

Committee	Dated:
Hampstead Heath, Highgate Wood & Queen's Park Committee	15 May 2017
Subject: Hampstead Heath and Highgate Wood Cafés Lease Options Appraisal	Public
Report of: Superintendent of Hampstead Heath	For Decision
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Summary

An engagement and consultation exercise has now been completed and a total of 2,414 questionnaires were completed. It was found that the cafés are valued as community hubs and that the cost and quality of food, along with the atmosphere, are the most important factors valued by the public.

The Superintendent has been working with the Café Working Party to develop Service Standards and Performance Indicators, based on the findings of the engagement and consultation exercise. The Superintendent is minded to recommend that the City of London Corporation negotiate three year leases with the current incumbents at the Parliament Hill, Golders Hill Park and Highgate Wood Cafés. This would maintain service continuity and would give the incumbents the opportunity to demonstrate their fulfilment of the Service Standards and Performance Indicators.

Recommendations

It is recommended that Members:

- Note the outcomes of the public engagement and consultation undertaken and the role of the Café Working Party.
- Note the view of Members of the Hampstead Heath Consultative Committee and the Highgate Wood Joint Consultative Committee.
- Give their views on the Superintendent's proposed option regarding jointly monitoring performance, as detailed in para 7.
- Agree the Service Standards and Performance Indicators, as detailed in Appendix 2.
- Agree the Superintendent's proposed option regarding the leases, as detailed in paras 15 & 18.

Main Report

Background

1. This report considers the outcomes of the public engagement and consultation exercise, and proposes a way ahead for the cafés at Parliament Hill, Golders Hill Park and Highgate Wood. A separate paper will be prepared in respect of the café at Queen's Park, following a discussion with the Queen's Park Joint Consultative Group on 14 June 2017.
2. Five cafés were retendered in early 2016, and leases were awarded on 14 March 2016. A petition was then delivered to the Open Spaces Department and Benugo's Head Office. The petition was titled: Save family run Parliament Hill Cafe from large corporate catering chain takeover. On 7 April, Benugo withdrew their bid for the three leases at Parliament Hill, Golders Hill Park and Highgate Wood.
3. The Café Working Party was subsequently established in July 2016, in order to guide a public engagement and consultation exercise on the cafés. The Café Working Party has met six times to date and the membership comprises:
 - Superintendent of Hampstead Heath as Chairman
 - Chairman of the Hampstead Heath, Highgate Wood & Queen's Park Committee or their representative
 - Two Members of the Hampstead Heath Consultative Committee or their representatives
 - A Member of the Highgate Wood Joint Consultative Committee or their representative
 - Up to five Members of the Café Campaign Team (formerly the lead petitioners)
 - Constabulary and Queen's Park Manager
 - Hampstead Heath Business Manager
4. Currently Parliament Hill, Golders Hill Park and Highgate Wood Cafés are leased until January 2018.
5. At Queen's Park, following the withdrawal of Minkies (Surebrook Ltd) in autumn 2016, an engagement and consultation exercise was undertaken to seek the views of Park users and the local community on their aspirations for the café provision within the Park. The initial results of the survey were discussed with the Queen's Park Joint Consultative Group (QPJCG) at an evening workshop held on 16 January 2017. A further discussion with the QPJCG is planned for 14 June 2017. At this meeting the QPJCG will have an opportunity to discuss the final engagement and consultation report, consider the options for the lease, and discuss the proposed Service Standards and Performance Indicators. Taking account of the views of the QPJCG, the Superintendent will

bring a further report to your July Committee setting out the proposals for the lease arrangements at Queen's Park.

Context

6. Hampstead Heath and Highgate Wood & Queen's Park Kilburn are registered charities, for which the City of London Corporation is the trustee. The purpose of both charities involves the preservation of open space for the recreation of the public. The Management Committee manages Hampstead Heath, Highgate Wood and Queen's Park on behalf of the City of London Corporation and must take decisions in the best interests of those charities. The provision of café facilities provides income, which contributes to the maintenance of the open spaces, and the cafés must be let on the best terms that can reasonably be obtained for the charities, in order to comply with the duties of the trustee. However, the cafés are also fundamentally part of the experience provided to users, and the Management Committee may consider the wider social and environmental benefits that they bring to the open spaces.

Proposed approach

Performance Indicators

7. Following the engagement and consultation exercise, in consultation with the Café Working Party, it was suggested that Service Standards and Performance Indicators be developed, based on the outcomes of the engagement and consultation exercise. Defining these Indicators clearly will help the leaseholders understand what they are being asked to provide, and will help to monitor the cafés performance. It is good practice to monitor and measure performance to ensure that the City of London is receiving a service that meets the needs of its users and Departmental/Divisional objectives.
8. Therefore, the Superintendent proposes to continue a dialogue and future engagement with the Café Working Party. A smaller number of representatives of this group would be invited to assist with the evaluation of the refreshment providers at Parliament Hill, Golders Hill Park and Highgate Wood Cafés, to help the City of London to monitor and measure performance.
9. The Café Working Party participated in a workshop at its sixth meeting on 8 February 2017, with the aim of starting a process to develop the Service Standards and Performance Indicators.
10. The workshop involved a number of different exercises. Members of the Café Working Party were asked to consider the lease transaction from three different perspectives; the City of London, the café operator, the users/members of the public. Following this, Members were asked to consider what success looked like and what the critical success factors might be for each of the three groups (the City of London, the café operator, the users/members of the public). Following these exercises, keywords were then captured from discussion to inform the development of the draft Performance Indicators.

11. Members of the Hampstead Heath Consultative Committee and the Highgate Wood Joint Consultative Committee were consulted on the draft Performance Indicators. Following their feedback, the Superintendent has worked with the Café Working Party to finalise the Service Standards and Performance Indicators.
12. The Superintendent is proposing that Members of this Committee consider and agree the Service Standards and Performance Indicators outlined in Appendix 2.

Leases

13. The Superintendent has found the café engagement and consultation exercise extremely useful and the report (Appendix 1) highlights the aspects of the current offer that visitors most value – such as the community-focused atmosphere and the friendly staff – along with the improvements they would wish to see, such as providing higher quality food at a reasonable price and a higher standard of building maintenance. Reflecting the petition in March last year, however, a number of café users were not supportive of any change. This message needs to be considered alongside the responses of those who would support changes to the services offered by the cafés.
14. The Superintendent therefore is minded to recommend negotiating three-year leases with the current incumbents, using the Service Standards and Performance Indicators prepared following the engagement and consultation exercise. Such an approach would allow existing leaseholders the opportunity to demonstrate their fulfilment of these criteria.

Advantages

- Supports the findings of the public engagement and consultation exercise (Appendix 1).
- Preserves the qualities of the existing café offers.
- Enables the current incumbents to demonstrate how they will meet the Service Standards and Performance Indicators.
- Opportunity to test the Performance Indicator approach.
- Provides service continuity.
- Less financial impact on the current providers, when compared to the cost of submitting a tender.
- Certainty for the current café providers.

Disadvantages

- The lack of market testing impacts upon the City of London Corporation's ability to ensure best value and the delivery of service outcomes (Service Standards and Performance Indicators) – Members of this Committee will need to weigh their more limited information on potential social, environmental and economic outcomes against short-term certainty and lack of disruption.
- Limited ability to ensure that the Business Plan for each café is sustainable.
- Limited investment opportunity.
- No business opportunity for other potential providers.

- There is a risk that there could be a failure to agree terms with the current leaseholders.

Café Working Party Views

15. The Café Working Party had suggested that the City of London Corporation considers options for granting longer leases. The Superintendent has taken advice from the Comptroller and City Solicitor and City Surveyor on this matter, and it is thought to be inadvisable. It is not currently possible to let the cafés at Highgate Wood or Queen's Park for more than three years, due to statutory restrictions, and the cafés at Hampstead Heath have also historically been let for a maximum of three years. There are benefits in keeping all the cafés on the same cycle, particularly when powers for longer leases will (it is hoped) be granted by the Open Spaces Bill in due course.
16. The Campaign Team, specifically, suggested that should the current providers meet or exceed the agreed Service Standards and Performance Indicators, they should be offered the opportunity to lease the properties for a further three years, or a longer period, without the need to go through a tender process. The Superintendent suggested that this approach would delay an opportunity in the future to offer longer leases, which are critical to securing capital investment in the facilities. It is questionable whether the suggested format of a 3+3 year lease would provide sufficient certainty to the leaseholders over a long-enough period to allow the leaseholders to make significant capital investment. It would therefore not be an option that the Superintendent could recommend to this Committee, acting on behalf of the charitable trustee.

Proposed Option

17. Having considered the views of the Café Working Party, the Hampstead Heath Consultative Committee and the Highgate Wood Joint Consultative Committee, the Superintendent now seeks the agreement of this Committee in relation to the proposed approach, which is to negotiate three-year leases (commencing January 2018) with the current incumbents at the Parliament Hill, Golders Hill Park and Highgate Wood Cafés.

Risks

18. Members of this Committee would need to be confident that the best interests of the charities are being served, notwithstanding the risk of lower investment in the facilities for a further period and possible issues around a perceived lack of transparency.
19. It is felt that these issues can be managed and are outweighed by the benefits of trialling the Performance Indicator approach, as well as giving the incumbents an opportunity to demonstrate how well they meet them. In terms of investment in the facilities, if the Open Spaces Bill is passed into law, the City of London Corporation will be able to grant longer leases, with the potential for more capital investment in the café facilities to provide enhanced service outcomes for the future.

Conclusion

20. The engagement and consultation exercise which has been undertaken has provided valuable information about the public's views on the cafés. The cafés are valued as community hubs, while food cost, quality, and atmosphere are seen as the most important factors. The Superintendent recommends that three-year leases are negotiated with the current incumbents, commencing January 2018. This would allow the current leaseholders to demonstrate how they would fulfil the Service Standards and Performance indicators and would also provide service continuity.

Appendices

- Appendix 1 – Hampstead Heath Café Engagement Report
- Appendix 2 – Service Standards & Performance Indicators

Background Papers

- Notes from Café Working Party meetings 1- 6.

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