

# **King Richard III Visitor Centre Café Business Case**

Culture & Neighbourhoods Scrutiny Commission

Date of meeting: 19<sup>th</sup> June 2025

Lead director/officer: Peter Chandler / Phil Hackett

## Useful information

- Ward(s) affected: Castle
- Report author: Phil Hackett, General Manager, King Richard III Visitor Centre
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- Report version number: Version 1

### 1. Summary

A £551k Capital investment loan is to be used to redevelop the catering offer and to improve inter-linked elements of the service provision at the King Richard III Visitor Centre to reduce expenditure and increase income generation. These include the following physical changes to the building and changes to the operational management of those areas:

- Relocation of the existing catering offer to be in-front of the pay perimeter from the rear of the attraction (behind the pay perimeter); bringing it to the front of the property, making it available for both King Richard III Visitor Centre ticket holders, non-paying visitors to the Visit Leicester Information Centre and passing trade from the pedestrianised streets of Old Town.
- Converting the existing Murder Mystery & Mayhem temporary exhibition space into a café seating area, with public toilet facilities, lowered floor and insertion of a doorway to create public access entrance from the reception area, will also include a lowered front elevation windows looking on to the pedestrianised street of St Martins.
- Converting the existing reception / retail / ticket sales point, into a reception / retail / ticket / café servery sales point, combining the operational teams.
- Creating an exterior seasonal seating area under the entrance portico and on the pedestrianised street of St Martins.
- Clearing of the existing café seating area to create a dedicated schools and education facility (hireable space).
- Releasing the King's Suite (hireable space), for additional availability for private / corporate hire income, currently used regularly for schools & education visits.

### 2. Recommendation(s) to scrutiny:

Culture & Neighbourhoods Scrutiny Commission are invited to:

- To note the report

### 3. Detailed report

Through the 2025/26 Capital Programme Report, Council approved the addition of £551k at the King Richard III Centre as an invest-to-save scheme. The works and changes

proposed are expected to cost £551k based on a RIBA Stage 3 Estates & Building Services Capital Projects plan.

The capital costs are due to be financed through prudential borrowing over a 10-year period. This results in an annual revenue cost of £72k. Revenue savings of £111k have been identified to more than cover the cost of the borrowing, through operational savings and increased income generation, delivering an estimated net saving to the Council of £39k per year. There is a further potential £65k from passing customers, increasing the potential annual financial benefit to £104k per year.

#### **Increased Income Generation: £75k**

- **Additional Income £75k from Existing Customers:** Currently only King Richard III Visitor Centre ticket holders can access the existing café; relocating the café gives Visit Leicester 35k-40k visitors per annum who come to browse the shop and obtain Visitor Information. **£75k** (assuming 30k visitors at an average spend per head of £2.50, NB: Visit Leicester visitor numbers in 2024 were 41,276)

#### **Reduced Operational Costs: £36k**

- **Reduced Costs £36k from Operational Changes:** Relocating the café to the front of the building and combining it with the Reception, Ticket & Retail Sales area, reduces the power and energy consumption for the site and reduces the number of staff required to be on duty during the off-season. Currently we operate two operational areas, that require two teams of staff and all the equipment for both areas all year round, these changes reduce that down to one operational area. Reducing operational costs by **£36k** per annum.

#### **Possible Additional Increased Income Generation: £65k per annum**

- **Possible Additional Income £65k from Passing Trade:** Relocating the café to the front of the building, in front of the pay perimeter gives the café access to the passing trade in Old Town, St Martin's and Cathedral Gardens that have in the past been in the range of 175k-300k footfall per annum. **£65k** per annum (10% of mean footfall, 26.2k visitors at £2.50 Spend per Head (SPH), NB: the current Café operates at £2.64 SPH)

#### **Project Development Overview**

The redevelopment of the KRIII Café has sought advice from external catering consultants, with multiple options investigated and costed to find the most suitable business model to maximise income generation while maintaining customer satisfaction levels.

We have also sought advice from LCC's Estates & Building Services Capital Projects Team who have assessed multiple physical layout options to create the best adaptation of a historic building within a Statutory Ancient Monument and a busy visitor attraction that delivers an excellent catering service while supporting the existing business models and maintaining excellent customer satisfaction levels.

This has then been developed and survey works have also been undertaken to get the project to RIBA Stage 2 and to reduce contingency funding as much as possible.

## Project Cost Estimates

Cost Element		RIBA 2 Estimate
Construction Cost		£265,000
Main Contractor Prelims	20%	£53,000
Main Contractor OHP	10%	£27,000
Design Risk and Construction Contingency	15%	£61,000
<b>Sub Total</b>		<b>£406,000</b>
Surveys	5%	£0
Client Directs: FF&E		£10,000
Client Directs: ICT		£5,000
Design and Professional Fees (Externals)	15%	£35,000
Design Team Fees (EBS)	10%	£35,000
<b>Sub Total</b>		<b>£85,000</b>
Project Client Retained Contingency	10%	£43,000
Future Inflation	4%	£17,000
<b>Sub Total</b>		<b>£60,000</b>
<b>Project Total</b>		<b>£551,000</b>

## Project Timescale Estimates

The project timescale is estimated to take 18 months from RIBA Stage 3 Design to Practical Completion to accommodate the Scheduled Ancient Monuments Consent planning process and will be timed so that the major practical works occur during the annual maintenance period when the site closes (each year) in December and January 2026/27.

## 4. Financial, legal, equalities, climate emergency and other implications

### 4.1 Financial Implications

As set out within the body of the report, £551k was approved as an addition to the 2025/26 capital programme through the budget report to Council in February 2025. The cost of financing this through prudential borrowing over 10 years is £72k. Revenue improvements of between £111k and £176k have been identified, which more than cover the cost of borrowing. The maximum annual net benefit could be as much as £104k, as shown in the table below, but will be subject to the increase in café customer numbers:

		Additional Cost / (Saving)	
	Prudential Borrowing	£72k	
	Operational Running Costs	(£36k)	
	Additional Income from Visit Leicester Customers	(£75k)	
	Additional Income from New Customers	(£65k)	
	<b>Maximum Net Revenue Saving</b>	<b>(£104k)</b>	
Signed: Stuart McAvoy			
Dated: 30 <sup>th</sup> May 2025			

### Procurement

The proposals will clearly involve procuring the services of several providers (design consultancy, contactors etc.). Consideration will need to be given to whether these are procured under one or more of the Council's existing frameworks or form part of new tenders. If the former, the procurement(s) will be by way of call-off and will fall within the remit of the Public Contract Regulations 2015. If the services are to be procured by way of stand-alone tenders, these will be governed by the Procurement Act 2023.

In both cases the procurement and legal teams should be contacted in the normal way to provide advice and support in relation to those arrangements and ensure compliance with both relevant legislation and the Council's own internal Contract Procedure Rules

### Current arrangements with third parties

If the reconfiguration of services at the Visitor Centre involves the replacement of the current service providers, the same considerations as above in relation to procurement will apply. It will also be necessary to consider any potential exit issues, for example in relation to terminating existing contracts and any potential redundancy, TUPE or other employment implications.

### Impact on users

The proposed investment in the Centre seems likely to have a positive effect on users of the building, but if there are any reductions in the availability to users the impact of these should be properly understood. It is doubtful that a duty to consult would arise, but communicating the changes will need to be carefully communicated and managed. The specific implications around the impact on users from an equalities law perspective are addressed below.

Signed: Emma Young

Dated: 3 June 2025

## **4.3 Equalities Implications**

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Act, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't. The PSED cannot be delegated

and therefore, the responsibility remains with the authority to put into place mechanisms by which these statutory duties can be stipulated as a requirement and monitored.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

This paper is for noting and outlines the business case for redeveloping the catering offer and improving service provision at the King Richard III Visitor Centre Café. A key consideration for this project should be ensuring the space is fully accessible and inclusive for all visitors. The design must adhere to accessible design principles to enable individuals with diverse protected characteristics to comfortably access and utilise the space.

Signed: Equalities Officer, Surinder Singh, Ext 37 4148

Dated: 23 May 2025

#### **4.4 Climate Emergency Implications**

With the potential for an additional 56.2k cafe patrons, best practice for sustainable waste management should be incorporated into both the building works and ongoing/future operations. In this case, alongside segregated recyclables and general waste from operations and front of house, there is now a legal requirement to separate food waste for collection and recycling which will need to be addressed as part of the operations and refurbishment plan. Food waste that is not segregated has a higher carbon impact because it generates methane (a potent greenhouse gas) as it degrades in landfill.

Reuse and/or redeployment of surplus equipment should also be considered as a result of consolidating the space and operation working arrangements.

Due to the high carbon impact of meat, dairy and eggs in particular, the café relaunch is an appropriate time to review the menu to ensure that the café is offering a wide selection of plant-based and locally sourced choices.

It should also be checked and confirmed that the predicted uplift in the cafe service has been factored into power/energy use projections.

Any opportunities as part of the refurb to increase energy efficiency should be taken up and the design and construction of the changes should aim to minimise energy use and carbon emissions from the operation of the centre, as well as embodied carbon, referring to the draft standards provided in the council's Sustainable Construction Toolkit. The centre is on the district heating (DH) network, so any extension of the heating system should remain supplied by the DH. Also, any additional hot water should be supplied by the DH.

Signed: Phil Ball, Sustainability Officer, 372246

Dated: 09/06/2025

#### **4.5 Other Implications**

None

**5. Background information and other papers:**

None

**6. Summary of appendices:**

None