

Subject: Brighton Centre Catering Provision
Date of Meeting: 5th December, 2013
Report of: Assistant Chief Executive
Contact Officer: Name: Howard Barden Tel: 29-2646
E-mail: Howard.barden@brighton-hove.gov.uk
Wards Affected: None

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT:

- 1.1 The current catering contract at the Brighton Centre is with Kudos Ltd and is a Services Concession Agreement which expires on 1st April 2014.
- 1.2 The current catering turn-over at the Brighton Centre is in the region of £1m per annum, supplying food & beverage to conference and entertainment events.
- 1.3 The value of the existing catering contract at the Brighton Centre provides a guaranteed franchise fee of £200,000 (two hundred thousand pounds) per annum).

2. RECOMMENDATIONS:

- 2.1 That the Policy & Resources Committee approves the procurement of a Services Concession Agreement for the provision of catering at the Brighton Centre for a 4 (four) year period with an option to extend for a further 2 (two) year period;
- 2.2 That delegated authority be granted to the Assistant Chief Executive and Head of Law to award the Concession Agreement for 4 (four) years following the recommendations of the evaluation panel and the results of the tendering process; and
- 2.3 That at the end of the 4 (four) year initial period, delegated authority be granted to the Assistant Chief Executive and Head of Law to extend the Agreement for 12 months, and thereafter a final period of 12 months, subject in both cases to satisfactory performance of the Concessionaire in respect of the initial or first extended period (as appropriate).

3. CONTEXT/BACKGROUND INFORMATION:

- 3.1 The Brighton Centre is an internationally known venue of considerable scale; it hosts conferences, events, exhibitions, meetings, festivals and concerts with a capacity of up to 5,500.

The Brighton Centre opened in 1977 and has become a landmark on the seafront. The striking building has a track record of hosting a wide range of

events from corporate functions to large-scale, high profile international exhibitions and conferences.

The Centre's conferencing space includes a 4,500 seater/1,941m² Auditorium 1, the 650 seater/597m² revamped Auditorium 2, the ground floor Foyer provides open space of 1,300m² exhibition space, the Syndicate Wing comprising of 2 floors each seating 400/400m² or 4 individual rooms of 200 theatre style. There are also a number of other foyer areas, smaller meeting rooms and offices which can be used for conference organiser's offices and speakers rooms etc.

The Brighton Centre sells in the region of 250,000 tickets per annum for its entertainments programme, and holds on average 20 major conventions per year contributing to an economic impact to Brighton & Hove of circa £800 million per annum and contributing to 18,000 jobs in the local area.

- 3.2 Investment into the catering infrastructure is vital to ensure the continued success of the conference and entertainments programme in terms of catering provision. In addition relevant and modern catering solutions are a key factor within the sales process of the venue to our conference clients.
- 3.3 The present catering concessionaire has been in place for 12 (twelve) years. Although Service Concession Agreements are not currently subject to the full EU Procurement regime, it is important to ensure effective and non-discriminatory access to the competitive market. It is therefore time for the venue to test the market to ensure that we are offering clients and customers catering solutions which are fit for purpose in a modern events market and to also ensure that the Council is receiving best value in terms of the commercial arrangements.
- 3.4 The existing contract provides for a franchise fee of £0.2 million or 22.5% of the receipts received by the concessionaire per annum from the provision of the catering service (excluding the FEED café sales), whichever is the greater.
- 3.5 In addition the contract allows for 18% of the receipts from the provision of the catering service at the FEED café to be received from the Concessionaire. There is also a facility fee of £250 per day in the event that the Concessionaire provides catering services for any events which are not held at the Venue and not the responsibility of the Council.

4. ANALYSIS AND CONSIDERATION OF ANY ALTERNATIVE OPTION(S):

- 4.1 A recent study and report was undertaken by an independent catering consultant (April 2013) to assess the viability of operating an in-house catering option at the Brighton Centre. It was concluded that due to the levels of investment required, and constraints in resources and time, this option was not viable at this time.

5. COMMUNITY ENGAGEMENT AND CONSULTATION:

- 5.1 This is a Concession Agreement opportunity whereby the Venues section receives an income for the catering provision. Therefore the need to consult with external bodies is not applicable.

6. CONCLUSION:

- 6.1 It is imperative for the Brighton Centre's business continuity that a high quality catering offer is part of the service expectation of customers and clients.
- 6.2 There is little commercial value within this market in offering anything less than a 4 year term to attract investment into the catering infrastructure. For a 4 year term (with an option to extend, subject to satisfactory performance of the concessionaire), we would look to achieve anywhere between £150k and £200k worth of investment into equipment upgrades.
- 6.3 Additionally a 4 year term is vital to build confidence and business relationships with clients and similarly essential within the sales process of the venue around securing world class conferences to the city.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The Brighton Centre Revenue Budget for 2013-14 includes a Catering income budget of £0.230 million which is met from the existing contract.
- 7.2 Based upon the existing commercial arrangements, the new contract would seek to achieve or improve the current financial agreements. However, any financial terms agreed between the venue and catering company will need to be structured so as not to discourage potential and existing hirers from using the Brighton Centre for events.

Finance Officer Consulted: Anne Silley

Date: 6th November 2013

Legal Implications:

- 7.3 The Policy & Resources Committee is the appropriate decision-making body in respect of the recommendations at paragraph 2 above, given that the value of the contract to be let is significant, at an estimated £1m per annum.
- 7.4 Further, the council's Contract Standing Orders require that authority to enter into a contract valued at £500,000 or more be obtained from the relevant committee, which in this instance is the Policy and Resources Committee due to the value involved
- 7.5 As the proposed contract is a Services Concession Agreement, it is not currently subject to the full EU Procurement regime. However, public authorities must be careful to ensure that the award of such contracts do not breach the EU Treaty Principles which include transparency, non-discrimination and equal treatment. In practice, this means advertising the contract so that interested parties have a fair opportunity to tender for it. It is important that evaluation criteria are set and that all bidders are measured against such criteria, before the contract is awarded to the successful bidder.

Awarding the contract on this basis will also enable the council to achieve best value under its Contract Standing Orders.

Lawyer Consulted: Johann Wyllly Date: 1 November 2013

Equalities Implications:

- 7.7 There would be an expectation that the successful catering Concessionaire appointed would have an Equalities Policy which would be reviewed as part of the procurement process. The Brighton Centre attracts people from all sectors of the community through a diverse range of events held within the venue. The successful catering company would be required to uphold and offer catering solutions which reflected this diversity.

Sustainability Implications:

- 7.8 The successful catering Concessionaire would be supported to improve and contribute to the venues existing EMS programme in terms of sustainable events protocols and solutions as well as being required to actively participate in the One Planet Living programme. The venue currently holds ISO14001 and ISO20121 certification.

SUPPORTING DOCUMENTATION

Appendices:

None

Documents in Members' Rooms

None

Background Documents

None