

Summary Sheet

Name of Committee and Date of Committee Meeting

Cabinet – 17 December 2018

Report Title

Riverside House Cafe

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Strategic Director Approving Submission of the Report

Paul Woodcock, Acting Strategic Director, Regeneration and Environment

Report Author

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Ward(s) Affected

Boston Castle

Executive Summary

The purpose of this report is to detail the implementation proposal to achieve a proposed 2019/20 budget saving, by commissioning an external partner to deliver the Riverside House Café provision.

Riverside House has now been open for seven years during which time the café has become an established feature.

Soft market testing of the opportunity as a business venture has established interest and it is considered that a commissioned partner could offer a more cost effective solution to opening the café.

Recommendations

1. That approval be given to conducting an open tender procedure process in accordance with the Council's Contract Procedure Rules and Domestic and European Procurement Law, in order to identify a partner to deliver the Riverside House Café through a lease and profit share tenancy agreement.

List of Appendices Included

Appendix 1 Exempt Addendum

Background Papers

Equalities Impact Assessment

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Overview and Scrutiny Management Board – 26 October and 12 December 2018.

Council Approval Required

No

Exempt from the Press and Public

This report contains an Exempt Appendix.

An exemption for the appendix under paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part I of Schedule 12A of the Local Government Act 1972 is requested, as this report Contains sensitive commercial information.

It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information, as the Councils commercial interests could be prejudiced by disclosure of this commercial information.

Riverside House Café

1. Recommendations

- 1.1 That approval be given to conducting an open tender procedure process in accordance with the Council's Contract Procedure Rules and Domestic and European Procurement Law, in order to identify a partner to manage the Riverside House Café through a lease and profit share tenancy agreement.

2. Background

- 2.1 Upon the opening of Riverside House a café facility was included on the ground floor, for use by Council employees and the general public. The seating area enables 60 covers and the facility is managed by the Council's Catering & Facilities Services section.
- 2.2 Analysis of the café usage has identified that around 70% of customers are Council employees, the majority of which choose the take-away option, consuming their purchases on the upper floors of the building in the break-out areas.
- 2.3 The business is very well established and soft market testing has indicated interest from the private sector in the opportunity to operate the cafe. Progression through a competitive tender process to establish a business partner is considered the most cost effective solution for future provision.
- 2.4 As highlighted in the exempt appendix the trading position for the cafe is not achieving a good return for the time and resources spent on this activity. The main reasons for this is expensive overheads; staffing costs; procurement and a limited kitchen facility. It is therefore expected that an improvement, in terms of the financial position, will be realised following a competitive tender process.

3. Key Issues

- 3.1 The management of the café facility would be passed to the successful business partner, following the procurement exercise. A lease tenancy payment and a profit sharing agreement (from 2nd year of trading) will be the suggested terms of contracting. An estimate, based on a commercial lease, has been offered by the Estates Team, Asset Management, see exempt Appendix 1, but it should be recognised that the competitive process and market interest will dictate what is achievable.
- 3.2 This report requests that the proposal, which forms part of the budget consultation exercise for 2019/20, is agreed in order to progress the required action to realise any financial savings during 2019/20.

4. Options considered and recommended proposal

- 4.1 Three options were considered to maximise the future financial return to the Council from the ground floor space currently occupied by the café and restaurant seating area.

The following options were considered:-

Option 1

Close the facility and consider alternative use for the area. This option would require significant capital investment to achieve an effective change of use.

Option 2

Retain in house with an improvement plan.

Preferred Option 3

Complete a competitive tender process for the Riverside House Cafe as a business opportunity.

- 4.2 Soft market testing has established a level of interest in the facility as a business opportunity. Therefore, this report confirms the recommended option to progress a specification to the market through an open tender process, in line with the Council's Contract Procedure Rules and Domestic and European Procurement Law.

The specification will state the opportunity to rent a business premises with an established patronage; included in the package will be existing equipment with the liability for future repairs and replacement clearly stated. The detail of the specification will be through consultation with all affected Directorates.

A profit-sharing arrangement for year two will be included in the terms of the lease.

This option will include the requirement to TUPE the existing 6 staff to the successful bidder.

5. Consultation

- 5.1 The Cabinet Member has been consulted and the proposal is in the budget options consultation.
- 5.2 The proposal is included within the Council's future budget options, which has been subject to public consultation concluding on 30 November 2018.

6. Timetable and Accountability for Implementing this Decision

- 6.1 A specification and lease agreement will be completed by March 2019 to enable an open tender procedure to commence. The target would be to achieve a chosen bidder by July 2019. There will be a requirement to discuss an implementation/mobilisation process with the chosen bidder, which will include the legal consultation period for the TUPE process.
- 6.2 During this period of commissioning activities the current café management and activities will be reviewed to ensure income streams are maximised.

7. Finance and Procurement Implications

- 7.1 This proposal forms part of the budget savings proposals for 2019/20, (RE 13). Further information is provided in the exempt addendum to the report – Appendix 1.
- 7.2 The proposal outlined within this report would be considered as a Concession arrangement. The Council's Contract Procedure Rules and the Concession Contracts Regulations 2016 would therefore govern the procurement procedure followed.

8. Legal Implications

- 8.1 The proposed procurement exercise will be carried out in accordance with domestic and European procurement legislation. Upon the appointment of a partner, the appropriate contractual documentation will be concluded. Other than this there are no direct legal implications arising from this report.

9. Human Resource Implications

- 9.1 All affected employees have been updated regularly on the progress of this proposal. TUPE will apply to this process and a full consultation will take place under this agreement as the project progresses.

10. Implications for Children and Young People and Vulnerable Adults

- 10.1 None considered

11. Equalities and Human Rights Implications

- 11.1 An Equalities Impact Assessment has been through the appropriate approval process with concerns identified and is available.

12. Implications for Partners and Other Directorates

- 12.1 None considered

13. Risks and Mitigation

13.1 The following are considered the main risk to this actions:

- Little or no interest from the market leading to a non-competitive process.
- The process does not result in the required income to meet the savings proposal.
- The chosen bidder does not achieve a profitable return and therefore there is a reduction in the anticipated income receipt.
- Future changes to the occupation of the building impact on footfall and therefore the profitability of the business.

14. Accountable Officer(s)

Paul Woodcock, Acting Strategic Director of Regeneration & Environment
Kim Phillips, Catering & Facilities Services Manager

Approvals obtained from:-

	Named Officer	Date
Strategic Director of Finance & Customer Services (S.151 Officer)	Julie Copley	05.11.2018
Assistant Director of Legal Services (Monitoring Officer)	Stuart Fletcher	09.11.2018
Assistant Director of Human Resources (if appropriate)	John Crutchley	09.11.2018
Head of Procurement (if appropriate)	Karen Middlebrook	12.11.2018

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