

The Village: Report and Review

Overview and Scrutiny Committee
14 November 2017



The Village
GUILDFORD

where events
come alive!

FREE WIFI

STREET FOOD
LIVE ACTS

RETAILERS
SPECIAL EVENTS

LICENSED BAR

 GUILDFORD
BOROUGH | www.TheVillageGuildford.co.uk |    @Villageoford

BY THE FRIARY CENTRE OPPOSITE THE BUS STATION

The Village: Background and History



1. Executive approval to build The Village (Pop-Up-Village) in July 2016. Since 2008, the site was a pile of rubble, attracting anti-social behaviour creating a town centre eyesore. An opportunity arose to use the land positively, taking advantage of M&G offer to rent it from them for a peppercorn rent.
2. Work to convert and construct The Village commenced in August 2016.
3. This was a major infrastructure project, with minimum time to implement to take advantage of the Christmas period.
4. We faced some major challenges from the outset such as buried asbestos, mains and waste complexity.
5. The Village opened on 1 December 2016, with some incomplete infrastructure and very hopeful traders: the site was intended to be a retail venue and hopes for generating new start-up businesses.
6. The coldest winter for some years placed additional pressure on us to generate visitors.
7. Despite our attempts to improve our marketing, communications, infrastructure and footfall we had difficulty doing this whilst also trying to operate The Village on a daily basis. All parties became frustrated, particularly in January 2017, when business deteriorated rapidly.
8. We made the decision to close The Village from 31 January 2017, and re-open in the summer, to address the lessons learned from the Council's first entrepreneurial venture and act on the amount of feedback we received during December 2016:

Background and History continued...

- To become an event led venue rather than retail led



- The inclusion of a bar selling alcoholic and soft beverages to attract customers
- The commissioning of an event management company

- The commissioning of a lettings agency
- The commissioning of marketing support using Eagle Radio



- More dedicated project resources – the appointment of our CSC Manager to Village Project Manager
- Additional financial resources to make the second iteration as successful as possible
- The re-launch was planned for 10 June 2017, which was achieved and used as the platform to take The Village to 24 December 2017, and beyond.

The Village: Financial Statement (1)

Capital Budget

Item	28/6/16 Exec Report	Revised Budget August 2016	Revised Budget March 2017	2016/17 Actual Costs	Variance to revised Budget (March 2017)
	£	£	£	£	£
Units	158,760	230,900	296,694	296,694	0
Groundworks	60,000	78,000	80,652	80,652	0
Fencing & Security	5,000	5,000	14,687	14,687	0
Utility Infrastructure	5,000	73,000	133,713	133,713	0
Landscaping	10,000	60,000	54,276	54,276	0
Canopies	20,000	20,000	0	0	0
Wifi / CCTV	0	0	3,653	3,653	0
Pavement and new drop kerb	0	16,200	42,930	42,930	0
Plans, Application & Build Control	5,000	13,800	13,800	13,800	0
Miscellaneous Expenses		10,994	10,000	13,413	3,413
Project Consultants	10,000	0	10,400	18,968	8,568
Relaunch costs			90,000	95,408	5,408
Set-up Manager	10,000	20,000	21,539	21,539	0
Contingency	45,240	25,000	22,550	1,505	(21,045)
Total Capital Costs	329,000	552,894	794,894	791,238	(3,656)

The Village: Financial Statement (2)

	16/17 Original Budget as per 28/6/16 Exec Report	16/17 Actual	16/17 Variance
Revenue Budget			
GBC Events expertise	0	2,405	2,405
Site presence	0	1,028	1,028
Site maintenance*	48,000	17,320	(30,680)
Insurance	2,000	0	(2,000)
Advertising/ marketing	0	22,070	22,070
Security	0		0
Legal Expenses	0		0
Telecomms / networking	0	15,839	15,839
Licence fees	0		0
Events costs	0		0
Misc	10,000	21,298	11,298
Consultants / Management fees	30,000	19,216	(10,784)
	90,000	99,176	9,176
General rates (to be recovered)	0	16,241	16,241
	90,000	115,417	25,417
Income			
Sponsorship	0	(1,800)	(1,800)
Rents	(286,641)	(9,453)	277,188
	(286,641)	(11,253)	275,388
Net Revenue Exp / (Inc)	(196,641)	104,164	300,805

The Village: Financial Summary

Financial Summary	2016-17	2017-18 projected	Total
	£	£	£
Capital Costs	695,830	95,408	791,238
Revenue Costs	104,164	327,312	<u>431,476</u>
Total per year	799,994	422,720	<u><u>1,222,715</u></u>

Officers have already reviewed the options for making financial savings, based on experience since June 2017, when The Village was re-opened. See the next slide.

Financials continued - £savings

- Eagle Radio was a sound investment, but has now served its purpose and will no longer be required for 2018 (after May 2018), resulting in a £30k saving
- Decided against using our retail agency partner as we now have a referral system for rentals. This will also save c. £30k.
- We will manage more events in-house therefore saving on our events partner fee of c.£5k.
- But we have had to factor in the cost of a site manager due to the demands placed on our CSC Manager, who has provided The Village site management alongside her normal duties
- Following the confidence and success in the venue during the summer, we can consider nominal charges for some of the events for 2018. Any income we generate is unlikely to be enough to catapult The Village into surplus, but will still offset the bottom line.
- We have gratefully received the support of Andertons Music Guildford, via financial sponsorship and additional sponsorship via a small local development company.



Financials continued

- The previous financial estimates set out in May and June 2016 committee reports were based on our knowledge at the time, taking into account advice from a *Pop-Up-Village* consultant and the former Interim Major Projects Manager.
- We also tested out the rental and occupancy levels with one of the recommended retail agencies for this type of market.
- It is important to note that the Council has not managed or implemented such an arrangement in the past and we were, to a large extent, leaping into the *educated unknown*. The examples of Boxpark, Shoreditch and Croydon were benchmarked, but clearly not comparable with Guildford. It took all of them 3 years to become thriving retail venues.
- In hindsight, the estimates of income and spending were unrealistic and unachievable.
- Estimates were based on annual rentals at c.£300-400 per week, occupied at c.90%.
- Such optimism was reflected in visits from other councils who wanted to know more and learn from our experience to generate “significant income” themselves.

Financials continued

- Reality, based on our December 2016 experience and retailer feedback, has radically reduced our expectations and now we have rentals at £80 per week for retail and £100 per week for food and beverage containers. These rent levels have now settled down to what the market might expect, as all of the containers are full for the Christmas period.
- Opening hours have also been reduced from 7 days per week to 5 days (Wednesday to Sunday), for 10 June 2017 to 24 December 2017. Taking these issues together we have had to radically alter the financial model going forward.
- The Executive will receive a report on The Village progress on 28 November 2018.
- The Village has now turned the corner in terms of public expectation and has become a superb events led venue, negating the need (for the short term at least) for future options.
- Officers are well aware that the Council is operating in a tight financial climate and budgets are in the process of being developed for 2018-19 as part of the medium term financial plan. The Village, as such, will continue to be under scrutiny to determine whether future economic viability and benefit matches our aspirations.

Social, Economic and Community Benefit

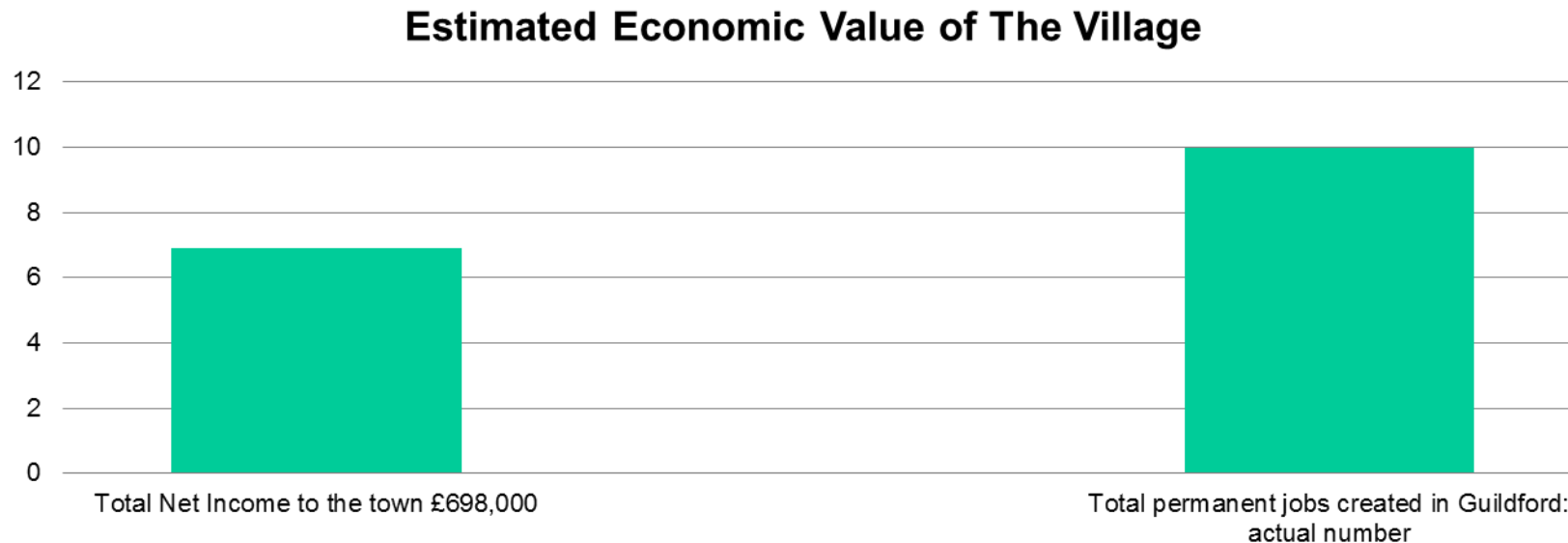
1. The new site offering is event led and has produced significant social, economic and community benefit for the town:
 - An increase in footfall during the summer (The Village has only been open for 19 weeks at the end of October)
 - A green space created in the centre of the busy town
 - Extra town visits have benefitted other retailers – both local and regional visitors
 - The user demographic expanded to children during half term and weekends when tailored events were implemented (Peppa Pig, Paddington etc)
 - Individual business successes
 - A turnaround in media reporting and commentary from negative to very positive with very favourable feedback from visitors and traders.

2. The Village is now presenting a tidy and clean area compared to the once previous derelict and unsightly landscape

3. We commissioned a report from *Destination Research* to assess the estimated economic value brought to Guildford since the re-opening of The Village, using the “PRIME Economic Impact Model.”

Social, Economic and Community Benefit continued

- The research is an independent assessment of economic activity as a result of The Village presence
- These are estimates of an economic model, producing net figures based on 15,000 visitors since the re-opening. Additional visits have been made since the report was commissioned.
- The headline figures are extremely encouraging:



Source: Destination Research.

The full report is available from the Director of Resources

Social, Economic and Community Benefit continued

- According to the Green Book used by HM Treasury, the main purpose of the economic case is to demonstrate that the spending proposal optimises public value (to the UK as a whole).
- The GVA per job created (using the lowest possible value of all the values) equates to £45,909. This figure is then multiplied by the ten jobs suggested by the PRIME model, to provide a figure of GVA £459,909 to the local economy per annum, with regard to jobs created. (There are other measures that can be used across the range of Village attributes – such as the use of the land and so on).
- Therefore if we add the GVA (jobs) to the net estimated social and economic benefit according to the PRIME model, we have an aggregate of £1,157,090. After deducting the revised revenue outturn figure of the Village budget for 2017-18, there is still **a positive net GVA to the borough of £829,778.** If the capital expenditure is included, the net GVA just about washes its face. However, the longer The Village is open the greater the increase in GVA.
- In conclusion, in social and economic terms, The Village concept has paid for itself either in set up costs or in ongoing local economic terms.

Social, Economic and Community Benefit continued



- We had to change the emphasis of the site from retail led to events led, following feedback from various sources
- We had high hopes for retail and the potential for start-ups to take units, but this concept struggled – mainly due to high rents and the lack of initial footfall
- As an events venue The Village has gone from strength to strength, although...
...ironically, we have seen some real retail success stories:

- Vintage Clothing
- Kribbage
- The Bar
- Mr Falafel



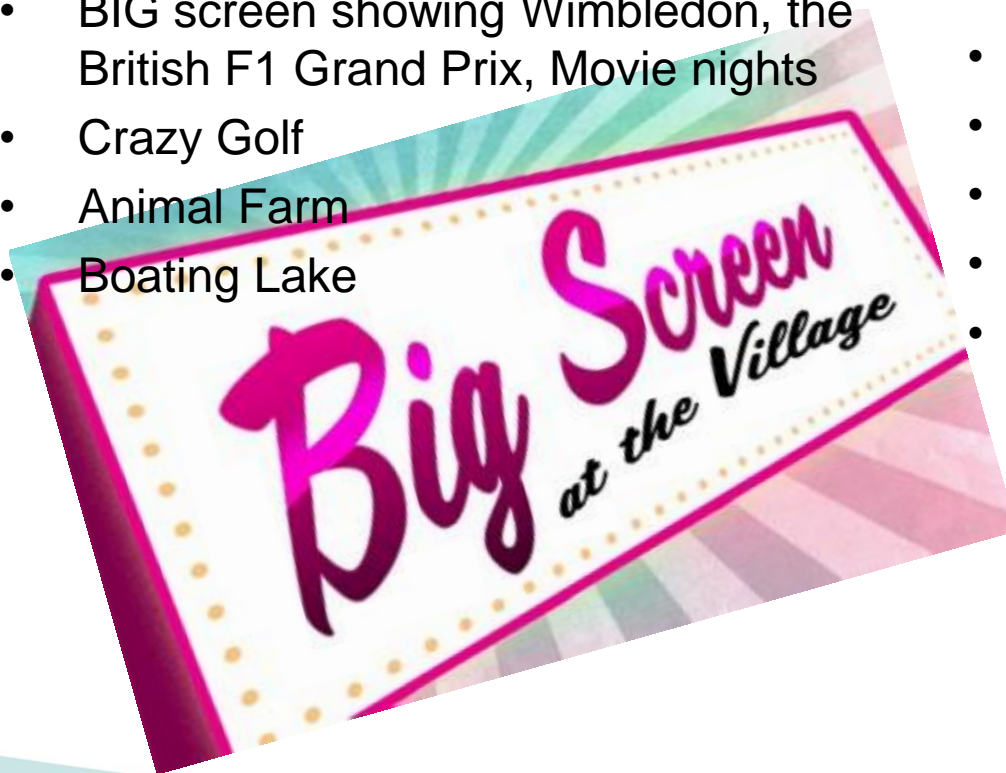
Re-Launch 10 June 2017 to October 2017

- The site was re-opened on 10 June 2017
- A full events programme was implemented to attract footfall and develop confidence in the site
- A lettings agent was commissioned to assist with unit rentals
- We agreed a media package with Eagle Radio
- The *Pop-Up* was renamed The Village to remove the perceived temporary nature of the venue and emphasize the permanent status of the space (a major learning point from the original concept)
- Visitor numbers have topped 15,000
- The weather is extremely important to the success of the venue. The wonderful summer helped as we exceeded expectations with visitors for Peppa Pig (3,500 visitors), Paddington Bear, Animal Farm and the Boating lake, for example.
- As requested by many visitors, a canopy and outdoor heaters have now been added to the hard standing by the stage.
- We designed a broad programme of events around the school holidays, key sporting activities and calendar dates:



Re-Launch 10 June 2017 to October 2017 continued

- The launch weekend
- Health and well being
- Micro motor show
- BIG screen showing Wimbledon, the British F1 Grand Prix, Movie nights
- Crazy Golf
- Animal Farm
- Boating Lake
- Costume Character meet and greet (Peppa Pig, Paddington Bear)
- Performances by the Youth Theatre staging The Wizzard of Oz
- Street Food Festival
- Beer Festival
- Prosecco Festival
- Jazz Festival
- Halloween



Christmas 2017

- The festive season will see The Village embrace a number of individual actions to form one cohesive family-focused event, commencing on the day the Christmas lights in town will be switched on, including:
 - ✓ A real ice rink (chargeable, with a profit share arrangement for the Council) in partnership with.....
 - ✓ Traditional Christmas market stalls (all stalls are paying the Council to come to The Village)
 - ✓ Live entertainment schedule
 - ✓ Magic shows
 - ✓ Face painting
 - ✓ Retail
 - ✓ Food and beverage vendors
 - ✓ Santa's Grotto (a nominal charge per visitor will apply)
 - ✓ Licensed bar (the Council benefitting from a profit share agreement)
 - ✓ Fully let containers
- Partners have been engaged who are experts in their field, to ensure that the entire event is delivered and communicated in an effective, safe and controlled manner.



Christmas 2017 continued

- Our communications plan for Christmas 2017 has been designed to maximise footfall over the festive period and create a vibrant and exciting venue.
- ✓ Our poster sites and banner boards will be at selected high impact locations around the town
- ✓ Publications such as ABC magazine; Family Grapevine; Roundabout; Little Book of Offers
- ✓ Social media campaigns on Facebook, Twitter and Instagram
- ✓ Use of our websites –

www.TheVillageGuildford.co.uk

www.VisitGuildford.co.uk

www.TheVillageIceRink.co.uk

- ✓ Flyers distributed to all schools
- ✓ 9 week Eagle Radio campaign and a final outdoor broadcast
- ✓ 9 week Guide to Guildford Surrey print and digital contra partnership
- ✓ Business partners conducting their own promotion to complement our own marketing arrangements

Plans for 2018

- The overall aim is to build upon the success of the 2017, programme, continuing to offer a dynamic event destination in the heart of the town, with an ever changing retail and food/beverage solution.
- Production of income from charging for events that we run , without driving custom away from the venue.
- Capitalise on the extra months we have available for operating when compared to this year. In 2018 we intend to be open from Good Friday 30 March until Christmas Eve 24 December, giving us around 11 extra weeks compared to this year. Opening hours (Wednesdays to Sunday will remain the same).
- The Village has become a service operated by the Council, that will incur expenditure, providing a green and open space for people of all ages to enjoy right in the heart of the town centre.
- The marketing and media budget will further publicise and promote The Village, building on the work created by Eagle Radio and our own efforts to ensure residents and visitors know what is available to them (for example, we now have a successful Facebook presence).

Plans for 2018 continued

2018 programme

- Easter weekend opening with an Easter 'Eggstravaganza' on Good Friday, 30 March
- The rest of the programme will follow key calendar dates and build upon 2017 successes. The schedule alongside is not exhaustive but includes:
 - ✓ Sporting fixtures on the BIG screen – including the football World Cup
 - ✓ Movie nights (chargeable)
 - ✓ Street food festival
 - ✓ Crazy golf (nominal charge)
 - ✓ Art
 - ✓ Tea and memories
 - ✓ Classic car shows
 - ✓ Dance and drama festival
 - ✓ Community week
 - ✓ Culture and heritage activity
 - ✓ Food and drink show
 - ✓ Music evenings (potential for charging)
 - ✓ Summer fun (nominal charging for popular attractions, for example Peppa Pig)
 - ✓ Christmas Village 2018

