



Finance Committee of the Barbican Centre Board

Date: WEDNESDAY, 11 JANUARY 2017
Time: 2.00 pm
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members: Deputy John Tomlinson (Chairman)
Deputy Dr Giles Shilson (Deputy Chairman)
Russ Carr
Wendy Hyde
Emma Kane
Vivienne Littlechild
Judith Pleasance
Keith Salway
Tom Sleigh

Enquiries: Gregory Moore
tel. no.: 020 7332 1399
gregory.moore@cityoflondon.gov.uk

Lunch will be served in the Guildhall Club from 1pm
N.B. Part of this meeting could be the subject of audio or visual recording

John Barradell
Town Clerk and Chief Executive

AGENDA

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES**
To approve the public minutes and summary of the meeting held on 8 November 2016.

For Decision
(Pages 1 - 4)
4. **OUTSTANDING ACTIONS**
Report of the Town Clerk.

For Information
(Pages 5 - 6)
5. **GATEWAY 7 OUTCOME REPORT: THEATRE MAIN HOUSE DIMMERS AND PIT THEATRE DIMMERS AND CONTROL**
Report of the Chief Operating & Financial Officer.

For Decision
(Pages 7 - 10)
6. **GATEWAY 7 OUTCOME REPORT: REPLACEMENT OF LIGHTING, SMALL POWER AND DISTRIBUTION BOARDS**
Report of the Chief Operating & Financial Officer.

For Decision
(Pages 11 - 16)
7. **GATEWAY 7 OUTCOME REPORT: INVESTMENTS IN COFFEE POINTS AND MOBILE BARS**
Report of the Chief Operating & Financial Officer.

For Decision
(Pages 17 - 24)
8. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
9. **ANY OTHER BUSINESS THE CHAIRMAN CONSIDERS URGENT**
10. **EXCLUSION OF THE PUBLIC**
MOTION – That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

For Decision
11. **NON-PUBLIC MINUTES**
To approve the non-public minutes of the meeting held on 8 November 2016.

For Decision
(Pages 25 - 28)

12. **BUSINESS REVIEW**
Report of the Chief Operating & Financial Officer.
For Information
(Pages 29 - 50)
13. **SALARIES RECONCILIATION**
Report of the Chief Operating & Financial Officer (TO FOLLOW).
For Information
14. **UPDATE ON CATERING AND BARS**
Report of the Chief Operating & Financial Officer.
For Information
(Pages 51 - 58)
15. **FORMATION OF BARBICAN EXHIBITIONS LIMITED**
Report of the Chief Operating & Financial Officer.
For Decision
(Pages 59 - 62)
16. **SERVICE BASED REVIEW ROADMAP AND STRATEGIC PLAN UPDATE**
Report of the Managing Director.
For Information
(Pages 63 - 68)
17. **DEVELOPMENT UPDATE**
Report of the Chief Operating & Financial Officer.
For Information
(Pages 69 - 74)
18. **UPDATE ON CAPITAL WORKS**
Report of the Chief Operating & Financial Officer.
For Decision
(Pages 75 - 86)
19. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
20. **ANY OTHER BUSINESS THE CHAIRMAN CONSIDERS URGENT**

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FINANCE COMMITTEE OF THE BARBICAN CENTRE BOARD

Tuesday, 8 November 2016

Minutes of the meeting of the Finance Committee of the Barbican Centre Board held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Tuesday, 8 November 2016 at 11.15 am

Present

Members:

Deputy John Tomlinson (Chairman)
Deputy Dr Giles Shilson (Deputy Chairman)
Russ Carr
Emma Kane
Vivienne Littlechild
Judith Pleasance
Tom Sleigh
Keith Salway

In Attendance

Officers:

Sandeep Dwesar	- Chief Operating & Financial Officer, Barbican Centre
Louise Jeffreys	- Director of Arts, Barbican Centre
Steve Eddy	- Head of HR, Barbican Centre
Christopher Bate	- Project Manager, Barbican Centre
Debbie Hackney	- Financial Controller, Barbican Centre
Gregory Moore	- Town Clerk's Department

1. APOLOGIES

Apologies were received from Wendy Hyde.

2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were none.

3. MINUTES

The public minutes of the meeting held on 12 September were agreed.

4. OUTSTANDING ACTIONS

The Committee noted the outstanding actions list and received the updates thereon.

The Chief Operating & Financial Officer took the opportunity to confirm that credit vouchers were extended beyond the six month limit upon request.

RECEIVED.

5. **GATEWAY 7: BAR INVESTMENT**

The Committee considered a report of the Chief Operating & Financial Officer which provided the outcome and lessons learnt from a project undertaken to bring the Barbican's bar operations in-house.

RESOLVED: That the lessons learnt be noted and the project closed.

6. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

7. **ANY OTHER BUSINESS THE CHAIRMAN CONSIDERS URGENT**

There were no urgent items.

8. **EXCLUSION OF THE PUBLIC**

RESOLVED – That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

Item No.

9 - 16

Exemption Paragraph(s)

3

9. **NON PUBLIC MINUTES**

The non-public minutes of the meeting held on 12 September 2016 were agreed.

10. **BUDGET 2017/18**

The Committee considered and approved a report of the Chief Operating & Financial Officer presenting the draft budget for 2017/18.

11. **BUSINESS REVIEW**

The Committee received a report of the Chamberlain setting out the Business Review for the Period 6 Accounts 2016/17.

12. **DEVELOPMENT UPDATE**

The Committee received a report of the Chief Operating & Financial Officer which set out the latest fundraising results against budget.

13. **SBR / STRATEGIC PLAN UPDATE**

The Committee received a report of the Managing Director providing an update in respect of the Barbican's Strategic Plan and Service Based Review Targets.

14. **CAPITAL CAP UPDATE**

The Committee considered and approved a report of the Director of Operations & Buildings providing an update on the Barbican Centre's Capital Cap programme and a number of non-Capital Cap projects.

15. **ISSUE REPORT: LEVEL 4 REFURBISHMENT**

The Committee considered and approved a report of the Managing Director concerning issues encountered during a project to refurbish Level 4.

16. **ISSUE REPORT: RETAIL UNIT**

The Committee considered and approved a report of the Managing Director concerning issues encountered during the construction of a new retail unit at the Centre.

17. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

18. **ANY OTHER BUSINESS THE CHAIRMAN CONSIDERS URGENT**

There were no urgent items.

The meeting ended at 12.25 pm

Chairman

Contact Officer: Gregory Moore
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gregory.moore@cityoflondon.gov.uk

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Outstanding Actions List Barbican Centre Board and Finance Committee

Action	Notes	Officer/body responsible	Date added	To be completed/ progressed to next stage
Staff terms and conditions	To pursue conversations around potential changes to staff terms and conditions associated with SBR targets.	Head of HR	May 2015 (Board)	Updates to be provided as work progresses.
INVAC arrangements for Members	Member Development Steering Group to be asked to consider offering INVAC training to all Members. Update: INVAC training was offered to Common Councilmen in October 2016; TC to chase date for external Members.	Town Clerk	Jan 2016 (Board)	The City Surveyor has advised that a date is being sought in the new year to which all Members and external Members will be welcome.
Frobisher refurbishment	Frobisher residents to be invited to attend opening of newly refurbished area	Head of Business Events	June 2016 (Finance)	To be invited once launch date determined.
Risk Register	Risk Committee to review weightings for Risk H&S 002 (failure to deal with emergency/major incident/risk of terrorism)	Risk Committee	September 2016 (Board)	Considered by Risk Committee at 8 November meeting (see Risk minutes).
Cultural Hub	Report on cultural hub to be produced including updates on under 18 offer and cultural education partnership.	Director of Learning & Engagement	September 2016 (Board)	Director of Learning & Engagement to provide oral update at November Board meeting and written report for January Board meeting.
Cyber Security	Report to be produced for Risk Committee outlining cyber security arrangements and learning from recent Bishopsgate Institute incident.	Head of IT	September 2016 (Board)	Complete – considered by Risk Committee at 8 November meeting.
Salary Reconciliation / Headcount Totals	Report providing salary reconciliation and headcount totals against original projections to be produced.	Chief Operating & Financial Officer	November 2016 (Finance Committee)	On agenda for January Barbican Finance Committee.
Diversity and Inclusion	a) Action plan to be revisited in six months to monitor progress	Head of HR	November 2016 (Board)	a) Work Plan updated accordingly

**Outstanding Actions List
Barbican Centre Board and Finance Committee**

	b) Informal meeting to discuss action plan to be arranged for interested Members	Town Clerk		b) Expressions of interest sought and obtained December 2016, suitable date being sought.
Proposed new Board Member	CV of proposed new Board Member to be circulated to full Board, with request for any comments/queries to be sent to the Chairman.	Town Clerk	November 2016 (Board)	Circulated 25/11/16.

Agenda Item 5

Committees:	Dates:
Finance Committee of the Barbican Centre Board Barbican Centre Board Projects Sub Committee	11 January 2017 25 January 2017 31 January 2017
Subject: Gateway 7 Outcome Report: Replace Theatre Main House Dimmers and Pit Theatre Dimmers and Control	Non-Public
Report of: Chief Operating and Financial Officer Report Author: Richard O'Callaghan – Project Manager	For Decision

Summary

Project Status Compared to GW2	Budget : green Specification: green Programme: green										
Project Status Compared to GW5	Budget: green Specification: green Programme: green										
Timeline	The project is complete pending approval of this report and final Contractor and Consultant's payment.										
Total Estimated Cost @ Gateway 5	£ 439,045 (plus staff costs of £25,000)										
Currently Approved Budget	£ 439,045 (plus staff costs of £25,000)										
Spend / committed to date	£ 438,125 (plus staff costs of £ 9,908)										
Spend Profile	<table border="1" style="width: 100%;"> <thead> <tr> <th>Year</th> <th>Expenditure (£)</th> </tr> </thead> <tbody> <tr> <td>2015/16</td> <td style="text-align: right;">12,200</td> </tr> <tr> <td>2016/17</td> <td style="text-align: right;">416,001</td> </tr> <tr> <td>2017/18 (retention)</td> <td style="text-align: right;">9,924</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">438,125</td> </tr> </tbody> </table>	Year	Expenditure (£)	2015/16	12,200	2016/17	416,001	2017/18 (retention)	9,924	TOTAL	438,125
Year	Expenditure (£)										
2015/16	12,200										
2016/17	416,001										
2017/18 (retention)	9,924										
TOTAL	438,125										
Overall project risk	Green										

Recommendations

It is recommended that the lessons learnt be noted and, following the end of the defects liability period and payment of any retention, the project is closed.

Main Report

1. Brief description of project	Removal of the existing dimmer racks and dimmers. Provision of new dimming racks for both the Main Theatre
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	<p>and the Pit Theatre as follows.</p> <p>482 new Sensor third generation units providing each of the outlets within the Main Theatre with three sources of power; dimming, hard wired and independent.</p> <p>222 new Sensor third generation units providing each of the outlets within the Pit Theatre with three sources of power; dimming, hard wired and independent.</p> <p>Replacement of dimming system(s) control processors.</p> <p>Replacement of the production lighting rig in the Pit Theatre, including reconfiguration of the existing ventilation ductwork to allow installation of the new lighting grid. Installation of new anti-grope lighting.</p> <p>Any provision of production lighting fittings was excluded</p>
<p>2. Assessment of project against SMART Objectives</p>	<p>Although a list of smart objectives was not required at scheme inception had these been included they would have been as follows:-</p> <p>Project completed to the required specification, on time and within the available budget without disrupting the use of either venue. This was achieved.</p>
<p>3. Assessment of project against success criteria</p>	<p>Project completed to the required specification, on time and within the available budget without disrupting the use of either venue. This was achieved.</p> <p>Replacement of the Theatre and Pit stage/production dimming systems with more flexible and reliable equipment. This was achieved</p> <p>The systems' electrical infrastructure brought into line with current electrical safety regulations. This was achieved</p>
<p>4. Key Benefits</p>	<p>Replacement of existing near obsolete Theatre Main House and Pit Theatre Dimmers and Control and Pit Production Lighting Grid , removing any Health and Safety concerns by ensuring that the electrical infrastructure complies with current legislation.</p> <p>Replacement also provides increases in capacity and greater flexibility allowing the use of more technically advanced lighting.</p>
<p>5. Was the project specification fully delivered (as agreed at Gateway 5 or any subsequent Issue report)</p>	<p>Yes</p>

6. Programme	The project was completed within the agreed programme																								
7. Budget	<p>The project was completed within the agreed budget</p> <table border="1" data-bbox="566 383 1442 819"> <thead> <tr> <th data-bbox="566 383 786 517">ELEMENT</th> <th data-bbox="786 383 1007 517">GATEWAY 2 BUDGET (£)</th> <th data-bbox="1007 383 1227 517">GATEWAY 5 BUDGET (£)</th> <th data-bbox="1227 383 1442 517">OUTCOME COST (£)</th> </tr> </thead> <tbody> <tr> <td data-bbox="566 517 786 577">Main Works</td> <td data-bbox="786 517 1007 577">418,000</td> <td data-bbox="1007 517 1227 577">399,495</td> <td data-bbox="1227 517 1442 577">396,987.60</td> </tr> <tr> <td data-bbox="566 577 786 638">Fees</td> <td data-bbox="786 577 1007 638">32,000</td> <td data-bbox="1007 577 1227 638">39,550</td> <td data-bbox="1227 577 1442 638">41,137.50</td> </tr> <tr> <td data-bbox="566 638 786 698">Sub-total</td> <td data-bbox="786 638 1007 698">450,000</td> <td data-bbox="1007 638 1227 698">439,045</td> <td data-bbox="1227 638 1442 698">438,125.10</td> </tr> <tr> <td data-bbox="566 698 786 759">Staff Costs</td> <td data-bbox="786 698 1007 759">25,000</td> <td data-bbox="1007 698 1227 759">25,000</td> <td data-bbox="1227 698 1442 759">9,908.10</td> </tr> <tr> <td data-bbox="566 759 786 819">Grand-total</td> <td data-bbox="786 759 1007 819">475,000</td> <td data-bbox="1007 759 1227 819">464,045</td> <td data-bbox="1227 759 1442 819">448,033.20</td> </tr> </tbody> </table> <p data-bbox="566 842 1442 1084"> Final Account Verification Verified The main contractors and the lead consultant's final accounts have been verified The final payment will be released following completion of the defects liability period and assuming that there are no outstanding defects at that time. </p>	ELEMENT	GATEWAY 2 BUDGET (£)	GATEWAY 5 BUDGET (£)	OUTCOME COST (£)	Main Works	418,000	399,495	396,987.60	Fees	32,000	39,550	41,137.50	Sub-total	450,000	439,045	438,125.10	Staff Costs	25,000	25,000	9,908.10	Grand-total	475,000	464,045	448,033.20
ELEMENT	GATEWAY 2 BUDGET (£)	GATEWAY 5 BUDGET (£)	OUTCOME COST (£)																						
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Fees	32,000	39,550	41,137.50																						
Sub-total	450,000	439,045	438,125.10																						
Staff Costs	25,000	25,000	9,908.10																						
Grand-total	475,000	464,045	448,033.20																						

Review of Team Performance

8. Key strengths	<p>The project was an all-round success for the following reasons:-</p> <ul style="list-style-type: none"> a) The overall performance of the specialist contractor. b) The client department's technical expertise in their clarity of the requirements. c) The good communication between the all parties involved in the scheme. d) The contractor's good communication with the Project Manager on a daily basis.
9. Areas for improvement	<p>Three tenders were received but the 'most economically advantageous bid' could not be accepted due to it being over budget, as was the case with the next most advantageous submission. The third bid, whilst being within budget was not acceptable for quality reasons.</p> <p>Therefore the scheme had to be re-tendered. This delayed the appointment of a contractor which put severe pressure on the project manager's ability to ensure that the project could be delivered in the summer dark period.</p>

10. Special recognition	<p>The contractor's performance was very good. Their communication with the team happened on a daily basis (as mentioned in section 8) and their site manager was proactive and always willing to help to resolve any issues that arose.</p> <p>The contractors expertise/specialist knowledge of Theatre production lighting and controls was also a great bonus ensuring a smooth installation and handover back to the Client Department despite the delays in appointment which brought about a reduced lead in time.</p>
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Lessons Learnt

11. Key lessons	<ul style="list-style-type: none"> • A project is more likely to succeed when a client department proactively assists in specifying their requirements • The use of specialist contractor with expertise in Theatre electrical installation's brings major advantages over using a general electrical contractor reducing the risk of failure and delays to performances • Tenderer should be made aware of the project budget restrictions to give them the opportunity to withdraw rather than submit a bid that is excessively over budget • Tenders should be assisted through the bidding process so as to ensure that their bid meets all the 'quality' requirements. • Sufficient 'lead in time' to enable early site investigation is essential for this type of project and because of the need to re-tender the lead in time was severely limited.
10 .Implementation plan for lessons learnt	<p>The projects team will:-</p> <ul style="list-style-type: none"> • continue to seek the full involvement and co-operation of the client departments and other stakeholders. • seek bids from specialist contractors where appropriate. • will discuss with City Procurement the inclusion of maximum budget details in future tender documentation. • be proactive in assisting bidders through the tender process to ensure that all 'quality' requirements will be covered. • endeavour to programme projects with sufficient 'lead in' times and allow time in the overall programme to retender the project should the original tender exercise fail

Contact

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Telephone Number	020 7382 2331

Agenda Item 6

Committees:	Dates:
Finance Committee of the Barbican Centre Board Barbican Centre Board Projects Sub Committee	11 January 2017 25 January 2017 31 January 2017
Subject: Gateway 7 Outcome Report: Replacement of lighting, small power and distribution boards	Non-Public
Report of: Chief Operating and Financial Officer Report Author: Richard O'Callaghan – Project Manager	For Decision

Summary

Project Status Compared to GW2	Budget : green Specification: green Programme: red												
Project Status Compared to GW5	Budget: green Specification: green Programme: red												
Timeline	The project is complete pending approval of this report and final Contractor and Consultant's payments.												
Total Estimated Cost @ Gateway 5	£ 304,871 (plus staff costs of £20,000)												
Currently Approved Budget	£ 304,871 (plus staff costs of £20,000)												
Spend / committed to date	£ 299,043 (plus staff costs of £17,105)												
Spend Profile	<table border="1" style="width: 100%;"> <thead> <tr> <th>Year</th> <th>Expenditure (£)</th> </tr> </thead> <tbody> <tr> <td>2014/15</td> <td style="text-align: right;">13,250</td> </tr> <tr> <td>2015/16</td> <td style="text-align: right;">210,568</td> </tr> <tr> <td>2016/17</td> <td style="text-align: right;">67,955</td> </tr> <tr> <td>2016/17 (retention)</td> <td style="text-align: right;">7,270</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">299,043</td> </tr> </tbody> </table>	Year	Expenditure (£)	2014/15	13,250	2015/16	210,568	2016/17	67,955	2016/17 (retention)	7,270	TOTAL	299,043
Year	Expenditure (£)												
2014/15	13,250												
2015/16	210,568												
2016/17	67,955												
2016/17 (retention)	7,270												
TOTAL	299,043												
Overall project risk	Green												

Recommendations

It is recommended that the lessons learnt be noted and, following the end of the defects liability period and payment of any retention, the project is closed.

Main Report

1. Brief description of project	Replacement of the Lighting, Small Power and Distribution Boards in the following areas:
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	<ul style="list-style-type: none"> - Lakeside Terrace - Sculpture Court - Art Gallery Entrances - Conservatory (emergency lighting) - Staircase 16&17 - Designated service subways and risers
<p>2. Assessment of project against SMART Objectives</p>	<p>All works installed, tested and completed by the end of April 2016. – This was not achieved. Works had to be delayed due to noise disturbing events. Works were completed in June 2016</p> <p>Works completed within Budget - This was achieved.</p>
<p>3. Assessment of project against success criteria</p>	<p>The new installation in the designated areas to provide:</p> <p>Lakeside Terrace, Sculpture Court and Art Gallery entrances.</p> <ul style="list-style-type: none"> ▪ Removal of the existing columns / luminaires ▪ Rewire of the external areas replacing the existing lighting columns and lanterns on the Lakeside with those previously purchased and converted to operate with compact fluorescent lamps ▪ Rewire and replace the existing wall mounted lanterns with lanterns and lamps of the same type as the above columns ▪ Rewire and replace the existing fittings on the sculpture court crescent with those previously purchased converted to operate with compact fluorescent lamps ▪ Rewire and provide new fitting to replace those on the art gallery entrances ▪ Provision of new lighting control and distribution boards for the above lighting <p>The above was all achieved</p> <p>Conservatory, Staircase 16 and 17</p> <ul style="list-style-type: none"> ▪ Removal of the existing emergency lighting in the Conservatory ▪ Provide a new emergency lighting installation within the Conservatory including the provision of new fittings ▪ Rewire and replace the normal and emergency lighting fittings within staircases 16 and 17 with those previously purchased ▪ Provision of new lighting control and distribution boards for the above lighting <p>The above was all achieved.</p>

	<p>Service Subways</p> <ul style="list-style-type: none"> Provide a new lighting installation in designated services subways and power supplies for selected risers <p>The installation within the service subways was achieved but it was found that some of the risers already had sufficient lighting and therefore it was agreed with our client department that no work was necessary in these areas.</p>																								
4. Key Benefits	<p>Replacement of, deteriorating lighting along with removing any Health and Safety concerns by ensuring that the electrical infrastructure is brought into line with current legislation.</p> <p>Replacement of the light fittings with energy efficient lighting and infra-red sensors so as to provide energy savings and reducing associated running costs and carbon emissions.</p>																								
5. Was the project specification fully delivered (as agreed at Gateway 5 or any subsequent Issue report)	<p>Yes</p> <p>But see note at section 3 re service subways</p>																								
6. Programme	<p>The project was not completed within the agreed programme</p> <p>The project was due to be completed by 29 April 2017 but was not complete until 3 June 2017. This was because, on several occasions, works had to be delayed as they would have disrupted pre-arranged events.</p>																								
7. Budget	<p>The project was completed within the agreed budget</p> <table border="1"> <thead> <tr> <th>ELEMENT</th> <th>GATEWAY 2 (£)</th> <th>GATEWAY 5 (£)</th> <th>GATEWAY 7 (£)</th> </tr> </thead> <tbody> <tr> <td>Works</td> <td>712,000</td> <td>259,560.54</td> <td>253,735.87</td> </tr> <tr> <td>Fees</td> <td>Inc.</td> <td>45,310.00</td> <td>45,307.00</td> </tr> <tr> <td>Sub-total</td> <td>712,000</td> <td>304,870.54</td> <td>299,042.87</td> </tr> <tr> <td>Staff Costs</td> <td>30,000</td> <td>20,000.00</td> <td>17,105.00</td> </tr> <tr> <td>Grand-total</td> <td>742,000</td> <td>324,870.54*</td> <td>316,147.87</td> </tr> </tbody> </table> <p>*At Gateway 3/4, on the instruction of the Projects Sub-Committee, the scope of the scheme was considerably reduced so that only minimum works to comply with health & safety legislation were included in the scheme. This brought about a considerable budgetary reduction.</p>	ELEMENT	GATEWAY 2 (£)	GATEWAY 5 (£)	GATEWAY 7 (£)	Works	712,000	259,560.54	253,735.87	Fees	Inc.	45,310.00	45,307.00	Sub-total	712,000	304,870.54	299,042.87	Staff Costs	30,000	20,000.00	17,105.00	Grand-total	742,000	324,870.54*	316,147.87
ELEMENT	GATEWAY 2 (£)	GATEWAY 5 (£)	GATEWAY 7 (£)																						
Works	712,000	259,560.54	253,735.87																						
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Staff Costs	30,000	20,000.00	17,105.00																						
Grand-total	742,000	324,870.54*	316,147.87																						

<p>Final Account Verification</p>	<p>Verified</p> <p>The main contractor and the lead consultant's final accounts have been verified.</p> <p>The final payment will be released following completion of the defects liability period and assuming that there are no outstanding defects at that time.</p> <p>It is proposed that the balance of the available budget be returned to the capital cap to be reallocated to other projects as required.</p>
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Review of Team Performance

<p>8. Key strengths</p>	<ul style="list-style-type: none"> • The client department's technical expertise in their clarity of requirements for this project. • The good communication with the client department. • The contractor's good communication with the Project Manager on a daily basis.
<p>9. Areas for improvement</p>	<p>Concerns were raised during the submission of the Gateway 3/4 report that the initially recommended option had not been fully substantiated and hence a different option which allowed for minimum works to comply with health and safety legislation was approved. This led to a 2 month delay in progressing the scheme whilst the Barbican Centre Board was provided with appropriate reassurance that this option was entirely safe.</p> <p>The Centre's officers could have avoided this delay had the project appraisal been more robust.</p>
<p>10. Special recognition</p>	<p>The contractor's performance was very good. Their communication with the team took place on a daily basis and the supervisor was always proactive and willing to help to resolve any issues that arose.</p>

Lessons Learnt

<p>11. Key lessons</p>	<ul style="list-style-type: none"> • In order to avoid delays in Gateway approvals, more care should be taken to ensure that the recommended option is fully substantiated. • A project is more likely to succeed when a client department proactively assists in specifying their requirements.
<p>12 .Implementation plan for lessons learnt</p>	<ul style="list-style-type: none"> • The projects office will be more thorough in checking that all options are fully substantiated. • The projects office will continue to seek the full

	involvement and co-operation of the client departments and other stakeholders.
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Contact

Report Author	Richard O'Callaghan
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Telephone Number	020 7382 2331

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Agenda Item 7

Committees:	Dates:								
Finance Committee of the Barbican Centre Board Barbican Centre Board Projects Sub Committee	11 January 2017 25 January 2017 31 January 2017								
Subject: Gateway 7 Outcome Report: Investments in Coffee Points and Mobile Bars	Non-Public								
Report of: Chief Operating and Financial Officer Report Author: Richard O'Callaghan - Project Manager	For Decision								
<u>Summary</u>									
Project Status Compared to GW2	Budget : Green Specification: Green Programme: Red								
Project Status Compared to GW5	Budget: Green Specification: Green Programme: Red								
Timeline	The project is complete pending approval of this report and final Contractor payment.								
Total Estimated Cost @ Gateway 5	£130,000 (plus staff costs of £2,000)								
Currently Approved Budget	£130,000 (plus staff costs of £2,000)								
Spend / committed to date	£123,591 (plus staff costs of £1,568)								
Spend Profile	<table border="1"> <thead> <tr> <th>Year</th> <th>Amount £</th> </tr> </thead> <tbody> <tr> <td>2015/16</td> <td>112,930</td> </tr> <tr> <td>2016/17</td> <td>10,661</td> </tr> <tr> <td>Total</td> <td>123,591</td> </tr> </tbody> </table>	Year	Amount £	2015/16	112,930	2016/17	10,661	Total	123,591
Year	Amount £								
2015/16	112,930								
2016/17	10,661								
Total	123,591								
Overall project risk	Green								
Recommendations									
It is recommended that the lessons learnt be noted and, following the making good of any defects during the warranty period along with release of any retention, the project is closed									

Main Report

1. Brief description of project	Improvements to the Coffee Points and Mobile Bars: a) Phase 1 - Provision of mobile bars and back units for foyer use.
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	<p>This included the provision of 4 bespoke mobile bars, a double bottle cabinet and a double door back bar unit.</p> <p>b) Phase 2 - Contribution to the refurbishment of the Coffee points by the catering provider</p>
<p>2. Assessment of the project against SMART Objectives</p>	<p>Although a list of smart objectives was not required at scheme inception, had these been included they would have been as follows:-</p> <ul style="list-style-type: none"> a) provision of mobile bars and contribution towards amendments to the coffee points to improve our service to our customers b) to provide a total net contribution increase (after investment repayment) of £376,015 over a five year period (£239,149 relating to the mobile bars and £136,866 relating to the coffee points). c) all works to be completed within a budget of £130,000 d) all works to be completed by September 2015 <p>As shown below with the exception of meeting the programme all these objectives were all met.</p>
<p>3. Assessment of project against success criteria</p>	<p>All works complete by September 2015 – This was not achieved for the mobile bars (Phase 1) due to changes to the unit specifications required by our client department.</p> <p>The programme was achieved for the coffee points (Phase 2)</p> <p>Works Completed within Budget -This was achieved for both phases.</p> <p>Additional income target figures obtained - This was achieved for year 1 as follows:-</p> <p>Phase 1 - Mobile Bars</p> <p>The Gateway 2 report anticipated a net contribution increase (after investment repayment) of £239,149 over a five year period (see Appendix 1 – Investment summary as included at Gateway 2).</p> <p>The mobile bars did not come into operation until April 2016 (some 7 months behind schedule – see section 6 for an explanation) therefore, the bars were only in operation for 5 months of the anticipated 12. The table below shows the original year 1 net contribution forecast along with a pro rata forecast for a 5 month period. The table indicates that, for the initial 5 month period the forecast was exceeded by £17,098 or 106%.</p>

	Original Projection <i>12 Months</i>	Pro Rata <i>5 Months</i>	Actual <i>(01/04/16-31/08/16)</i>	Variance
Year 1 Contribution (50k Investment)	£38,435	£16,010	£33,108	+£17,098

Phase 2 - Coffee points

The Gateway 2 report anticipated a net contribution increase (after investment repayment) of £136,866 over a five year period (see Appendix 2 – Investment summary as included at Gateway 2)

The table below shows the original year 1 net contribution forecast after investment repayment and the 'actual' net contribution for the first year. This represents an increase of some 77% on the original estimate.

	Original Projection	Actual <i>(31/08/15-28/08/16)</i>	Variance
Year 1 Contribution (£80k investment)	£23,733	£42,084	+£18,351

Both phases of the project have therefore provided better than originally anticipated returns for the initial period.

At Gateway 2 it was not anticipated that the coffee points would sell alcohol, however, in the interest of customer satisfaction this was changed. This will have had the effect of redistributing some of the income away from the mobile and fixed bars.

It should also be noted that between May and August 2016 (and as referenced in the Gateway 7 report – Investment in Bar Operations), the (fixed) stalls bar on level -1 was out of operation and therefore some of the lost sales from this bar would have been picked up by the mobile bars and coffee points.

4. Key Benefits	<p>Phase 1 - Mobile Bars</p> <p>Provision of mobile bars in the foyer areas to improve our service to our customers and to increase net contribution</p> <p>Phase 2 – Coffee Points</p> <p>Contribution towards the structural and configurational</p>
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	changes to the coffee points carried out by the catering provider to increase the service points to cope with the anticipated business growth																												
5. Was the project specification fully delivered (as agreed at Gateway 5 or any Subsequent issue report	<p>No</p> <p>Phase 1 - The mobile bars specification was changed. The specification at Gateway 5 was for 4 bespoke bars with 2 back bar units. This was subsequently amended to exclude one of the bars and one of the back bar units so that a decision could be made on the 4th bar based on actual demand once they were in operation. As demand rose the 4th bar was subsequently added back but it was decided that the 2nd back bar unit was not required.</p> <p>Phase 2 - The Coffee point modifications were carried out by the catering provider to the agreed specification</p>																												
6. Programme	<p>The project was not completed within the agreed programme</p> <p>Phase 1 - The provision of the Mobile Bars was held up due to delays in agreeing the Contractor's proposals. This resulted in the Contractor missing the proposed manufacturing slot. There was a further delay after the units were delivered to site as they were too high and thus unsuitable for operation. The units had to returned to the manufacturer and were not finally delivered back to site (and put in use) until April 2016 some 7 months behind schedule. The 4th bar was delivered in October 2016.</p> <p>Phase 2 The Coffee point modifications were completed in line with the agreed programme.</p>																												
7. Budget	<p>The project was completed within the agreed budget</p> <table border="1"> <thead> <tr> <th>Element</th> <th>Gateway 2 (£)</th> <th>Gateway 5 (£)</th> <th>Gateway 7 (£)</th> </tr> </thead> <tbody> <tr> <td>Phase 1 Mobile Bars</td> <td>50,000.</td> <td>44,636</td> <td>43,591</td> </tr> <tr> <td>Phase 2 Coffee Points</td> <td>78,000.</td> <td>80,000</td> <td>80,000</td> </tr> <tr> <td>Fees</td> <td>2,000</td> <td>2,000</td> <td>00.00</td> </tr> <tr> <td>Sub-total</td> <td>130,000</td> <td>126,636</td> <td>123,591</td> </tr> <tr> <td>Staff Costs</td> <td>1,000</td> <td>2,000</td> <td>1,568</td> </tr> <tr> <td>Grand -total</td> <td>131,000</td> <td>128,636</td> <td>125,159</td> </tr> </tbody> </table>	Element	Gateway 2 (£)	Gateway 5 (£)	Gateway 7 (£)	Phase 1 Mobile Bars	50,000.	44,636	43,591	Phase 2 Coffee Points	78,000.	80,000	80,000	Fees	2,000	2,000	00.00	Sub-total	130,000	126,636	123,591	Staff Costs	1,000	2,000	1,568	Grand -total	131,000	128,636	125,159
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Final Account Verification	<p>Verified</p> <p>Both Mobile Bars and Coffee Points final accounts have been verified</p> <p>Release of retention on the mobile bars will follow the making good of the defects.</p>
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Review of Team Performance

8. Key strengths	<p>The Commercial Development Department's vision of the scheme needed to introduce mobile bars and reconfigure the coffee point facilities and thus increase the net contribution from these areas.</p>
9. Areas for improvement	<p>1) Detailed specification of Client's overall requirements at the beginning of the scheme would have assisted procurement and protected the overall programme.</p> <p>2) An expeditious/more thorough examination of the Contractor's proposals prior to manufacture would have prevented an overall delay of some 7 months in the putting to use of the mobile bars.</p> <p>The above relate to the mobile bars only.</p>
10. Special recognition	<p>The Commercial Development Dept. for having the vision to propose this investment which has exceeded income targets in the first year.</p>

Lessons Learnt

11. Key lessons	<p>1) Once the project was approved there was a delay in confirmation of the specification. This could have been avoided if the client department had been more proactive.</p> <p>2) A further delay could have been avoided if the contractor's proposals had been more expeditiously/thoroughly examined for appropriate dimensions.</p> <p>The above relate to the mobile bars only.</p>
12. Implementation plan for lessons learnt	<p>The project team will continue to seek early confirmation of specification from the client departments' and to point out the potential consequences of putting off decisions.</p> <p>The project team will try to ensure that contractor's proposals are double checked by the client departments' before signing them off.</p>

Appendices

Appendix 1	Investment in Mobile Bars GW 1-2 Investment Summary
Appendix 2	Investment in Coffee Points GW 1-2 Financial Summary

Contact

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Appendix 1 – Gateway 1 -2 Mobile Bars Contribution Financial Summary

1. Investment of £50k in the provision of mobile bar units, and £80k on enhancements to the Coffee Points is expected to significantly improve the ability to convert a higher proportion of footfall into catering transactions (rate of penetration).
2. We believe this investment will result in Bars penetration increasing from the current rate of 30% to 33%, which will drive £99k in additional turnover in year one; a net profit increase of £49k.

MOBILE BARS	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Projected Revenue (<i>exc mobiles</i>)	£1,017,455	£1,058,684	£1,094,547	£1,140,870	£1,189,300	£5,500,856
Projected Revenue (<i>inc mobiles</i>)	£1,116,868	£1,162,998	£1,202,242	£1,252,976	£1,306,003	£6,041,086
Revenue Variance	£99,413	£104,314	£107,695	£112,106	£116,704	£540,231
Net Profit Increase	£49,435	£57,268	£59,191	£61,778	£64,478	£292,149
Loan Repayment	-£11,000	-£10,800	-£10,600	-£10,400	-£10,200	-£53,000
NET CONTRIBUTION INCREASE	£38,435	£46,468	£48,591	£51,378	£54,278	£239,149
<i>Revenue growth is based on the rate of penetration increasing from 30% to 33%.</i>						

Appendix 2 – Gateway 1 -2 Coffee Point Contribution Financial Summary

Coffee Points

1. The coffee points struggle to achieve full potential sales during the busy periods due to the current configuration which does not allow for additional service points. This is an observation referenced by contractors multiple times during the catering tender presentation process.
2. Our expectation is that the requested investment of £80k in the Coffee points will facilitate the ability to maximise throughput during peak periods, enabling substantial increase in sales.
3. Investment in Coffee Points is therefore expected to increase penetration from 21% to 29% - resulting in sales growth of £207k in year one.

Coffee Points	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Projected Revenue (exc invest)	£542,542	£561,531	£581,584	£601,526	£622,579	£2,909,362
Projected Revenue (inc Invest)	£749,224	£775,447	£802,588	£830,679	£859,752	£4,017,691
Revenue Variance	£206,683	£213,917	£221,404	£229,153	£237,173	£1,108,328
Concession increase	£41,331	£42,783	£44,281	£45,831	£47,435	£ 221,666
Loan Repayment	- £17,600	- £17,280	-£16,960	-£16,640	-£16,320	- £84,800
Net Contribution Income	£23,732	£25,503	£27,321	£29,191	£31,115	£136,866
Revenue growth is based on the rate of penetration increasing from 21% to 29%						

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