

<b>Committees:</b>	<b>Dates:</b>
Hampstead Heath, Highgate Wood and Queen's Park Committee	14 March 2016
<b>Subject:</b> Hampstead Heath, Highgate Wood and Queen's Park Cafés – Lease Award Report	<b>Public (with Non-Public Appendices)</b>
<b>Report of:</b> Superintendent of Hampstead Heath	<b>For Decision</b>

### Summary

The City of London Corporation has tendered the Hampstead Heath (including Golders Hill Park), Highgate Wood and Queen's Park Cafés as five separate leases. Companies could bid for multiple leases, though a separate response was required for each café being tendered.

In all, 28 tenders were received by the extended submission deadline from 15 catering companies, some of which bid for multiple leases. One of the bids received was non-compliant.

The aim of the tendering exercise was to make sure that the bids were of a high quality, that innovation was encouraged, that the bidders had understood the likely customer base and the location of each café, and that given these criteria, the City obtained the best price so that any additional income could be invested into the sites. For these reasons the bids were evaluated against set criteria for both quality and price (55% quality and 45% price). The evaluation was undertaken by the Constabulary and Queen's Park Manager, supported by Boyd-Thorpe Associates catering consultants. The City of London Procurement Team has overseen the procurement process. In relation to price, the evaluation includes both the financial offer to the City and the strength of the company's business plan (Appendix 2 & 5).

Members will see that this report refers to the tenders by reference number only (Company I, Company II and so on). The names of the recommended bidders are detailed in Appendix 6. The results have been presented in this way so that all parties can have access to the results without disclosure of the identity of the tenderers.

### Recommendations

Members are asked to approve the award of 3-year leases for Catering Services commencing 9 May 2016, to the following Companies (Appendix 6). This is the result of a tender process that took account of criteria reflecting the qualitative and sustainable aspects of each submission, as well as its price structure:

- Parliament Hill Café to **Company I**

- Golders Hill Café to **Company I**
- Queen's Park Café to **Company II**
- Highgate Wood Café to **Company I**
- Parliament Hill Lido Café to **Company III**

## **Main Report**

### **Background**

1. As an opportunity to market-test catering suppliers, develop food sales, and improve services and the offer available to our visitors, the Open Spaces Department Senior Leadership Team agreed to a tender process for the cafés at Hampstead Heath including; Golders Hill Park, Highgate Wood and Queen's Park. The objective of the tender process was to seek service improvement and best value from these catering outlets. The current operators are:

- Parliament Hill Fields Café and Lido – D'Auria Brothers.
- Golders Hill Park – Ginkgo Catering Services.
- Highgate Wood and Queen's Park – Brown and Saunders.

Meetings took place with all of the incumbents at least 12 months in advance of the tender process commencing via meetings with the Superintendent of Hampstead Heath. All were invited to tender for one or more of the cafés.

2. This report summarises the outcome of the tender evaluation and seeks approval to award each lease to the Most Economically Advantageous Tender. The price includes the financial offer to the City of London Corporation and strength of the company's business plan. Boyd-Thorpe Associates (the City of London's appointed catering consultants for this tender process) conducted detailed comparative analysis of the bids received for each lease, with each café being treated in isolation as a separate business venture (Appendix 2 & 5).
3. It was intended that this report be presented to the Committee in January 2016, to allow commencement of the leases on 1 March 2016. However, due to the volume of bids received and the submission deadline being extended, the lease commencement dates have been moved to 9 May 2016. Once the Hampstead Heath, Highgate Wood and Queen's Park Committee has given approval, the winning bidders will have 2 months to mobilise the new leases.

### **Tender Process**

4. The Tender process was overseen by the Open Spaces Cafés Programme and Project Board; this Board was led by the Superintendent of Hampstead Heath.

The Board was made up of internal stakeholders including City Procurement, Chamberlain's, City Surveyor's and Comptroller and City Solicitor's.

5. Advertisements initially inviting expressions of interest were placed on the CapitalEsourcing and City of London websites in September 2015. CapitalEsourcing is a tendering portal exclusively used by the City of London to invite tenders for their work. All suppliers are given the opportunity to register on this portal to allow access to tender opportunities. The formal tender process for the Hampstead Heath Cafés went live on 4 November 2015 on the same web locations. An online advertisement was also placed on the Caterer website for a two-week period in November 2015. Locally, word of mouth was used to stimulate interest for the tender process at Queen's Park and the Parliament Hill Lido.
6. The tender documents comprised the Invitation to Tender (ITT), Heads of Terms, Service Specifications for each lease, a pro-forma response document (PQQ), a formal expression of interest, and a non-disclosure agreement. Heads of Terms were prepared by the City Surveyor's Department and Boyd-Thorpe Associates. The return date for completed bids was set at 18 December 2015. The City's Procurement Team Category Manager extended this deadline to 23 December 2015 for all bidders, in response to an issue experienced by one of the tendering companies. All communication relating to the tenders, including the submission of documents, was conducted via the CapitalEsourcing portal system messaging facility.
7. In keeping with the City of London's commitment to sustainability, bidders were asked to provide information relating to the proposed environmental management of the services. The recommended bidders were able to demonstrate their commitment to this by providing relevant information in their respective bids.
8. Bidders were able to tender for just one or all five premises, or any number between. The tenderer had to show what benefit there would be to the City if they were to be awarded more than one lease. Separate bids were required for each of the cafés being tendered for, so that, for example, a single bid could not be submitted for multiple cafés. At the evaluation stage, each café was treated as a separate business enterprise.
9. Boyd-Thorpe Associates conducted detailed comparative analysis of the bids received for each lease after the return date of 23 December 2015.
10. A total of 28 tenders were received for the five Cafés by the extended submission deadline, including bids from all the incumbent caterers. All bidders were invited to attend site visits to the Cafés, which took place between 19 November 2015 and 2 December 2015.
11. A tender evaluation matrix was developed, based on criteria deemed important for service delivery as set out in Appendix 1 (this formed part of the invitation to tender). A weighted score was calculated in the final column. Each 5% is equal to 1 weighted point. The bids were scored against a matrix of 0 = unacceptable to 4 = excellent. This matrix is shown in Appendix 1.

## Tender Evaluation Summary

12. A tender evaluation panel was set up to evaluate and assess the scores. It was mediated by City Procurement and comprised the Constabulary and Queen's Park Manager, supported by Boyd-Thorpe Associates. Bidders were expected to achieve suitable scores against key evaluation criteria, evidencing their ability to meet the City's high quality requirements. If there was significant doubt about what the tenderer intended, the tenderer was required to attend a clarification meeting to ensure their proposals were fully understood. Such meetings were held with six of the bidders (Appendix 7).
13. All tenders were evaluated on the basis of a 55% weighting for quality and 45% for price. The rankings for each site are shown in Appendix 2 & 5. The results of the evaluation process for each lease are set out below, together with their proposals for that particular Café. In all cases the assessment was made taking full account of the quality of the offer.
14. The key benefits of each recommended tender are listed in the table below.

Lease	Recommended Tenderer	Key Benefits
Parliament Hill	Company I	<ul style="list-style-type: none"> <li>• Improved menu offer and customer experience, particularly at peak periods.</li> <li>• Suggested menu is well designed and modern in design.</li> <li>• Menu based around a new wood-fired oven.</li> <li>• A significant investment by the tenant is proposed to improve the facility both cosmetically and the catering provision.</li> <li>• A high-quality catering partner with extensive experience in open space environments and a track record of increasing usage of open space cafés.</li> <li>• Greater company central support available for the lease.</li> <li>• Extend opening hours as far as demand allows.</li> <li>• Significantly increased income.</li> </ul>
Golders Hill	Company I	<ul style="list-style-type: none"> <li>• Improved menu offer and customer experience, particularly at peak periods.</li> <li>• Family focussed café that will appeal to all users.</li> <li>• Range of ice creams and sundaes served from kiosk.</li> <li>• Improved menu offer for children.</li> <li>• A significant investment by the tenant is proposed to improve facilities and the catering provision.</li> <li>• A high-quality catering partner with extensive experience in park environments and a track record of increasing usage of park cafés.</li> <li>• Greater company central support available for the lease.</li> <li>• Extend opening hours as far as demand allows.</li> <li>• Significantly increased income.</li> </ul>
Queen's Park	Company II	<ul style="list-style-type: none"> <li>• A popular, high-quality caterer with local knowledge.</li> <li>• Committed to a programme of local community engagement.</li> </ul>

		<ul style="list-style-type: none"> <li>• A significant investment by the tenant is proposed to improve facilities and the catering provision.</li> <li>• Improved menu offer.</li> <li>• External pop-up units will be used in peak periods.</li> <li>• Opportunity of increased income from top-up rent.</li> </ul>
Highgate Wood	Company I	<ul style="list-style-type: none"> <li>• Improved menu offer for this highly seasonal site to improve the customer experience throughout the year.</li> <li>• Summer will offer an outdoor pizza station and outside kiosk to support the café.</li> <li>• A high-quality catering partner with extensive experience in open space environments and a track record of increasing usage of park cafés.</li> <li>• A significant investment by the tenant is proposed to improve facilities and catering provision.</li> <li>• Greater central support available for the lease.</li> <li>• Significantly increased income.</li> </ul>
Parliament Hill Lido	Company III	<ul style="list-style-type: none"> <li>• Focus on healthier products.</li> <li>• An appropriate, limited menu.</li> <li>• Guaranteed income.</li> <li>• A regular Lido user operating the café.</li> <li>• Refreshment of the facility to improve the customer experience.</li> <li>• Investment by tenant is proposed to improve facilities.</li> <li>• Year-round opening.</li> <li>• Opening of café onto the Heath to offer general Heath users two, distinct catering offers to choose from.</li> </ul>

15. Tenderers have not yet confirmed their ability to mobilise the relevant lease(s) within the revised timescale but they have been made aware of the expected start date.

16. Contingency plans are being drawn up to ensure that there are no gaps in service throughout the transitional period.

### **Corporate & Strategic Implications**

17. The City of London Corporate Plan has three strategic aims. The delivery of this project will: provide valued services, such as education, employment, culture and leisure, to London and the nation.

18. The City of London sets out three core values in its Corporate Plan. The delivery of this project will aim to: provide services in an efficient and sustainable manner that meet the needs of our varied communities, as established through dialogue and consultation. The City of London Corporate Plan vision and strategic aims include; KPP2 Improving the value for money of our services within the constraints of reduced resources and KPP4 Maximising the opportunities and benefits afforded by our role in supporting London's communities.

19. The delivery of this project meets with the Open Spaces Business Plan Departmental Objective – Embed financial sustainability across our activities by delivering identified programmes and projects.
20. As part of the tendering process, and in accordance with the City of London Corporation's policy on the London Living Wage (LLW), all tenderers were requested to submit bids for the City's consideration that included prices inclusive of LLW. As these are leases, the tenant would not be obliged to pay the LLW. Each of the three selected suppliers has confirmed that they would pay the National Living Wage. In addition, with Company III paying LLW, and Company I paying LLW to its full time staff.

## **Implications**

21. The award of the leases has followed on from a procurement process in line with the City's Procurement Regulations. The key quality improvements for each Café from the recommended tenderer are summarised in Appendix 3. The guaranteed and potential top-up income from each site is shown in Appendix 4.
22. The invitation to tender outlined the tenderer's obligations to manage the transfer of the current workforce under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (known as "TUPE"). The successful tenderer will be deemed to have satisfied itself as to the applicability of TUPE and shall indemnify the City for any claims made by an aggrieved employee in connection with TUPE or otherwise and shall not itself bring proceedings against the City in connection with TUPE.
23. The announcement of the successful bids to the media will focus on the high-quality, affordable food that the new leaseholders will offer – as well as community benefits like locally sourced products and joint working with the Heath's Learning Team.
24. A communication plan is in place, should any negative publicity arise in the Local Press as a result of the outcomes of the tendering process.
25. Tenderers are clear that there will be no financial capital investment from the City of London in the Cafés as part of this tender process.

## **Conclusion**

26. Through tendering all five leases, we have responded to calls for an improved offer at our Cafés. We have conducted a comprehensive procurement exercise and bidders have been evaluated against criteria, that encouraged innovation, as well as an understanding the distinctive characteristics of Hampstead Heath, Highgate Wood and Queen's Park. The proposals will deliver changes to meet customer expectations, and any additional income generated will be invested back in to the sites.

## **Background Papers**

- Café Comparative Analysis Reports for Parliament Hill Fields, Parliament Hill Lido, Golders Hill Park, Highgate Wood and Queen's Park.

## **Appendices**

Appendix 1 – Tender evaluation criteria & Scoring Matrix (Public)

Appendix 2 – Bid evaluation ranking by site (Public)

Appendix 3 – Key quality improvements for each site (Non Public)

Appendix 4 – Additional income from each site (Non Public)

Appendix 5 – Bid evaluation ranking by site (Non Public)

Appendix 6 – Names of the recommended Companies (Non Public)

Appendix 7 – Bidders required to attend clarification meetings (Non Public)

## **Contact**

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**Appendix 1 (Public)**  
**Tender Evaluation Criteria & Scoring Matrix**

EVALUATION CRITERIA		Weighting
<b>Quality</b>	Catering Concept	20%
	Investment	5%
	Menu	15%
	Management Structure and Support	5%
	Food Safety and Environmental Management	5%
	References / experience	5%
	<b>Subtotal</b>	<b>55%</b>
<b>Price</b>	Strength of Business Plan	15%
	Financial Offer - Rental Payment	25%
	Financial Offer - Top Up Rent	5%
	<b>Subtotal</b>	<b>45%</b>

**Example of completed Evaluation Table**

<b>Caterer Name:</b>	
<b>Assessor Name:</b>	

	Score	Weighting	Weighted Score	Comments
<b>Quality</b>				
Catering Concept	2	20%	8	
Investment	2	5%	2	
Menu	2	15%	6	
Management Structure and Support	3	5%	3	
Food Safety and Environmental Management	2	5%	2	
References / experience	2	5%	2	
<b>Price</b>				
Strength of Business Plan - Sales Forecast and Profit and Loss Account Forecast	3	15%	9	
Financial Offer - Rental Payment	3	25%	15	
Financial Offer - Top Up Rent	2	5%	2	

<b>Total</b>	<b>21</b>	<b>100%</b>	<b>49</b>	
<b>Out of a possible</b>	<b>36</b>	<b>-</b>	<b>80</b>	



## Scoring Matrix

<b>Grade</b>	<b>Interpretation</b>	<b>Criteria</b>
0	Unacceptable	Nil or inadequate response. Fails to demonstrate an ability to meet the requirement.
1	Poor	Response is partially relevant but generally poor. The response addresses some elements of the requirement but contains insufficient/limited detail or explanation to demonstrate required capability and capacity to undertake the Lease.
2	Adequate	Response meets the requirements of the question is relevant and acceptable. The response provides sufficient evidence of required capability and capacity to undertake the lease but may lack details on how the requirement will be fulfilled in certain areas.
3	Good	Response performs well against the question showing a good level of relevant evidence of capacity and capability to meet the Lease requirements. The response is sufficiently detailed to demonstrate a good understanding and provides the majority of details on how the requirements will be fulfilled.
4	Excellent	Response performs strongly against the question showing substantial evidence of capacity and capability to meet the Lease requirements which is completely relevant and excellent overall. The response is comprehensive, unambiguous and demonstrates a thorough understanding of the requirement and provides full and well considered details of how the requirement will be met.

**Appendix 2 (Public)**  
**Bid evaluation ranking by site**

Parliament Hill Field Café

<b>Tenderer</b>	<b>Quality (55%)</b>	<b>Price (45%)</b>	<b>Total</b>
Bid A	50.0%	40.0%	90.0%
Bid B	40.4%	32.5%	72.9%
Bid C	42.5%	21.7%	64.2%
Bid D	30.8%	30.0%	60.8%
Bid E	28.3%	32.5%	60.8%

Golders Hill Park Café

<b>Tenderer</b>	<b>Quality (55%)</b>	<b>Price (45%)</b>	<b>Total</b>
Bid A	46.3%	37.5%	83.8%
Bid B	50.4%	28.8%	79.2%
Bid C	25.0%	37.5%	62.5%
Bid D	30.8%	27.5%	58.3%

Queen's Park Café

<b>Tenderer</b>	<b>Quality (55%)</b>	<b>Price (45%)</b>	<b>Total</b>
Bid A	50.0%	22.9%	72.9%
Bid B	42.1%	30.0%	72.1%
Bid C	37.1%	33.8%	70.8%
Bid D	43.8%	24.6%	68.3%
Bid E	40.4%	27.5%	67.9%
Bid F	44.6%	21.3%	65.8%
Bid G	28.8%	36.3%	65.0%
Bid H	24.2%	27.5%	51.7%
Bid I	30.0%	20.4%	50.4%

Highgate Wood Café

<b>Tenderer</b>	<b>Quality (55%)</b>	<b>Price (45%)</b>	<b>Total</b>
Bid A	47.9%	30.0%	77.9%
Bid B	40.4%	33.8%	74.2%
Bid C	28.8%	37.5%	66.3%
Bid D	42.5%	23.3%	65.8%
Bid E	31.7%	26.3%	57.9%

Parliament Hill Lido Café

<b>Tenderer</b>	<b>Quality (55%)</b>	<b>Price (45%)</b>	<b>Total</b>
Bid A	38.3%	33.8%	72.1%
Bid B	43.8%	27.5%	71.3%
Bid C	Bid	21.7%	62.1%
Bid D	35.0%	15.0%	50.0%