

North Lanarkshire Council Report

Policy and Strategy Committee

Does this report require to be approved? Yes No

Ref LR/AH/Review Hospitality Date 05/12/24

Review of Non-School Hospitality Catering Across NLC

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Executive Summary

Following the outcome of the 2024/25 budget motion, approved by Council on 15 February 2024, a full review of the Hospitality Service has been undertaken to ensure best value in service provision. The review has considered a number of key factors, specifically:

- A site-by-site financial performance review.
- Staffing review.
- Menu and supplier review.
- Consultation with customers and stakeholders.
- Consultation/Benchmarking with other Local authorities, Colleges, and Universities.

The purpose of this report is to present the outcome of the review along with a number of options for service provision. The report also includes a recommendation for a future operating model.

Recommendations

It is recommended that the Policy and Strategy committee:

- (1) Acknowledge the work undertaken as part of the review.
- (2) Agree to the implementation of the recommendations set out in Table 8 of the report, as outlined in section 2.11.
- (3) Acknowledge the service will prepare an update report to the Policy and Strategy Committee in June 2025.

The Plan for North Lanarkshire

Priority	All priorities
Ambition statement	(24) Review and design services around people, communities, and shared resources
Programme of Work	Invest in North Lanarkshire

1. Background

- 1.1 The 2024/25 budget motion, approved by Council on 15 February 2024, instructed officers to conduct a series of service reviews which should include identifying savings options or income generation opportunities.
 - 1.2 Facility Support Services delivers the following catering services: School Meals, Children's Homes, Adult Day Care Services (Social Work), Lunch Clubs and Hospitality Catering Services. The provision of catering within both school and areas within the social work environment are a statutory requirement. Therefore, this review will focus on the Hospitality Service which provides a catering service for both internal and external customers including staff canteens and cafes within leisure facilities and other cultural and park locations throughout North Lanarkshire. The service also provides internal and external functions.
 - 1.3 Section 2 of this report outlines the work undertaken as part of the review and presents a number of possible options.
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2. Report

- 2.1 The aim of the review is to consider the current operating model for the hospitality service to ensure that this represents Best Value for the Council. This will include consideration of savings options and income generation opportunities to identify a future operating model that achieves full cost recovery.
- 2.2 Through this review, a deep dive exercise covered the following areas:
 - A site-by-site financial performance review.
 - Staffing review.
 - Menu and supplier review.
 - Consultation with customers and stakeholders.
 - Consultation/benchmarking with other local authorities, colleges, and universities.
- 2.3 **Areas of Service Provision included in the Review.**

2.3.1 Leisure Facilities

The Tryst, Broadwood, Wishaw and Ravenscraig sports centres all have cafes where many parents and children enjoy healthy snacks and parents can sit within the café environment whilst children are enjoying classes and clubs. These are intrinsic to the experience and both daytime and evenings generate healthy levels of income. Currently, provision at the Time Capsule is by a private contractor on a lease basis. This operating model was in place prior to insourcing into North Lanarkshire Council.

2.3.2 Country Parks

Drumpellier, Strathclyde and Colzium Parks also have cafés and members may be aware we recently allowed patrons with dogs to enter the cafés at Drumpellier and Colzium and the change to a dog friendly approach has been a success. Customer consultation has been undertaken across all sites and full detail is provided later in the report. The consultation has highlighted that these cafes are important to the visitor experience and spending time in cafes is almost expected by customers as part of their time visiting.

2.3.3 Museums and Libraries

The café at Summerlee Heritage Centre is a busy unit that is integrated into the heritage site. The consultation also highlighted that this cafe is a particularly crucial element to the visitor experience.

Wishaw library sits within the Houldsworth Centre in Wishaw and provides a service to visitors attending the health centre and library and also any passing by custom. Before COVID-19 the site was extremely busy but since changes to the operational model of GP surgeries, the site has witnessed a decline in income over the last few years.

2.3.4 Staff Cafes

Both the Dalziel and Civic catering pods provide a convenient option for staff in key Council offices. Both do very well both in regular customer uptake and visitors to the offices. The civic has a small area for staff to sit in and get away from their desks, whilst the Dalziel pod caters for take away only.

2.3.5 Functions/Hospitality

The section also provide catering for internal/external business purposes and caters for larger functions for example Chamber of Commerce Annual Dinners.

2.4 List of Sites

Table 1 below outlines the lists of sites considered under this review, their location, and operating hours for each site.

Table 1 - List of Catering Venues throughout North Lanarkshire

Unit	Location	Times of Operation
Tryst Sports Centre Café	Cumbernauld	Mon-Fri 09.30-18.30 Sat-09.00-14.00 Sun 08.45-14.00
Broadwood Café	Cumbernauld	Mon-Fri 09.30-16.30 Sat - 08.45-16.30 Sun 09.00-16.30
Ravenscraig Café	Wishaw	Mon-Thurs 09.30- 19.30 Fri 09.30-16.00 Sat/Sun 09.00-16.00
Wishaw Sports Centre Café	Wishaw	Mon -Fri 10.00 -19.00 Sat/Sun 09.00-17.00
Colzium Café	Kilsyth	Mon-Sun-10.30-15.00
Civic Café Pod	Motherwell	Mon-Fri 08.00-15.00
Dalziel Café Pod	Motherwell	Mon-Fri 08.30- 15.00
Airdrie Town Hall	Airdrie	Mon-Fri 08.00-15.30
Wishaw Library Café	Wishaw	Mon-Fri 10.00-15.00
Summerlee Café	Coatbridge	Mon-Sun 10.00- 15.30 (School Holidays close 16.30)
Drumpellier	Coatbridge	Mon-Sun 10.30-16.00
Strathclyde Park-Pod	Motherwell	Mon- Sun 10.30-15.00

Strathclyde Park Café	Motherwell	Mon-Sun 10.00-15.30
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2.5 Review

As outlined in section 2.2, in order to ensure a thorough review of service provision a number of elements were within scope of the review and the outcome of each is detailed below.

2.5.1 Financial Information

2023/24

In order to provide information for a full financial year, analysis was undertaken of financial information relating to 2023/24. Table 2 below outlines for each site the total income achieved for 2023/24.

Table 2 - Income generated per site.

Site Name	2023/24 Income
Catering - Broadwood	£183,505
Catering - Ravenscraig	£311,031
Catering - Tryst SC	£104,262
Catering - Wishaw SC	£113,211
Special Events	£272,750
Civic Pod	£138,239
Colzium Café	£23,488
Dalziel Building Pod	£81,831
Drumpellier Park Café	£228,610
Miscellaneous Catering	£12,249
Strathclyde Park Café	£107,335
Strathclyde Park Pod	£70,580
Summerlee Café	£211,702
Vending	£128,170
Wishaw Library Café	£112,644
Grand Total	£2,099,607

Table 3 below outlines a breakdown of the total expenditure for the same period, 2023/24. At year end 2023/24, hospitality catering out turned a financial position of - £590,353.

Table 3 - Total Expenditure Breakdown 2023/24

CATEGORY	23/24 Spend
EMPLOYEE COSTS	1,566,070
PROPERTY COSTS	32,663
SUPPLIES & SERVICES	1,073,275
TRANSPORT & PLANT	687
ADMINISTRATION COSTS	14,065
PAYMENTS TO OTHER BODIES	3,200
TOTAL EXPENDITURE	2,689,960

2024/25

To ascertain how well each site is actually performing, a profit and loss exercise has been undertaken against each site for 2024/25. This included reviewing key financial performance for each of the following:

- **Income** – cash sales over the counter and any hospitality catering at each site and included any vending income.
- **Expenditure** – employee costs, food costs, property costs, supplies and services, transport and plant, and admin costs.

Profit and loss calculations were set out to rate each site for performance. Table 4 below outlines a summary of the profit and loss profile against each site for 2024/25 and projected new expenditure. Those highlighted in red are projected to be over budget for 2024/25.

It is projected that taking account of net income / expenditure in 2024/25, hospitality catering will require additional income of £528,588 which is unlikely to be achieved. This figure is based on a Total Expenditure Budget of £2,452,371 and a Total Income Budget of £1,923,783.

In reviewing the last 2 financial years, it is demonstrated that the service is operating at a financial loss. The sites highlighted in red in table 4 below, are sites where staffing, food costs and overall expenditure require review to reduce costs, if they are to break even.

Table 4 – 24/25 Projected Outcome

Venue	Projected Outcome 24/25
Airdrie Town Hall	-174,504
Dalziel Coffee Pod	8,453
Wishaw Library Café	-23,392
Summerlee Museum Café	-46,256
Drumpellier Park Café	-34,118
Strathclyde Park Café	-139,238
Colzium Café & Visitor Centre	4,518
Civic Coffee Pod	-12,234
Strathclyde Park Heron Pod	14,473
The Tryst Cumbernauld	-51,402
Catering Broadwood	-90,576
Catering Ravenscraig RSF	-31,785
Catering Wishaw Sports Centre	-58,478
Leisure Vending Income	105,952
Combined Totals	-528,588
24/25 Net Exp Budget	-528,588

2.5.2 Staffing Review

The hospitality function was insourced from Culture NL in 2021, and the staffing model has not been reviewed since this time. Historically, the base establishment, of 34 FTE Catering Assistants (NLC03) has been supplemented at peak times (e.g. school holidays) by a significant level of casual staff. Casual staff have been recruited for busy periods, but no financial profit or loss has been undertaken to determine how this aligns to the financial position. The section is managed and supported by a team of 7 FTE.

The service has received an application from an employee for VERA which has been approved at the Workforce Steering Group held on 30 August 2024. This post is a CNL11 and will become vacant on 1 January 2025. In addition, a further employee (CNL4) has formally notified the Council of their intention to retire on 1 January 2025. These vacancies will allow an opportunity to review the management and support structure.

2.6 Menu & Price Review

A benchmark exercise was undertaken to review the menus for each site. Although there is commonality from site to site there are also differences and individual costs due to the customer base. Each site has been reviewed and work has been undertaken to understand potential improvements. The review has focused on:

- a cost analysis to see if food costs could come down by streamlining the menu choices.
- a review of prices to see what percentage increase is compatible with what customers will pay at locations across the council.

Each site has a captive audience and although customers are not directly attending each site for the café specifically, there is the opportunistic view that customers will pay a certain amount for food and drinks they want within reason.

Work was undertaken to review these prices, and a percentage increase was agreed upon and is detailed further in the report at section 2.10.3.

2.7 Supplier Review

The service main aims are to ensure that local SMEs are utilised to deliver the best produce and at competitive prices. Work was undertaken to ensure that local bakeries could be used to provide bread and rolls. Whilst the service still uses Brakes for the main staples of the menu, cakes and breads are locally supplied.

Following a review, it was identified that different suppliers were being used by various café facilities, as the product quantities are minimal the cost per items were much higher.

2.8 Stakeholder Consultation

Stakeholder consultation is a key component and statutory requirement of a best value service review. Therefore, extensive, and robust research to engage with our key stakeholders as part of Facility Support Services hospitality review was undertaken. **A link to the extensive consultation reports will be made available under a separate cover for elected members of the committee.**

This consultation was designed to gain an insight into the various stakeholder groups views, comments, opinions, and rating criteria for the service. Importantly, this provides invaluable information on how well the service is performing and where it needs to improve.

Various methods were used to promote awareness and to encourage completion of the surveys amongst the various stakeholder groups including QR codes promoted within establishments, online survey links via email / Chief Executive's newsletter and paper surveys on site. The surveys were conducted from mid-July to end September 2024.

The individual groups of stakeholders consulted were:

- **Service User / Customer Consultation** (leisure, cultural and park locations)
 - It is essential that we understand the expectations of customers therefore research was undertaken to evaluate current user satisfaction, views and comments identifying ideas and proposals to improve service delivery from their perspective.
- **Service User (Staff) Consultation** (staff coffee pods / cafes)
 - This consultation was undertaken to evaluate employee satisfaction, views, and comments on staff café's available within the Civic Centre and Dalziel Building, seeking to identify ideas and proposals to improve service delivery from their perspective.
- **Frontline Catering Staff**
 - This element of research was undertaken to ensure appropriate engagement with staff to draw on their views, comments, ideas, and experiences, providing invaluable first-hand information on how well the service is performing and identifying trends and emerging challenges.

- **Partners managing facilities where cafes / hospitality facilities are based.**
 - It is crucial to survey the views of our service partners as our principal provision is a complimentary key component of their core service provision and will therefore also impact their customer, client, and staff base.

The surveys are specifically designed to gain both positive and negative feedback about service likes and dislikes to help identify the most significant factors determining the customer experience.

2.8.1 Consultation Results

Service User/Customer Consultation

A total of 230 online or paper surveys were completed by customers visiting on-site cafes within leisure, culture, and park locations. Survey results were extremely positive – 80% of respondents confirmed that they found their overall experience of their visit to the café as Excellent/Good with only 4.3% respondents rating it Poor/Very Poor. 86% found the opening hours convenient to them with only a small percentage, 12.6%, saying they were not convenient, with most comments received looking for hours to be extended.

High ratings ranging from 72% - 90% were received for the current menu, ease of ordering, price, staff friendliness, speed of service and the quality, taste, freshness, and portion size of food. A number of respondents praised the efficiency, helpfulness and customer care provided by the catering staff.

The café environment received high ratings over 80% for the display counter, layout, cleanliness, and family friendliness, however, a slightly lower rating of 68% was received for the décor / design. Where respondents expressed their dissatisfaction, criticisms included comments about the variety / choice available.

Service User (Staff) Consultation – Civic / Dalziel Coffee Pods

A total of 169 responses were received from staff using the coffee pods within the Civic and Dalziel Buildings. Survey results were extremely positive for the hot and cold drink options offered within the pods receiving 85% and 90%, respectively. High satisfaction ratings ranging from 73% - 99% were also received for ease of ordering; quality, taste, and freshness of food; staff friendliness; speed of service and the provision of a loyalty card. A number of staff praised the efficiency, helpfulness and customer care provided by the catering staff.

However, lower satisfaction ratings of 68.6% were given for price / affordability. Although 55.6% respondents felt the opening hours were convenient, 43.8% felt they should be extended. Where respondents expressed their dissatisfaction, criticisms included comments about variety / choice available and the opening hours.

Frontline Customer Catering Staff Consultation

A total of 30 responses were received from frontline catering staff demonstrating strength of opinion and desire to contribute to the engagement and feedback process.

Survey results were extremely positive relating to the current menu selection with high levels of satisfaction received ranging from 86% to 100%. Catering staff also confirmed they are either 'very satisfied' or 'satisfied' with the pricing, food quality and display

counters. However, areas for consideration, with lower satisfaction ratings ranging from 36% - 57%, were received for the menu display, kitchen equipment, seating area and décor.

Service Partner Consultation

A total of 14 online surveys were completed by service partners within leisure, cultural, parks and office establishments. Of these responses, 92.9% felt the provision of a catering service in their establishment was either 'very important' or 'important' with only 7.1% service partner rating it 'not very important.' Positive comments received related to visitor experience, social hubs, and provision of hospitality / additional selling point.

Survey results were positive for the hot and cold drink options offered receiving 85.8% and 92.9% respectively, however, low ratings were received for hot food (42.9%) and cold food (35.7%) options. Where partners expressed dissatisfaction with the hot / cold food options, comments included the provision of healthier options / more variety.

The café environment received high ratings over 70% for cleanliness, layout / seating, staffing, and speed of service, however, low satisfaction ratings were received for pricing (35.7%) and café service hours (50%). Comments received related to longer opening hours, pricing, and layout / décor.

The majority of positive comments received relate to the catering staff on site, however, negative comments covered main areas such as operating hours and price and menu choice.

A summary of the key findings for each of the consultations can be found in Appendix 1 to this report with full results being made available for elected members of committee.

2.9 Consultation with Other Local Authorities, Colleges, and Universities

Work was undertaken to analyse what operating models' other local authorities, colleges and universities had in place. This was to find out if the catering service was in-house, franchised, leased out or some form of partnership working.

Positively from the 32 local authorities contacted, 21 responded. Table 5 outlines the responses returned. A more detailed breakdown is included at Appendix 2.

Table 5 – Other Local Authority Catering

Types of Hospitality	No. of Local Authorities providing services (Total of 21 Respondents)
Commercial	12
Cultural & Libraries	2
Functions	16
Parks Cafés	5
Pods	1
Sports & Leisure	5
Staff Canteens	13
Other	4

The information gathered demonstrates different approaches by each local authority. North Lanarkshire Council operate a hospitality service across a wider range of functions than most respondents. From the data gathered there are currently no local authorities who operate their catering facilities with a franchise, lease, or partnership and from the data returned, none have any future plans to do so.

A total of six colleges and universities were contacted to gather data. Unfortunately, only New College Lanarkshire responded. They confirmed that they provide commercial and staff canteens and provision is in-house.

2.10 Potential alternative operating models

Following conclusion of the review, a number of options require consideration to ascertain best value for the Council. Five potential options have been identified and are outlined below. These are:

2.10.1 Option 1 - Do nothing.

The financial analysis detailed in section 2.5.1 has highlighted that for the last 2 financial years the service has been working at a loss, with a projected shortfall in income of £528,000 for 2024/25. Therefore, to do nothing in the current challenging financial climate is not a viable option and work has to be undertaken to reduce or eliminate the strain on the budgets.

2.10.2 Option 2 - Cease to provide hospitality services.

A large proportion of the catering service provided by Facility Support Services is statutory, however, the hospitality element is not. As outlined in point 2.5.1, at the current time the hospitality service is working at a loss. Cessation of services would mean that this financial position is removed along with the complexity of managing a service with various different components.

However, there are various negative effects of the removal of this service. Of key importance, is the view of the residents of North Lanarkshire. The outcome of the customer consultation, outlined in section 2.8.1, clearly demonstrates the value placed on this service by its customers. This also highlighted that cafes are important to the visitor experience and spending time in cafes enhances their experience of the venue.

Additional negative effects of cessation are:

- Staffing implications
- No café provision for staff in key Council offices
- Potential impact on visitor numbers to key leisure and cultural facilities
- Reputational damage
- Impact on small local suppliers
- No catering provision for in-house functions

2.10.3 Option 3 - Implement Full Cost Recovery

Through the review of service delivery, there are various elements that can be implemented to work towards full cost recovery over a 3-year period, which are outlined below.

Rebranding – Coffee Shop Model

As outlined in section 2.6 a comparison was undertaken with commercial operators who are significantly successful due to the consistency in menus with a balance between sufficient choice for the customer but limited manual input and fluent and efficient service delivery. This, along with current food costs has highlighted the need to move towards a slimline menu, moving from a café to a coffee shop model removing many of the unhealthy options.

This change in focus will require a full review of food and drink options, increasing the choices of hot drinks, self-service, and quick turnaround items. This will reduce food costs and ensure service delivery is swift and in line with what customers are looking for as reflected in the customer consultation. If this option is accepted, the service will work with Corporate Communications to promote the new operating model.

Review of Staffing

The proposed move to a coffee shop model will allow for a different approach to staffing. In addition, whilst reviewing the profit and loss figures it became clear that the current level of staffing could not be maintained while working to achieve full cost recovery. As outlined in section 2.5.2 of the review, the current base establishment is subsidised by casual staff. The implementation of the coffee shop model will result in a reduction in the manual input of the catering team which will reduce staffing requirements. It is the view of the service that this can be achieved through the reduction in the use of casual staff over the next 3-year period, without impacting on substantive employees.

As outlined in section 2.5.2, 2 posts within the management and support structure will become vacant in January 2025, this allows the opportunity to review provision and reduce costs.

Due to staffing costs, there is no intention, at the moment, to increase operating hours and the level of income at off peak times does not cover costs. This will be reviewed year on year to monitor progress.

Over the last few years local authority employees have received significant pay rises. A full cost recovery approach would require this cost to be met by price increases to ensure the service is not operating at a loss.

These staff savings have been built into the projections outlined in Table 8, demonstrating projected figures for the 3-year period while working towards full cost recovery. Currently, there is no requirement to delete any permanent staff posts, however this will be kept on review.

Price increase

A review was undertaken of current prices, and it is proposed to implement a phased increase in charges over the next 3 years.

Following approval of the Council's Discretionary Fees and Charges Policy at Policy and Strategy Committee on 28 September 2023, discretionary fees and charges will be uplifted by 5% annually. In addition, services are expected to review their charges with a view to moving towards full cost recovery as outlined in the Council's Revenue Resources Budget Strategy.

Table 7 highlights the proposed price increase for the next 3 years with 8% in years 1 & 2 & 10% proposed in year 3. This may need to be adjusted if required to meet full cost recovery. If projections change this will mainly be due to staff pay award increases and the service will have to incorporate appropriate price increase to ensure full cost recovery is achieved.

The plan would be to implement the price increase from January 2025. The proposed price increases still ensure prices remain within range and continue to provide the public with a high-quality service at reasonable prices, but most importantly would assist along with reduction in staffing to work towards full cost recovery.

Table 6 – NLC Proposed Increase in Prices 8% - 10%

Menu item	Current prices	Price increase 2025/26	Price increase 2026/27	Price increase 2027/28
Roll sausage	£2.60	£2.80	£3.00	£3.30
Roll bacon	£2.60	£2.80	£3.00	£3.30
Sparkling water	£1.60	£1.70	£1.85	£2.05
Bottled juice (i.e. diet coke)	£1.30	£1.40	£1.50	£1.65
Iced Latte	£4.00	£4.30	£4.65	£5.10
Brownie/home baking	£2.50	£2.70	£2.90	£3.20
Americano	£2.70	£2.90	£3.15	£3.45
Latte	£2.80	£3.00	£3.25	£3.60
Cappuccino	£2.80	£3.00	£3.25	£3.60
Mocha	£3.00	£3.25	£3.50	£3.85
Hot Chocolate	£2.80	£3.00	£3.25	£3.60
English Breakfast Tea	£1.70	£1.85	£2.00	£2.20
Green Tea	£1.80	£1.95	£2.10	£2.30
Chicken wraps	£3.90	£4.20	£4.50	£4.95
Ham & Cheese Toastie	£4.70	£5.00	£5.45	£6.00

**These prices are examples only and will be reviewed each year to ensure they are viable.*

If approved, due to the location of the cafes, it is thought that there would not be a drop in customer uptake considering the prices of other competitors and, although there are a number of regular customers, there are also a much larger customer base that are occasional visitors who, it is assumed, would pay the 8% to 10% price increase.

The application of the proposed price increase has been incorporated in the forecast for the period 2025-2028, outlined in table 7 below.

Suppliers

Part of this review was to consider annual spend on food and supplies to ensure best value and to also explore if there are further local suppliers that can be utilised. However, this must be in line with the Councils Procurement framework.

If agreed, over the next 18 months, following the implementation of a reduced menu, it is proposed to review all current suppliers and move all products purchased to the same contractors. This will ensure a consistent approach across all venues, enabling the service to procure for higher quantities of products, resulting in reduced costs to the council.

Overview of proposed operating model for full cost recovery

In summary, Section 2.10.3 outlines what could be achieved if the full service was approved to move to a full cost recovery model. Full cost recovery can be achieved by reduction and monitoring of staffing, increasing prices over the next three years of between 8% & 10%, reducing food costs and monitoring suppliers' prices. Over a three-year period, this would turn around the current negative position and allow the service to operate at full cost recovery. Table 8 provides projected expenditure/income over the 3-year period from 2025/26 to 2027-28 and a RAG status indicating movement towards full cost recovery. Facilities which have a green RAG status are currently profitable, those highlighted as amber move to a profitable status during the 3-year period and those categorised as red do not achieve profit.

Table 7 – Forecast of Expenditure/Income for 3-year period

Venue	RAG Status	Projected Net Expenditure /Income 25/26	Projected Net Expenditure /Income 26/27	Projected Net Expenditure /Income 27/28
Motherwell Concert Hall Catering	Red	-132,697	-128,438	-118,186
Dalziel Coffee Pod	Green	13,817	18,180	25,037
Wishaw Library Café	Red	-24,311	-19,923	-12,208
Summerlee Museum Café	Amber	-15,138	-5,784	9,100
Drumpellier Park Café	Amber	-14,791	-4,574	12,468
Strathclyde Park Café	Amber	-143,003	-38,833	82,146
Colzium Café & Visitor Centre	Red	-27,803	-27,601	-26,727
Civic Coffee Pod	Amber	-5,112	537	10,025
Strathclyde Park Heron Pod	Green	22,752	26,933	33,263
The Tryst Cumbernauld	Red	-59,744	-40,186	-36,861
Catering Broadwood	Amber	-14,562	-6,795	6,422
Catering Ravenscraig RSF	Green	31,514	21,190	42,289
Catering Wishaw Sports Centre	Red	-22,113	-17,728	-9,993
Leisure Vending Income	Green	112,680	118,887	125,421
Combined Totals	Amber	-278,510	-104,135	142,196

As indicated in Table 7, 5 of the current facilities are unlikely to become profitable in the 3-year period due to the level of staffing required to maintain service delivery requirement. However, the overall projection for the service will ensure full cost recovery. We will continue to monitor and where possible implement further corrective actions to reduce costs associated within these facilities.

As indicated in table 7 option 3 allows full cost recovery over a 3-year period. This also ensures that none of our current cafes are closed, which should minimise any impact on the reputation of the Council. In addition, this option allows a consistency in service provision over the 3-year period and will allow for a period of staff stability. In terms of the feedback from customer consultation, the proposals ensure that we can maintain current levels of satisfaction. There will also be limited impact on local suppliers. However, it should be noted that there are risks associated with this approach including cost of living salary increases, food inflation, impacts of any changes within the venues, for example the planned closure of Strathclyde Park in 2025/26. While the move to a coffee shop approach does allow for continued provision within all venues, this will be a reduced service in relation to food choice, for example unhealthy options. It is expected that the changes in service provision will allow for increased efficiency within the cafes, however, there is a potential risk of queuing at peak times.

2.10.4 Option 4 - Lease out to other Partner Providers.

A further option identified as part of the review is the possibility of outsourcing the provision of hospitality services to an external commercial provider.

A positive element to this option is a reduction of costs for the Council. A lease arrangement would allow the council to place most costs associated with service provision on the provider, with building costs remaining. In addition, this type of arrangement would lead to a regular income of £400-£600 per month, per site.

However, this would result in a lack of control over the operation and could result in reputational issues. Key areas of concern would be the availability of healthy menu options and pricing. As highlighted through customer consultation, Council cafes are valued by residents and outsourcing provision may impact on quality and customer experience.

A similar arrangement is currently in place at the Time Capsule and feedback has indicated that, on renewal of the lease in 2022, it was difficult to find a replacement provider which may indicate a limited market.

Initial discussions with colleague in legal services have highlighted that, if this arrangement was pursued, TUPE would apply. In line with TUPE regulations, staff would have the right to transfer to the new supplier. This could present a barrier to success in light of increased salaries and on costs including pension provision.

However, if this option is approved then further work is required to investigate how this model could be achieved with minimum risk to the council.

2.10.5 Option 5 - Reduced Service Delivery – Vending

As outlined in table 4, vending within leisure centres is currently profitable, with a yearly income of £105,952 projected for 2024/25. Dependant on the leasing arrangement, vending has limited expenditure and can generate income. The provision of a vending service would have no staffing costs associated with it. This would be likely to increase profitability. The Councils current vending provision is limited to drinks and snacks, however, there are opportunities to consider a wider range including sandwiches etc.

This option would maintain a level of service delivery; however, this would be greatly reduced in comparison to current provision. Whilst this may mitigate some of the

negative impacts of a full removal of the service, it is likely that these would still apply to some extent, specifically:

- Staffing implications
- Negative impact on customer experience
- Reduced provision for staff in key Council offices
- Potential impact on visitor numbers to key leisure and cultural facilities
- Reputational damage
- Impact on small local suppliers
- No catering provision for in-house functions

To progress with this option, further investigation would be required as this approach may not be suitable in all facilities, for example Summerlee.

2.11 Summary and recommendation

Having carefully considered the various options following a full review of the hospitality service, taking account of positive and negative factors relating to each option, it is recommended that as a first phase we adopt a hybrid model of a number of the above options. This would reduce the risk, allow the service to further investigate some of the options such as leasing/franchising and at the same time utilise the methods stated in the report to reduce costs and attempt to bring many of the sites into full cost recovery. Table 8 below outlines the recommendations for each site.

Table 8 – Recommended Options for Approval.

SITE	RECOMMENDED OPTION(S)
Tryst Sports Centre Café	Option 3 & 5 – Full cost recovery and additional vending
Broadwood Café	Option 3 & 5 – Full cost recovery and additional review of vending
Ravenscraig Café	Option 3 & 5 – Full cost recovery and additional review of vending
Wishaw Sports Centre Café	Option 3 & 5 – Full cost recovery and additional review of vending
Colzium Café	Option 4 – Lease to Private Provider
Civic Café Pod	Option 3 & 5 – Full cost recovery and additional vending
Dalziel Café Pod	Option 3 & 5 – Full cost recovery and additional vending
Airdrie Town Hall	Option 3 & 5 – Full cost recovery and additional vending
Wishaw Library Café	Option 3 & 5 – Full cost recovery and additional vending
Summerlee Café	Option 3 & 5 – Full cost recovery and additional vending
Drumpellier	Option 4 – Lease to Private Provider
Strathclyde New Food and Drink Space	Option 4 – Lease to Private Provider
Strathclyde Park-Pod	Option 3 & 5 – Full cost recovery

Within the 3 parks of Drumpellier, Colzium and Strathclyde there is an opportunity to promote further footfall with a branded franchise restaurant or within Colzium a SME for a café or coffee shop. In a first phase towards this the service will investigate further about how this process operates and identify a pathway towards working towards this and timescales for completion. Within Strathclyde Park this is an excellent opportunity

due to the upcoming closure and investment in capital works and would be a further attraction if a branded food chain could take over a premium spot to increase footfall into the park. The same for Drumpellier. The rationale behind this recommendation is due to the rising costs of providing a service such as this in house, due to the escalating staff costs and food inflation. Investigating this model in the parks setting is ideal due to the fact that it is set in locations where a lease could bring added value and footfall, whilst reducing costs to the council.

In the remaining sites the service will work towards a 3-year plan to introduce full cost recovery and also investigate more vending into sites which have low expenditure with higher levels of income that would help support the remaining sites. The service will also review as stated previously current prices and ensure that in implementing these we balance this to avoid the risk of driving customers away.

As outlined, this option is not without risk, therefore, if approved, progress will be reviewed on an ongoing basis, with a further update provided to the Policy and Strategy Committee in June 2025 to report back on progress.

2.12 Next Steps

Following approval, the service will continue to work on outcomes that have arisen from the review, and these are currently being compiled as an Action Plan for implementation over the next 12 months which includes the following:

- Implement post consultation plan to ensure that feedback is incorporated in planning and that feedback is provided to stakeholder groups who participated in the process.
- Rebranding from Café to Coffee Shop status in 8 of the sites
- Work with Corporate Communications to promote the new operating model and utilise marketing to promote the services to customers.
- Period by period financial monitoring of all sites and performance.
- Reduction and Monitoring of staffing across all sites
- Implementation of price increases by 8% over the next 2 years and 10% in year 3. As stated earlier in the report this may need to fluctuate to ensure that full cost recovery is the outturn.
- Changes to menu to reduce food costs.
- Further investigation into sites for leasing working with colleagues in partnership across the council to find an appropriate route to market.

The team will continue to meet on a monthly basis to ensure that actions are being implemented and monitored for success.

3. Measures of success

- 3.1 A thriving and sustainable council service which supports the delivery of culture, sport, leisure, and community facility services.

4. Supporting documentation

- 4.1 Appendix 1 Consultation Executive Summaries

This appendix provides a brief Executive Summary of the research undertaken with a link to the extensive consultation reports being made available under a separate cover for elected members of the committee.

4.2 Appendix 2 Local Authority Consultation Outcomes

A handwritten signature in black ink, appearing to read 'Lyall Rennie', written in a cursive style.

Lyall Rennie
Chief Officer Community Operations

5. Impacts

<p>5.1 Public Sector Equality Duty and Fairer Scotland Duty Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>If Yes, has an assessment been carried out and published on the council's website? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p>5.2 Financial impact Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>Financial impact of proposals have been included within report.</p>
<p>5.3 HR policy impact Does the report contain any HR policy or procedure impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>Any subsequent action taken will be in line council policy and procedures.</p>
<p>5.4 Legal impact Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact? We are advised that there are no legal implications to Option 3, however legal services will be contacted if the service move to any closures of cafes for advice on setting up leases.</p>
<p>5.5 Data protection impact Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/></p>

If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to dataprotection@northlan.gov.uk

Yes No

5.6 Technology / Digital impact

Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?

Yes No

If Yes, please provide a brief summary of the impact?

Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?

Yes No

5.7 Environmental / Carbon impact

Does the report / project / practice contain information that has an impact on any environmental or carbon matters?

Yes No

If Yes, please provide a brief summary of the impact?

5.8 Communications impact

Does the report contain any information that has an impact on the council's communications activities?

Yes No

If Yes, please provide a brief summary of the impact?

5.9 Risk impact

Is there a risk impact?

Yes No

If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?

There are risks around potential challenges in not meeting the financial target, however mitigating action will be supported and put in place.

5.10 Armed Forces Covenant Duty

Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?

Yes No

If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.

5.11 Children's rights and wellbeing impact

Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

Yes No

If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Yes

No

APPENDIX 1 – Summary of Key Consultation Findings

Key Findings – Executive Summary (Customers)

1. A total of 230 online or paper surveys were completed by customers visiting on-site cafes within leisure, culture, and park locations. This includes cafes within:

Broadwood Stadium	Colzium	Drumpellier Park
Houldsworth Café	Ravenscraig RSF	Strathclyde Park
Summerlee Museum	Tryst Sports Centre	Wishaw Sports Centre

2. The highest percentage of customers (59.1%) visit their choice of café on a weekly basis. Of the 230 responses, 198 (86.1%) found the opening hours convenient to them.
3. Customers were asked to identify their satisfaction levels with the current menu in the café. The following details the satisfaction levels (*including very satisfied / satisfied*):
 - 80.8% satisfied that the **Menu was Clearly on Display**
 - 77.3% satisfaction with **Hot Food Options**
 - 71.8% satisfaction with **Cold Food Options**
 - 89.6% satisfaction with **Hot Drink Options**
 - 88.8% satisfaction with **Cold Drink Options**
4. Around 88% customers were happy that our menu accommodates their dietary needs with 39.6% (91) responding that it met their needs 'very well', 25.7% (59) 'well' and 19.1% (44) 'adequately'.
5. 177 (77.0%) found the menu to have something for everyone.
6. Customers were then asked to identify their satisfaction levels with the service provided. The following details the satisfaction levels (*including very satisfied / satisfied*):
 - 90.1% satisfaction with **ease of ordering**
 - 76.1% satisfaction with **price / affordability**
 - 87.8% satisfaction with the **staff friendliness**
 - 83.1% satisfaction with the **speed of service**
 - 82.7% satisfaction with **quality of food**
 - 82.6% satisfaction with the **taste of food**
 - 81.3% satisfaction with the **portion size**
 - 80.5% satisfaction with **freshness of food**
7. As part of the consultation, customers were also asked how satisfied they were with the café environment. The following details the satisfaction levels (*including very satisfied / satisfied*):
 - 83.4% satisfaction with the **display counter**
 - 80.9% satisfaction with the **layout of tables**

- 68.3% satisfaction with the **décor / design**
 - 81.8% satisfaction with the **cleanliness**
 - 84.9% satisfaction with **family friendliness.**
8. 81.7% would recommend the café to family / friends.
9. Around 80% customers rated their overall experience of their visit to the café as either excellent or good.

Key Findings – Executive Summary (Service Users (Staff) Consultation)

1. A total of 169 online surveys were completed and returned by North Lanarkshire staff visiting / using the on-site office coffee pods / cafes. Of the 169 responses, 76.3% visited the Civic Coffee Pod / Café and 23.7% the Dalziel Coffee Pod / Café.
2. Respondents were then asked to identify how often they used the coffee pods with the highest percentage (43.7%) visiting several times a week.
3. When asked how important they felt the provision of a coffee pod / café was within their office building, 98.2% said it was extremely important / important to them.
4. 94 (55.6%) felt the opening hours were convenient, however, 74 (43.8%) felt the hours should be extended.
5. Staff were then asked to identify what they visited the coffee pod / café for in terms of purchasing Breakfast, Lunch, Snack, Hot drink, or Cold Drink. This question allowed staff to select all options that apply with the highest percentages visiting either for lunch (26.0%) or a hot drink (28.5%).
6. Respondents were asked to identify their satisfaction levels with the current menu selection in their establishment. Of the 169 who responded, the following details the satisfaction levels (*including very satisfied / satisfied*):
 - 56.2% satisfaction with **Hot Food Options**
 - 58.0% satisfaction with **Cold Food Options**
 - 89.9% satisfaction with **Hot Drink Options**
 - 85.1% satisfaction with **Cold Drink Options**
4. Staff were then asked to identify their satisfaction levels with the service provided and menu / food items within their establishment. The following details the satisfaction levels (*including very satisfied / satisfied*):
 - 97% satisfaction with **ease of ordering**
 - 68.6% satisfaction with **price / affordability**
 - 75.1% satisfaction with **quality of food**
 - 75.7% satisfaction with the **taste of food**
 - 81.0% satisfaction with **freshness of food**
 - 99.4% satisfaction with the **staff friendliness**
 - 93.5% satisfaction with the **speed of service**
 - 73.3% satisfaction with the **provision of a loyalty card**.
5. Of the 169 respondents, 147 (87%) would recommend the coffee pod / café to colleagues, however, a small percentage 18 (10.6%) would not.

Key Findings – Executive Summary (Frontline Customer Catering Staff)

1. A total of 30 surveys were completed and returned by on site Facility Support Services catering staff.
2. Staff were asked to identify their satisfaction levels with the current menu selection in their establishment. Of the 30 who responded, the following details the satisfaction levels (*including very satisfied / satisfied*):
 - 90% satisfaction with **Hot Food Options**
 - 86.7% satisfaction with **Cold Food Options**
 - 100% satisfaction with **Hot Drink Options**
 - 96.7% satisfaction with **Cold Drink Options**
3. Several questions were then asked of staff to give us their feedback / views on several areas including:
 - What menu items work well / do not work well.
 - Specific food / drink items or dishes they would like to see added to the menu.
 - Anything about food options they would improve.
 - Anything about drink options they would improve.
 - Anything about facilities they would improve.
 - Suggestions or ideas to improve counter sales.

Comments received for each question above are detailed in the main body of the report and have been grouped under each establishment to assist with any developments / issues within each premise.

4. Staff were then asked to identify their satisfaction levels with the menu and café environment within their establishment. Of the 30 who responded, the following details the satisfaction levels (*including very satisfied / satisfied*):
 - 70% satisfaction with **pricing**
 - 80% satisfaction with **food quality**
 - 36.6% satisfaction with **menu display**, however, **52.4%** were dissatisfied.
 - 76.7% satisfaction with the **display counter**
 - 56.6% satisfaction with **kitchen equipment**, however, **26.7%** were dissatisfied.
 - 46.7% satisfaction with the **seating area**, however, **36.7%** were dissatisfied.
 - 40.1% satisfaction with the **décor**, however, **36.6%** were dissatisfied.

Key Findings – Executive Summary (Service Partner Consultation)

1. A total of 14 online surveys were completed by service partners with on-site cafes within their establishments. This includes cafes within:

Broadwood Stadium	Ravenscraig RSF	Tryst Sports Centre
Wishaw Sports Centre	Summerlee	Colzium
Strathclyde Park	Drumpellier Park	Houldsworth Centre
Civic Centre Pod	Dalziel Pod	

2. Of the 14 responses, around 93% (13) felt that the provision of a catering service in their establishment was either 'very important' or important'. The remaining 7% (1) did not find it important.
3. Service partners were asked to identify their satisfaction levels with the current menu in their cafés. The following details the satisfaction levels (*including very satisfied / satisfied*):
- 42.9% satisfaction with the **Hot Food Options**, however, 35.7% were dissatisfied.
 - 35.7% satisfaction with the **Cold Food Options**, however, 35.7% were dissatisfied.
 - 85.7% satisfaction with the **Hot Drink Options**, and
 - 92.9% satisfaction with the **Cold Drink Options**.
4. Partners were then asked to identify their satisfaction levels with the service provided. The following details the satisfaction levels (*including very satisfied / satisfied*):
- 50.0% satisfaction with **café service hours**, however, 28.6% were dissatisfied.
 - 35.7% satisfaction with **pricing**, however, 57.2% were dissatisfied.
 - 78.6% satisfaction with the **cleanliness** in the café
 - 71.4% satisfaction with the **layout / seating**
 - 64.3% satisfaction with the **décor / design**
 - 85.7% satisfaction with the **staffing**, and
 - 71.4% satisfaction with the **speed of service**.
5. When asked for any positives or negatives service partners had regarding catering provision, a total of 12 positive comments were received and 12 negative comments which can be found detailed within the main body of the report.
6. Overall, around 57% service partners were either 'very satisfied' or 'satisfied' with the catering provision in their establishments although 24% were dissatisfied.

Appendix 2 – Local authority consultation outcome

Local Authority	What types of catering/hospitality services do you offer within your local authority?									If other, please advise	Who operates your catering facilities
	Commercial	Cultural & Libraries	Functions	Schools	Parks Cafes	Pods	Sports and Leisure	Staff Canteens	Other		
Aberdeenshire Council					✓		✓	✓	✓	School Catering	Local authority
Argyle & Bute Council	✓		✓		✓		✓	✓			Local authority
Argyle & Bute Council	✓		✓				✓				Local authority
Dumfries & Galloway Council			✓								Local authority
East Ayrshire Council	✓		✓			✓		✓			Local authority
East Ayrshire Council	✓		✓					✓			Local authority
East Lothian Council									✓	Statutory school meals and Homes for Older People meals	Local authority
East Renfrewshire Council			✓							We only provide catering to council departments	Local authority
Edinburgh City Council	✓		✓					✓			Local authority
Edinburgh City Council	✓	✓	✓					✓			Local authority
Falkirk Council	✓		✓					✓			Local authority
Fife Council	✓		✓		✓		✓	✓	✓	Care Homes, Community Cafes, Out of school food provision (cafe Inc),Nursery and Schools, MOW	Local authority
Moray Council			✓								Local authority
North Ayrshire Council	✓		✓		✓			✓		Staff meetings & training, external lunch clubs, Council Young People's Homes, Council Respite Centre, private nurseries,	Local authority
Renfrewshire Council									✓	One coffee shop in main headquarters	Local authority
Scottish Borders Council			✓					✓			Local authority
Shetland Islands Council	✓							✓			Local authority
South Ayrshire Council			✓								Local authority
South Ayrshire Council	✓		✓					✓		Sports & Leisure currently provide their own catering teams for Golf South Ayrshire. Staff canteen in County Buildings is a Selecta Micro Market	Local authority
West Dunbartonshire Council		✓	✓		✓		✓	✓		Schools	Partnership
West Lothian Council	✓										Local authority