

# Bolton Council

**Report to:** Executive Cabinet Member –  
Environmental Services

**Date:** Monday 3 December 2018

**Report of:** Deputy Director of Place **Report No:** ECMES/411

**Contact Officer:** Kevan Roberts **Tele No:** 01204 336775

**Report Title:** Heaton Fold Garden Centre: Café/Gift Shop – Business Case

**Non-Confidential:** This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

**Purpose:** The purpose of the report is present a business case to secure £100k capital budget investment at Heaton Fold Garden Centre for the purchase of a new modular building and to undertake associated works to allow for the development of the café and gift shop to increase the income stream in future years.

**Background Doc(s):** None

**Appendices / Attachments** Appendix 1: Financial Analysis

**Recommendations:** The Executive Cabinet Member/Cabinet is requested to:

- (i) Authorise the capital budget investment at Heaton Fold Garden Centre as set out in the report.
- (ii) Delegate authority to the Director of Place to:
  - (a) tender for the provision of a new modular building and associated works in accordance with Standing Orders relating to Contracts;
  - (b) to award the tender in accordance with in accordance with the terms of the same; and
  - (c) to negotiate and enter into a contract with the successful tenderer.
- (iii) Authority for the Borough Solicitor to carry out all the necessary legal formalities.

**Decision:**

**Signed:**

\_\_\_\_\_  
Leader / Executive  
Member

\_\_\_\_\_  
Monitoring Officer

**Date:**

**Summary:**

The purpose of the report is present a business case to secure capital investment at Heaton Fold Garden Centre to purchase a new modular building and carry out associated works to allow for the development of the café and gift shop to increase the income stream.

The report will inform the Executive Cabinet Member that capital investment is now required to further develop the Heaton Fold Garden Centre site. It will mean moving the existing marquee to a new location on site to allow for a new additional modular building on the existing marquee hard standing area which will be used to provide a dedicated kitchen and café area.

The transfer of the kitchen and café from its existing location into a new building will free up space to expand the Gift Shop into the area vacated by the current kitchen/café. The proposed relocation of the kitchen and café will allow the Garden Centre to significantly develop the customer offer in relation to the café and gift shop in order to grow the income stream in future years relating to both those areas.

The estimated level of financial investment necessary to improve the café and gift shop offer is £100k. It is proposed that departmental reserves are utilised with an anticipated 50% of this figure to be recovered from improved income levels over the next 5 years.

## **1. INTRODUCTION & BACKGROUND**

- 1.1 The 2016/17 Heaton Fold Garden Centre Staffing Review amended the staffing structure and working arrangements to reduce the establishment by 1.2 FTE to deliver savings of £25k per annum.
- 1.2 The re-structure led to the appointment of a new Team Leader who was promoted into the role in March 2017.
- 1.3 Since his appointment the Team Leader at Heaton Fold has initiated a number of significant improvements in how the Garden Centre is operated and he has established a more positive and pro-active working relationship with colleagues in the Department of People. It is considered that this has increased the number and suitability of service users attending Heaton Fold and which has enhanced the quality of the student experience.
- 1.4 Further, the Department of Place is of the view that the actions of the new Team Leader to improve product quality and choice and the revised pricing strategy has lead to increased footfall and a significantly improved income stream.
- 1.5 The increased footfall and improved income at Heaton Fold Garden Centre is set against a backdrop of Department of People budget savings target of £90k to 2018/19 year end. This is to reflect a reduction in the number of service users Heaton Fold can accommodate per day in line with the revised staffing levels (10 service users per day).
- 1.6 There have been many physical improvements to Heaton Fold Garden Centre over the last 2 years to enhance the retail offer and improve the customer and service user experience as listed below:
  - Greenhouse No.3 refurbishment
  - Walkway & New benches
  - Construction of Artisan Market Street
  - Replacement Roof/windows in main building
  - Flagged Seating areas
  - Marquee/new pedestrian entrance/pathways
  - Opening up of the Gift Shop/Café area
  - CCTV
  - Car Park resurfacing
  - Refurbishment of the Public toilets in the main building.
- 1.7 A monthly Artisan Market, introduced in 2015, has doubled the number of stalls to 30 and is proving more popular than ever as a result of new management arrangements.

## **2. BUSINESS CASE**

- 2.1 The purpose of this report is to present a business case to secure £100k capital budget investment at Heaton Fold Garden Centre, which investment would be used to purchase a new modular building and undertake other associated works to allow for the development of the café and gift shop and to increase the income stream at the Heaton Fold Garden Centre in future years. The detail is presented in the following sections of the report.

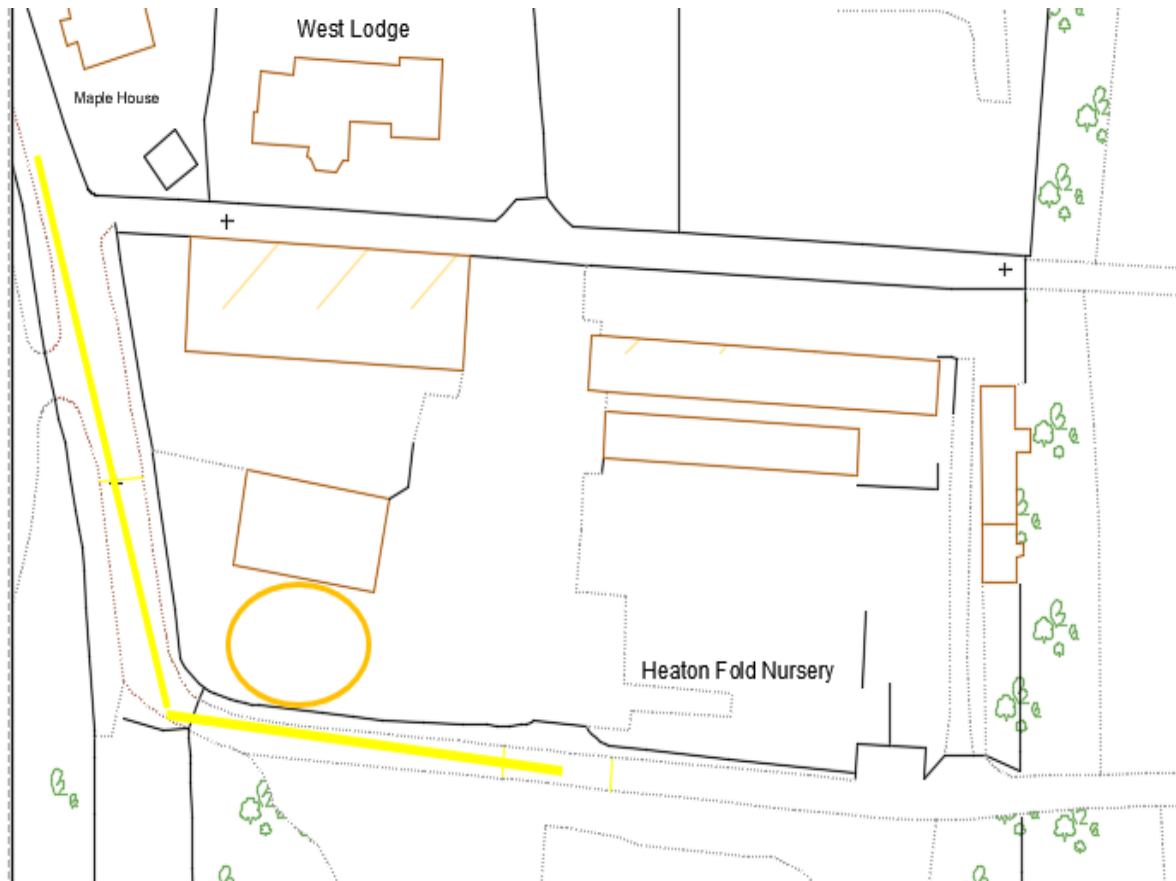
## **3. FINANCIAL INFORMATION**

- 3.1 A financial analysis is attached to this report (Appendix 1).

- 3.2 It shows that horticultural sales income at the end of 2017/18 increased by 32% on the previous year. A further increase of 41% is forecast for 2018/19. This is due to stronger financial management including improvements on profit margins, supplier prices and the quality and variety of stock.
- 3.3 Café income at the end of 2017/18 was increased by 45% on the previous year and is forecast to improve by 115% by 2018/19 year end. The increase is due to improving the food offer, customer service and obtaining an alcohol sales licence.
- 3.4 In order to build on this sound financial platform and to further increase the income stream, the café and the Gift Shop have been identified as two areas for investment to enhance the all year round appeal of the Heaton Fold Garden Centre and to mitigate the impact of poor weather on horticultural sales.
- 3.5 The estimated level of financial investment necessary to improve the café and gift shop offer is £100k. It is proposed that departmental reserves are utilised with an anticipated 50% of this figure to be recovered from the forecasted improved income levels over the next 5 years.
- 3.6 The attached financial analysis shows income forecasts over the next 5 years based on the enhancement of the café facilities and a continuing improvement in horticultural sales and sales through the Gift Shop. Forecasting factors in recovery of a proportion of the capital costs and estimated increased staffing costs (changes to the staffing establishment will be separately addressed with HR – see Section 6 below).

#### **4. CAPITAL INVESTMENT PLANS**

- 4.1 The required capital would be used to purchase a new modular build unit to be placed on the existing 9m x 12m hard standing area where the marquee currently stands. The new timber clad building would become the kitchen and café (including a kitchen storage area) doubling the existing customer space. M&E works would be required to supply power and water and to move the kitchen from the existing building.
- 4.2 In addition, an enclosed linked walkway to the existing building would also be required for access to the toilets and Gift Shop (which would be extended into the area vacated by the café/kitchen). Work may also be necessary to provide ramped/steps for access to the new modular building.
- 4.3 It is proposed that the marquee would be re-sited to the rear of the existing Artisan Market Street and would require a new hard standing area to be constructed.
- 4.4 The transfer of the kitchen and café from the existing modular building into a new building would free up space to expand the Gift Shop into the area vacated by the current kitchen/café.
- 4.5 The build will include all planning permission and building regulations.
- 4.6 The proposals outlined in this report would allow the Heaton Fold Garden Centre to significantly develop the customer offer in relation to the Café and Gift Shop to grow the income stream in future years relating to both those areas.



The above drawing shows the access road marked in yellow and the orange circle marks where the new building will go.

**5. PROCUREMENT**

5.1 All required procurement activity would be conducted in accordance with Standing Orders relating to Contracts.

**6. STAFFING**

6.1 There are no immediate staffing implications as there is a small team of casual retail staff who currently work in the Café/Gift Shop who could support the proposed relocation and expansion of the Café/Gift Shop in the initial stages. Once established, there will be a need to review the staffing requirements to be funded by increased sales.

**7. EQUALITY IMPACT ASSESSMENT (EIA)**

7.1 Under the Equality Act 2010, the Council must have due regard to:

- Eliminating unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Act;
- Advancing equality of opportunity between people who share a protected characteristic and people who do not share it; and

- Fostering good relations between people who share a protected characteristic and people who do not share it.

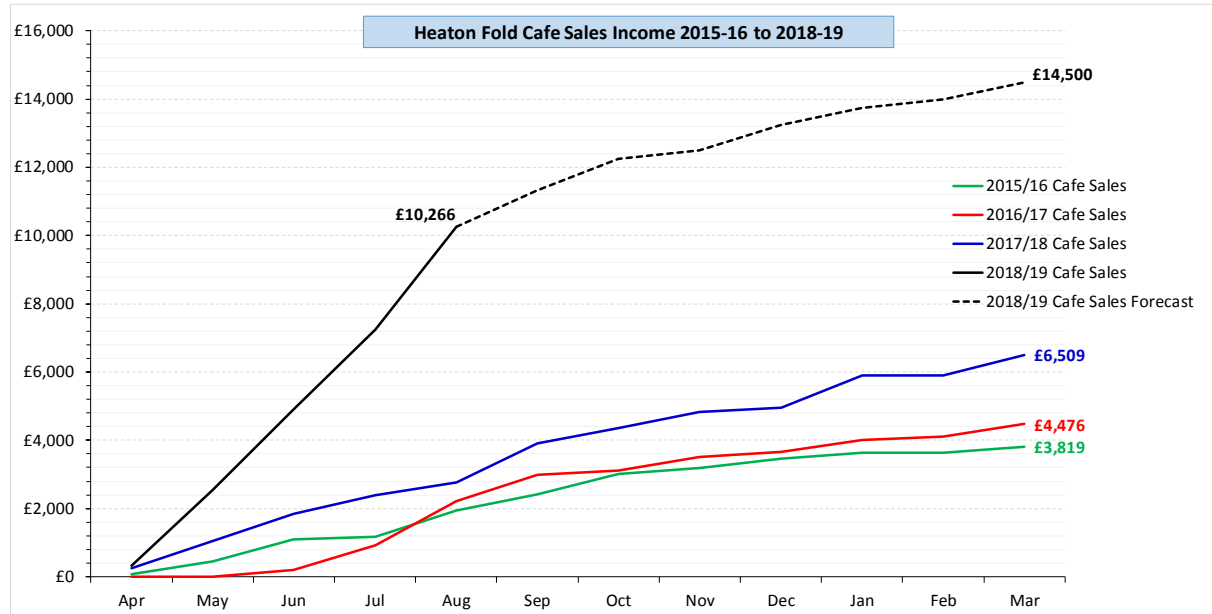
- 7.2 It is therefore important to consider how the proposals contained within this report may positively or negatively affect this work.
- 7.3 The EIA looks at the anticipated (positive and/or negative) impacts of the proposal on people from Bolton's diverse communities, and whether any group (or groups) is likely to be directly or indirectly differentially affected.
- 7.4 At this stage it is not anticipated that the proposals will have a disproportionate impact on any of Bolton's diversity groups.
- 7.5 The proposals within this report are related to a capital build programme at Heaton Fold Garden Centre to provide additional facilities for customers. It is anticipated that, if approved, these proposals would have a beneficial effect on centre users and customers ensuring a safe working and retail environment.

## **8. RECOMMENDATIONS**

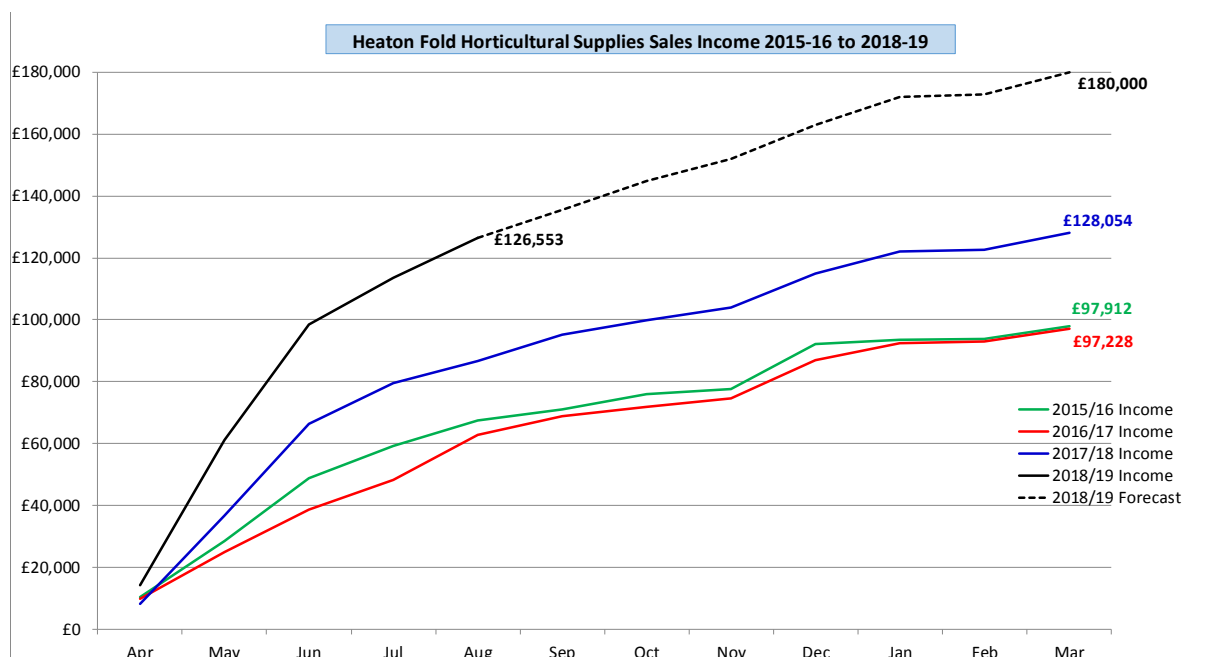
- 8.1 The Executive Cabinet Member is recommended to formally approve the following:
- 8.1.1 Authorise the capital budget investment at Heaton Fold Garden Centre as set out in the report.
- 8.1.2 Delegate authority to the Director of Place to:
- tender for the provision of a new modular building and associated works in accordance with Standing Orders relating to contracts;
  - to award the tender in accordance with the terms of the same; and
  - to negotiate and enter into a contract with the successful tenderer
- 8.1.3 Authority for the Borough Solicitor to carry out all the necessary legal formalities.

## Appendix 1: Heaton Fold – Financial Impact of Upgrade of Café facilities

The first graph shows the marked increase in café sales that has been achieved with the current facilities, the black line shows 2018-19 sales to date, the black dotted lines shows the 2018-19 forecast



The next graph shows the year on year improvement in sales of garden supplies – a reflection of the improvements to the facilities, increased quality of stock for sale and increased sales margins.



The table below shows the costs of the purchase / installation of the new café plus additional running costs over the five year forecast period, this table shows that costs incurred will be more than recovered via increased sales. Increased cumulative profits are forecast to payback the £50,000 cost during year 4.

**Heaton Fold - Costs & Income forecasts based on improved cafe facilities**

Description	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>Costs</b>							
Repayable portion of Cafe build costs	50,000	0	0	0	0	0	<b>50,000</b>
Estimated additional future staffing costs	0	37,064	37,805	38,561	39,333	40,119	<b>192,883</b>
Additional supplies & services	0	5,000	5,100	5,202	5,306	5,412	<b>26,020</b>
Subtotal	50,000	42,064	42,905	43,763	44,639	45,531	<b>268,903</b>
<b>Costs Discounted to Present Values (at 3%)</b>	<b>50,000</b>	<b>40,839</b>	<b>40,442</b>	<b>40,050</b>	<b>39,661</b>	<b>39,276</b>	<b>250,268</b>
<b>Income</b>							
Additional Cafe Sales Income	0	(14,500)	(17,500)	(19,500)	(20,500)	(21,500)	<b>(93,500)</b>
Additional Horticultural Sales Income	0	(28,000)	(41,000)	(47,000)	(53,000)	(59,000)	<b>(228,000)</b>
Subtotal	0	(42,500)	(58,500)	(66,500)	(73,500)	(80,500)	<b>(321,500)</b>
<b>Income Discounted to Present Values (at 3%)</b>	<b>0</b>	<b>(41,262)</b>	<b>(55,142)</b>	<b>(60,857)</b>	<b>(65,304)</b>	<b>(69,440)</b>	<b>(292,005)</b>
<b>Net Totals</b>	<b>50,000</b>	<b>(423)</b>	<b>(14,700)</b>	<b>(20,807)</b>	<b>(25,643)</b>	<b>(30,164)</b>	<b>(41,737)</b>