

REPORT OF THE SERVICE DIRECTOR, YOUTH, FAMILIES AND CULTURE

COMMERCIAL OPERATIONS AT RUFFORD COUNTRY PARK

Purpose of the Report

1. This report seeks Committee approval for the commencement of a procurement exercise to select an appropriate partner to manage Rufford Country Park's commercial operations with effect from January 2017.

Information and Advice

Background

2. The Council is committed to maintaining Rufford Country Park both as a key tourism destination venue for Nottinghamshire, and as an important local leisure-time and heritage amenity for local people. Approximately 350,000 people visit Rufford each year.
3. However, in the light of the financial challenges faced by the Council, the operating costs faced by the Council at Rufford need to be reduced significantly. At the meeting of the County Council in February 2015, Members approved a business case to reduce the revenue cost of maintaining Rufford Country Park by approximately 50% (c£300,000), with effect from the 2017/18 financial year.
4. In consequence, officers have been exploring the means by which this may be achieved. Rufford's current cost base is set out in the table below:

Expenditure (2015/16 revenue budget)	£000's
Employee related	1,328
Premises related	355
Transport related	20
Supplies and services	161
Cost of sales	669
Total Expenditure	2,533
Income	
Car park income	178
Sales	1,727
Total Income	1,905
Net Cost	628

Commercial Operations

5. Rufford is a popular country park site and derives annual income from its commercial activities of approximately £1.9million per annum. The Park's commercial activities are driven by its core attraction as a site with outstanding green space in a historical setting of great beauty, with additional visitors attracted by the range of facilities and events/activities that are on offer throughout the year (including a substantial wedding offer). Current commercial retail provision at Rufford is summarised below:

Shops

- Rufford Craft Shop, 1,300 sq. ft., offering studio ceramics, jewellery, greeting cards and remainder books
- Rufford Gift Shop, 700 sq. ft. (plus stock room), offering souvenirs, gifts, toys and confectionery and food
- Rufford Mill Outdoor Living, 1,700 sq. ft. (plus stock room), offering outdoor apparel, confectionery and food.

Catering/Hospitality

- Rufford Coach House Coffee Shop, 800 sq.ft, with 70 indoor covers, offering beverages and snacks, with outside seating for 150
 - Rufford Savile Restaurant, with 50 indoor covers, offering carvery meals, trading 11am - 4pm
 - Rufford Caravan, adjacent to the play area, offering ice-cream, trading "high days & holidays"
 - Rufford Mill Talbot Suite, 1,400 sq.ft plus a large foyer, kitchen and bar, offering weddings and conference facilities
 - Rufford Mill Tea Shop, offering ice-cream, beverages and snacks on a "grab-and-go" basis, but with outdoor seating around the Mill courtyard
 - Rufford Mill Cabin, adjacent to the lake, offers ice-cream, trading "high days & holidays".
6. Whilst the Park's overall visitor offer is valued and highly rated by visitors, and generates a significant level of gross income, the majority of individual elements of the Park's commercial offer generate only a marginal surplus, or operate at a loss. The exceptions to this are the Coach House Coffee Shop and the overall wedding offer, both of which generate significant trading surpluses. Equally, the current car park charging regime generates a substantial surplus.
7. Rufford is a complex site, and the Council faces a number of challenges in respect of its ability to generate greater surpluses from its current in-house trading activity. Key amongst these challenges are:

- Staffing costs – Rufford's commercial staff operate under the Council's corporate terms and conditions arrangements. These are not designed for seven day per week commercial operations, and in consequence result in relatively high fixed staffing costs
 - Premises – Rufford's premises are of historical significance. Maintenance and premises related costs are therefore greater than would be the case in newer, more standard commercial premises
 - Flexibility – Rufford is seen by customers as public provision. This makes rapid change and innovation to commercial activity more difficult to achieve. Equally, as the financial environment for local government has become more constrained in recent years, the capacity of the Council to invest in facilities at the Park has become reduced.
8. In order to deliver the requirements of the current business case therefore, whilst preserving Rufford's status as a much loved and much visited regional attraction, officers have undertaken work to consider how best to both reduce costs and generate additional income by reshaping the Park's overall commercial offer. This reshaping represents the best opportunity for the Park to enhance its public offer, and generate the saving levels required by business cases that have previously been agreed by Council. Given the long term nature of the difficult financial circumstances faced by the Council, it is important that the Park makes significant strides towards operating on a full cost recovery basis.
9. With this in mind, at its meeting on 3 November 2015, Culture Committee approved a process for Council officers to engage with potential third party expert partners and suppliers – a process known as soft market testing - to gauge the potential viability of establishing alternative commissioned arrangements for the future delivery of the catering and commercial offer at Rufford. It was intended that this process would allow officers to establish the level of market interest (amongst both private sector and not for profit heritage/leisure bodies) in partnering with the Council to develop the Park's overall commercial offer. The process would also help to identify the extent to which further capital investment may be required at Rufford to support long term income generation and cost reduction initiatives, and which areas of commercial development potential partners would see as most significant. Similar testing proved to be effective in supporting the successful commissioning of the National Water Sports Centre in 2011, and Sherwood Forest Country Park in 2013/14.

Soft Market Testing

10. In December 2015 a soft market testing exercise was undertaken at Rufford. Nine organisations attended the event, ranging from catering companies to facility management companies to charitable/heritage organisations. A number of the organisations currently manage some or all country park facilities on behalf of local authorities. Officers outlined the challenges faced by the Council and the potential for Rufford's future development, and organisational representatives explored the Park and its facilities.
11. Following the event, feedback was sought from each organisation regarding their interest in a potential tendering opportunity, and any issues/barriers that they saw as relevant/significant. The feedback received indicates a strong level of market interest in

Rufford, and a recognition from the market that in order to achieve the financial targets that would be required by the Council, significant reshaping of the commercial offer would be necessary. Feedback also indicated that there are currently a number of similar tendering opportunities for organisations within the leisure/parks/facility management sector, and that in order to secure transformational change for the Park's facilities, supplementary Council capital investment would be advantageous, as Council capital costs are lower than those involved in securing private sector capital. In terms of issues and challenges, the feedback identified staffing costs and TUPE transfer arrangements, and the seasonality of income/visitors to Rufford.

12. In summary, the soft market testing process was successful in that it indicated strong market interest in a potential tendering opportunity for the future management of the commercial offer at Rufford Country Park.

Procurement Routes

13. In order to secure an appropriate partner, there are two usual methods of procurement:
 - the first involves the Council setting out in great detail its requirements, with potential partners being asked to bid against a detailed specification for the contract. Whilst simpler, this limits the scope for true innovation from bidders. Given the likely requirements of the Council, this is not the preferred option
 - the second is a procedure called Competitive Dialogue. This process allows for the final solution to be influenced by bidders during a process of dialogue between the Council with potential partners. Competitive Dialogue was used successfully in the procurement of partners for both the National Water Sports Centre and Sherwood Forest Country Park, and is the preferred option of officers as it will maximise opportunities for the future commercial offer to be both innovative and cost effective. **Appendix 1** to this report sets out an indicative competitive dialogue procurement timetable.

Capital Costs

14. As set out in **paragraph 11** above, and based on the successful procurement of partners for the future operation of the National Water Sports Centre and Sherwood Forest Country Park, it is anticipated that to support a successful procurement process capital funding from the Council will be required. This will result in best value in the long term for the Council.
15. Early work to identify the size of a likely capital contribution suggests that a sum of between £500,000 and £1million will be required. The procurement process will confirm the precise amount required, which will be subject to the usual corporate approvals.

Revenue Costs

16. The estimated costs that have been identified to support the procurement process are set out overleaf:

Item	Cost £
Internal and external legal advice	30,000
External consultant support (leisure sector specialist)	5,000
Actuarial reports, preparation and publication of tender documents, contingency	5,000
Total	40,000

17. Costs will be met from within the existing resources of the Culture portfolio.

Other Options Considered

18. There were two options:

- maintain the current in house approach to the commercial offer at Rufford, supported by additional capital investment, or
- proceed to procurement, and seek to engage an external partner to develop and manage the commercial offer at Rufford on a long term basis.

19. The recent soft market testing has indicated that a properly constructed procurement process is likely to be more successful in delivering the core requirement of the Council to reduce revenue costs to the Council whilst developing the visitor offer.

Reason/s for Recommendation/s

20. Procuring a third party via a competitive tender process is the most cost effective and lowest risk option facing the Council to develop further the commercial operations at the Park, with the Council continuing to directly maintain the Park overall, and its grounds with Rufford Abbey continuing to be under the guardianship of English Heritage. The outcomes of the Soft Market Testing exercise have shown that there is interest in the external market to support a successful procurement process.

Statutory and Policy Implications

21. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

22. The financial implications are detailed in paragraphs 14 – 17.

Human Resources Implications

23. All staff employed at Rufford at the point of the transfer of operations to a third party partner would be subject to TUPE considerations.

Implications for Service Users

24. The delivery of a refreshed commercial offer for the Park will enhance the customer experience for Park visitors.

Implications for Sustainability and the Environment

25. Contractual arrangements envisaged by the Council will result in the Council retaining overall responsibility and control of Rufford Country Park. The Council will continue to directly control the management and conservation of the Park's green space.

RECOMMENDATION/S

- 1) That approval is given for the commencement of a procurement exercise to select an appropriate partner to manage Rufford Country Park's commercial operations with effect from January 2017.

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Constitutional Comments (LM 17/02/16)

26. The recommendations in the report fall within the Terms of Reference of the Culture Committee.

Financial Comments (SS 24/02/16)

27. The financial implications of the report are contained within paragraph 22 above.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Rufford Country Park and Bestwood Country Park future options – report to Culture Committee on 3 November 2015

Electoral Division(s) and Member(s) Affected

All.

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