

Report

Business Case for a New Pavilion in South Park

Author:

Cllr Livingstone, Cllr Wilson and Town Clerk

Introduction

South Park, the largest park in Macclesfield, stands as a testament to the enduring legacy of Alderman William Frost, a local man who generously gifted this green oasis to our community a century ago. Since then, it has remained a source of immense pride for our town. Over the past two decades, residents have advocated for the creation of a functional pavilion within the park. Following extensive consultations facilitated by S:PARK and the Town Council, this long-awaited vision is now on the brink of realisation, *see Appendix A for full details on consultations.*

Location is everything and central to the pavilion's appeal is its strategic location. Situated in a prime area, it benefits from minimal competition while enjoying significant foot traffic—a combination that positions it as the premier choice for visitors. The pavilion boasts an unrivaled location.

The forthcoming pavilion also represents far more than mere construction of a café; it symbolises an investment in the future of Macclesfield. The pavilion transcends the conventional notion of a café; it will serve as a vibrant hub where the community gathers, where memories are made. From weddings to parties, exercise classes to community events, it will be a hub of activity. It will also serve a pivotal role in meeting the demand for venue space within Macclesfield. The success of commercial events hosted within the park underscores its potential as a sought-after destination, attracting interest from both businesses, private patrons, visitors and residents.

The Business

The concept for the pavilion goes beyond just serving great coffee and delicious food in a café; it's about fostering community and offering versatile spaces for various needs. Our café will pride itself on sourcing high-quality, locally produced ingredients whenever possible, ensuring both freshness and support for local businesses. Beyond being a cozy spot for a quick bite or a leisurely meal, we will offer long-term room hire options ideal for learning institutions, community groups, or exercise classes. These spaces will provide a welcoming environment for

educational workshops, group meetings, or fitness sessions. Additionally, we will cater to a range of celebrations by offering event hire services for occasions like birthdays, weddings, or christenings. But the experience doesn't end there; we will also curate our own events, such as live music performances and trivia nights, working with local event providers, to further enrich the community spirit. With a commitment to quality, community, and versatility, our pavilion aims to be more than just a place to eat—it's a hub where connections are made.

The income will be made up from the café, room hire and the running of events.

In addition to these services, the Council is dedicated to enhancing the overall experience of our park by providing essential amenities. We understand the importance of comfort and accessibility, which is why we offer clean and well-maintained toilets for visitors' convenience. Furthermore, we are proud to include a fully accessible Changing Places toilet, ensuring that individuals with disabilities have equal access to facilities and this is in addition to the accessible play equipment in the park supplied by the Town Council. By prioritising inclusivity and accessibility, we aim to create a welcoming environment where everyone can enjoy the park and its offerings without barriers. Our commitment extends beyond serving delicious food and hosting events; it encompasses creating an inclusive space where all members of the community feel valued and respected.

Current situation

The current pavilion is deemed not fit for purpose and in part condemned (the upstairs) due to its lack of accessibility to the first floor and its poor state of repair. The ground floor layout is not flexible for multiple user groups and the building's construction method means the building is reaching the end of its lifespan and cannot be modernised. The lack of a pavilion for a park of this scale fails to meet the needs of visitors to the park and also fails to provide opportunity for the park to be of greater value to the community and engage with park users. The building is owned by Cheshire East Council and a Heads of Terms has been agreed to lease the site to the Town Council for 150 years. The lease starts when the town council has received planning permission (received in September 23 planning.cheshireeast.gov.uk/applicationdetails.aspx?pr=22/4269M), and funding is secured to complete the building.



The current building

Current issues are:

- Very limited toilet facilities and no accessible toilets
- Limited food/ beverage offerings
- No communal rest areas
- No indoor community space for activities
- No facility to loan sports equipment to enjoy the park
- An unsightly disused building which detracts from the beauty of the park and is prone to vandalism
- Anti-social behaviour as a direct result of the building's disuse

Solution and design

In short, to provide a new pavilion building in the park. Macclesfield Town Council are long term asset transferring the building from the local authority and want to demolish it and build a fully accessible and environmentally friendly building, available and open to all the community. A building that meets the needs, expectations and ambitions of the community, the park services as well as encouraging visitors to the park. Through project forming and evaluation, a building that is flexible and sustainable and that can provide for the community well into the future.

In early 2022, Bower Mattin and Young were hired as architects and were tasked with creating different designs to take to the public for consultation so in August 2022, we held 4 public consultations, in the park and in the town centre. Over 750 detailed written responses were received. Our residents wish us to proceed with the project and identified two of the five designs that were presented to them. We have merged these two to provide a two storey building with a number of the design features that were most valued.



The chosen design

- The proposed scheme is for a two storey, environmentally sensitive pavilion designed to provide a wide range of flexible spaces suitable for family gatherings, fitness, dance and regular cultural events.
- The ground floor consists of a large café area with chill out spaces housing local art exhibits and magazines. It will lead to a canopied outdoor terrace with seating overlooking the bandstand.
- There are also two large multi-purpose rooms which can provide a space for people to gather. The first floor overlooks the park and tennis courts. It will provide an event space for exhibitions, music, comedy nights and large family celebrations of up to 100 people. The building will provide an information point for future events in the park and local area, together with a first aid post including a defibrillator.
- There will be a Changing Places toilet with baby changing for all park users.
- It is intended that the new building will reuse the existing pavilion slab and foundations. It will be super insulated and incorporate a turf/sedum roof to create a high thermal mass which will also assist water attenuation.
- Passive solar gain combined with a heat recovery and recirculation ventilation system and air source heat pumps will be at the core of the renewable energy proposals.
- Local stone and timber will be used in construction which will feature green walls as a part of the target to control the carbon footprint.



The chosen design view 2

Budget

The budget for the pavilion at this time last year stood at £1.48m. As the Council is aware construction costs increased last year at an unprecedented level of 25% due to

- the impact of energy costs rises
- the increased importation costs of construction materials.
- and significant rise in inflation and interests costs .

As a result the overall budget has now increased to £1.85m.

Construction output is falling, and costs have now stabilised. Whilst they are unlikely to fall they are becoming more predictable and the risk premium levels applied by contractors are now reducing. Projects like the pavilion will have a short duration of 9-12 months attract significantly less risk pricing than projects with longer durations. Our design team have identified potential savings should these be required. The two stage procurement process is designed to allow opportunities value engineer the design whilst retaining its quality.

This spilt down as follows:

Construction and Fit Out	£1,650,000
Design and Survey Fees	£55,000
Legal, Accountancy and Marketing	£25,000
Contingency	£115,000

Total	£1,845,000

The Council intends to fund this project via the use of reserves, annual funding for parks, borrowing via a public works loan of £1m, and sponsorship and fund raising.

Council Allocated Reserves	£548,500
Public Works Loan	£1,250,000
Sponsorship and Fund Raising	£56,500
Total	£1,845,000

It should be noted that the budget is prudent and contains risk contingencies within the construction costs, plus an overall contingency sum. We anticipate this not being required in full.

Loan Affordability

A loan of £1.25m will result in a cost to the Council of £101,301.70 in the first year, reducing by £437.50 every 6 months. This would result in an 10% increase in our precept, again in the first year, however over the years this would reduce plus there will be income from the pavilion to go towards the payment. Our precept is comparatively lower than similar towns locally. The Interest rate is fixed at 5.67%.per year

It is intended to increase the council tax precept for 2024 by 24.5%, which equals £12.50 per year per band D household (£1.04 per month), and £5.21 (43 pence per month per band D household,) of this will go toward the loan repayments, an increase of 10%.

This means per Band D household the precept for 2024-25 will go from £52.06 to £64.56.

A forecast budget for the next 3 years can be found in Appendix B.

Comparisons to other Councils

2023-24 precept amounts per year for Band D households for different Town/Parish Councils as can be seen below even with the increase Macclesfield Town Council Precept is relatively low compared to similar sized town councils or those very close by.

Council	Band D
Alderley Edge	£68.88
Alsager	£98.31
Bollington	£78.44
Congleton	£96.37
Crewe	£87.95
Henbury	£62.48
Holmes Chapel	£86.80
Knutsford	£97.29
Macclesfield	£52.06
Nantwich	£145.29
Sandbach	£82.69

VAT

We have sought VAT advice from the Parkinson Partnership a specialised advisor to Town and Parish Councils and at 11th December 2023 Full Council meeting resolved to 'opt to tax'.

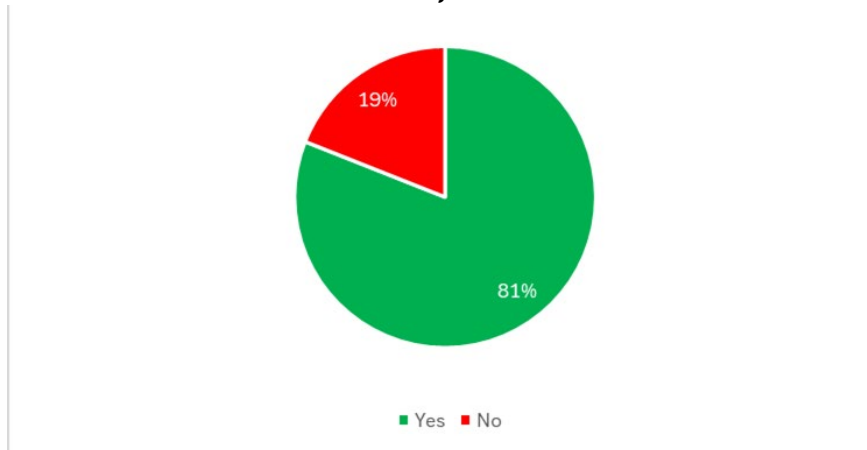
Congelton Town Council operates a café and events venue from its town hall and has opted to tax, providing a useful model for us to learn and follow.

Public Loan Consultation

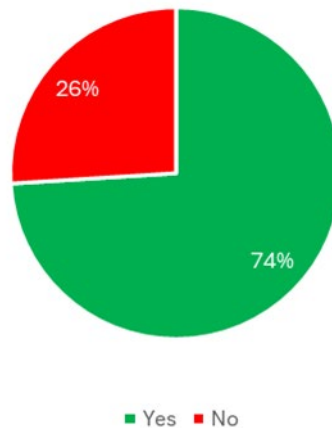
As there is a proposed increase in the precept, the Town council held a public consultation. The full details can be found in **Appendix A Public Consultations**.

The results of the consultation were as follows:

*Are you in favour of the Town Council continuing ahead with building a new South Park Pavilion? **81% Yes, 19% No***



*Are you in favour of the Town Council going ahead with the South Park Pavilion if it includes a council tax precept increase of 10% (£5.21 per year, which is 43p per month for band D households) for the purpose of the loan repayments? **74% Yes, 26% No***



Operating the Pavilion

The Council have carefully considered the options for managing the pavilion, weighing the advantages and risks of different approaches. One option is for the Council to take direct control, overseeing the catering and room hire operations, which would allow us to retain

control and benefit from any surplus generated. Alternatively, leasing these services to a hospitality provider would mitigate some of the Council's risks but diminish our level of control. Currently, our assumption is a hybrid model working with a private operator. However, we'll continue to evaluate this approach as circumstances evolve.

The Pavilion is intended to serve a diverse range of purposes, including hosting café services, events, community gatherings, and special life events like weddings. To ensure smooth operations, we propose hiring a dedicated manager for the building, supported by a facilities assistant or caretaker. Ideally, we aim to recruit the manager next year, aligning with the timeline for commencing work on-site. This strategic approach will enable us to effectively manage the pavilion and provide quality services to our community.

The Pavilion will be a top-tier facility, designed to serve the community on a commercial basis, ensuring it generates enough revenue to sustain itself. The primary sources of income will be the café, along with regular events and life celebrations. As with any new endeavour, effective marketing and promotion will be essential to drive revenue.

This assessment affirms that the Council can successfully operate the building, covering its operating expenses and even generating a surplus.

Considerations undertaken:

Operating a cafe profitably involves several key considerations and strategies which we have undertaken and will continue to do so.

Location: The ideal location is one with minimal competition but high footfall, which is criteria the pavilion meets.

Menu: The aim is to offer a diverse yet manageable menu that caters to the demographic. Firstly, takeaway offers for those walking through the park. Drinks are one of the most profitable items on a menu, and we aim to offer customers the opportunity to bring their own cups etc and they will receive a reduction in the cost while also helping reduce waste. Seasonal options will be available, hot soups in winter and ice creams etc as the weather gets warmer.

Quality: High-quality local ingredients and is important to the Town Council as is the commitment to have no food wastage. Considerations

to ensure surplus meals are distributed unto the community is firmly on the agenda.

Pricing: Pricing is key and must offer value for money and be affordable while covering costs and generating surplus. Regularly reviewed and adjusted prices based on ingredient costs and customer demand.

Efficiency: The building itself is an environmentally friendly efficient building therefore reducing costs.

Customer Experience: Friendly staff, clean facilities, and prompt service will encourage repeat business and positive word-of-mouth. Plus a loyalty card will be in place and special offers. And fully accessible facilities mean all customers can enjoy the building.

Marketing: Branding and marketing on the venue, is an important consideration and must reflect the park, Macclesfield and the cafe offer. Ensuring daily offers are accessible on social media and on boards in the park. Plus, marketing the venue itself and the room hire availability for everyday meetings and large events like weddings. An event planner will be brought in to maximise regular music, and arts and cultural events possibly on a pro bono basis.

Adaptability: Staying open and flexible to the customer demand or changing market conditions. Being brave an innovative to try new things and adapting menus to take account of seasonal changes to generate excitement with customers.

Financials and Affordability

Income	
Café and Catering Income	£ 399,000
Room Hire	£ 50,000
Events	£ 48,000
Total	£ 497,000
Outgoings	
40% of overall costs for staff, produce	£ 198,800
Building Maintenance and other property costs	£ 90,000
VAT	£ 99,400
Total	£ 388,200
Net Profit	£ 108,800

Any net profit will go towards repaying the loan.

Estimated Income has been devised using the following information:

- Daily footfall from 2023 provided by ANSA who look after the park for Cheshire East Council, which is 3718 on average daily. There are seasonal variances. We have based the income on less than 8% of footfall users spending in the park.
- Events are based on a minimum of 24 per year that are hosted by the pavilion this will include pop up events by local food operators, to support local businesses plus 12 music/ art culture events. It will also include hosting weddings. Data from local event providers and promoters has assisted with this income stream.
- Room Hire is based on ad hoc room rental, plus longer term regular rental of the 3 rooms available. The room hire at this stage has a very conservative approach based on each room being let 1-2 times per week.
- Discussions with local hospitality providers
- Guides from UK Hospitality

The Town Council have sought advice from local hospitality operators including Stock@ the pavilion, in Congleton who have 14 years of experience successfully running a park pavilion which is a desirable venue and location. This relationship will continue as they have learned many lessons over the years. <https://stockpavilion.co.uk>

Procurement

To ensure that we have undertaken an open and transparent process in the selection of our contractor for this significant development we intend to undertake a tender process. Contractors will be able to express their interest in the project via the Town Clerk and will be shortlisted based on pre-qualification questions.

It is proposed that the submissions will be reviewed by a panel comprising the Town Clerk, Councillors Wilson, Livingstone and Barber and our professional design team. Those who have passed the pre - qualification will be invited to tender.

The Council has agreed to utilise a two stage tender process to procure the building. This a competitive procurement process and involves the

following stages

Stage One – Open tender for selection of a preferred contractor on the basis of quality and cost based upon their overheads, profit, and preliminaries costs (management, site compounds etc).

Stage Two – supply chain and tendering of sub-contractors and supply chain by the preferred contractor, on a transparent basis, with oversight and challenge by the Council's professional advisors. Design development and value engineering and agreement of Agreed Maximum Price or capped price with the Contractor. Savings below this price would be shared by the Council and the Contractor.

To ensure that the process can be expedited the Council is asked to delegate approval to a panel comprising the Town Clerk, the Chair of the Finance Committee Councillor Thompson, and Councillors Wilson, Barber and Livingstone of the following

- Selection of contractors invited to tender after the pre-qualification stage.
- Selection of the preferred contractor following Stage 1 of the tender process.
will then be brought to the next Full Council meeting.

Timescales

As Councillors are aware planning permission has been granted. The proposed timescales for completion of the project are as follows:

- Stage 1 Public Consultation on Public Works Loan and loan application Jan - – March 2024
- Open Tender and Selection of Contractor - Jan – April 2024
- Stage 2 Tender – April -June 2024
- Appointment of Contractor Full Council – July 2024
- Work Commences on Site – August 2024
- Pavilion Complete and Open – Easter 2025

Work could not start on site prior to the receipt of planning permission which we have now received.

Sponsorship

We have undertaken a sponsorship event and several meetings, many potential sponsors have been awaiting the outcome of the public loan consultation. Sponsorship from local companies continues to be pursued.

Proposal

To seek the approval of the Secretary of State for Housing, Communities & Local Government to apply for a PWLB loan of £1,250,000 over the borrowing term of 40 years for the purpose of building a new pavilion in South Park. The annual loan repayments will come to around £101,700 per annum.

The council tax precept will increase by 10% for the purpose of the loan repayments by which is the equivalent of an additional £5.21 a year per Band D household. This project has been subject to a precept increase consultation where the outcome was positive.