

TITLE OF REPORT

GENERAL EXCEPTION REPORT

PROVISION OF CATERING SERVICES AT CLISSOLD HOUSE AND PARK CAFÉ

CONTRACT APPROVAL

Key Decision No. N/A

CPC MEETING DATE (2019/20)

9 September 2019

CLASSIFICATION:

Open with exempt appendix

By Virtue of Paragraph(s) 3, Part 1 of schedule 12A of the Local Government Act 1972 appendices 1&2 are exempt because they contain information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

WARD(S) AFFECTED

ALL

CABINET MEMBER

Cllr Feryal Clark (Deputy Mayor & Cabinet Member for Health, Social Care, Leisure and Parks)

KEY DECISION

Yes

REASON All Wards
GROUP DIRECTOR Kim Wright (Group Director, Neighbourhoods and Housing)

1. CABINET MEMBER'S INTRODUCTION

- 1.1 Hackney has one of the largest expanses of parks and green space in inner-London, with 58 sites across the borough totalling some 282 hectares - ranging from major parks and green spaces such as Hackney Marshes, Clissold Park and Abney Park to small gardens such as Hoxton Square and Church Street Gardens.
- 1.2 The Council has long recognised the impact that quality parks and green spaces can have on the achievement of its vision and objectives and has therefore placed a high priority on improving its parks and green spaces, with over £25m of investment in them since 2010.
- 1.3 The Council is committed to continuing to deliver improvement to its parks and green spaces and is currently seeking a new cafe operator for Clissold House and Park, one of Hackney's best loved parks.
- 1.4 Clissold Park was opened in 1889, and has held a Green Flag award since 2006. Clissold Park and House were renovated in 2011 as part of an £8.9million Heritage Lottery Fund restoration programme, with a brand new cafe opened as part of the project.
- 1.5 The cafe is a popular facility within the Park, and important for generating income to help maintain parks and green spaces across Hackney. The current cafe contract ends in October 2019, and a new operator is required to run the cafe from November 2019.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1 This report seeks approval for the appointment of a new cafe operator for Clissold House and Park, with the contract starting in November 2019.
- 2.2 An Invitation to Tender was advertised in May 2019, with 4 operators expressing an interest in the opportunity. Following a competitive procurement exercise, it is recommended that the contract is awarded to Provider C.

3. RECOMMENDATION(S)

- 3.1 Cabinet Procurement Committee is recommended to approve the award of the Concession Contract for Clissold House and Park Cafe to Provider C, as detailed in Table 1 at Exempt Appendix One, for a period of five years commencing in November 2019.

4. RELATED DECISIONS

- 4.1 A Low Risk Business Case requesting approval to carry out the procurement process was signed by the Group Director for Neighbourhoods and Housing on 18 April 2019.

5.1 REASONS FOR DECISION/OPTIONS APPRAISAL.

- 5.1.1 One of Hackney's best loved parks, Clissold Park, was opened in 1889 and has held a Green Flag award since 2006. Green Flags are awarded annually to the best green spaces in the country. Clissold Park and House were renovated in 2011 as part of an £8.9 million Heritage Lottery Fund restoration project. Clissold House is a Grade II* listed building in the middle of Clissold Park that hosts community bookings, weddings, meetings and parties.
- 5.1.2 The café in Clissold House is currently operated by a service provider. It is open to the public seven days a week (except Christmas Eve and Christmas Day) from 8.30 a.m. – 4 p.m. As well as being a popular destination for park users, the cafe contributes income to the Parks and Green Spaces Service, helping pay for maintenance of Clissold Park and other green spaces across Hackney.
- 5.1.3 The contract with the current service provider ends in October 2019, and a new operator is required to run the cafe from November 2019 for a period of five years.

5.2 ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

- 5.2.1 As part of the Business Case approved prior to the procurement process, the following options were considered:

5.2.1.1 In-sourcing

The catering provision was deemed to be unfeasible for this service. An In-sourcing report has been appended to this report in Exempt Appendix 2.

5.2.1.2 Do Nothing

The current contract cannot be extended further. If a new contract is not awarded before the existing contract expires then the current operator would be delivering without contract, or the provision would cease without an alternative solution in place.

5.2.1.3 External Framework

No external procurement frameworks were identified that would be suitable to this contract.

6. PROJECT PROGRESS

6.1 Developments since the Business Case approval.

6.1.1 None.

6.2 Whole Life Costing/Budgets:

6.2.1 The new café concession contract will contribute £50,000 a year to the Libraries, Leisure and Green Spaces Service's budget, from a base rent charged to the cafe operator. There will also be a profit sharing element within the new contract, based on a percentage of annual turnover over £500,000, which will contribute further to the Service's budgets.

6.3 SAVINGS

6.3.1 No savings have been identified, however the base rent of £50,000 will contribute to the Libraries, Leisure and Green Spaces Service's budget, and further income may be generated through the profit share with the new cafe operator.

7. SUSTAINABILITY ISSUES

7.1 Equality Impact Assessment and Equality Issues:

7.1.1 Given the diverse communities who use Clissold Park, it is important that Clissold Park cafe provides food options that cater to a wide variety of religions and diets. A sample menu was provided as part of the tendering exercise, but the final menu will be agreed with the Clissold Park Manager.

7.1.2 The new operator will need to be committed to collecting customer feedback and responding to it. The operator will meet regularly with the Clissold Park Manager to discuss this feedback, and to agree any resulting amendments to the cafe service, including any proposed menu changes.

7.2 Environmental Issues:

7.2.1 Café operators have the potential to generate significant amounts of waste, which contributes to landfill, and ultimately CO2 emissions. Water will be used by operators, as will electricity. Food will be delivered (likely by road), and customers will travel to the cafe to eat. The new caterer will be expected to minimise the environmental impact that their operation will have.

7.2.2 Sustainability was a key factor in the procurement process (with a specific question regarding reducing food waste, improving reuse and recycling rates and reducing food miles) and the proposed operator identified a number of initiatives to address this agenda, including:

- Drinks will be served in china/glass, or, for an improved price, customers can bring their own reusable cup. Any disposable cups used will incur an additional charge.
- For most soft drinks, a post-mix solution will be used to avoid single-use plastic bottles.
- Homemade drinks will be served from jugs into suitable receptacles.
- In the event that disposables are used, they will be fully compostable.
- Condiments will be served at the point of service. For example, sugar cubes rather than sugar sachets will be used.
- Coffee will be roasted on site to reduce the use of packaging.
- Menu engineering will ensure that the same ingredients are used in many different dishes, reducing waste levels.
- Educating staff on sustainability issues will be a key part of their training programme.

7.2.3 Contract monitoring meetings with the supplier will explore ways to continue to increase sustainability further throughout the contract.

7.3 Economic Issues:

7.3.1 The minimum required turnover for tenderers was reduced from the first time the opportunity was advertised, which enabled smaller businesses to apply for the opportunity.

7.3.2 The successful tenderer is required to ensure that all staff are paid the London Living Wage, in line with the requirements of Hackney Council.

7.3.3 The cafe provides a valuable employment opportunity for local people, and Hackney Council will work with the new operator to ensure that any future jobs in the cafe are advertised locally.

8. TENDER EVALUATION

8.1 Evaluation:

8.1.1 The projected value of the cafe contract falls underneath the EU threshold for concession contracts so the process was not subject to EU procurement rules. However, the general principles of the Regulations were followed in the process utilised to identify the winning supplier.

8.1.2 Prior to the launch of the tender, an advert was placed in an industry magazine, The Caterer, and the opportunity was advertised on Contracts Finder and via the London Tenders Portal. The Regeneration Team published information on the contract on the Invest in Hackney website, and in the Hackney Business Network newsletter circulated to 2500 businesses. The opportunity was also advertised via the Hackney Council and Hackney Business Twitter accounts. Information on the new contract was also sent out to a database of suppliers, held by the service area, who had expressed interest in the cafe previously.

8.1.3 An Open tender process was utilised and four bids were received. The list of suppliers is provided in Exempt Appendix 1.

8.1.4 The evaluation panel was made up of the Parks Development Manager, Clissold Park Manager, Venues General Manager and an external consultant, supported by the Procurement team.

8.1.5 The following evaluation criteria were applied to the bids:

Criteria	Weighting
Quality	65%
Relevant Experience	20%
Operational Proposals	35%
Design Proposals	10%
Cost	35%
Turnover Percentage	25%
Financial Planning and Forecast	10%
Total	100%

8.1.6 The evaluation panel scored the bid from Provider A as non-compliant as the quality and financial response documents were not provided.

8.1.7 The three remaining Providers were invited to give a 15 minute presentation on their vision and offer for the Cafe to the evaluation panel, followed by clarification questions. The presentations were not scored. A member of the Clissold Park User Group attended the presentations to represent the key stakeholders.

8.2 Recommendation

8.2.1 It is recommended that the contract for the cafe in Clissold House, Clissold Park is awarded to Provider C.

8.2.2 When quality and price were both taken into account, Provider C scored highest of all prospective tenderers. Provider C has experience of running cafe businesses in a number of locations across the country, including in a number of parks and green spaces.

8.2.3 Provider C demonstrated a strong commitment to sustainability, with a bid to reduce single use plastic and food waste. They have also committed to paying the London Living Wage to all staff.

8.2.4 In addition to paying £50,000 rent per year, Provider C has committed to sharing a percentage of all turnover above £500,000.

8.2.5 Provider C acknowledges that TUPE will apply to this contract, and has experience of TUPE transferring in a number of other venues.

8.2.6 The full scoring for the four cafe operators is as follows:

	Quality	Price	Total
Provider A	Non-Compliant Bid		
Provider B	43.6%	18%	61.6%
Provider C	39.8%	24.83%	64.63%
Provider D	33%	27%	60%

9. CONTRACT MANAGEMENT ARRANGEMENTS

9.1 Resources and Project Management (Roles and Responsibilities):

9.1.1 The contract will be managed and monitored by the Clissold Park Manager. The contract sets out the management expectations and mechanism for the relationship between the Council and the appointed service provider. The contract specification set out the frequencies of operational tasks, strategic meetings and the route for problem resolution. Performance will be measured against KPIs as part of the contract monitoring and will incorporate users' satisfaction with service provision, measured through regular customer satisfaction surveys.

9.1.2 The current operator has been very accommodating in providing information about the current cafe contract, and has offered to support the new operator during the handover period.

9.2 Key Performance Indicators:

9.2.1 The following broad KPIs were outlined in the Invitation to Tender. The specific indicators and measures will be agreed with the operator once appointed. Monitoring will take place at monthly contract monitoring meetings with the

Clissold Park Manager.

Main KPI Targets Set	Monitoring
Customer satisfaction	Customer feedback forms, user group feedback, complaints
Service	Mystery shopping, user group feedback
Quality	Mystery shopping, user group feedback
Sustainability	Use of single use plastics, recycling rates, food waste
Marketing	Use of social media to promote food offer, events and other activities

10. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 10.1 This report seeks approval for the appointment of Provider C to run the cafe in Clissold House and Park for the next 5 years, commencing November 2019
- 10.2 There is a guaranteed rental income of £50k p.a. which is £10k lower than the current contractor, but in addition the new provider is committed to sharing a percentage of turnover above £500k. There is a small risk, but if the cafe continues to operate at its current level the Council would be looking at a further income above the guaranteed £50k base rent.
- 10.3 Any risk is minimal as the chosen provider has experience of running cafe businesses in other locations across the country in parks and green spaces. The contract will be managed and monitored against specific identified key indicators by the Clissold Park Manager.

11. VAT Implications on Land & Property Transactions

- 11.1 Not Applicable

12. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE SERVICES

- 12.1 The services concession contract in this Report was assessed as low risk by the Council and therefore the Business Case was signed off at officer level in accordance with Contract Standing Order 2.5.2. However, the value of the contract to be awarded is higher than the Chief Officer’s authority under the Scheme of Delegation so under Contract Standing Order 2.5.3 the award of contract will need to be approved by Cabinet Procurement Committee. The value of a concession contract is the estimation by the contracting authority of the total turnover of the concessionaire generated over the duration of the

contract, net of VAT, and such estimate is above the sum of £2m and therefore this Report is being submitted to Cabinet Procurement Committee.

- 12.2 Details of the procurement process undertaken by officers are set out in this Report.
- 12.3 Legal Services will, subject to approval, assist with the drafting and execution of the applicable services concession contract as requested.

13. COMMENTS OF THE PROCUREMENT CATEGORY LEAD

- 13.1 The projected value of the cafe contract was below the EU Threshold for concession contracts and as such the process was not subject to EU procurement rules however, the general principles for the Regulations were followed.
- 13.2 The procurement process was managed by the Corporate Services Procurement Team with the involvement of the stakeholder department.
- 13.3 The opportunity was advertised in a Trade magazine, on the London Tenders Portal, and Contracts Finder, plus communicated to Hackney businesses via Twitter, a local business newsletter and the Invest in Hackney website. An Open tender process was utilised as market research indicated that the likely number of responses would be low.
- 13.4 An evaluation panel comprising experienced area managers and supported by Procurement evaluated the bids. Four bids were returned however one bid was scored non-compliant as the quality and financial response documents were not provided. The three remaining bids were evaluated on Quality and Cost as per the ITT documentation.
- 13.5 On completion of the evaluation, Provider C had the highest score. References for Provider C were checked and these were satisfactory.
- 13.6 It is therefore recommended that Cabinet Procurement Committee approve the award recommendation as detailed in paragraph 3.

APPENDICES

Exempt Appendix 1 - Tender Responses and Evaluation
Exempt Appendix 2 - Clissold House Cafe Insourcing Report

EXEMPT

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Exempt Appendix 1 - Tender Responses and Evaluation
 Exempt Appendix 2 - Clissold House Cafe Insourcing Report

BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

Description of document (or None)

None

Report Author	Sam Parry - Parks Development Manager Tel: 020 8356 4899 sam.parry@hackney.gov.uk
Comments for and on behalf of the Group Director of Finance and Corporate Resources	Gill Ashby Group Accountant Libraries, Leisure & Green Spaces. Tel: 020 8356 4789 Gill.ashby@hackney.gov.uk
Comments for and on behalf of the Director of Legal and Governance Services	Patrick Rodger, Senior Lawyer Tel: (020) 8356 6187 patrick.rodger@hackney.gov.uk
Comments of Procurement Category Lead	Susan Carran - Category Lead Finance and Corporate Resources Procurement Tel: 020 8356 2059 Susan.Carran@hackney.gov.uk