
Briefing Note for councillors: Business model review of The Princess Café Bar

Issued to: Princess Management Committee

<p>Purpose of Report</p>

<p>To propose a new business model for the café bar</p>

Background

Since 2012 the café has been in place serving light lunches, snacks and an event bar, it also houses the visual arts gallery space, a community asset to the daily life of the Princess. However, for some years the café has catered for a regular cohort of customers with no major change to menu, catering only microwave food.

As the Princess enters a new era, the café should support the future vision for a bustling cultural and creative community venue. The two should work in synergy to create and develop audiences giving many opportunities to cross sell.

Theatres and Arts Centre's across the country have café bars that offer a more contemporary food menu with exciting drinks and offers. They cater for both a daytime and evening event market as well as ad hoc customers. I believe this is an aspiration for the Princess and the management committee.

With Covid in our midst, it is necessary to establish a new business model for the café bar for many reasons:

- i. Our current workforce of volunteers cannot be expected nor should we rely on them to undertake such responsibilities of operating with greater health and safety duties.
- ii. Our income will drop significantly as our capacity is reduced under social distancing rules.
- iii. Volunteer staffing will be hugely depleted for some time due to the majority being within the vulnerable demographic.
- iv. When we reopen for events and a daily programme, staff capacity will be stretched due to the Covid additional health and safety duties.
- v. The low income of the café/bar, demonstrated below in figures, does not justify the expenditure or volunteer hours for the amount of revenue or audience it builds.
- vi. The Princess is in need of guaranteed regular income streams.

Financial implications

	19/20	21/22
Income	£28212	£12200
Expenditure	£17007	£8400
Staff	£9488	£9678
Revenue	£1717	-£5878

21/22 Income figures are based on government guidelines and their associated reductions to audience numbers as well as previous year's figures. All expenditure relates to stock purchase and kitchen equipment lease and maintenance.

Staff costs in completing café based activities are based on 12.5 hours a week (incl of NI and pension).

	Leased
Income	£4200
Expenditure	£1528
Staff	£0
Revenue	£2672

Income is based on £350 pcm rent. Expenditure is catering equipment lease that is committed to 2022. Staff costs retained will be £9678 650 hours (incl of NI and Pension) and invested back in to the running of the Theatre and Arts Centre.

Policy implications:

Economic development and tourism

Effective and efficient use of resources

Recommendations

Leasing the café bar allows the team at the Theatre to concentrate on making the Princess effective and profitable. The company who lease the café will be able to put all their efforts in making that space successful.

If the café is not to be leased, significant investment in staffing would be needed to optimise income.

- i. **The leasee take occupancy from November at no cost until March** – we cannot be clear on our opening date currently due to Covid restrictions, viability and the schedule of works. This measure allows a business to bed in and adjust to changing Covid guidelines whilst also compensating for the lack of full opening date clarity.



- ii. **The rent would be £350 pcm from April**, rising year on year in line with inflation and success – this is based on discussions with local catering businesses, estate agents and market research, demonstrating the best value for money. We want them to have the best start possible with encouragement to increase current turnover and profit for the future.
- iii. **The Gallery walls will remain the responsibility of the Princess Theatre and Arts Centre.**

Options

- i. To lease the kitchen, bar and storage to a catering company/established local café owner.
- ii. To lease the kitchen, bar and storage to an educational setting.

Either of these options will support the vision for a bustling cultural and creative community venue.

- iii. To maintain the kitchen, bar and storage with volunteer workforce.

Report author: Beccy Armory, Business Development Officer

Report Date: 21st September 2020
