

Committee(s)	Dated:
Hampstead Heath Consultative Committee	130317
Subject: Hampstead Heath Cafés Lease Options Appraisal	Public
Report of: Superintendent of Hampstead Heath	For Discussion
Report author: Bob Warnock & Richard Gentry	

Summary

An engagement and consultation exercise has now been completed and 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 new three year leases with the current incumbents at the Parliament Hill and the Golders Hill Park 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:

- The Hampstead Heath Consultative Committee notes the outcomes of the public engagement and consultation undertaken and the role of the Café Working Party.
- The Hampstead Heath Consultative Committee give their views on the Superintendent's proposed option regarding jointly monitoring performance, as detailed in paragraph 7.
- The Hampstead Heath Consultative Committee discusses the draft Service Standards and Performance Indicators, as detailed in para 10.
- The Hampstead Heath Consultative Committee give their views on the Superintendent's proposed option regarding the leases, as detailed in para15.
- The views of Hampstead Heath Consultative Committee will be conveyed to the Hampstead Heath, Highgate Wood and Queen's Park Committee in May 2017.

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 and Golders Hill Park. A separate paper will be prepared in respect of the cafés at Highgate Wood and Queen's Park. A recommendation on the provision of a pop up facility at the Lido has been made to the Hampstead Heath, Highgate Wood & Queen's Park Committee ("the Management Committee") at their meeting on 30 January 2017. It was agreed that Members support the appointment of a provider for the Lido Café, on a lease or licence basis, for summer 2017, with the option to extend the arrangement until 12 January 2018.
2. Five cafés were retendered in early 2016. The Management Committee voted to award leases 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 (sic) 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 of:
 - 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 Café and Golders Hill Park Café are leased until January 2018.

Context

5. Hampstead Heath and Highgate Wood & Queen's Park Kilburn are registered charities for which the City of London Corporation is the trustee. The purposes 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

6. Following the engagement and consultation exercise, in consultation with the Café Working Party, it was suggested that Service Standards and Performance Indicators based on the outcomes of the engagement and consultation exercise be developed. Setting these indicators out clearly will assist the leaseholders to 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 know that the City of London is receiving a service which meets the needs of its users and Departmental/Divisional objectives.
7. 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 and Golders Hill Park Cafés, to help the City of London to monitor and measure performance.
8. The Café Working Party participated in a workshop at their sixth meeting on 8 February 2017. The purpose of this was to begin a process to develop the Service Standards and Performance Indicators.
9. The workshop involved a number of different exercises. Members of the Café Working Party were asked to consider the lease transaction between the City of London, the café operator and 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 and the users/members of the public). Following these exercises keywords were then captured from discussion to inform the development of the draft Performance Indicators. The draft Performance Indicators are outlined in Appendix 2.
10. The Superintendent is proposing that Members of this Committee consider the draft Service Standards and Performance Indicators. The Superintendent will then convey these views to the Café Working Party to assist them in developing the final version for consideration by the Management Committee on 15 May 2017.

Leases

11. 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.

12. 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 the Service Standards and Performance Indicators.

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 cost of submitting a tender.
- Certainty for the current café providers.

Disadvantages

- No 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) – the Management Committee would 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

13. The Café Working Party had suggested that the City of London Corporation consider 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 of 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.
14. 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. Also, this suggested approach may not meet with the City of London's responsibilities under its charitable status. 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 of time to allow the leaseholders to make significant capital investment. It would therefore not be an option that Superintendent could recommend to the Management Committee, acting on behalf of the charitable trustee.

Proposed Option

15. Having considered the views of the Café Working Party, the Superintendent now seeks the views of the Consultative Committee on the proposed approach, which is to negotiate three year leases commencing January 2018, with the current incumbents at the Parliament Hill and Golders Hill Park Cafés.

Risks

16. The Management 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 perceived lack of transparency.
17. It is felt that these issues can be managed and are outweighed by the benefits of trialling the Performance Indicator approach and giving the incumbents an opportunity to demonstrate how 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

18. 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 and food cost, quality, and atmosphere are seen as the most important factors. The Superintendent will continue to work with the Café Working Party to finalise the draft Service Standards and Performance Indicators. 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 this would provide service continuity.

Appendices

- Appendix 1 – Hampstead Heath Café Engagement Report
- Appendix 2 – DRAFT Performance Indicators

Background Papers

- Notes from Café Working Party meetings 1- 6.

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