

COMMITTEE:	CABINET
DATE:	9 JANUARY 2003
SUBJECT:	SEAFRONT CATERING OUTSOURCING
REPORT OF:	DIRECTOR OF TOURISM & LEISURE
Ward(s):	Meads and Devonshire
Purpose:	To advise members of the outcomes of the Seafront Catering Outsourcing Process to date and to seek agreement for continued review of seafront catering.
Contact:	Diane Bagley, Head of Sport, Recreation & Leisure, Telephone 01323 415402 or internally on extension 5402.
Recommendations:	That Members note the outcomes to date and agree that further options for the provision of Seafront Catering are identified and appraised.

1.0	<u>Introduction</u>
1.1	In response to poor early season seafront trading, a review of our seafront catering operation was undertaken in July 2002. L&R Consulting were appointed to assist with this process and a strategy for outsourcing the service was prepared in readiness for the catering best value review due in 2003/04.
2.0	<u>The Outsourcing Process to date</u>

2.1	<p>In August 2002, letters were sent to 24 UK Catering Contractors advising them of our proposed advertisement seeking expressions of interest in a contract for our seafront catering operations, and also inviting them to visit the sites during the summer season. Five contractors are known to have visited in early September.</p>
2.2	<p>Advertisements were placed locally and nationally on 31 October and 1st November 2002 and the advertisement was direct mailed to a list of UK Catering Companies. Ten expressions of interest were received and an information pack was sent out. The information pack contained details of the proposed process, a list of the facilities and information about Eastbourne.</p>
2.3	<p>It was agreed by Corporate Management Team that the Seafront Catering Contract should be on the basis of fully repairing and insuring leases for the facilities, ideally for 25 years. The facilities to be tendered were the Pavilion Tea Rooms, Spinnakers and 12 seafront kiosks and that the tender would invite proposals for:</p> <ul style="list-style-type: none"> a) All facilities as a contract package and / or b) The Pavilion Tea Rooms only <p>The process was also agreed by the PRINCE 2 Board at their meeting on 14th November 2002.</p>
2.4	<p>A pre-qualification questionnaire (PPQ) was sent out to 10 catering companies in mid November, for completion and returned by 28th November. Five PPQ's were received back. Of those not returned, the main reasons given were, that they either did not think that the proposed contract was commercially viable, it was not large enough or, that it was beyond their resources.</p>

2.5	<p>A meeting to evaluate the five returned PPQ's was held on 29th November. This was attended by the Director of Tourism & Leisure, General Manager Coastline Caterers, L&R Consulting, Unison and the Council's procurement team (audit, legal, finance). Based on consideration of the PPQ's, three companies did not provide sufficient information or have a track record to deliver the Council's requirements within a 25 year full repairing and insuring lease (FRIL) contract. Whilst the other two had appropriate experience, the financial appraisal undertaken of the two companies could not justify inviting them to tender for a 25 year FRIL contract. It was therefore agreed at this meeting that none of the bidders should be invited to tender.</p>
3.0	<p><u>Future Proposals</u></p>
3.1	<p>It is proposed to review and clarify the objectives for the future provision of Seafront Catering considering:</p> <ul style="list-style-type: none"> .. The limitations of a 25 year FRIL on the facilities identified .. The relationship with the current activity and process regarding the Seafront Strategy and development sites, and potential timetables .. The balance of investment / reduction of risk / improved income to the Council .. Specific Pavilion Tea Rooms consideration
3.2	<p>The following actions are proposed in readiness for the best value review:</p> <ul style="list-style-type: none"> .. To prepare a proper options appraisal which is informed by the previously detailed outsourcing process .. To identify an action timetable for the best option and internal and short term management implications .. Implementation (February / March)
4.0	<p><u>Financial Implications</u></p>

4.1	This current year's trading improved considerably towards the later part of the summer / early autumn and it is anticipated that the year end out-turn will only fall a little short of target.
4.2	The provision of a Seafront Catering Operation by the Council does carry many financial risks. These include summer season weather, number of visitors to the seafront, number of seafront events and the changing desires of our customers.
4.3	A full financial appraisal of future proposals will be carried out.
4.4	Seafront development sites have been identified in the Seafront Strategy. The potential for investment will be considered in the options appraisal.
5.0	<u>Human Resource Implications</u>
5.1	There are no immediate human resource implications for this report. Coastline Caterers, our in-house team, will continue to provide the service.
5.2	Human resource implications will be considered and consulted on with regard to any future proposals.
6.0	<u>Summary</u>
6.1	Advertisements seeking a catering contractor to invest in and manage the Council's seafront catering operation have been unsuccessful. It is now proposed that an options appraisal is carried out, appraisal of identified options completed, and that this process informs the Best Value Review of Catering in 2003.
Diane Bagley Head of Sport, Recreation & Leisure	

Background Papers:	
None	