

**Catering Concessions
17 July 2019**

Report of the Chief Executive

PURPOSE OF REPORT

To bring the matter of Ice Cream concessions on Morecambe Promenade and Cafés in Morecambe which are leased from the Council – originally raised as a motion on notice on 26 June 2019 - back to Council for consideration, as resolved at that meeting.

This report is public

RECOMMENDATIONS

- (1) **Regarding Ice Cream Concessions on Morecambe Promenade, that:**
 - a) **For the remainder of this season tenders will be invited for the five pitches currently allocated on the promenade**
 - b) **A review of the ice cream vending operation on Morecambe promenade takes place ahead of the 2020 season, and is brought back as part of the 2020 budget process.**
- (2) **Regarding Cafés, that discussions will take place over the summer with the two tenants whose lease ends on 31st October 2019. The purpose of these discussions would be to explore if they would be interested in delivering their operation in a way that met the defined outcomes (see paragraph 2.3), from which a model of operation could then be brought forward to Cabinet.**
- (3) **That further work take place to develop principles around the commercial use and operating models of the Council's property.**

NOTE- Existing directly delivered catering and ice cream operations would, of course, continue to be developed from outlets and land not covered above.

1.0 Background

- 1.1 In 2018 the Council took the decision to directly sell ice creams and operate cafes on Morecambe promenade, when they became available.
- 1.2 The reason for this was to generate additional income for the Council by expanding the Council's existing catering operations.
- 1.3 The motion to Council on 26th June 2019 (**Appendix A**), although very specific, also raised some questions of what the principles should be that underpin the new Council's commercial approach. Hence the decision in relation to the motion-

'That Cabinet Members take further soundings on the matters raised by the motion and that the agenda item returns to full council on 17 July 2019 for a final decision.'

2.0 Proposals

- 2.1 Since the last Council meeting, Cabinet Members have taken further soundings and would propose the following-
- 2.2 The Council already operates a number of very successful commercial operations and, based on the scale of the financial challenge faced by Councils, developing further commercial operations to provide income remains a priority. The new administration also has other key strategic priorities including addressing climate change and community wealth building. As part of the assessment of the business case for any new commercial ventures it will be important that these are all addressed.
- 2.3 In terms of outcomes from concessions on Council owned land the following are considered important-
- Maximising income to contribute to the Council's budget.
 - Delivering in such a way as to contribute to meeting the climate emergency.
 - Moving towards a position where all staff operating from Council land are paid at the real living wage – irrespective of age.
 - Providing high levels of customer service, positively contributing to the wider visitor offering and community wellbeing.
 - Ensuring that there is an appropriate balance between concessions on Council land and shop based businesses.
- 2.4 Achievement of these outcomes will generate a net benefit to the District. In which case who provides the actual service becomes a secondary consideration.
- 2.5 It also recognised that achieving these outcomes will require giving concessionaires some time to consider what the potential outcomes mean for their current operating model.
- 2.6 Cabinet's proposals are set out in the recommendations above.

3.0 Conclusion

- 3.1 Council is asked to agree the recommendations of Cabinet regarding the issues raised in the catering concessions motion on notice to council on 26 June 2019.

CONCLUSION OF IMPACT ASSESSMENT
(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):

LEGAL IMPLICATIONS

Cafés under Leases

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.

Power to provide refreshments

There is a power to charge contained within the **Civic Restaurants Act 1947**, which empowers the district council to supply refreshments to the public together with incidental activities. *Section 3(2)* of the 1947 Act contains a power enabling the Council to act in a commercial manner.

FINANCIAL IMPLICATIONS

There are no financial implications at this point.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces

There are no HR implications at this point.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments.

BACKGROUND PAPERS

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Appendix A

Original motion submitted to the 26 June 2019 Council meeting by Councillors Tricia Heath, 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"*