

<p>Cabinet</p> <p>10 January 2017</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Will Tuckley, Chief Executive and Acting Corporate Director – Communities, Localities & Culture</p>	<p>Classification: Unrestricted</p>
<p>Contractual arrangements for commercial and community events</p>	

Lead Member	Councillor Asma Begum, Cabinet Member for Culture
Originating Officer(s)	Shazia Hussain - Service Head - Culture, Learning & Leisure
Wards affected	All wards
Key Decision?	Yes
Community Plan Theme	A great place to live

Whilst the majority of this report is unrestricted, by virtue of section 100A of the Local Government Act 1972 and paragraph 3 of Schedule 12A of the Local Government Act 1972 paragraphs 3.16 to 3.17 and 3.23 to 3.24 are Exempt as they contain information relating to the financial or business affairs of any particular person (including the authority handling the information). Specifically, these paragraphs give specific financial details regarding the existing contract. The Information is exempt to the extent that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information as it could have an adverse impact on the procurement process.

Executive Summary

This report sets out the recommended contract approaches for two separate contracts relating to the management and delivery of commercial and community events.

The current *Victoria Park Commercial Events Concession Contract* has been in operation since 2014. The report outlines the management arrangements and how these arrangements link into and support the Council's Medium Term Financial Strategy (MTFS). Furthermore, it identifies additional management and Executive oversight measures introduced to further mitigate impacts on local residents for the 2016 event season. The existing contract expires at the end of 2017 and the report recommends that a new commercial event concession contract is developed and procured to enable the council to continue investment in parks, open spaces and community events as central government grant reduces further over the coming years.

Separately, the report sets out the contract approach for a new contract for

Production and Event Management Services for London Borough of Tower Hamlets Events. The Council delivers a variety of free to access community events of different scales and complexities. Events include the annual fireworks show in Victoria Park and the Boishakhi Mela. The existing contract for event management and production services has reached its value limit and a new contract is required to continue the delivery of community events.

Recommendations:

The Mayor in Cabinet is recommended to:

In relation to the *Production and Event Management Services for London Borough of Tower Hamlets Events* contract (contract reference CLC5193) :

1. Agree the procurement and subsequent awarding of a new *Production and Event Management Services for London Borough of Tower Hamlets Events* contract (for a period of two (2) years with an option to extend by one (1) year and a further one (1) year) based on the parameters set out in paragraphs □3.47 to □3.50 of this report;
2. Authorise the Service Head – Legal Services after consultation with the Corporate Director of Communities, Localities & Culture to execute and enter into all necessary agreements (For the avoidance of doubt, functions delegated by reference to job titles or posts includes an officer appointed to a named post on an acting, interim or temporary basis and functions delegated by reference to job titles or posts which have changed will continue in force and shall be exercised by officers whose duties include or most closely correspond to the duties of the post originally referred to);
3. Agree that the contract be entered onto the contract forward plan;

In relation to the *Victoria Park Commercial Events Concession Contract* (contract reference CLC5194):

4. Note the improved contract management and Cabinet oversight arrangements put in place for the current *Victoria Park Commercial Events Concession Contract* in advance of the 2016 event season;
5. Agree the procurement and subsequent awarding of a new *Victoria Park Commercial Events Concession Contract* (to take effect on 1st January 2018 for a period of four (4) years with an option to extend by one year) based on the parameters set out in paragraphs □3.42 to □3.46 of this report;
6. Agree that robust continuous improvement requirements are built into the new contract in order to provide continued focus on minimising the impact of events on local residents;
7. Authorise the Service Head – Legal Services after consultation with the Corporate Director of Communities, Localities & Culture to execute and enter into all necessary agreements (For the avoidance of doubt, functions delegated by reference to job titles or posts includes an officer appointed to a named post on an acting, interim or temporary basis and functions delegated by reference to job titles or posts which have changed will continue in force and shall be exercised by officers whose duties include

- or most closely correspond to the duties of the post originally referred to);
8. Agree that the contract be entered onto the contract forward plan;

In relation to the Tower Hamlets parks and open spaces estate:

9. Agree that officers continue to develop opportunities for commercial events activity outside the concession at all sites capable of accommodating the required infrastructure;
10. Agree that officers continue to develop opportunities for smaller scale income generating activity across the wider Tower Hamlets parks and open space portfolio.

1. REASONS FOR THE DECISIONS

- 1.1 The decisions are required as the current contracts relating to event delivery are either expiring or have reached their maximum value. In line with the Council's Constitution and Procurement Procedures, the Mayor in Cabinet is asked to agree the contract strategies for new contracts relating to commercial and community events.

2. ALTERNATIVE OPTIONS

- 2.1 The main body of this report and the recommendations set out the preferred options for future commercial and community event activity. In developing the preferred options, the following alternative options were considered.
- 2.2 In relation to the *Victoria Park Commercial Events Concession Contract*:
- 2.3 *Re-tender from 2018 with an upper audience capacity of 25,000 to 30,000*
- 2.4 A lower event capacity of 25,000 to 30,000 maximum attendances would lead to some reduction in impact on local residents. However, event impact is not directly proportionate to capacity. Some impacts increase to some extent with larger capacity crowds whilst others remain broadly the same. Event income is proportionate to attendance.
- 2.5 Traffic management and external management arrangements are a key factor in the planning for major events. Safety, security and infrastructure requirements placed upon all events above a capacity of 10,000 are broadly similar.
- 2.6 While larger crowds have an increased potential for anti-social behaviour, this risk can be managed through improved stewarding. Larger crowds also take longer to disperse and as a consequence disruption in the local area is in place longer than for lower capacity events.

- 2.7 Based on previous soft market testing, feedback during the previous tendering exercise, and knowledge of the London events market, a reduced capacity option of between 25,000 to 30,000 would limit the market of potential bidders.
- 2.8 Current MTFS savings targets would need to be reviewed or service provision in the parks service would need to be reduced. Funding to meet the requirements of the Heritage Lottery Fund Business Plan to meet £100,000 from events income per annum may need to be made available from the general fund if sufficient income cannot be generated from lower capacity events.
- 2.9 *Cease all large commercial festivals in Victoria Park*
- 2.10 This option would remove all major commercial event impact on local residents. It would also remove the guaranteed income that a concession contract provides. The income that could be generated from smaller events such as running or other small scale events, if it were decided that these were to continue, are unlikely to meet current MTFS targets and these would need to be revised downwards or service provision in the parks service would need to be reduced. Funding to meet the requirements of the Heritage Lottery Fund Business Plan to meet £100,000 from events income per annum may need to be made available from the general fund if sufficient income cannot be generated from smaller and/or fewer events. Costs to the council of managing commercial events activity may also increase as dealing with a multitude of promoters would require higher levels of contract and event management resource.
- 2.11 In relation to the *Production and Event Management Services for London Borough of Tower Hamlets Events* contract:
- 2.12 *Do nothing / do not let a new contract*
- 2.13 The current contract for production and event management services used by the Arts, Parks & Events service has reached its maximum value. Further orders cannot be placed against this contract. If a new contract is not let, each event would require individual quotations or tendering processes. Other council services delivering events are currently seeking individual quotations for event management and production services as and when they need them. This would need to continue.
- 2.14 Letting the existing contract expire without letting a new contract is not considered appropriate. Managing tenders and quotations on a case by case basis would not be consistent with efficient service delivery. Such an approach would also offer reduced buying power. A do nothing option would not meet the council's Best Value duty.

3. DETAILS OF REPORT

3.1 Background and context

3.2 Parks and open spaces are an important resource in densely populated inner-city areas such as Tower Hamlets, where residents have limited access to private gardens. Open spaces provide a place to relax, play, be physically active and meet others. They contribute to mitigating the effects of climate change, help reduce impacts of flooding, and improve air quality. They are spaces in which wildlife can flourish in urban areas.

3.3 Continued austerity measures and reducing government funding at the same time as significant cost pressures in statutory services such as social care and waste disposal means that local authorities are identifying alternative ways of paying for discretionary services such as parks, open spaces and community cultural events. Approaches taken include generating additional income from buildings within parks or charging for the use of facilities which in the past have been free. Some authorities have, for example, introduced charges for the use of some play areas.

3.4 It is recognised that large scale commercial events in parks can have an impact on residents in the vicinity of the site. At the same time, a structured and carefully managed programme of such events can make a significant contribution to the funding that is needed to deliver free to access community events and to maintain parks and open spaces which are experiencing increased use from a growing population.

3.5 As part of the budget setting process for 2011/12, Full Council approved an income target of £200,000 from commercial event activity in parks and open spaces and as part of the 2012/13 budget setting round, Full Council agreed a further increase in the target of £90,000. As part of the approval of the Heritage Lottery Fund Victoria Masterplan project £250,000 of ongoing revenue support was required. To avoid an additional call on the General Fund, £100,000 of this was required to be contributed by commercial events income with the rest being achieved via the realignment of revenue spend within the Arts, Parks and Events Service. This brings the total annual commercial events income target to £390,000. In addition to supporting continued investment in parks and open spaces, income generated from commercial event activity also supports the delivery of free to access community events such as the annual Victoria Park fireworks event, which was re-instated in 2015.

3.6 Current event activity in Tower Hamlets parks and open spaces

Park and open space events venues

3.7 Community, charity and commercial events take place across a variety of parks and open spaces in Tower Hamlets. The borough has a large number of parks and open spaces, although most, with the exception of Victoria Park

and Millwall Park, are not well suited to host commercial and community events of significant scale.

- 3.8 While there is some scope for developing wider income generating events use of parks across the borough, this would be limited to small scale corporate activity, such as brand events, experiential marketing etc. It is highly unlikely that there would be significant market interest from any major commercial events operator for parks other than Victoria Park. Major commercial and community events require infrastructure that can safely hold and disperse large numbers of people.
- 3.9 There is scope for further development of medium scale commercial and community event activity on Millwall Park, although there are limitations due to access and site constraints as a result of weight restrictions across areas of Millwall Park, due to the DLR.

The Victoria Park Commercial Events Programme

- 3.10 A major commercial events programme has been taking place in Victoria Park since 2005. Prior to 2014 large-scale commercial events operators applied on a yearly basis via an application process to the Council's Arts, Parks and Events Service and the programme was delivered by a range of different event promoters. This was less than satisfactory providing the council with less time to establish effective working relationships with the promoters who had less of a stake in developing said relationships and managing the events properly. Such an ad hoc approach also resulted in an unstable income stream, which can have a substantial impact on services in a period of continued budget pressure.
- 3.11 In view of the above, in 2013 a major commercial event concession opportunity for Victoria Park was advertised. The tender opportunity was available to one supplier or consortium for a three year period from 2014 - 2016 with the opportunity for a one year extension in 2017. Lovebox Festival Limited was the successful bidder. Since then, Lovebox Festivals Limited has become part of Live Nation, one of the largest event promoters globally.
- 3.12 The contract arrangement is for the payment of a fixed fee to the Council for each year paid annually across the life of the contract. This fee is payable in full regardless of whether the concessionaire makes full use of the annual maximum permitted event days or not.
- 3.13 The current guaranteed contractual fixed fee covers the concessionaire (and its sub-contractor) to hold seven (7) event days as set out below:
- three event days at a capacity of 30,000;
 - one event day at a capacity of 20,000;
 - one event day at a capacity of 15,000;
 - one event day at a capacity of 10,000; and
 - one event day at a capacity of 5,000

- 3.14 The contractual arrangements also allow the concessionaire to increase the capacity of events and the number of event days to the following maximum limits, subject to payment of a top-up fee per head of capacity over and above the fixed-fee capacities set out above:
- Six event days between 15,000 and 40,000 attendees
 - Four event days between 5,000 and 15,000 attendees
- 3.15 While the concessionaire has a fixed fee arrangement for seven event days per annum, to date they have only exercised their option on five of these days whilst still being required to maintain the same fixed-fee payment. If they wished, they could exercise the option on these additional days within their fixed-fee.
- 3.16 This paragraph is exempt from publication.
- 3.17 This paragraph is exempt from publication.
- 3.18 In order to deliver the events covered by the contract, the concessionaire and sub-contractors are required to obtain the necessary premises licences. There are currently two time-limited premises licences in place for Victoria Park. Both cover the period 1st May 2014 to 30th September 2017 (taking account of the one year optional extension to the contract). A range of conditions relating to crowd management, noise levels and event management are attached to the licences.
- 3.19 Other commercial activity
- 3.20 In addition to the Victoria Park Commercial Events Concession Contract there is a range of smaller commercial events, one off corporate events (such as brand promotions and corporate staff team building activities), fairgrounds and commercial and charity runs.
- 3.21 In 2015, events outside of the major events commercial concession generated £165,177 from over 30 different events, with much of this coming from running events. The majority of this activity takes place in Victoria Park, largely because it has the required space to host 5k - 10k runs and is attractive to corporate clients, due the location of the park, surrounding amenities, transport and footfall during the spring /summer months. Other events outside the concession include Oktoberfest and Winterville.
- 3.22 The majority of outdoor events activity is seasonally driven. Most of the activity takes place between May and September and the majority of interest is for weekend dates. It is therefore useful to continue to stage events such as Winterville and Oktoberfest, which fall outside of the main event season.
- 3.23 This paragraph is exempt from publication.
- 3.24 This paragraph is exempt from publication.

- 3.25 Improved contract and event management arrangements
- 3.26 Major events can have an impact on the immediate area and residents surrounding the event site as set out elsewhere in this report. It is recognised that in the initial years of the current concession, contract management arrangements required improvement.
- 3.27 In order to minimise the impact on the local area and its residents the Arts, Parks and Events Service works closely with the promoters to build in measures to reduce adverse impacts during the planning stage of the events. Decisions on improvement measures are informed by feedback received from residents, councillors and visual assessments made during the event through the multi-agency Event Liaison Team, which includes officers from the council, the Metropolitan Police and other emergency services.
- 3.28 In relation to the Lovebox weekend, for example, this has led to year on year improvements throughout the contract period, with increased spend by the concessionaire on stewarding, toilet provision and cleaning both on and off site in the streets off the main routes to and from the park.
- 3.29 A new system for monitoring the impact of noise levels and making live time adjustments have seen a dramatic impact in lowering the number of complaints. Noise complaints on event days for Lovebox peaked at 124 in 2013 (over 2 days). Since then they have dropped significantly to 19 in 2014 (over 2 days), 16 in 2015 (over 3 days) and 19 (over 3 days) in 2016.
- 3.30 In response to feedback from the 2015 event, improved Executive oversight arrangements have been put in place by the Mayor. Feedback meetings have taken place between the Mayor, councillors for wards near Victoria Park and key concessionaire personnel.
- 3.31 This has resulted in increased numbers of stewards, improved steward briefing and supervision along with new positions covering hot spots that are of particular concern for local residents and which were not previously covered. These have had a noticeable improvement on both ingress and egress. Additionally, a reworked cleaning regime has seen significant improvement of street cleanliness during and after the events.
- 3.32 In 2016 the external egress management for the Lovebox event was improved through the implementation of a dedicated Egress Manager and security / stewarding personnel. The numbers of stewards overall has increased significantly.
- 3.33 The number of security personnel deployed during Lovebox in 2015 and 2016 is indicated below:
- Ingress (arriving):
 - Security – 2015 - 24 staff / 2016 – 39 staff uplift 14
 - Volunteer stewards – 2015 – 31/ 2016 68 uplift 37

- Egress (leaving):
 - Security – 2015 - 145 staff/ 2016 – 200 staff uplift 55
 - Additional security in part covered new locations in Bethnal Green and additional barriered side streets.
- 3.34 The concessionaire has increased the provision of external toilets. In 2015 there were 3 x external toilet blocks and 1 x block in the park near the main exit as indicated below.
- 10 x cubicle units opposite Mile End Station in front of the Territorial Army Centre,
 - 3 x covered urinal units (each containing of 6 x urinals) and 6 x cubicle units opposite “The Vic Pub” on Grove Road,
 - 10 x cubicle units on Old Ford Road opposite Mace Street,
 - 10 x cubicle units inside Crown Gate East, which are highly visible to festival visitors leaving the site,
 - 12 additional cubicle units were sited on main routes in 2016.
- 3.35 Waste management arrangements externally have improved significantly in 2015. The provision has doubled in scale to include a full sweep of Old Ford Road and Grove Road throughout the day. Additionally any streets that could not be accessed after the event, due to noise disturbance, were cleaned by litter pickers from 5am the following morning. All cleaning costs are paid for by the promoter. In 2016 Haverfield Road and Clinton Road were added to the cleaning map after feedback from the Executive oversight group.
- 3.36 *Future arrangements for major commercial events in Victoria Park*
- 3.37 The market for major commercial events in London
- 3.38 The London commercial festival market has seen a growth in activity. In 2005, when Lovebox was first staged in Victoria Park, there were few other commercial events being held in park venues with the exception of Hyde Park and Clapham Common. Today, the supply of venues is becoming saturated as more and more local authorities look to find ways of generating income through use of their parks.
- 3.39 In 2016 and 2017, the London festival market is expected to grow further. Early signs indicate that the series of Barclay Summertime events in Hyde Park will continue and further events will be held in Finsbury Park (LB Haringey), Blackheath Common (LB Lewisham), Clapham Common (LB Lambeth), Brockwell Park (LB Lambeth), and Haggerston Park (LB Hackney) as well as further afield in Upminster. However, with supply of venues also growing significantly this does not necessarily mean that the council can expect to increase income from this activity.
- 3.40 Charges for venue rental are a key factor in attracting event producers but there are other factors that make Tower Hamlets a popular choice, not least the professional event management experience of hosting and managing

large events built up over many years. The East End is also seen as an area widely associated with the creative energy of London amongst the target demographic of most interest to event producers.

- 3.41 It is difficult, but not impossible, to benchmark the Council's fee charging against other Boroughs and commercial venues as they understandably are sensitive about giving this information to potential competitors. At the time of the original tendering process for Victoria Park, the Council required all bidders to commit to a minimum fee per head payable by the concessionaire and this was based on available information on what other venues were charging. Locations such as Hyde Park command the ability to charge premium fees whilst Finsbury Park, a nearby competitor, is at the lower end and below the Tower Hamlets minimum per head fee. It is proposed that this approach is repeated for the new contract.
- 3.42 A new Victoria Park Commercial Events Concession Contract
- 3.43 The commercial events programme makes a significant contribution to agreed MTFs savings. If the council wishes to generate current levels of income from events in the future then the most financially viable option would be to continue with a major commercial events programme through the provision of a concession opportunity, based on the current contract parameters in terms of event days, location, capacity and hours of operation. The contract value is expected to be £300k to £600k of income per annum, resulting in a total income value of £1.5m to £3m over the proposed contract term.
- 3.44 Given the significant contribution earned income is making to the council's budget for parks, open spaces and free to access community events, this report recommends that a new Victoria Park Commercial Events Concession Contract is offered to the market based on the parameters set out below:
- The new concession would operate from 1st January 2018 for a contractual period of four years with an option to extend by a further one year. This represents an increase of one year over the current contract term. The increased term is recommended in response to soft market testing and feedback received from potential bidders during the previous tendering process.
 - The concession would allow the concessionaire to stage up to ten large commercial event days per year in Victoria Park. Large is defined as anything over 5,000 and up to 40,000 capacity.
 - Six event days would have a capacity between 15,000 and 40,000
 - Four event days would have a capacity between 5,000 and 14,999
 - Bidders will be required to guarantee a minimum annual fee to secure the concession.

- Only one set of consecutive weekends of large commercial events per year will be permitted.
- Event finish times and days to be as follows:
 - 11pm on Fridays and Saturdays
 - 10.30pm on Sundays and Bank Holiday Mondays
 - 8pm on Monday to Thursday unless Monday is a Bank Holiday, provided those days are immediately prior to or immediately after an event weekend

Officers consider that this amendment to the event timings and days could potentially reduce impact on residents as weekday events would have an earlier finish time whilst counting towards the maximum number of event days permitted per year. Linking weekday events to weekend events also has the potential to reduce the number of event periods in any year, thereby reducing disruption from event site construction and removal.

3.45 In addition to the parameters above, the following measures will be built into the tendering process. These build on the improved Executive oversight arrangements put in place for the 2016 event seasons, with an aim to further improve the management of the events and minimise the impact of residents in the vicinity of Victoria Park.

- A requirement of a minimum of two resident consultation and engagement meetings (pre and post event) linked to each event weekend.
- A requirement to meet with the Mayor and Cabinet to enable feedback from residents and local businesses to be addressed.
- A commitment to provide adequate stewarding, barriers and temporary toilet provision at key stated locations for events over 15,000. Details of the exact locations will be included in the tendering documentation and will be informed by existing event de-brief information.
- A requirement to provide detailed stewarding plans for each event which would include positions, levels of training, command structure and clarity on how positions will be monitored during the event.
- A requirement to put in place litter collection on surrounding roads which reflect previous similar events but also have flexibility to respond to problems arising on the day. Details of the exact locations will be included in the tendering documentation and will be informed by existing event de-brief information.
- A scored section of the tender process which asks bidders to directly address how they will mitigate the impact of their proposed events on

park users and local residents during the build, take down and events days. The response to this must include detailed noise management plans and management of ASB off site.

- Additional to multi agency debriefs a separate performance review of every event day against contractual obligations set out within the terms and conditions.

3.46 In summary, the potential benefits of the recommended contracts approach are:

- a guaranteed income over the contract period providing funding to maintain the quality of the Council's parks that would otherwise not be available under current budgeting arrangements;
- a stable management relationship over the period of the contract allowing for more effective partnering arrangements regarding event planning and improvements;
- improved local impact management and resident feedback arrangements to inform detailed planning for following year's events;
- a more solid basis for medium term financial planning during a period of austerity.

3.47 *Future arrangements for community event production and event management*

3.48 A new contract for Production and Event Management Services for London Borough of Tower Hamlets Events

3.49 The community events programme celebrates the diverse cultures of Tower Hamlets and brings people from different communities together, thus contributing to the aims of One Tower Hamlets. The free to access community events programme is in part funded through income generated from the Victoria Park concession and other commercial activity across the parks and open spaces estate. The current contract for event management and event production services has reached its value limit and can no longer be used.

3.50 In order to successfully deliver the popular free public events programme for residents in the future, including the Boishakhi Mela and Victoria Park Fireworks events, it is recommended that a new contract for *Production and Event Management Services for London Borough of Tower Hamlets Events* is offered to the market on the following basis:

- The contract will be for a maximum of four years (2 years + 1 year optional extension + 1 year optional extension) and will commence in spring 2017.
- The estimated value for this contract is up to £965k over the full four years.

- Year 1 of the contract would not include services for the Boishakhi Mela as this will be awarded separately due to the timescales available for delivering the event in late spring / early summer.
- The estimated total value allows for the delivery of key Council cultural events and also for the supplier's services to be utilised by the wider council. As the Council is unable to guarantee the schedule of events across the lifespan of the contract it is recommended that an option for other Council services to use this contract to support production and event management is included within the scope of the tender. Other departments across the organisation are currently procuring such services on an ad hoc basis.
- A single contract will assist the Council to obtain best value by making the tender more commercially attractive and is considered the most effective use of resources, both in terms of staffing and asset use.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 It is a requirement of the Council's contract Procedure Rules Paragraph 7 that "The contracting strategy and/or award of any contract for goods or services with an estimated value exceeding £250k, . . . , shall be approved by the Executive in accordance with the Procurement Procedures".
- 4.2 This report sets out the contract management arrangements in place for Commercial Events in Victoria Park. The current contract is due to end in December 2017 and therefore approval is sought for the procurement of a new commercial event concession contract to commence from 1st January 2018 for a period of four years, with the option to extend by one year. The indicative values sought for the concession contract procurement are set out in Paragraph 3.44.
- 4.3 The report also sets out the approach to the procurement of a new Production and Event Management Services contract for a period of two years with an option to extend by one year plus one. This provides a maximum period of four years at a value of up to £965k. The procuring of events management services on an ad hoc basis does not secure value for money for the Council in terms of service delivery and cost implications that a new procurement can achieve.
- 4.4 The alternative options for the concession contract mentioned in the report consider the reduction in audience numbers or the ceasing of all large commercial festivals in Victoria Park. There is the potential for these options to have an adverse result, impacting negatively on investment, maintenance and upkeep of the Park. There will also be an impact on the funding support required to meet the Heritage Lottery commitment.
- 4.5 The current parks events contract commenced in 2014 and was for 3 years with a one year optional extension. In addition to the income received from the Victoria Park commercial concession events contract additional income was

generated from the smaller commercial events and activities which contributed towards the cost of maintenance and the service being able to meet its income target of £390k in the base budget.

- 4.6 In 2015/16 income totalling £165k was achieved from the smaller commercial events and activities which contributed towards the cost of maintenance and management of the parks and opens spaces. This income is not guaranteed and cannot be relied upon as an annual source of funding
- 4.7 The extent to which sufficient resources can continue to be identified to fund future events and investment in parks will need to be considered in the light of available resources, and the impact on the council's Medium Term Financial Strategy (MTFS) process.
- 4.8 The scope of this report is limited to consideration of opportunities presented by a single concession contract around the Council's park(s). As part of developing the MTFS for 2017 onwards, there will need to be a much broader consideration of the Council's approach to developing and managing commercial opportunities aligned to an Income Generation Strategy.

5. LEGAL COMMENTS

- 5.1 It is a requirement of the Council's constitution that "The contracting strategy and/or award of any contract for goods or services with an estimated value exceeding £250,000, and any contract for capital works with an estimated value exceeding £5,000,000, shall be approved by Cabinet in accordance with the Procurement Procedures".
- 5.2 This report is seeking agreement to the procurement and subsequent awarding of a new *Production and Event Management Services for London Borough of Tower Hamlets Events* contract (for a period of two (2) years with an option to extend by one (1) year and a further one (1) year) based on the parameters set out in paragraphs 3.47 to 3.50 of this report.
- 5.3 Further this report is seeking agreement to the procurement and subsequent awarding of a new commercial event concession contract for Victoria Park (to take effect on 1st January 2018 for a period of four (4) years with an option to extend by one year) based on the parameters set out in paragraphs 3.43 and 3.47 of this report. A concession contract is one where the contractor can exploit something belonging to the council for its own direct financial gain. For example, keeping in the whole or in part the money from sales of tickets for an event.
- 5.4 The tendering of Concession contracts are subject to European Law following the implementation of the Concession Contracts Regulations 2016. However, these regulations only apply where the value of the contract exceeds £4,104,394. Where these regulations do apply then the council would have to advertise the procurement in Europe; abide by some minimum timescales (a

tender of at least 30 days as an example); and ensure the award criteria meet a minimum standard of non-discrimination, openness and transparency.

- 5.5 It is notable however, that where the tender is below the threshold mentioned in paragraph 5.3 the council is still subject to the general duty principles of fairness openness and transparency as the council is a public contracting authority and subject to the treaty on the Operation of The European Union.
- 5.6 However it is formed, the contract must also ensure that any funds expended under it is spent under terms that enable the proper monitoring of outcomes to demonstrate that the money achieves the appropriate outcomes for which it is spent and therefore, demonstrates the achievement of Best Value.
- 5.7 The Council has a duty to achieve Best Value in respect of its expenditures. This is by virtue of Section 3 of the Local Government Act 1999. It satisfies this duty by subjecting its expenditure to competition in accordance with its constitution. Therefore, a competitive tender must be undertaken in respect of expenditure for these services beyond that for which the council already has a contract
- 5.8 The Council must also ensure that it fully understands the impact on persons with a protected characteristic that the changes in this report may represent for the purposes of the Equality Act 2010. It may therefore need to undertake desktop evaluations and where appropriate carry out equality consultations with effected residents. Any change of venues of any particular long standing event is also likely to trigger the necessity for consultation and engagement with the Council's Planning function. Also in the event of significant change in the overall strategy for the delivery of Best Value in respect of the Council's function of delivering events then this could also trigger the need for consultation under section 3(2) of the Local Government Act 1999.
- 5.9 Finally, these events will require a Premises Licence pursuant to the Licensing Act 2003. Applications for such Licences are considered by the council as Licensing Authority and bidders will need to be advised that they will have to apply for a Premises Licence.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 Events income contributes significantly to the maintenance and provision of parks and open spaces across the borough and the delivery of free to access community cultural events. Parks and open spaces and events are open to all residents from all backgrounds and protected characteristics. Generating income from a Victoria Park Commercial Event Concession enables the council to continue investing in parks and open spaces and free community events at a time of reducing budgets, thereby benefitting all residents.
- 6.2 Major events have localised, time limited impacts. These are not considered to be affecting any particular protected characteristic disproportionately. Localised impacts are minimised through contractual requirements to

continuously improve event management arrangements and by limiting the number of event days in line with the parameters set out in this report.

- 6.3 Community events contribute to the aspirations of One Tower Hamlets by celebrating the diverse communities of the borough and bringing together people from different backgrounds.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 The existing Victoria Park Commercial Event Concession contains arrangements for continually improving the management of events in Victoria Park and for reducing negative impacts resulting from events. It is recommended that a future commercial events concession contains enhanced arrangements building on these. A more ad hoc approach to attracting events to Victoria Park is considered less likely to secure continuous improvement as promoters would not be in an ongoing contractual relationship with the council.
- 7.2 A single event concession for Victoria Park focussed on a smaller number of large events is considered the most effective use of resources, both in terms of staffing and asset use. The approach allows for more effective contract management arrangements, which could not be achieved with a multitude of contracts for smaller events. Furthermore, the focus on a smaller number of large events also makes effective use of Victoria Park as an asset while minimising impact on park users and nearby residents.
- 7.3 This report recommends that a competitive bidding opportunity for a major commercial event concession be put to the market. The contract parameters set out in this report are considered to provide a commercially attractive proposition to the market whilst limiting the impact on park users and local residents.
- 7.4 In addition, the report seeks approval to offer to the market a contract for event production and management services to support the delivery of the council's free to access community cultural events programme. A call off contract, covering event management and production services for the whole of the council is recommended. At present services other than the Arts, Parks & Events service, obtain quotations for such services on an ad hoc basis. Moving to a single contract which can be accessed by teams across the council demonstrates continuous improvement in line with the council's Best Value duty.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 Events income contributes significantly to the council's budget for maintaining and improving parks and open spaces. Open spaces provide effective mitigation for flooding and air quality issues. It is acknowledged that events can have short term impacts on the park in which they take place. These impacts are minimised through contractual arrangements and licensing conditions. Event organisers are required to make good any localised damage

caused. It is considered that the benefit of continued investment in the green infrastructure of the borough in a time of reducing budgets outweighs the short term site specific impacts.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 The recommendations of this report seek to mitigate budgetary risks to the council's agreed MTFs by securing guaranteed events income for a number of years. This approach will provide a more stable and predictable environment for year on year budgeting.
- 9.2 Risks associated with the approach are similar to those for all major procurement exercises and include lack of interest from the market and challenges from unsuccessful bidders. These risks will be mitigated by appropriate market engagement, the development of a commercially attractive concession offer, and close working with the council's procurement and legal services.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 The current Victoria Park Commercial Events Concession contains provision for continuous improvement to event management arrangements in order to minimise any potential negative impact from major events. This has resulted in a reduction of adverse impacts over the life of the contract. It is proposed that a new concession for Victoria Park builds on these arrangements.
- 10.2 All major events, commercial and free to access, are subject to multi-agency planning, including the relevant emergency services. In addition to the contractual requirements, the premises licensing process provides for further mitigation through licensing conditions.

11. SAFEGUARDING IMPLICATIONS

- 11.1 There are no specific safeguarding implications.

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- Appendix 1: Exempt paragraphs
- Appendix 2: Equalities Impact Assessment

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None

Officer contact details for documents:
N/A