

<b>TITLE</b>	<b>Commercial Hospitality Opportunity for Dinton Pastures Country Park</b>
<b>FOR CONSIDERATION BY</b>	The Executive on Monday 24 June 2021
<b>WARD</b>	Hurst;
<b>DIRECTOR</b>	Steve Moore, Director Place and Growth
<b>LEAD MEMBER</b>	Executive Member for Environment and Leisure, Parry Batth

## **PURPOSE OF REPORT (INCLUDING STRATEGIC OUTCOMES)**

To commence a contract opportunity to commercially drive Dinton Pastures hospitality premises which will result in outstanding customer experience, innovative food/drink offers and increased income.

This concession contract will commence in 2022 and will be based on a five-year term with the possibility of five-year extension. The tender will be publicly available and bids will be reviewed against a set measurable scoring matrix. Candidates shortlisted will be invited to pitch their business case to a panel (competitive dialogue) and the winning tender awarded the hospitality contract for Dinton Pastures.

## **RECOMMENDATION**

The Executive is asked to approve commencing the procurement process to select a contractor who will provide outstanding hospitality services at Dinton Pastures Country Park (i.e. the Dragonfly Café and new Dinton Activity Centre Café) from April 2022.

## **EXECUTIVE SUMMARY**

This is an exciting opportunity to develop and realise Wokingham Borough Council's commercial ambitions whilst delivering excellent customer experiences. This approach will enable innovative and aspiring bids to enable the provision of an outstanding hospitality venue in the Borough.

Dinton Pastures has some of the best fishing and water sports in the region and it attracts thousands of visitors annually. This year the new Activity Centre will open and there will be increased customer demand from now and in the future for new and imaginative hospitality offers. Currently there is one café at Dinton Pastures Country Park (Dragonfly Café) and one upcoming café which forms part of the new Activity Centre. Both facilities have great internal and external footprints and these will be maximised to ensure exceptional customer satisfaction and deliverability of service.

The current contract for the Dragonfly Café operates as a concession contract with the incumbent on an income share basis and will come to an end on 31 March 2022. Therefore, there is a requirement for this service to be retendered with the opportunity of including the new Dinton Activity Centre café at the same time.

On average, £50,000 per annum is obtained by Wokingham Borough through the existing Dragonfly Café income share arrangement. It is expected that a greater income share will be realised through the retender, however this cannot be guaranteed until the tenders are submitted. Any income is reinvested into the service to further improve customer experiences and expand consumable offers.

As part of the tender process, bidders will be encouraged to be creative with offers (across all age ranges and dietary types) which will attract further custom to the Activity Centre and wider Country Park. The tender is a flexible working arrangement which seeks to realise innovation and exceptional service delivery. It also aims to expand the service including more 'on the go' options which could cater at any of the other 30 Council owned countryside sites.

This report outlines background information, the preferred business model option and anticipated income levels in order to realise these ambitions.

## BACKGROUND

The existing contractor for the Dragonfly Café has had the opportunity to operate the café for the past ten years. This comes to an end in March 2022 so the contract needs to be retendered. The new Dinton Activity Centre also includes a second café and will be incorporated in the new contract. It is expected both cafes to be operated by one contractor with outstanding complementary and imaginative offers to widen the trade and increase visitor satisfaction.

The existing contract term was five-year base with five-year extension and expires on 31 March 2022. The aim is to complete the procurement process prior to this date to enable a seamless transition.

### **BUSINESS CASE** (Options Appraisal)

- **Option 1:** Do nothing – Existing tender expires - close the café
- **Option 2:** Re-tender the concession contract and select a new business partner.
- **Option 3:** Lease the café for a set income
- **Option 4:** Run the café ourselves

The existing contract is coming to an end and it is therefore required to tender this excellent business opportunity in the hospitality market. The premises running options are considered as follows:

Option 1 (Do nothing)- This is not plausible as not having a café would reduce visitor experience which has been strongly built on over many years and it would also reduce visitor numbers to Dinton. This would also result in the loss of income to the Council and would mean the service would be 'going back' rather than forwards.

Option 2- This is a unique concession contract and is considered the best financial option for the council in terms of mitigating risk and proving success as current. Overall, this approach shares risk as well as profit and has a robust growth model. There is a requirement to drive food/drink offers and grow our income as opposed to receiving similar income on an annual basis. It is expected any additional income is reinvested into the service to improve customer experiences and product offers.

Option 3 – This has been assessed but there are limitations with this approach including inflexibility unlike Option 2 which allows for income share. This has also been trialled in the past and it was found that the quality of service is reduced as well as overall income. This also limits the offer to customers as the control will be with the lessee rather than a joint approach between the tenant and the Countryside Service.

Option 4 - Research has been conducted to operate the service in-house for running both the cafés. It was concluded, through this analysis, that the existing staffing model does not have the required level of expertise within the team to run the café. Indeed specialist staff could be brought in, but there is an overall risk that if the business model is not properly set out or supported this could lead to failure.

In 2015, FMG Consultants reviewed the Countryside Service Café prior to extending the existing contract for the additional five-year period as a form of due diligence. The consultants agreed the Countryside Service were using the best option for delivery by outsourcing the management of the café. They did highlight that the existing contractor

has higher than usual staffing costs, as such a KPI was put in place to monitor this. A clause in the new contract about staffing provisions and costs will be included.

There is a very close working business relationship with the existing contractor over the last ten years to establish the market and to improve our financial standing. Regular visitor surveys are conducted to gain customer feedback. Consequently, there is a good level of understanding of what our customers want to see going forward, such as building on family and dog friendly opportunities, new and wide-ranging food products which cater for all ages, high quality hot drink options etc. As these comprehensive surveys have taken place and continue to do so we have met our obligations for public consultation.

It is also envisaged that the deliverables within the new contract specification are enhanced by specifying requirements that tenderers will need to provide, such as recyclable packaging, food waste reduction/recycling, bio-degradable or recyclable take away packaging and introduction of reusable cups scheme to meet waste and recycling/climate change objectives.

The level of funds from the income share will be continuously improved by introducing new initiatives to enhance business performance, providing a more attractive offer to customers.

It is important note that any additional funds are reinvested into the service to improve the customer experience and offer more products.

It is therefore recommended to continue outsourcing this contract as the best practicable option (Option 2).

### **Contract Management:**

The resources to manage the administration and financial tasks are currently available within the Countryside Services team. These tasks will include auditing the contractor's budget books, conducting monthly review meetings, ensuring all legal and Council policies and procedures are followed (including health & safety) and assessing customer feedback.

All records of café income, expenditure and KPIs are currently analysed and this is reported on a monthly basis and reviewed annually. Management of this new contract will not require any additional time other than the retendering process.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

*The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.*

	How much will it Cost/ (Save) (The below income levels are estimated)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Starting Financial Year (Year 1) (2022/23)	£63,750 income generated to the Countryside Service is expected, which is anticipated to bring in additional income of £13,750 per annum	There is sufficient funding based on these estimates, however this may require adjustment following the final tender award.	Revenue
Next Financial Year (Year 2)	£70,125 income generated to Countryside Service, is expected, which is anticipated to bring in additional income of £20,125 per annum		Revenue
Following Financial Year (Year 3)	£77,137 income generated to Countryside Service, is expected, which is anticipated to bring in additional income of £27,137 per annum		Revenue

Note: The above is based on a like-for-like model and actual levels of income will not be known until the tender has been awarded and the business case will then be developed. However, it is anticipated that the income above will be exceeded due to the increased customer visits as a result this innovative approach.

### Stakeholder Considerations and Consultation

Stakeholder consultation is regularly undertaken through customer surveys and feedback.

### Public Sector Equality Duty

An equalities assessment is not required as this project does not affect or impact on people's circumstances. Access to buildings is compliant with all laws and regulations.

### Climate Emergency

Measures will be put in place to reduce the amount of waste generated from the respective cafes and to include more sustainable take away options which will include reusable, biodegradable and recyclable packaging. The new Activity Centre building is Wokingham Borough Councils first net carbon facility which contributes to meeting our targets.

<b>List of Background Papers</b>
None

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