

Report of: The Commercial Manager

Report to: The Chief Officer for Parks and Countryside

Date: 25th November 2016

Subject: Extensions to Ice Cream and Fast Food Licenses in Leeds Parks

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): Adel and Wharfedale, Otley and Yeadon, Horsforth, Pudsey, Armley, Morley North, Morley South, Hyde Park and Woodhouse, City and Hunslet, Middleton Park, Temple Newsam, Rothwell, Cross Gates and Whinmoor, Harewood, Wetherby		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number: 10.4 (3)		

Summary of main issues

This report considers the current position regarding Ice-cream and fast food concessions within parks and open spaces.

Recommendations

The report recommends that the option to extend the current agreements is exercised for all sites, or multiples of sites where licence extensions are possible.

And

For those sites where no option to extend exists or where traders have declined to exercise the option, these are recommended to be offered to the market along with a number of other sites that have been identified as suitable to host a trader

1 Purpose of this report

- 1.1 This report considers the current position regarding Ice-cream, fast food and cut flower concessions within parks and open spaces.
- 1.2 It recommends that the options to extend the current agreements are exercised for all sites, or multiples of sites where licence extensions are possible.

2 Background information

- 2.1 Parks and Countryside has steadily built a cohort of traders for ice cream, hot drinks and fast food concessions who competitively bid via procurement arrangements. Each year on average we have two new traders that engage in the process with these leads coming from general enquiries, advertisement within local and trade press and through the Yortender portal (previously SCMS). This growth demonstrates that the process used to attract traders is securing a broad exposure to potential traders ensuring that each site receives best consideration.
- 2.2 Historically we have granted licences which are for 12 months, with 3 further periods of 12 months available on extensions, subject to a successful annual performance report. Those who fail to receive a satisfactory performance report or breach the terms of their contract are not invited to extend and the pitch is offered back to the market.
- 2.3 This has been accepted by traders as a fair operating system, with any period of missed opportunity being 4 years at most. This has also improved previous issues relating to aggressive trading tactics (predominantly with ice cream traders) which has become significantly reduced over the years. It has encouraged bidders to value the security of the tender process and the duration of the potential licence has stimulated bidders' investment in the site and the quality of their facilities and vehicles. This security has been reflected in the bids submitted which has steadily increased over the years.
- 2.4 Parks and Countryside and Procurement officers recommend that this system continues for the following reasons:
 - It is in the interests of Leeds City Council to keep the legal rights of offering 12 month extensions rather than offering a set 4 year period so that poor performance issues can be addressed and that bidders remain engaged with the process annually rather than every 4 years. This drives quality assurance and allows for new locations or those surrendered to the council to be offered back to the market.
 - The extensions guarantee a 3% increase in annual fee.
 - The risk to disruption in service provision at each site is reduced.
 - There is no guarantee that offering the site to market will increase the income generated placing secured incomes at risk.

- 2.5 The flexibility of these licence arrangements allows for goodwill to be established both from the trader to the park user and the trader to Leeds City Council, creating more committed bonds to working with site based staff. An example of this is the investment by the operator where they have installed mains electrical connections removing the use of unit based generators, reducing carbon emission and noise pollution.
- 2.6 Due to the nature of commercial trading some concessions decline the invitation to extend and therefore it has remained necessary to process our tender opportunities each year in order to maximise the income available from the pitch assets.
- 2.7 For those sites where no option to extend exists or where traders have declined to exercise the option, these have been offered to the market along with a number of other sites that have been identified as suitable to host a trader.
- 2.8 The payment terms of the new licences would be the same as those current licences. Individual traders are required to pay an annual deposit of 50% of the licence fee with the balance in 5 monthly instalments.

3 Main issues

- 3.1 The sites that are recommended to be extended are:

LOCATION	Tender ref	Exp date
WOODHOUSE MOOR	A4LJ 3QDSET	31.3.20
PUDSEY PARK	9Q2J-P4W2L4	31.3.19
SPRINGHEAD PARK	9Q2J-P4W2L4	31.3.19
MIDDLETON PARK	9Q2J-P4W2L4	31.3.19
MEANWOOD PARK	9Q2J-P4W2L4	31.3.19
LOTHERTON HALL ESTATE	YORE-9F5LYE	31.3.18
TEMPLE NEWSAM ESTATE WALLGARDEN	A4LJ 3QDSET	31.3.20
GOLDEN ACRE	A4LJ 3QDSET	31.3.20
OTLEY CHEVIN	YORE-9F5LYE	31.3.18
WETHERBY WILDERNESS CAR PARK	A4LJ 3QDSET	31.3.20
HORSFORTH HALL PARK	A4LJ 3QDSET	31.3.20
SCATCHERD PARK	A4LJ 3QDSET	31.3.20
DARTMOUTH PARK	YORE-9F5LYE	31.3.18
ARMLEY PARK	A4LJ 3QDSET	31.3.20
PARKS SQUARE	A4LJ 3QDSET	31.3.20
MANSTON PARK	9Q2J-P4W2L4	31.3.19
MERRION STREET GARDENS	A4LJ 3QDSET	31.3.20

All of the traders operating on these sites have been the subject of performance reports. No adverse performance issues have been raised that would warrant refusing the offer to extend.

- 3.2 The total annual value of these licences would be £86,090.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Prior to agreeing the original suite of licences the Executive Member for Environment and Sustainability is aware of these licence arrangements and is supportive of the approach and the enhancement to the sites that these traders provide.
- 4.1.2 The process of securing traders to these sites is now well established and the opportunities are advertised via the council's electronic tendering procedures. In addition posters are displayed at the subject sites encouraging interest from local traders.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.3 An EDCI screening was undertaken on the October 13th October 2016
- 4.2.4 The screening noted that these types of licences have been in existence for some years and are offered to traders via a competitive tender process with support from the Procurement Unit using the agreed LCC Procurement Procedure Rules. The licences are advertised via the approved procurement portal Yortender and are commercially advertised so as to ensure the widest possible awareness of the opportunity to bid.
- 4.2.5 The screening identified there were no negative EDCI impacts and no amendments were required to the process.

4.3 Council policies and City Priorities

- 4.3.1 The recommendations in this report will support the council priority to improve the quality of Leeds' parks.

4.4 Resources and value for money

- 4.4.1 17 sites to be offered extensions to existing contracts which include the contractual percentage increase of 3% if agreed, will generate this year an annual income of £86,090.
- 4.4.2 Those sites which do not extend will be automatically added to the open tender along with those sites where the option to extend has expired.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 The Chief Officer for Parks and Countryside has authority to undertake this decision under the relevant scheme of delegation. The information contained in this report is in part confidential as it contains commercially sensitive information affecting the businesses of multiple small traders.

4.6 Risk Management

- 4.6.1 There are no significant risks associated with this report, however there are efficiencies identified in the budget that may not be achieved through reduced income if this decision is not approved.

- 4.6.2 Payments from operators are weighted to ensure minimal risk to defaulting payments from sundry debtors based on the traders ability to generate income.

5 Conclusions

- 5.1 The licences provide a value source of revenue to the council. In addition the provision of the supply of the goods sold by the traders enhances the sites to the benefit of users.
- 5.2 The traders provide valuable presence on the site and are able to contact the council for assistance should they observe any undesirable behaviour.

6 Recommendations

- 6.1 The Chief Officer for Parks and Countryside is recommended to note the contents of the report and approve the decision to extend fast food and cut flower licences as described.
- 6.2 And for those sites where traders have declined to exercise the option, these are recommended to be offered to the market along with a number of other sites that have been identified as suitable to host a trader.