

To consider the motion proposed by Tricia Heath, seconded by Geoff Knight, Merv Evans, Cary Matthews and Roger Dennison.

“It has not escaped the general public’s attention that there were no ice cream vans in their usual spots on Morecambe promenade during the very hot spell of weather at Easter.

Lancaster City Council has for many years received guaranteed revenue from leasing these sites to local business. This ended this year as Lancaster City Council has apparently decided it would make much more money from selling ice creams themselves.

We all know this will never be the case. It has been proved by the council’s failed attempts to run business in the past.

Lancaster City Council has already lost 1/2 years rental income from concessionaires and we see no evidence that the council has put any money aside to provide their own ice cream vans. Does this mean that this council no longer has any plans to provide ice cream vans on Morecambe promenade? If so, we are leaving the door wide open for unregulated traders to turn up which raises Health and Safety concerns.

Apparently it has also been the policy to cancel leases on cafes at the end of their term. This means that a local resident who has worked hard and put their heart and soul into building up a business will have this taken away from them by the council on the grounds that the council will now keep the profit. This does not inspire entrepreneurship in the town nor does it inspire being in partnership with Lancaster City Council. Is there any member here that thinks this is a sensible or desirable way forward?

Other cafe owners have now been told that they will not be able to renew their lease - what incentive is there to invest in or improve their business.

We propose that the Council:-

- 1) Does not take the livelihoods of local residents away from them by not renewing their leases;*
- 2) Does not begin the business of selling ice creams on Morecambe Promenade;*

And that:

- 3) The Council’s priorities should be on fulfilling its statutory duties.”*

OFFICER BRIEFING NOTE

Background / Context

As the Council has much experience of successfully operating cafes and selling ice cream. It makes commercial sense to plan to generate much greater additional ongoing income by directly operating the cafes that we own and selling ice cream from

locations formally leased to other operators. Plans have been made to directly operate two cafes on Morecambe promenade and directly sell ice cream. These plans are underpinned by sound business cases, support the Council's wider ambitions and add value for our public.

The Council's approach to running its own cafes and selling ice cream from its own sites, does not undermine, in any way, private enterprise. Indeed, the Council very much wishes to encourage its local café trade and it is always willing to consider applications for site licences for local businesses.

Policy issues

As the motion highlights, this Authority currently does much more than fulfil its statutory duties. Its ambitions and aspirations for the district goes much further. These ambitions are set out in the Council's Corporate Plan and if we are to have any real hope of not cutting local services and achieving progress with our ambitions then we need to be bold and ambitious in the way in we manage our finances and the way in which we create opportunities for local businesses. This includes the way in which the Council generates and manages its income.

The Association for Public Service Excellence (APSE) describes the situation well in its research document 'Taking a Commercial Approach' -

Local Government is facing a number of challenges. Resources are not unlimited and yet demand for local council services is ever increasing. We have an ageing population alongside ever more discerning citizens who expect top class public services. Reliance on ever decreasing central funding for local councils means difficult choices; cut services or find other ways to meet these on-going challenges.

By commercialisation we are talking about those activities that local councils can provide at a charge in order to generate additional income. Councils can add value to services that they already provide and are more than capable of entering into markets; both new and existing, to bring added value to citizens and to local economies. Many councils can legitimately act as market disruptors by bringing in better goods and services into local economies that work in the public interest and not against. Councils selling additional services can enhance user experiences beyond the basic service offering and in doing so create financial returns that support the continuance of local public services.

We also know that local councils are uniquely trusted by the public; our people have the skills, knowledge trust and training to deliver high quality additionality to local people and local economies. This agenda is not about local councils making a profit at any costs but about a measured and balanced approach to generating additional income to support local services. It is driven by an agenda to enhance social justice for local citizens by safeguarding local services. It is about new municipalism in an era of budgetary challenges.'

This well describes the direction that is currently being taken by the Council and indeed commercialisation is one of the four pillars that underpins the Council's medium term financial plan.

That this approach has a solid foundation is evidenced by successful direct delivery of a diverse range of services in a competitive market– e.g.

- Cafes- Williamson Park, Salt Ayre, Storey
- Williamson Park weddings
- Trade waste collection service
- Grounds maintenance / cleansing contractual operation
- MOT service
- White Lund nursery

Impact on wider economy/ added value

Directly provided commercial operations make use of local suppliers which further multiplies the local economic impact of having a Council that directly delivers a wide range of services.

Staff employed in delivering these services have local government terms and conditions. Grade 2 staff are paid between £9.36- £10.13 per hour, regardless of age. As a guide this compares with the National Minimum Wage rates of £4.35 for U18, £6.15 for 18-20, £7.70 for 21-24 and £8.21 for 25 and over.

The net income generated from these services in turn contributes to the ongoing management and maintenance of well-loved non –statutory provisions like parks and play areas and also the wider ambitious plans that the Council has.

As an example Williamson Park generates £624,000 if income from directly provided commercial activities. Thus significantly reducing the amount of direct Council funding required.

Impact on Services and upon the Environment

Directly providing cafes / ice creams etc means that the Council can generate additional income to help delivery both statutory and non-statutory services. It also has the opportunity to lead in the way in which cafes and businesses can run environmentally. For the example, by switching from use of single use plastics, ensuring that there is a wide range of plant based food on offer, using local suppliers, looking at how best to ensure energy efficiency in operations and reduce NO2 emissions (e.g. bicycle ice cream vending on the promenade).

Conclusion

The specific scenarios raised in the motion are the inevitable consequence of the Council responding to austerity and the needs of its residents by adopting a commercial approach.

As point 3) of the motion makes clear, an alternative strategy for the Council is to cut back on its ambitions and merely fulfil its statutory duties. This is not an approach Lancaster City Council has taken.

However, this Council may have a different view on this matter than that which went before.

In which case it would need to consider the much wider strategic implications raised by this motion, specifically –

- a) What kind of Council it wants to be and what is the extent of its ambition.
- b) What strategies it adopts to fund the above.

Based on these policy decisions it would then be necessary to determine which non-statutory services should no longer be delivered. This could include the examples cited in the motion.

The Council could of course make exceptions for the cases raised in points 1) and 2) but would need to consider the wider strategic, tactical and operational implications of responding to the motion in this way. Officers would need to consider the implications of this and would need to provide Council with a full report setting out the ramifications and options available.

STATUTORY OFFICER COMMENTS

Deputy Section 151 Officer Comments

As outlined within its Medium Term Financial Strategy (MTFS) the Council faces a number of significant financial challenges in both the short and medium term, with a forecast budget deficit of £2.3M (2020/21), potentially rising to £2.8M (2021/22).

In order to address this challenge, support the Council's ambitions and protect its current level of services in February 2019 Council endorsed its "Funding the Future Strategy". This strategy sets out the Council's strategic approach to deficit reduction through a number of Pillars, each underpinned by a series of initiatives, including putting the Council on a more commercial footing.

Many Councils face similar financial pressures and the increase in commercialisation is common within Local Government and the wider public sector, and has been

supported by bodies such as the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Association for Public Service Excellence (APSE). All commercial opportunities are required to provide a detailed business case which is subject to robust review and challenge of the underlying assumptions and estimates by Officers and Members. The revenues generated through our commercial ventures contribute directly to the delivery of both statutory and non-statutory services across the whole district.

Council may wish to reconsider its approach to deficit reduction, delivering its ambitions and the range of services it offers its residents, as well as the strategic implications as part of the 2020/21 budget cycle.

Monitoring Officer Comments

Change in the strategic direction of the Council in terms of its stated ambitions and its approach to commercialisation and income generation would be significant. There would need to be careful consideration by officers and members of any new ambitions, modification to stated ambitions or change in the strategic direction of the Council affecting current policy. This would involve careful consideration of the implications of any change to the Council's policy and budgetary framework.

The Council is entitled, via service of statutory notices, to terminate leases at the expiry of their term. Business leases are afforded statutory protection and security under the Landlord and Tenant Act 1954 (unless the provisions are excluded by the parties). This includes, a requirement on landlords to serve notices, within a prescribed period of time, setting out particular grounds for termination, and the right of tenants to apply to the Court for adjudication.