

Catering Options Appraisal



Report to:	Cabinet
Date:	12 June 2025
Portfolio Holder:	Councillor James Leppard, Portfolio Holder for Finance
Lead Officers:	Becca Farrant, Assistant Director – Community and Corporate Services David Sellings, Assistant Director – Regeneration
Contributing Officers:	Rory Davies, Head of Culture and Heritage Alison Fox, Communities Manager – Economy and Projects Katy Blows, Museum Manager
Key Decision:	Yes
Forward Plan:	Forward Plan number I018464
Call In:	This item is subject to call in procedures
Corporate Missions:	Transform our council Rebuild our town
Wards Affected:	Church Langley North and Newhall Little Parndon and Town Centre Mark Hall

Executive Summary

- A** The Building Harlow's Future plan states that the council will "*Commence the final phase of development at Harlow Innovation Park*" and "*establish Harlow as a cultural capital.*" In line with that stated outcome, this report proposes creation of "*state-of-the-art spaces that foster business growth*" and "*a vibrant cultural hub in the heart of the town centre, [and also] enhance our heritage assets.*" This report reviews the options for operating models to manage three café operations owned and being developed by the council. The report recommends that an in-house catering operation is supported and invested in as part of

an income generating model. The report also recommends that capital funding is allocated to complete the fit-out of the Harlow Innovation Park café building which would form part of the in-house catering offer.

Recommended that:

- A** Cabinet notes the options presented for the operation of the three council café facilities and delegates authority to determine the final operating model(s) to the Portfolio Holder for Finance, in consultation with the Leader of the Council upon the completion of further due diligence.

Reason for decision

- A** The Building Harlow's Future plan states that the council will "*Commence the final phase of development at Harlow Innovation Park*" and "*establish Harlow as a cultural capital.*" In line with that stated outcome, this report proposes creation of "*state-of-the-art spaces that foster business growth*" and "*a vibrant cultural hub in the heart of the town centre, [and also] enhance our heritage assets.*"
- B** To support the success of key regeneration and cultural projects that the council is investing in by developing an attracting café offer across the three sites which will help drive footfall and generate income for the council.

Other Options

- A** The council could opt to treat each of the café assets as separate commercial operations and either seek commercial tenants or continue to provide the service within the existing staff resources. For each café asset this would have different approaches and potential outcomes:
 - i) Currently there is a small food and beverage offer at the Playhouse Theatre. This is delivered by the existing Playhouse staff team. As part of the Levelling Up Funded Arts and Cultural Quarter development, a café facility is being developed which is expected to be completed during 2026. Options about how this café is operated will need to consider how it would closely integrate into the remainder of the Playhouse complex especially as the café space is designed to be flexible and able to be hired out as separate spaces throughout a working day. The café space has been designed assuming that it will be operationally incorporated into the wider Arts and Cultural Quarter and resourced as part of the Playhouse Theatre operation. It is unlikely that this café space would benefit from seeking a commercial tenant to run it due the flexibility of the space being integral to the proposed Playhouse Theatre Business Model.
 - ii) Improvement plans for the Harlow Museum and Gardens include plans for a new café facility located outside of the Museum walls. Funding is being sought to enable the works to take place. Once the café is built, a commercial café operator could be

sought to run this facility. Whilst this option is a potential opportunity, there would be practical difficulties to be managed as part of the commercial lease. The designs have incorporated a joint space used for both a café and as an educational and community space. If the café is operated by a commercial tenant arrangements would need to be made to ensure that the museum has access to this shared space. This may reduce the attractiveness of the café facility to potential commercial operators and also reduce the potential lease income that the council receives for the asset.

- iii) A building to be used as a café has been built in the Harlow Innovation Park. It is currently fitted out to the shell and core stage and will need the final stage of fit out to enable it to be used. The asset has previously been offered to the commercial market however, there was only one bid submitted and this option was not pursued. The option of putting the café asset back out to the market is still a potential route to getting this café facility operating. It may be more attractive to potential tenants if the café fit-out is completed first. This would reduce the upfront investment and lead-in time required for any potential café operator. Including this café asset within an in-house operation adds to the economies of scale in terms of potential efficiencies and ensures that the café offer on the Harlow Innovation Park supports the development of a quality business park.
- iv) Adopting the above approaches to the council café assets would reduce the council's income generating ability. The above approach would also result in the council losing control over how the assets could be used to support the council's ambitions around culture and heritage.

Background

1. Advice has been commissioned on potential operating models for three café assets that the council owns or is developing. Blue Horizon, experts in operational and strategic development of food and beverage facilities with the cultural and community sector, were engaged to do this. The commission was funded via UK Shared Prosperity Funding as part of a project to develop Museum improvement plans.
2. The three café assets are:
 - a) **Harlow Playhouse Theatre Café** – an existing café/bar facility located within the town centre. A new food and beverage offer is being developed as part of the Arts and Cultural Quarter regeneration scheme which will change how the café/bar operates within the Playhouse in future.
 - b) **Harlow Innovation Park Café** – a new café facility that is ready to be fitted out and start to operate serving an employment park in the east part of the town.

- c) **Harlow Museum and Gardens Café** – as part of planned improvements / redevelopment to the Harlow Museum, a new café facility is being planned that will serve as a café facility and space for the Museum’s education outreach activities.
3. After undertaking their extensive review of the café assets, Blue Horizon submitted their report, which can be found at Appendix A, which recommends that the council adopts an in-house catering operation for all three café assets. The full report includes details on café operations options, a review of the café market and suggested offer for each asset, operational and mobilisation including recruitment plans.
 4. The report recommends adopting an in-house operating model for the three café assets as it would create long-term financial sustainability and close integration with the existing services, ensuring greater flexibility and social impact. The report recommends that there is a phased rollout of the service across the three venues delivered via a centralised management model to allow scalability, financial cost efficiencies and operational oversight. The model would also allow a flexible approach to staffing which enables cross site resource sharing to optimise labour costs.
 5. The proposed phased approach reflects the current position and likely timetable for completion of each of the three café assets. Initially, only the existing Playhouse food and beverage offer will be operating. It is proposed that the fit out of the Harlow Innovation Park Café is completed and opened by the end of 2025. Once the Arts and Cultural Quarter is completed in 2027, the new Playhouse café facility would open. Once funding has been secured for the Museum improvement, the Museum café could be operational by as early as 2028. This timetable allows the development and consolidation of the in-house café operations and ensures that staff with café operations expertise would be able to manage the planned expansion of in-house café operations programme.

Issues/Proposals

6. The Blue Horizon report outlines a business model and mobilisation plan to support the phased approach to opening the three café assets. The business modelling reflects the potential footfall of each cafe asset, the profile of the likely audience, the timing of the predicted phased opening, required staffing levels and profit margin assumptions. The model highlights the requirement of an investment of £75,000 revenue in year zero to pay for the critical additional staff required to deliver the in-house service. The financial model predicts that the service would make a loss at the end of 2025/26. However, by the end of the following year the service would be making a profit.
7. Key to delivering the business model is the recruitment of several key roles for the in-house catering team within this financial year. The roles will provide the strategic and operational catering expertise to provide strategic oversight and develop the catering offer across the three sites. These roles would be additional to existing staff levels and it is expected that due to the required experience and catering expertise that they would be recruited from outside the organisation. It is therefore recommended that Cabinet agrees

additional revenue funding of £75,000 within the 2025/26 budget to fund these key roles and supports the recruitment of these staff to commence over the summer.

8. A key assumption made within the business modelling is that the completion of the fit-out and opening of the Harlow Innovation Park Café takes place during this financial year. In January 2024, a waiver was agreed to appoint Bidwells and COEL to fit out the café building at the Harlow Innovation Park. During 2024, a CATA fit out was completed, creating a shell and core finish to the building. However, a full fit out is required before the building can be used as a café.

Implications

Equalities and Diversity

The key deliverables for this proposal is the recruitment of appropriate staff; the council's recruitment process is designed to be accessible and support the council's Dignity at Work policy. The Playhouse already operates a number of accessibility arrangements for those with physical disabilities and neurological differences, and this will be replicated, where buildings allow, and built into design of new spaces. Choosing an in-house model allows more flexibility to achieve this than a commercial operator may choose to.

Finance

The business modelling that has been undertaken will be taken into consideration when the key decision of the appropriate operating model is decided following further due diligence.

Author: Jacqueline Van Mellaerts, Assistant Director – Finance and Section 151 Officer

Governance

In addition to the procurement and delivery of the proposed fitting out works, the main governance implication associated with the proposal is the requirement in Section 4(2) of the Localism Act 2011 to operate through a company when doing something for a commercial purpose.

Author: Daniel Dickinson, Assistant Director – Legal and Democratic Services and Monitoring Officer

Appendices

Appendix A – Catering Model Options Appraisal

Appendix B – Financial model for Catering Options

Background Papers

None.