hall / stage	None	Facilities & capacity required
Rock Choir	Large hall / stage	None	Facilities & capacity required. Cost ceiling. Weekly availability
Ceroc dancing	Large hall / stage / smaller hall / bar	None	Facilities & capacity required. Cost ceiling. Weekly availability
Hype discos	Whole building	None	Facilities & capacity required.
Roller Disco	Large hall / bar / smaller hall / foyer space	None	Facilities & capacity required. Highest number of attendees of all venues
Fleet Film	Large hall / projection facilities / bar / foyer	None	Created with The Harlington as partners. Facilities & capacity required.
Fleet Jazz Club	Large hall / bar / sound & lighting facilities / box office	None	Created with The Harlington as partners. Facilities & capacity required.
Music School	Small to medium room / piano / parent waiting area	Any other community centre with availability	Requirements are not unique to The Harlington
Youth Theatre	Medium room / performance space with sound & lighting for 2 performances per year	Any other community centre with availability for weekly sessions. No competition for performance requirements	Weekly requirements are not unique to The Harlington. Stage facilities required for performances
Weight Watchers	Medium room	Any other community centre with availability	Requirements are not unique to The Harlington
Baby weighing clinic	Medium room	Any other community centre with availability	Requirements are not unique to The Harlington
Dance & fitness classes	Dance studio / medium room	Any other community centre or studio with availability	Requirements are not unique to The Harlington
Local group meetings	Small to medium room	Any other community centre with availability	Requirements are not unique to The Harlington
Dance school performances	Large hall / bar / stage / backstage facilities / sound & lighting facilities / box office	None	Facilities & capacity required. Cost ceiling.
Amateur theatre performances	Large hall / bar / stage / backstage facilities / sound & lighting facilities / box office	None	Facilities & capacity required. Cost ceiling

These tables demonstrate that the biggest area of business retention and growth for The Harlington has been one-off hires requiring larger premises and specific technical facilities at a reasonable price. It is also clear that trying to compete for room hire with small local facilities in the area becomes a simple price competition. A strategy has therefore been developed that differentiates The Harlington offering from its competitors and has flexibility and adaptability as its key business drivers.

The current limited theatre facilities and capacity have meant that the building has been unable to attract a range of productions that might otherwise lead to increased audiences. Larger venues such as Princes Hall in Aldershot, for example, have been able to attract these performances

through the better facilities and capacity that they can offer. However, in creating The Harlington’s position amongst other local venues, it has been the flexible and adaptable approach offered by The Harlington management team that has been the differentiator, and resulted in a unique experience for the customer, a strategy the team will continue to develop.

Princes Hall – 600 seat capacity

The programme offered by this venue is generally different from The Harlington. Although it includes a large number of tribute shows, they are rarely exactly the same bands as those booked by The Harlington. Shows are presented in a seated theatre format in contrast to the flexibility offered by The Harlington of “cabaret” or “standing” layouts promoting a party atmosphere - with dancing encouraged! This flexibility attracts a different customer profile.

Camberley Theatre – 400 seat capacity

Although there has been some programming duplication with this venue, this has not shown evidence of affecting The Harlington sales and careful timetabling has enabled this to take place.

West End Centre – 100 seat capacity

This venue also operates in cabaret and standing formats, so could be considered as the closest type of “experience” to that of The Harlington in terms of seating flexibility. Both The Harlington and the West End Centre offer original music and comedy within their programmes. The West End Centre has its own following, and to date both venues have operated without affecting each other. However, The Harlington is now picking up some shows that have very quickly outgrown The West End Centre’s limited seating capacity.

Despite the competition outlined above, The Harlington sold 15,913 tickets in financial year 2015/16 bringing in an income of £215,952 (figures based on total ticket sales processed within the period). Based on ticket sales data, 9,416 tickets (59.2%) were sold to customers in GU51 and GU52 postal code areas. Other significant areas of sales include Farnborough, Yateley, Camberley, Aldershot, Farnham, Kingston, Reading, Romford in Essex and Nottingham. In fact, tickets were purchased from 250 different post codes. Research has shown that a number of acts attract a fan base who will follow wherever the performance takes place and, although, there is an immediate and solid catchment area, thereafter there is no apparent limit to the distance customers will travel.

4.2 Levels of Subsidy

From conversations with managers of some of the immediate competitors it has always been apparent that the centres have received differing levels of subsidies that enable them to maintain their facilities. This funding can be mitigated by extraneous income such as car parking revenue and significant Arts Council grants (as in the case of the Maltings in Farnham) or the inclusion of corporate sponsorship and car parking revenue in the case of the Trinity in Royal Tunbridge Wells.

As examples, the latest published accounts for theatres and community facilities in the immediate area show the following levels of subsidy (income – expenditure).

Venue	Subsidy	Capacity
Princes Hall	£518,940	595
Camberley Theatre	£279,380	400

The Lights Andover	£403,210	242
The Berry Eastleigh	£207,260	306
The Point Eastleigh Operations)	£268,610	312
Management)	£196,930	

In comparison, The Harlington has averaged £180,000 over the last 4 years.

Advice offered in conversations with other local managers was that careful consideration of the capacity of any new or remodelled facility was critical, that the desire to overdevelop should be resisted, and that 500 to 600 seater theatres were usually expected to require the highest subsidies. There was also a consensus that there is a ceiling price for tickets of £25, even with nationally recognised celebrities. Serious consideration should be given before attempting to break this barrier. It was further pointed out that the Anvil in Basingstoke, with its reputation for excellent acoustics, rarely made money on ticket sales alone.

5. Harlington proposal – "EVOLUTION not REVOLUTION"

Over the last 7 years the programme of community events and commercial productions has been reviewed and refined to increase usage of the facility and promote community participation. It is expected, and planned, that this current programme will be carried forward into all three proposed options. This will enable The Harlington to build on that proven success while supplementing and improving its offerings through the increased capacity and a greater degree of flexibility that improved services will deliver.

The future programme will build on experience, recognise opportunity and limit risk.

The headline financial results for the current financial year (about to close) and the previous financial year are shown on the next page.

	FYE 2015/16	FYE 2016/17	Comment
Room/Hall Hires	£91,800	£95,000	
Commercial Events income	£173,000	£110,000	Ticket sales
Event related Costs	£154,500	£ 86,000	Performance costs
Bar income	£68,800	£ 77,000	
Bar costs	£ 27,500	£ 31,000	
Café income	£ 70,500	£ 56,000	
Café Costs	£ 76,000	£ 51,000	Includes salaries
Contribution	£146,100	£170,000	Gross contribution
Salaries / NI / Pension	£182,600	£198,000	Harlington only

Cost of building	£126,000	£137,000	Rates, gas etc. etc.
Miscellaneous Costs	£ 13,100	£ 14,900	Equip, licences etc.
Subsidy	£175,600	£179,900	From FTC

Current Entertainment Programme includes:

- ✓ Monthly comedy Club
- ✓ One off comedy shows with named acts
- ✓ Regular high quality tribute acts
- ✓ Monthly Jazz Club
- ✓ Film Club
- ✓ Annual pantomime
- ✓ Amateur theatre company productions
- ✓ Dance and performance school productions

The current commercial programme can be divided into (figures based on last full financial year)

Type	No. of performances	Average Maximum Capacity	Average % of capacity	% of annual ticket sales
Pantomime	37	288	62%	41%
Live music	34	202	76%	33%
Comedy	13	220	70%	13%
Other	14	280	47%	13%

As a demonstration of how the programme is constantly being refined, the equivalent analysis is set out below based on current financial year third quarter results.

Type	No. of performances	Average Maximum Capacity	Average % of capacity	% of annual ticket sales
Pantomime	14	270	89%	32%
Live music	26	233	73%	42%
Comedy	9	243	84%	18%
Other	8	226	44%	8%
Shows still to come in last quarter	19	n/a	n/a	n/a

The key changes that have been implemented to achieve improved returns and minimise risk include:

- Learning from experience by monitoring which events are less successful and programming accordingly
- Increasing and maintaining the most successful events
- Putting in place new arrangements for the pantomime (which is now a community production). Programming only 38% of number of pantomime performances to previous years, whilst maintaining a higher average capacity and financial benefit. This resulted in a guaranteed hire fee and the ability to increase the number of other successful events in the build up to Christmas.

It should be noted that least successful events were the “theatre type” shows which had low audience numbers because the current lack of theatre facilities and uncomfortable flat floor seating and the consequent lack of ability to attract quality performances.

Based upon experience, therefore, future recommendations would be to:

- Retain as much current business as possible
- Continue to programme a high number of live commercial performances and ticketed events, particularly on Fridays and Saturdays. (Other weekday evenings can also prove successful, although the level of that success will be dependent on the performance type/audience demographic and level of ticket sales required to be profitable)
- Focus strategies for new “theatre” style performances that achieve attractively priced professional and non-professional hires where the superior facilities and enhanced auditorium (in options 2 and 3 particularly) will have almost no competition from local venues and halls, and bar receipts will provide a secondary income stream
- Concentrate on hires focussed on large community groups and commercial conference and exhibition type events
- Avoid focussing on small short term hires where there is already a great deal of competition from local community centres with lower overheads, lower hire rates and little opportunity to gain secondary income through bar and catering spends.

In addition to the commercial and community programmes, the one area that remains of significant concern is the coffee shop which, although making a small positive contribution towards operational overheads this financial year is still recognised as underperforming. Separate advice has been sought to identify the issues and the potential to make the coffee shop a more integral part of the overall experience and to determine its place within the future development options. A report on the coffee shop is included as Appendix 2 and is referred to in the relevant sections of this business plan.

6. Options for the future

The three options outlined below are defined as Repair, Refurbish and Replace. They represent a progression from simply securing the long term fabric of the current building to positively upgrading the facility to meet the demands of an ever increasing local population now and in the future.

6.1 Option 1 – Repair existing facility

Option 1 would place the existing facility in a more sustainable position and enable it to meet, as far as possible, current building regulations. This would be with particular regard to heating, insulation and ventilation and would secure the building for the next 40 years. The structural frame of the building would be retained and all improvement works would be internal to the building. There would, therefore, be no visible impact or improvement to its external appearance.

All mechanical and electrical equipment and supporting infrastructure would be completely replaced and the toilet facilities would be improved. The facility would remain multi-functional and could retain all its existing tenants.

6.1.1 SWOT Analysis for Option 1

A potential **STRENGTH** of this option is that it retains all the existing users of the facility and can, after the remedial work, operate as now and retain the same programme of activity and events. The financial outcomes are also predictable.

Equally a **WEAKNESS** of the option is that the building retains all its existing constraints and allows virtually no opportunity to introduce new activities.

The current “standalone” seating would be retained but, in response to customer comments, could be more widely spaced to increase comfort. This, in turn, would reduce capacity and therefore income. Capacity would be in the region of 250 theatre, 200 cabaret and up to 500 standing. Flexibility in the lay-out of the main hall would continue to be achieved by physically removing and storing the “standalone” chairs. Because of the limited range of productions that can be staged, there is virtually no opportunity to access grant funding from the Arts Council.

An independent consultant’s report has advised that there would be no additional value in investing in the coffee shop (see Appendix 2) as it is poorly located, without a high-street frontage and exposed to a large number of quality competitors. It may be necessary to reduce the staffing overhead to achieve efficiencies. The variety of offering would need to be further reduced, with more “bought-in” items such as sandwiches, in line with the externally purchased cakes that have achieved proven and positive cost savings.

OPPORTUNITY would be limited. The facility would have improved services, but the quality and range of facilities offered to hirers and customers would remain relatively unchanged.

Some opportunity exists to bring in new ideas such as “live broadcast” productions that could add to the revenue stream. Operational costs would be reduced primarily through energy savings.

The greatest **THREAT** is customer retention. The building would require a full closure for up to 12 months and all activity would cease. A number of existing clients may not return if they were forced to find alternative accommodation for up to one year – although it is appreciated that there is a lack of local facilities with the capacity of The Harlington to which they could move. The shortest period of closure would be for the single storey extension housing the RVS and The Point Youth Services as they have an independent access, but a period of closure for both these services would still be necessary.

Work could be phased to allow the continued operation of the building in some areas but this would add a significant financial and time cost. Investigation has shown that phasing the work is unlikely to significantly reduce disruption and would add a potential premium of 20% on the estimated cost. It may be possible to attract new clients once the building re-opens, but with a largely unchanged facility (to the eye) there would not be anything exciting to market to prospective customers. It is estimated, therefore, that, after re-opening, there could be a drop in potential revenue income for a period of three to five years.

6.1.2 Potential impact on operating costs

The impact on the operational aspects of the building would be minimal and based on the energy cost reduction achieved as a consequence of improved insulation in a new roof and replaced glazing.

The operational cost is projected to remain in the region of £180,000 (see Appendix 1). The modest reduction in operating costs from energy use efficiency would be offset by a potential loss in revenue through reducing the theatre capacity.

6.2 Option 2 – Refurbish

This option offers a route towards creating a venue that is not only sustainable in terms of the fabric itself, but also meets the criteria to sustain the business into the future. It addresses not only essential repairs, but allows a new management plan to be put into operation.

In addition to a much-improved theatre facility, with increased seating capacity and larger stage and supporting facilities, the introduction of a separate second performance space would not only allow for a much more diverse programme of work but will also act as a multi-functional space which could retain many of the existing activities and classes. The second space would be fully sound insulated from the main theatre to enable two activities, either community or commercial, to operate in parallel.

6.2.1 SWOT analysis for Option 2

The major **STRENGTH** of this option is the much-improved quality and versatility of the new auditorium. The larger stage and support facilities would allow a far greater range of performances and the tiered retractable seating and additional balcony capacity would be more attractive to audiences. Together this increased capacity would provide the opportunity to grow revenues and would greatly enhance the experience of both audiences and performers.

The introduction of the second multi-functional space would allow parallel activities to take place, again increasing the capacity for community and commercial clients. The opportunity would also exist to increase the volume of room hires and ticket sales through use of this second space.

A key **WEAKNESS** would be the loss of some commercial and community clients displaced to accommodate the larger auditorium and supporting facilities.

Option 2 does not offer alternative space to accommodate either the RVS or The Point Youth facilities. However, this could be resolved through relocation.

OPPORTUNITIES within Option 2 are good. The facility would have improved services and provide better facilities for hirers and customers.

The auditorium would house a modern theatre with tiered retractable seating and a balcony. Dependent on lay-out, the capacity would be c 350 theatre-style, c 250 cabaret-style and up to 500 standing.

Programming would become more varied and regular with events taking place in both the main theatre and second space. Although the current vision is for the second space to focus largely on music, the main space would be able to offer everything from theatre to tributes, larger comedy shows to live cinema broadcasts. The following activities could, therefore, be added to the existing programme (see items in bold below):

- ✓ Monthly comedy Club
- ✓ One off comedy shows with named acts
- ✓ Regular high quality tribute acts
- ✓ Monthly Jazz Club
- ✓ Film Club

- ✓ Annual pantomime
- ✓ Amateur theatre company productions
- ✓ Dance and performance school productions
- ✓ **Live cinema broadcasts**
- ✓ **Small scale touring plays**
- ✓ **Kids and family theatre**
- ✓ **Popular original musicians and bands**
- ✓ **Supporting up and coming artists before and as they break**

It has been indicated that Arts Council England may be in the position to offer funding particularly to projects in the new second space. This will be followed up once a decision is made on which Option is carried forward.

Option 2 offers a greatly improved facility with a welcoming open plan café/bar and foyer leading through to a theatre and second space, each with its own bar. With these additional benefits, The Harlington could attract bigger hires and events utilising parts or even the whole of the building at viable commercial rates. It would have the ability to compete with other venues in the area.

An independent consultant has advised that the improved space would benefit both bar and catering incomes, although also pointing out the lack of a high street frontage would limit the financial benefit to be gained from passing trade.

Staffing overheads would increase as a consequence of additional activities events and performances.

The major **THREAT** of loss of clients that was identified in Option 1 is somewhat mitigated in Option 2 if the second multi-functional space is built prior to the renovation work on the existing Harlington. This would allow a small number of activities and performances to continue during the main renovation. However, income would still be significantly reduced as several existing activities would need to find alternative venues or FTC agreed to bear the additional costs of splitting large events to enable them, temporarily, to fit into the second space. Some financial compensation might be required to retain loyalty.

Despite best efforts, a number of existing hirers and customers may not choose to return when the building re-opens. The long-term effect might be minimal, but there may be a period of 2-3 years that show reduced income whilst the business is re-built. However, the quality of the refurbished main auditorium would be expected to attract new community and commercial clients.

There may be additional costs in relocating the RVS and The Point Youth facility either within the modified building or in a new independent venue.

Alternative office accommodation would also need to be found for Fleet Town Council's operations during the building closure.

The Harlington would, of course, remain in its current position set back from Fleet Road and fronted by large trees which largely obscure the view of the building from the high street when they are in leaf. As mentioned previously, the potential to boost income from the coffee shop would be limited by lack of passing trade (see Appendix 2).

6.2.2 Potential impact on operating costs

The operational cost is projected to be in the region of £150,000 per annum with savings achieved through energy efficiency and enhanced theatre income from increased capacity and performances. However, additional staff costs and the potential loss of rental income and the currently available dedicated dance studio would impact these financial benefits (see Appendix 1).

6.3 Option 3 – Replace

This option offers the opportunity to re-design The Harlington as a modern facility fit for purpose, with the building occupying a portion of the current Gurkha Square. This Option would include the “re-imagining” of Gurkha Square as an attractive open Civic space which could continue to host a market, the War Memorial, a significant number of the existing car parking spaces, civic and community events, whilst offering the opportunity to do much more.

In addition to a much improved theatre facility, with increased seating capacity and larger stage and supporting facilities, the introduction of the separate second performance space would not only allow a much more diverse programme of events, but would also act as a multi-functional space which could retain most of the existing activities and classes. Current designs include a south facing café/bar/restaurant and terrace facing out towards both Gurkha Square and Fleet Road with a high street presence that would appeal to passing trade as well as an improved facility for the users of the Harlington. It would create a venue that meets all the criteria to sustain the business into the future.

6.3.1 SWOT analysis for Option 3

STRENGTHS - This is the only option that would keep The Harlington open for business continuously throughout the building work. As there would be no displacement of hirers and no need to allow for a period of time to re-build the customer base, income would be retained throughout and the operation of The Harlington would be seamless.

The new business plan would, therefore, be underpinned by the ability to retain the vast majority of the existing programme of community and commercial activity. This retention would be supported by increased revenues through increased capacity and more hire and commercial income from operating both the main auditorium and second multi-functional space simultaneously

A **WEAKNESS** of the option is some reduction in the overall parking spaces in Gurkha Square. This carries a financial burden (to compensate for Hart District Council’s loss of parking revenue) which raises the capital cost of the scheme (already included in the estimated project price), but not the operating cost.

The compact design of the building eliminates the potential for rental income.

Option 3 does not offer alternative space to accommodate either the RVS or The Point Youth facilities. However, this could be resolved through relocation or retention in the existing Harlington building, dependent on HDC’s plans for the old site.

OPPORTUNITIES are significant. The facility would have improved services and better facilities for hirers and customers, together with a prominent position on Fleet Road.

By re-imagining Gurkha Square, Fleet would have the benefit of an attractive, civic space that retains its ability to provide car parking, market venue and a site for other public events and entertainment.

The theatre/auditorium would be designed to optimal modern requirements with tiered retractable seating and a balcony. Capacity would be in the region of c 350 theatre, c 250 cabaret and up to 500 standing. Again the opportunity to increase revenues through increased capacity would be key to realising business benefit.

As in Option 2, programming would become more varied with events able to take place in both the main theatre and second space simultaneously. Although it is anticipated that the second space might focus heavily on musical performance and community events, the main theatre, with its greater capacity, would be able to accommodate all current activities, ranging from theatre performances, tribute bands and comedy shows, plus live cinema broadcasts.

It has been indicated that Arts Council England may be in the position to offer funding particularly to projects in the new second space when operated as a studio theatre.

With a greatly improved facility with a welcoming open plan café/bar and foyer through to a theatre and second space, each with its own bar, The Harlington could attract bigger hires and functions utilising parts or even the whole of the building at a good commercial hire rate. It would offer the modern facilities that would enable it to compete fully with other conference type venues in the area.

An independent consultant has advised (see Appendix 2) that the improved space plus outdoor south facing terrace would benefit both bar and catering incomes, and the prominent position of the building would offer good financial benefit from passing trade in addition to event goers. The café/terrace should make a positive financial contribution to reducing overall operating costs.

Option 3 offers all the benefits of Option 2 but within a facility designed to meet exact requirements and energy efficiencies. It would not have to meet the constraints of an existing structure and would give the Town Council the ability to optimize spaces, layout and acoustic quality to a significantly higher level.

The **THREAT** of cost over runs or incurring production losses as a result of taking this option forward is limited by:

- a) Building the business plan on the basis of the proven current programme and the knowledge gained over the past 7 years, thereby retaining the majority of both community and commercial clients
- b) Expanding the programme incrementally and with care to offer one off new commercial productions where the risk can be minimised through negotiations with agents
- c) Managing the cost of productions against potential and actual ticket receipts and reducing those costs if sales are low. This would ensure that there is little risk of carrying any losses beyond a single performance.

6.3.2 Potential impact on operating costs

The operational cost is likely to be in the region of £120,000 achieved through energy efficiency and significantly enhanced theatre, bars and catering income, but offset by additional staffing costs

to meet the increased business activity and the potential loss of the dance studio and rental income (see Appendix 1).

6.4 Future Operating Costs

Operating costs have been assembled in line with current budgetary analysis, primarily for comparison purposes. Reorganisation of the cost allocations may be varied in the future to better reflect operations, see for example the recommendation in Appendix 2 to consolidate bar and café operations into a single catering cost centre. However the costs are structured, future projections for all three options predict that the operating subsidy will be contained within current levels.

7. Future Management of The Harlington

The Harlington has been financially managed as a separate entity within the Fleet Town Council's budget and, as previously mentioned, all costs related to The Harlington are isolated. It is strongly recommended that this practice continues. Having a clearly defined separation between the more statutory functions of the Town Council and the operation of The Harlington would provide the flexibility, if desired, at some point in the future, to transfer the management of the facility to a Board of Trustees. This could strengthen the position of The Harlington as a community-owned facility, achieve some fiscal benefits and attract grants not available to a local authority.

The attraction and benefits of such a move to charitable status would not necessarily relieve local Fleet residents from financially supporting The Harlington through the Town Council precept. Research demonstrates that most community/theatre facilities cannot survive without subsidies from their local councils. However, a Trust could apply to councils and funding bodies for grants to support the facility.

The future upkeep of the building and its services must, of course, be considered. In the short term (5-10 years), there would be little need to replace major equipment or affect any repairs to the building following the work carried out under any of the three options referred to in this Business Plan. In the medium term (10-30 years) technical equipment and some minor building repairs may be required and in the long term (30-50 years) the facilities may again require major refurbishment.

Research again shows that it is not common practice for local councils to set-aside money for intermediate or long term major replacement of their facilities and it is clear that a current local authority could not commit a future one to financial expenditure except where long term commercial agreements have been entered into. Fleet Town Council could, however, consider the adoption of a strategy that agreed to set aside money into a ring-fenced fund, possibly using a proportion of increased income achieved from the additional housing that will inevitably be built within the parish area.

This Business Plan covers The Harlington Project and defines the three options that are the subject of the current consultation with the people of Fleet, and the wider users of The Harlington. Dependent on the results of the consultation and the decision made on which option to carry forward, a further Business Plan for the detailed and on-going management of The Harlington will be developed. The decision to repair, refurbish or replace this valued community asset is the next stage in the long term plans to retain a building which can proudly take its place as the community and entertainment heart of Fleet.

8. Capital Funding

The proposed financing of the project, at this stage, is through an annuity with the Public Works Loan Board; the most common means of financing third tier government contracts. The loan repayments which are fixed for the life of the loan are to be funded from the ring fenced 2016 increase in the Fleet Town Council element of the Local Council Tax. The amount added to Council precept will remain the same for the period of the loan. This fixed amount is equivalent to 78p/week/Band D household. Households not in Band D will pay either less or more per week depending on their rateable value, Band assignment.

The Public Works Loan Board is the simplest and most direct means of securing capital, but other sources of funding are available, such as, but not limited to:

- Grant funding such as Lottery or Arts Council etc.
- Crowd funding
- Developer contributions (via HDC)
- Sponsorship.

Some preliminary contacts have been made with potential sources, but these will be explored in greater depth once a specific scheme has been selected.

A combination of sources is a likely outcome and professional advice will be sought to structure the most beneficial final financial package.

The Public Works Loan Board supplies capital to local government on a Fixed Interest/Fixed Term basis to ensure councils can budget long term for repayments.

The repayment periods for each option will depend on the final cost of the selected scheme. This cost will be fixed in the Tendering process that will be undertaken post agreement on selected option, planning permission obtained and leasehold agreement with HDC signed. FTC will not commit to any loan until all costs have been identified and fixed through legal contract and any residual risks left with FTC documented and an appropriate contingency built into the project costs. Funding of the stages pre-loan agreement are being met from the ring-fenced Harlington funds and do not become a liability to the Council if no scheme is taken forward.

Current interest rates published by the Public Works Loan Board for long term loans over 40 years are 2.9% fixed for the period of the loan. The final interest rate will be fixed on the date of securing the loan. PWLB long term rates indicate a currently stable market position.

Because the capital cost of the development will be covered by the increase in local Council Tax ring-fenced to pay the loan repayments and the projected operating cost come within current operating levels, there is no pressure to increase hire charges for any of the options.

Further more detailed and in depth cost analysis will be carried out after selection of the preferred scheme. When a scheme has been selected the contracting/commissioning options will be assessed and any applicable Frameworks (contracting vehicles) explored. At this time it is expected that works through OJEU or Framework will follow the RIBA stage process.

Appendix 1 – Financial Analysis of Options

Appendix 1

Financial Analysis of Options

Harlington - Income	Current	Option 1	Option 2	Option 3
	2017/18 approved	Future	Future	Future
Room Hire / lettings	£ 120,000.00	£123,850.00	£110,000.00	£120,000.00
Ticket Sales	£ 104,500.00	£137,000.00	£273,000.00	£295,000.00
Bar / Café / Catering Sales	£ 134,000.00	£126,000.00	£219,000.00	£267,000.00
Ancillary Sales	£ 6,800.00	£ 7,000.00	£ 12,200.00	£ 13,000.00
HCC Library	£ 16,000.00	£ 16,000.00	£ 16,000.00	£ -
Grants	£ -	£ -	£ 30,000.00	£ 30,000.00
Harlington - Income	£ 381,300.00	£409,850.00	£660,200.00	£725,000.00
Harlington - Expenditure	Current	Option 1	Option 2	Option 3
	2017/18 approved	Future	Future	Future
Salaries / NI / Pension	£ 238,750.00	£235,500.00	£285,300.00	£293,400.00
Performance costs / licences	£ 90,000.00	£105,000.00	£229,000.00	£238,500.00
Bar & Catering costs / consumables	£ 48,800.00	£ 49,600.00	£ 84,400.00	£101,800.00
Catering Equipment	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00
Ancillary Sales Costs	£ 3,220.00	£ 3,150.00	£ 5,320.00	£ 5,730.00
Bank / Card / Sales System Costs	£ 2,000.00	£ 9,000.00	£ 12,500.00	£ 13,200.00
Staffing costs / training	£ 2,130.00	£ 2,330.00	£ 2,830.00	£ 2,830.00
Marketing / Support Services	£ 25,400.00	£ 31,500.00	£ 32,000.00	£ 32,000.00
Rates	£ 17,000.00	£ 17,000.00	£ 17,000.00	£ 17,000.00
Gas / Electricity / Water & Sewerage	£ 55,800.00	£ 50,800.00	£ 48,450.00	£ 38,100.00
Cleaning	£ 30,000.00	£ 32,700.00	£ 32,700.00	£ 32,700.00
Cleaning Supplies / Equipment	£ 8,900.00	£ 10,000.00	£ 11,000.00	£ 11,000.00
Refuse Collection / Recycling	£ 6,250.00	£ 8,500.00	£ 11,000.00	£ 11,000.00
Maintenance / Compliance / Systems costs	£ 22,600.00	£ 20,900.00	£ 19,900.00	£ 19,900.00
Contracted Staffing / Security	£ 500.00	£ 3,000.00	£ 10,000.00	£ 20,000.00
Equipment / Hire / Sundries	£ 6,500.00	£ 5,500.00	£ 2,500.00	£ 2,500.00
Administration / H&S	£ 4,430.00	£ 4,700.00	£ 4,700.00	£ 4,700.00
Harlington - Events Expenditure	£ 563,280.00	£590,180.00	£809,600.00	£845,360.00
Net Expenditure over Income	£ 181,980.00	£180,330.00	£149,400.00	£120,360.00



Mary Nightingale
ASSOCIATES

Catering Recommendations:

Harlington centre, Fleet

Prepared by Mary Nightingale Associates Ltd

For: Fleet Town Council

The Harlington

236 Fleet Road

Fleet

GU51 4BY

[Mary.nightingale@hotmail.com/](mailto:Mary.nightingale@hotmail.com) 23 February 2017

CONTENTS

1.0	Introduction	page 26
2.0	Background	page 26
3.0	Recommendations	page 29
4.0	Catering Facilities and layout	page 33

1.0 Introduction

A site visit and local area study was made over the course of 18th and 19th January to establish the extent and nature of the local catering market, the degree of competition and the opportunities presented by the potential redevelopment of The Harlington. The venue's existing catering offer was observed and trading history analysed.

2.0 Background

The in-house-catering department provides two distinct services:

- The Foyer café – a very low cost, casual café, with a limited, light refreshment menu, open daytime only
- An evening bar service for events in the main auditorium

2.1 Cafe

The foyer café primarily provides a service to library users and visitors coming into the building for activities such as music lessons and toddler groups. It does however also attract a few pensioners who clearly value it as a low cost and friendly place to meet friends.

It sits in a prime position at the front of the building and is the first area which visitors see and have to walk through to get to the library or to other activities in the venue. However it is not trading well (running at an operational loss up until the current trading year) and provides a poor first impression and underwhelming welcome to the building. Although this study comments on recent and current trading performance, this is not necessarily indicative in any way of its future potential, once investment has been made in the creation of a modern, well maintained and managed facility.

Current constraints on café performance:

- Café location – set back from the main high street with no street frontage
- Poor outward appearance of the building and entrance
- High degree of competition on the high street
- Lack of investment in the interior finishes, furniture and equipment with the result that this is an out-dated and shabby facility
- Scruffy furniture, flooring, signage and open plan servery which cannot compete with the modern, branded, independent café's along Fleet Road.
- Varied attempts at staffing structures in the past which have not been able to control staffing costs against income levels. This has led to net annual trading losses and, as a result, a downward spiral of cost cutting.

The café currently sells low priced teas and coffees, cakes, toast, jacket potatoes, sandwiches, beans on toast, toasted sandwiches and paninis. The choice is limited and presentation poor.

Staffing levels are now more tightly controlled and it seems likely that the current trading year will result in a small operating profit. Note that industry typical employment costs would be in the region of 40% or less. The Harlington café employment costs have been

running at up to 70% of net sales in previous years; it will never be possible to return a trading profit with such high staffing costs. Any new food and drink offer must be established with an efficient and flexible labour base to ensure that realistic commercial margins can be achieved across the operation, without reliance on one area to subsidise another.

2.2 Local catering competition

Fleet high street offers an unusually high number and wide range of food and drink outlets with approximately one third of all units, from Starbucks at one end to Domino's at the other, being let as bar's, café's or restaurants of some kind. This is an unusually high density in relation to the size of population and there are yet more outlets to be found along the side streets and stretching further north along the road towards the station, (such as McDonalds and a Fish and chip shop).

The approximate breakdown of 21 food and drink outlets counted along Fleet Road is as follows:

- Local, ethnic restaurants – 4
- Local Italian café/restaurants - 3
- Branded Italian restaurants – 3
- Pubs – 3
- Bar/clubs -2
- Burgers -2
- Branded coffee bars – 2
- Sandwich take away -1
- Pizza take away -1

Of these, during the daytime, Costa was enjoying the most consistent level of trading, along with Starbucks, but other, smaller outlets such as Café Amici were also drawing good lunchtime trade from a mix of local workers on lunch breaks, shoppers and older couples out for lunch or coffee.

2.3 Events Bar and Food

Due to the high cost of employing a chef and inconsistent sales, a catered event service is no longer offered at The Harlington with the exception of occasional light snacks or a pre ordered pizza delivery, in conjunction with the local Domino's. The kitchen to the side of the auditorium is therefore rarely used, although fridges and freezers still carry ice creams and stock for the coffee shop, which does not have its own kitchen. The current focus is on maximising profitability from evening events which means pre performance and interval drink sales, and on going bar sales, during cabaret style events such as Comedy club, major tribute band concerts and jazz club nights. On these night bar spend per head can rocket to £7.70, in comparison to a Film club, Rock Choir or Ceroc night at £1- £2.50 per head. Party nights are also a profitable booking in comparison to Panto for example.

Net profitability is monitored on an event by event basis from which it is easy to identify that the larger musical events and comedy clubs, which generate the highest bar

spends, are the most profitable overall. It is clear that a fast and efficient bar service will be a priority in any refurbishment or new build.

2.4 Catering Accounts

In the following table we compare net annual sales for the last two complete trading years and a projected total for the current financial year, based on actual year to date figures. It is clear that coffee shop sales are in decline whilst bar sales have improved. However, despite the decline in sales, coffee chop profitability is improving, due to careful management of staff costs and food wastage. As a result, the current year looks likely to be the first in recent times to return a coffee shop profit.

Gross profit margins are good, however coffee shop employment costs remain too high in relation to sales and this is affecting profitability. It is not possible to comment specifically on bar employment costs as these are wrapped up with ushers and other front of house staff.

Sales in the coffee shop and bar, and their operating costs, are accounted for separately, although a single, shared Food and Bev manager, whose costs are shared equally between the two departments, manages them. On current performance levels the operation cannot afford the F&B manager's salary which is high in relation to the level of business being managed. The coffee shop needs to achieve annual net sales in the region of £83k to produce an employment cost of around 40%. This is the typical upper limit of the target employment to sales ratio, which a caterer would aim for (ideally employment costs of 37 - 38% would be the target).

It would be more helpful when budgeting for the new venue, to treat the food and drink business as one department and to produce a combined, net bottom line result for food, drink and events. This will equip the management team with the data they need to make decisions about staffing levels and remuneration, pricing, adjustments to the offer etc. It will facilitate a more flexible approach to staffing, requiring multi skilled staff to work across the business to reflect changing demands through the day.

SALES

	14- 15	15-16	16-17ytd	16-17 projected
Coffee shop	£69,000	£67,665	£44,348	£54,000

Function food	£2,328	£2,950	£1,521	£2,000
s/t	£71,328	£70,615	£45,869	£56,000
Bar	£53,600	£68,865	£58,885	£74,000
Confect/ices	£7,288	£7,574	£4,215	£4,700
Total sales	£132,216	£147,054	£108,969	£134,700
Costs				
Coffee shop:				
employment	£47,805	£49,531	£24,535	£33,200
empl %	67%	70%	53%	59%
food purchases	£26,051	£24,548	£13,850	£17,000
GP	£45,277	£46,067	£32,019	£39,000
GP%	63%	65%	70%	70%
Other costs	£3,773	£2,027	£791	£1,030
NP/L	-£6,301	-£5,491	£6,693	£4,770
Bar:				
Purchases	£24,086	£27,557	£22,551	£28,550
GP	£29,514	£41,308	£36,334	£45,450
GP%	55%	60%	62%	61%
Employment				
Attendance	22,126	25,492		21,443
Bar spend pp	£2.42	£2.70		£3.45
Confect/ices pp	£0.33	£0.30		£0.22

3.0 Recommendations

Strategy

Going forward with any of the three potential new options for the venue will require a re think of the organisational structure for catering to ensure that it is set up in a more cost effective and commercial way. Central to this will be maximising staff flexibility so that productivity is improved along with a clear understanding of the bottom line net profitability of the business. If the objective is to provide a service to venue visitors, to enhance their experience in the building and encourage return visits, this needs to be achieved within the framework of a commercially viable business.

The food and drink strategy should focus on addressing the most profitable elements of the service and acknowledging the aspects of the service which are least likely to generate a good return. The following list suggests how the services might be prioritised at The Harlington:

- Provide a fast and efficient bar and light snack service to attendees at all auditorium events and for users of any other hired space within the building. Increase bar spends and bar uptake
- Offer a choice of good quality, reasonably priced daytime refreshments including Barista coffee, teas soft drinks, cakes and pastries, hot and cold light snacks, available to daytime users of the building, library users and passing trade
- Encourage building users to make regular visits and to spend longer in the building (and hence spend more money) because they find the facilities welcoming, comfortable, affordable and more attractive than those of the competition
- To attract new users away from the local competition by giving it greater prominence on the high street and offering 'added value' such as a more comfortable environment than mainstream café's, a baby and child friendly service, free newspapers, children's soft play area (a temporary, mobile feature; not permanent) and toys (buggy park and high chairs), a better choice of top quality cakes with a 'home made' look.

Evening Offer

Considering the level of external competition in Fleet, there is little evidence to suggest that there would be demand for an evening food offer of anything more than possibly a few light bar snacks. From our observations there appears to be little to be gained in trying to compete with the plethora of food and drink outlets available within a few minutes walk of the building. There is plenty of choice of restaurants, cafes and bars for audiences to use either before or after a show. However, bar drink sales, along with teas and coffees, could be increased, in terms of both spend per head and percentage uptake, by an improved bar and bar lounge environment. Options 2 and 3 both incorporate a second space which will have its own bar whilst the re planned foyer offers greater opportunity to promote evening bar sales. Option 3 would also be well placed to benefit from passing trade in addition to event attendees.

If there are occasional requests for catered events, or for times when a hot food menu might enhance the event, we recommend that use is made of the local supply chain and that relationships are forged with suitable, professional caterers who will arrange delivery of the pre booked food, from their own, off site, facilities. The caterer would either deliver the order totally ready prepared or would treat the booking as an outdoor event, bringing mobile equipment with them. We are therefore not recommending investment in new kitchen facilities.

Auditorium Bar features:

Due to the potential to increase bar sales, the venue would benefit from a longer bar with additional sales points thereby facilitating a higher uptake of bar sales – faster, easier service encourages customers to the bar and leads to higher spends per head.

- Approx 6 meter bar length to accommodate a minimum of 3 bar service points (can be supplemented with foyer bar on busy nights)
- Draught and bottled beer and cider range wines and small choice of spirits

- An efficient bar layout with adequate refrigerated bar stock, ice, glassware and bottle bins
- Undercounter glasswasher
- Ice machine
- Small retail merchandise range (crisps, nuts, chocolate)
- 3 x EPOS till payment points
- Reduced height service section for wheelchair access
- Numbered shelves in foyer for setting out pre ordered interval drinks (and possibly within the auditorium)
- Back up chilled and ambient storage

Daytime offer

During the daytime there is clearly an established demand from some of the regular building users for convenient and family friendly light refreshments. The old-fashioned coffee shop needs replacing with a more contemporary, much smarter offer and environment. To better compete with the established high street brands and little Italian coffee bars it needs to offer some added value. None of the high street cafes can offer a view and all have very functional, hard seating areas with little space or concession for children or less able customers. The Harlington could capitalise on this with a more comfortable lounge area, perhaps with a view over a courtyard garden or outside terrace; a warm and sunny 'solarium' seating area; newspapers to read; occasional live music e.g. a pianist; free and readily available wifi; perhaps a small soft play area; baby and toddler friendly menu; a more extensive and better quality selection of cakes and tray bakes, including some gluten free options and healthier snacks.

The café should offer a full barista coffee menu, teas and hot chocolate and a wide range of cold drinks. The food menu should be limited to a range of sandwiches, boxed salads and light snacks, supplemented with soup and Panini's at lunchtime. There is no need to offer a cooked menu or to employ a cook or chef and a full kitchen is not necessary. Most items can be purchased ready prepared and will therefore require storage and handling or re heating space only. Some bake off from frozen could be incorporated but this does not require a trained chef.

It needs a minimum of around 60 seats internally to be viable, with potential for more seasonal seating outside on the terrace if possible. It will be open during the day during the building's opening hours and could also function as a bar and evening event space.

Key Features:

A single, multi purpose service counter, with a back counter and small back of house support area, offering a choice of products, changing daily but broadly falling into the following categories:

- All day quality barista coffee and a full hot drinks menu; all available to drink in or take out. 4 group barista coffee machine on back counter
- Cold drinks, alcoholic and non-alcoholic, and including draught beer and cider choices
- Impulse purchase cakes, croissants and pastries

- All day 'grazing', light meals, cold sandwiches or similar light options plus soup
- Hand held snacks e.g. wraps, falafel, quiche, Panini
- Light breakfast, lunch and pre performance supper menu e.g. cold 'share boards'; cheeseboards or a modern take on a ploughman's
- Catering (cold working lunches/buffets) delivered to pre booked events in the building e.g. meetings and private hires
- Retail merchandise such as chocolate, nuts, crisps
- Children's offer/meal deal
- Potential to sell children's parties and afternoon tea packages or even tea dances
- Customer selects and pays at till
- Mostly crockery and glassware to be used, but some disposables may be available for salads and kid's boxes for example or for take away sales
- Staff clear tables and take dirties on tray to dishwasher in back of house area
- 6 x high chairs available
- Some bar stools, subject to space
- Mix of dining table sizes and styles of seating to accommodate different group sizes and meet differing needs. Some chairs with arms for older customers
- Space between tables for buggies and wheelchairs
- Space for temporary children's soft play area in the mornings
- Space for occasional live music performances

Back of House:

- Goods delivery receipt point
- Food storage – dry goods, refrigeration and freezer
- Drinks storage – chilled and ambient, secure store, including draught ale cellar
- Dry goods storage - napkins, disposables, spare equipment etc.
- Food handling area with sinks, worktops, prep space and limited re heating equipment. Not to be used for prime cooking (but could bake off cakes and bread from frozen) Could also be accessed by outside caterers for specific events, under a controlled arrangement
- Crockery dishwasher and cleans storage
- Glass washer under front bar counter
- Refuse area and COSSH/cleaning materials store
- Access to staff WC, changing area and lockers for catering staff
- Access to desk space and a safe for the catering/bar supervisor

4.0 Options review

Option 1A and B: Refurbishment

In this scenario the two catering areas will benefit from a moderate facelift but there will not be an opportunity to modernise the catering facilities, only to re-use the existing servery counters and equipment in its current arrangement.

This will have little impact on the operational efficiency of the bar and café and is unlikely to lead to any improvement in trade as its position will still be set back and lacking in prominence from Fleet Road.

Option 2: Major Refurbishment and Refit

This option allows for a complete strip out of the existing foyer café to be replaced with a modern and purpose designed, café bar counter, opening out into the foyer. The new foyer layout also takes out the existing 'Bistro bar' and creates a new events bar, which opens directly into the auditorium but the high wall of retractable seats between the bar and auditorium when in flat floor mode will create a barrier and hide the bar away. In this layout, bar customers will feel as though they are leaving the room and missing the performance. Therefore this option does not maximise bar spends.

This scenario does not improve the visibility of the foyer from the road nor does it offer the potential for an external seating area. It remains set back from the main road and so will rely entirely on event attendees, as it is unlikely to benefit from passing trade.

Option 3: Rebuild

This option creates a more open and visible foyer with café seating spilling out onto the courtyard and it will have a far stronger street presence. It will be noticed as people walk along Fleet road and will draw trade in off the street. Becoming part of the street scene the café has the chance to become a regular daytime destination and to build up a core clientele, which values the space, comfort and service it offers.

The auditorium bar in this option is also better placed than in Option 2 as it sits along the side of the auditorium itself, in full view from the seating and open to the stage. This more accessible bar arrangement is likely to encourage bar sales, particularly during live music or party type events, when it will be far easier for customers to get to the bar during the performance itself and not feel they are missing the performance.

Of the three suggested options, this has the ability to achieve the highest bar and catering income.