

Committee(s)	Dated:
Hampstead Heath, Highgate Wood and Queen's Park Committee – For Decision	16/05/2016
Hampstead Heath Consultative Committee – For Discussion	27/06/2016
Highgate Wood Joint Consultative Committee – For Discussion	9/11/2016
Subject: Update on the Parliament Hill, Golders Hill Park and Highgate Wood Café Leases.	Public
Report of: Superintendent of Hampstead Heath	For Decision
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Summary

Whilst two of the five available three-year café leases have been awarded to successful bidders, the company that had been awarded the lease for the remaining three cafés decided to withdraw in response to strong local pressure.

It is proposed that interim 18-month leases be offered to the existing proprietors of these three cafés. This will allow time for a public consultation with Hampstead Heath and Highgate Wood visitors, which will then inform an Options Appraisal to guide future decisions on these café leases.

Throughout this process the Consultative Committees will be fully involved at each stage.

Recommendations

Members are asked to:

- 1) Delegate authority to the Superintendent to agree 18-month catering leases with the three existing proprietors as detailed in Option C (paragraph 12), in consultation with the City Surveyor and Comptroller & City Solicitor.
- 2) Instruct the Comptroller & City Solicitor to complete the documentation for the three café leases.

Members are also asked to:

- 3) Consider the draft guiding principles that are relevant to the provision of café facilities at Hampstead Heath and Highgate Wood, with a view to further discussion and input from the Consultative Committees.
- 4) Agree to undertake a public consultation to inform an Options Appraisal to guide future decisions on the café leases.
- 5) Extend an invitation to the Members of the Highgate Wood Joint Consultative Committee (HWJCC) to attend the Hampstead Heath Consultative Committee (HHCC) meeting on 27 June 2016, to discuss the draft guiding principles and the proposed programme for public consultation.

- 6) Agree the establishment and membership of a Café Working Party (CWP) (paragraphs 22-24).
- 7) Appoint the Chairman of the Hampstead Heath, Highgate Wood and Queen's Park Committee (HHHWQPC) or their representative to the CWP.
- 8) Instruct the Superintendent to appoint both a Consultation and a Catering Consultant, each to provide independent advice.

Main Report

Background

1. The tendering of the café leases across Hampstead Heath, Highgate Wood and Queen's Park is an identified project within the Open Spaces Department Business Plan 2015/16 – 2017/18. The policy for the provision of refreshment facilities, as set out in the Hampstead Heath, Highgate Wood and Queen's Park Management Plans, remains unchanged.
2. On Monday 14 March 2016, the HHHWQPC received a report on the recommendations for awarding leases for the five cafés, each being for a three-year term. After lengthy discussion and careful consideration, the Committee voted on the award of each lease.

Current Position

3. The lease awarded to Tara Kingsley (Digital Heroes) for Parliament Hill Fields Lido Café has been well received locally and the lease is currently being finalised. There are works the City Corporation needs to undertake at the Café, which are being arranged in conjunction with the City Surveyor. In the short term, Tara Kingsley is making temporary arrangements to provide refreshments to Lido users. Once the works are complete, the Café will be in a position to serve refreshments to Heath users as well.
4. The Lease awarded to Minkies (Surebrook Limited) has also been well received locally. Negotiations on the lease are continuing, and the Superintendent will update Members on progress.
5. On Monday 4 April 2016, two petitions were handed to the Director of Open Spaces at the Irish Chamber. One petition (with 12,500 signatories) requested that "Benugo not be given the tender for the Parliament Hill Café". A similar petition was presented for Golders Hill Park Café (9,500 signatories). Copies of the petitions were also delivered to Benugo's Head Office.
6. On Wednesday 6 April, a public meeting was held to discuss the Parliament Hill Café. The meeting was attended by the Chairman of the HHHWQPC and the Director of Open Spaces. Over 200 people were in attendance, including the lead petitioners, Sir Keir Starmer QC MP and the existing proprietors of the Parliament Hill, Golders Hill Park and Highgate Wood Cafés. The meeting was chaired by Councillor Sally Gimson. After statements from a lead petitioner, Sir Keir Starmer QC MP and the Chairman, Councillor Gimson

invited questions from the floor and the City of London Corporation was asked to respond.

7. The public meeting challenged the process the City Corporation had undertaken, particularly the lack of consultation with Heath users, and asked that the existing proprietors be permitted to continue to operate the facilities. The petitioners advised that the petitions had grown to 13,500 and 11,000 signatures respectively, and there was a request to engage with the City Corporation to find a solution.
8. At the end of the meeting, the City Corporation was asked to halt the process and to instruct Solicitors to stop work on the agreements, instead using the time to rethink and consult, as well as to meet with the lead petitioners. Having listened carefully to the concerns raised, the Chairman and Director agreed to take this request back to the City Corporation.
9. On Thursday 7 April, Benugo withdrew their bid for the three leases for cafés at Parliament Hill, Golders Hill Park and Highgate Wood.

Consultation

10. Following the public meeting, the Superintendent and the Constabulary & Queen's Park Manager met with two of the lead petitioners at Golders Hill Park. The proposed way forward and outline proposals under development were discussed. This meeting was constructive and the petitioners were supportive of the City Corporation's proposals for public consultation with Hampstead Heath and Highgate Wood users.
11. The Chairman, the Director of Open Spaces and the Superintendent arranged to meet five of the petitioners on 12 May, and will update Members on the outcome of this meeting.

Options

12. The views of the HHHWQPC are sought with regard to the City Corporation's short-term options for the café facilities at Parliament Hill, Golders Hill Park and Highgate Wood. This is to allow time for further discussion and input from the Consultative Committees prior to undertaking a public consultation and Options Appraisal. The short-term options to consider are:
 - A. The 'Tenancy at Will' arrangements would continue for the three café proprietors while the public consultation takes place. This option provides less security to the proprietors and the City of London although gives maximum flexibility, as a 'Tenancy at Will' can be terminated by either party at any time, without notice. A 'Tenancy at Will' is usually used for short-term occupation while parties are negotiating a longer-term agreement, although it is possible to leave them in place for longer periods. The 'Tenancy at Will' arrangement provides for the tenant to pay a fixed monthly rent but there is no provision for turnover rent to be paid

(as a turnover rent doesn't fit with a short-term arrangement that can be terminated at any time). This is not recommended.

- B. The City Surveyor negotiates with the existing proprietors at the three cafés to agree terms to renew each lease for three years. This option would postpone implementing the outcome of the proposed consultation for a significant period. In financial terms, the option would limit the ability to secure best value from the refreshment facilities, as it would not be going out to the open market to find a tenant. However, the renewals would be subject to negotiation and include inflationary increases. This is not recommended.
- C. The City Surveyor negotiates with the existing proprietors at the three cafés to agree terms to renew each lease for 18 months, in order to give time to consult the public and to prepare an Options Appraisal for each refreshment facility. This option also limits the ability to secure best value from the refreshment facilities, as it would not be going out to the open market to find a tenant. However, the renewals would be subject to negotiation and include inflationary increases. **This is the preferred option**, as it provides a degree of security both to the proprietors and the City Corporation in the short term, while allowing time to complete the consultation and undertake the Options Appraisal. Should the outcome of the Options Appraisal recommend a new tendering process for any or all of the refreshment facilities, 18 months would allow sufficient time to re-tender the café leases.

13. It is recommended that Option C be agreed.

The Way Forward

- 14. To ensure that the Committee's views are fully taken into account, the Superintendent is seeking early input from Members on those aspects that the City would regard as fundamental to the café services; these are called the guiding principles for the refreshment facilities. This will then form the basis of a report to be discussed and considered by the Consultative Committees on 27 June. The nature and extent of the consultation, following discussion and input from the Consultative Committees, will then be brought back to the HHHWQPC for agreement.
- 15. The guiding principles adopted should be in the best interests of the Hampstead Heath charity and the Highgate Wood and Queen's Park Kilburn charity, and should further or support their charitable purposes (see paragraphs 33 and 34 below). This would include criteria that help to preserve the environment, or improve the visitor experience, or enhance the reputation of those charities. At the same time, the City Corporation has a fiduciary duty to ensure that assets are properly managed in the financial interests of those charities. Rent from the café leases is entirely reinvested in Hampstead Heath and Highgate Wood as a vital contribution towards the cost of maintaining, protecting and conserving these Open Spaces for the public to enjoy.

16. It is therefore suggested that the guiding principles should include:

- Ensuring high and consistent food quality.
- Maintaining affordability of food and drinks.
- Demonstrating the added value they offer to the community, the Open Spaces, and their visitors. This could include supporting community events, employment of local staff, and providing support to the Open Spaces Learning Team to deliver the Learning Programme (this will be developed following the consultation).
- Ensuring sufficient capacity to cope with seasonal demands at the facilities.
- Ensuring both fair trade and locally sourced food are provided.
- Ensuring that menus offer variety for all users.
- Ensuring that staff are paid at or above the London Living Wage.
- Ensuring high Food Hygiene Rating Scheme scores are obtained and displayed publicly at the café facilities.
- Demonstrating recycling, energy efficiency and other environmental initiatives to reduce their impact on the environment.
- Demonstrating compliance with the City of London Responsible Procurement Strategy to procure value-for-money services.

17. In addition to the guiding principles, the consultation will need to explore visitors' views on such topics as:

- Offering healthy food and drink choices, children's menus, "grab & go" options and a selection of main dishes.
- The 'feel' of each location, as demonstrated by the café layout, décor and the availability of external seating, taking into account each site's location within the Open Space.
- Consideration of new refreshment facilities at additional locations, either on a permanent or seasonal basis.
- The quality of service, service speed and style.
- The hours of business.

18. It is proposed that Members of the HWJCC be invited to attend the HHCC meeting on 27 June, to discuss the guiding principles. The Superintendent will also consult Members at this meeting about the proposed public consultation. Members of the two Consultative Committees will also be invited to nominate and agree their representatives to the CWP (see paragraphs 22-24 below).

19. Following discussion and input from the Consultative Committees, the Superintendent will provide a further report to Members at their meetings on 18 July and 12 September. The consultation will continue until October, to ensure the results are available for the November Consultative Committee meetings.

20. A Stakeholder communication plan will be developed to ensure that there is consistent and clear communication with Hampstead Heath and Highgate Wood visitors throughout the process.

21. In developing the process, qualified Consultants will be engaged to assist with the public consultation and to provide specialist catering advice.

Café Working Party

22. It is recommended that the public consultation for all three leases should be co-ordinated by a CWP, which would be chaired by the Superintendent. Terms of Reference (ToR) for the CWP will be prepared by the Superintendent, for discussion and input from the HHCC and HWJCC on 27 June. The CWP will work to the proposed outline programme and within the established guiding principles as set out above.
23. Through the Superintendent, the CWP will report to the HHCC, HWJCC and the HHHWQPC. It is proposed that membership of the CWP is as follows:
- The Superintendent of Hampstead Heath (Chair)
 - Chairman of the HHHWQPC, or their representative.
 - 2 Members of the HHCC.
 - 1 Member of the HWJCC.
 - The Constabulary & Queen's Park Manager.
 - Hampstead Heath Business Manager.
 - A Category Manager from the City of London Procurement Service.
 - A representative from the lead petitioners.
24. Where necessary, the CWP will have access to support from the City Surveyor, Chamberlains, Comptroller & City Solicitor and specialist Consultants.

Timeline for consultation

25. The existing proprietors of the three cafés currently remain on 'Tenancy at Will', as their leases have expired. It is therefore proposed that should Members agree to Option C, new 18-month leases will be agreed and issued to the current proprietors, to allow time for further discussion and input from the Consultative Committees and to undertake the public consultation.
26. The Superintendent will present the outcomes from the public consultation, which will inform an Options Appraisal and a further report to the HHCC, HWJCC and HHHWQPC.
27. The programme of consultation and reporting is set out in Appendix 1.

Corporate & Strategic Implications

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

29. 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.
30. The delivery of this project meets with the Open Spaces Business Plan Departmental Objective – Embed financial sustainability across our activities.

Implications & Risks

31. **PR implications** – A communications strategy will be developed with the Communications Team and the CWP to keep Hampstead Heath and Highgate Wood visitors informed and engaged throughout the consultation.
32. There is the potential for further negative publicity in the press and via social media arising from (i) loss of the lease for a long-term, family-run business and (ii) accusations of 'commercialisation'. It is believed that this will be mitigated by the transparent and consultative process that is being proposed.
33. **Legal Implications** – The City Corporation holds Hampstead Heath in trust for the Hampstead Heath charity, and Highgate Wood for the Highgate Wood and Queen's Park Kilburn charity. The purposes of both charities involve the preservation of their respective Open Spaces for the recreation of the public. The City Corporation has statutory powers to provide refreshments to the public and to arrange for those refreshments to be provided by some other person on such terms as it sees fit.
34. In its capacity as Trustee, the City Corporation must always act in the best interests of the charity concerned. When leasing land or property belonging to a charity, the City Corporation must ensure that the terms are the best that can reasonably be obtained for the charity. However, any decision taken must also further or support the charity's purposes. The City Corporation is entitled to take into account any impact a decision may have on the beneficiaries of the charity and on public support for the charity.
35. **Financial Implications** – There is a risk that the Service Base Review savings identified for 2017/18 will not be achieved through generating additional income via the café leases. Consequently, the Superintendent may need to identify additional sources of income, or further efficiency measures.
36. The cost of engaging a Consultation and a Catering Consultant will be met from the Superintendent's Local Risk Budget.

Conclusion

37. The 18-month leases to the existing proprietors will ensure the City Corporation continues to provide catering facilities, while maintaining a vital income stream that contributes towards the cost of managing the Open Spaces at Hampstead Heath and Highgate Wood. Taking account of the discussions around the draft guiding principles, this will allow time to undertake both full consultation with the Consultative Committees and a public consultation. The outcomes from the consultations will inform an Options Appraisal to guide future decisions on these café leases.

Appendices

- Appendix 1 – Proposed Outline Programme.

Background Papers

- City of London Responsible Procurement Strategy

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