

# Finance and Resources Committee

10am, Thursday, 17 March 2016

## Café Concessions - Museums & Galleries and Parks & Greenspace

<b>Item number</b>	7.17
<b>Report number</b>	
<b>Executive/routine</b>	Executive
<b>Wards</b>	City centre, Almond , Meadows/Morningside Sighthill/Gorgie , Leith , Leith Walk

### Executive summary

The Council currently has a number of cafe concessions and leases across the city. The Council was required to carry out a tender process under public procurement rules to renew the café concession contract at The City Art Centre. In addition, sites at East Princes Street Gardens, 2 x West Princes Street Gardens, The Meadows Magnet Play Area and Cramond Foreshore had leases expiring in 2016. The opportunity was taken to consolidate the sites under one tender exercise.

Working closely with Parks & Greenspace and Museums and Galleries, the Commercial Excellence Programme identified five further locations that were suitable for cafes or catering outlets at: Lauriston Castle, Victoria Park, Inverleith Park, Leith Links and Saughton Park.

This initiative consolidated the 11 sites under one tender exercise to source high quality food and beverage suppliers from the local and national market. Through competition the tender also aimed to achieve market value for each site. The tender received significant interest and this report seeks approval of the award of the contract to the successful tenderers. The total potential income is £1,040,150 in addition to gainshare possibilities. One site has subsequently been withdrawn due to a non compliant tender – Victoria Park.

### Links

<b>Coalition pledges</b>	<a href="#">P8,P48</a>
<b>Council outcomes</b>	<a href="#">CO19</a>
<b>Single Outcome Agreement</b>	<a href="#">S04</a>

## Café Concessions - Museums & Galleries and Parks & Greenspace

### Recommendations

- 1.1 It is recommended that Committee approves the café concessions contract across the following 10 sites to the preferred suppliers listed:

Lot	Site	Supplier	Site Type
1	City Art Centre	Prestige Catering	Permanent
2	East Princes Street Gardens Kiosk	GIPA Capital Ltd	Permanent
3	West Princes Street Gardens 'Fountain Café'	Djed Developments Ltd	Semi-permanent
4	Lauriston Castle	Prestige Catering Ltd	Permanent
5	The Meadows Magnet Play Area	No bids received	Stance
6	Cramond Foreshore	Fotheringhams Ltd	Stance
7	Saughton Park	No bids received	Mobile vehicle
8	Inverleith Park	Spoonerise Ltd	Mobile vehicle
9	Leith Links	No bids received	Mobile vehicle
10	West Princes Street Gardens Cottage	Djed Developments Ltd	Stance

## Background

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- 2.1 Early in 2015, Museums and Galleries & Parks & Greenspace teams approached Commercial and Procurement Services (“CPS”) about procurement exercises required to renew existing café concession contracts and leases.
- 2.2 By working jointly a sourcing strategy was developed to consolidate the tender exercise into one process.
- 2.3 Five further sites across the Parks & Greenspace estate were identified as suitable for temporary food and beverage mobile units and it was agreed that these would be included in the tender exercise. One has subsequently been withdrawn due to a non compliant tender.
- 2.4 The Museums and Galleries team further agreed that this presented an opportunity to tender for a new café concept at Lauriston Castle noting that a café would add to the site, help attract further visitors and meet a current unmet demand given that there is currently no onsite catering provision.
- 2.5 The 11 sites were consolidated under this tender exercise with one being withdrawn due to a non compliant tender.
- 2.6 All tender lots were kept separate to allow a range of suppliers, from small local businesses to larger national suppliers to compete.
- 2.7 This tender exercise forms part of the Income Maximisation workstream under the Commercial Excellence Programme. Through ambitious projects and effective sourcing strategies the workstream aims to establish commercial incomes streams for the Council supporting the organisation in meeting its budget challenge.

## Main report

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### **Summary of the tender competition**

- 3.1 On 5 January 2016 an OJEU contract notice for a single stage open procedure was published in the national Public Contracts Scotland Portal inviting expressions of interest from suitable suppliers. Interested parties responding to the notice were provided with the tender documentation.
- 3.2 All interested applicants submitted their response by the closing date of 2 February 2016.
- 3.3 To ensure that the tender was awarded to the suppliers offering best value, the bids were assessed using the most economically advantageous methodology. The weightings used for the selection of the suppliers was based on Quality 40% and Price 60%.
- 3.4 The quality analysis was based on weighted Award Criteria questions, which were scored using a 0 to 10 matrix. Following completion of the quality analysis,

tenders that passed the minimum threshold score of 50% for quality were subject to a cost analysis.

- 3.5 The cost element was assessed on the fixed rent and gain share percentage (City Art Centre and Lauriston Castle only) submitted to permit the operation of the site for the fixed term period.
- 3.6 The tenders were independently evaluated and the results for each tender opportunity are identified below:

### **City Art Centre**

3.7

<b>Contractor</b>	<b>Rental Income Score (45%)</b>	<b>GainShare Score (15%)</b>	<b>Bid Price</b>	<b>Quality (40%)</b>	<b>Overall Score</b>	<b>Overall Rank</b>
Prestige Catering	45.00	3.90	£ 229,875.00	34.40	83.30	1
Bidder 2	31.60	15.00	£ 176,750.00	27.40	74.00	2
Bidder 3	26.55	14.55	£ 150,229.00	31.20	71.75	3
Bidder 4	30.53	10.00	£ 165,128.00	30.00	70.53	4
Bidder 5	20.00	5.00	£ 106,250.00	28.80	53.80	5
Bidder 6	0.00	0.00		18.20	18.20	6
Bidder 7	0.00	0.00		12.00	12.00	7

The rental income score was allocated 45% of the overall score, which was based on an annual lump sum cost over the five year period for the rental of the site. The gainshare income was allocated 15% of the overall score, with bidders submitted a percentage return to the Council for all profits exceeding £50,000 per annum. Where no bid price has been included, this is due to the bidder failing the quality threshold.

### **East Princes Street Gardens Kiosk**

3.9

<b>Contractor</b>	<b>Price (60%)</b>	<b>Bid Price</b>	<b>Quality (40%)</b>	<b>Overall Score</b>	<b>Overall Rank</b>
GIPA Capital Ltd	58.35	£424,000	24.60	82.95	1
Bidder 2	60.00	£436,000	20.20	80.20	2
Bidder 3	0.00		28.00	28.00	3
Bidder 4	0.00		16.40	16.40	4
Bidder 5	0.00		13.00	13.00	5

The bid price reflects an annual lump sum cost over a five year period for the rental of the site. Where no bid price has been included, this is due to the bidder failing the quality threshold or submitting a bid which did not comply with the minimum lump sum payment set by the Council.

## West Princes Street Gardens

3.10

Contractor	Price (60%)	Bid Price	Quality (40%)	Overall Score	Overall Rank
Djed Developments	60.00	£238,000	24.60	84.60	1
Bidder 2	57.73	£229,000	26.00	83.73	2

The bid price reflects an annual lump sum cost over a five year period for the rental of the site.

### Lauriston Castle

3.11 The Council received one bid from Prestige Catering Ltd which is recommended for acceptance. Their quality submission met the threshold and their bid price was compliant achieving £43,750 in lump sum income over the seven year period.

### Cramond Foreshore

3.12 The Council received one bid from Fotheringhams Ltd which is recommended for acceptance. Their quality submission met the threshold and their bid price was compliant achieving £60,000 in lump sum income over the two year period.

### Victoria Park

3.13 The Council received one bid which was non compliant in meeting the minimum rental income required by the tender documents set at £24,000. To ensure fairness and transparency the Council has withdrawn this lot with further work to be carried out.

### Inverleith Park

3.14

Contractor	Price (60%)	Bid Price	Quality (40%)	Overall Score	Overall Rank
Spoonerise Ltd	60.00	£13,900	29.40	89.40	1
Bidder 2	43.17	£10,000	26.00	69.17	2
Bidder 3	0.00		16.00	16.00	3

The bid price reflects an annual lump sum cost over a two year period for the rental of the site. Where no bid price has been included, this is due to the bidder failing the quality threshold.

### West Princes Street Gardens Cottage Stance

3.15

Contractor	Price (60%)	Bid Price	Quality (40%)	Overall Score	Overall Rank
Djed Developments	60.00	£15,000	27.40	87.40	1
Bidder 2	52.00	£13,000	28.00	80.00	2
Bidder 3	16.00		16.00	16.00	3

The bid price reflects an annual lump sum cost over a two year period for the rental of the site. Where no bid price has been included, this is due to the bidder failing the quality threshold.

### **The Meadows Magnet Play Area Leith Links and Saughton Park**

- 3.16 There were no bids received for the sites at the Meadows Magnet Play Area, Leith Links and Saughton Park. These opportunities will be re-advertised under Phase 2 of the Cafes Concession opportunity expected to commence in mid-late 2016.

### **Winning Café Concepts**

- 3.17 Below is a summary of the preferred suppliers and the description of the provision for each site:

#### **City Art Centre – Prestige Catering Ltd**

Proposing to rename the Café 'Market Street Kitchen', Prestige Catering Ltd offer a range of Fair-Trade and Rainforest Alliance products alongside local produce from local suppliers and catering for a range of dietary needs. The café would trade 7 days a week. Prestige Catering Ltd proposed a strong commitment to increasing footfall through a range of marketing initiatives which will benefit the Council through income generated through the gain share model of the contract. As part of their proposal, Prestige Catering Ltd have committed to providing one full time and one part time training position in conjunction with the Edinburgh Guarantee programme. They have also committed to supporting CHAS, a hospice service for children and young people who have life-shortening conditions, holding two fundraising days per annum where the NET profit from the café and donations received through customers will be donated to the Charity.

#### **East Princes Street Gardens Kiosk – GIPA Capital Ltd**

GIPA Capital Ltd are offering an Eco-friendly, socially responsible coffee shop with locally sourced fair trade Scottish produce. Selling a range of produce including coffee, cakes and sandwiches, the kiosk will have full Wi-Fi access and a range of seating options to enhance the customers' experience. The kiosk will operate throughout the year. GIPA Capital Ltd have committed to supporting a local charity that utilises the Gardens as well as a local football team through a sponsorship opportunity. They have also offered free coffees and refreshments to veterans at selected times during Remembrance Week.

#### **West Princes Street Gardens – Fountain Café and Cottage stance - Djed Developments Ltd**

Djed Developments currently operate both cafés in West Princes Street Gardens offering a range of locally produced food including ice creams, coffee, sandwiches and soups. A refurbishment of the marquee and seating area in the Fountain Café will commence immediately following appointment to make the site more stylish and contemporary. The Cottage Stance will also be upgraded to a new purpose built static unit which can be delivered and removed from the site

seasonally. Weather permitted, the cafés will be open 7 days per week. Djed Developments Ltd have committed to supporting the Edinburgh Guarantee Programme and working with the Council to support targeted recruitment opportunities.

#### **Lauriston Castle – Prestige Catering Ltd**

A completely new opportunity to open a café within Lauriston Castle enhancing the customers experience when visiting the Castle, Prestige Catering offers a range of food products. A refurbishment of the existing space will be undertaken. The café would trade 7 days a week. Prestige Catering Ltd have also committed to the same community benefits as noted in the description of the City Art Centre Café.

#### **Inverleith Park – Spoonerise Ltd**

Refurbishment of a unique converted horse box, Spoonerise Ltd offer a range of fresh, quality, locally sourced produce with a focus on a healthy range of products. Operating 7 days a week within the park, the offering had a strong focus on sustainable options including biodegradable food containers.

### **Measures of success**

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- 4.1 Meeting the following vision statement which was included within the specification and summarised the key outcomes of the tender exercise. Cafés and catering outlets:
  - Are sensitive to the historic and/or greenspace that they occupy
  - Provide an inviting environment which add to the location in which they operate
  - Offer a range of high quality food and beverages at a range of prices
  - Offer a choice of healthy food and drink options
  - Support locally sourced and Scottish produce and products
  - Are proactive in taking measures to be environmentally responsible
- 4.2 In additional new sites are expected to create both direct and indirect employment.
- 4.3 The new high quality provision is expected to support the cities thriving tourist and visitor scene, provision for the general public, support increased visitor numbers to the parks and museums and galleries they operate in and will bring investment in the city from the successful suppliers.
- 4.4 This project demonstrates the city's ongoing commitment to supporting business development in Edinburgh.
- 4.5 Through proactive market engagement and consolidation of the sites available into one tender process, the Council has generated significant competition for all sites. This optimises the market value and income potential for all sites.

## Financial impact

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- 5.1 Through the use of the tender exercise The Commercial Excellence Programme, aimed to achieve market value for each site through subjecting tenderers to market competition.
- 5.2 Tenderers were required to propose a fixed rental fee for each lot and for the larger two sites, City Art Centre and Lauriston Castle, tenderers we also invited to put forward a gain share percentage on all revenue made.
- 5.3 The Estates Surveyor team supported the valuation of the permeant locations at the City Art Centre and Lauriston Castle and previous fee levels across the Parks & Greenspace estate were used to provide the market with an indication of the anticipated price levels that should be proposed for each site as part of the tender exercise.
- 5.4 The forecast income across all sites across the life of these contracts totals £1,040,150 which accounts for a combined increase in rental of £318,050 over the life of all contracts.
- 5.5 Further income will be generated from the gain share mechanisms introduced at City Arts Centre and Lauriston Castle, however, these cannot be reported yet as these are dependent on the revenue achieved at each site.
- 5.6 The costs associated with procuring this contract are estimated at up to £10,000.

## Risk, policy, compliance and governance impact

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- 6.1 Suppliers were required to detail Health & Safety policy and procedures and required to comply with Health & Safety at work regulations.
- 6.2 Tenderers were required to put forward copies of their certifications and policy and procedures on the following areas:
  - Insurance
  - Health & Safety
  - Environment management
  - Customer compliant handling

## Equalities impact

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- 7.1 Suppliers are required to comply with equal opportunities legislation in the terms and conditions of contract.
- 7.2 No negative impacts arise from the award of these contracts.
- 7.3 For the larger sites, The City Art Centre and Lauriston Castle, suppliers were required to detail community benefits. The secured community benefits are detailed within the report.



## Sustainability impact

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- 8.1 Suppliers were required to detail environment management processes and procedures, including site and waste management, including recycling.
- 8.2 For all sites specific requirements were detailed into the specification in order to protect the environment or historic buildings in which the supplier will operate.
- 8.3 The impacts of the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties. Any adverse outcomes are considered to be minimised by the duties placed on the providers.

## Consultation and engagement

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- 9.1 Consultation was carried out with *Historic Scotland* on an appropriate procurement strategy and factors to consider.
- 9.2 Previous supplier enquires and previous public engagement was used to inform the new sites across the Parks & Greenspace estate.
- 9.3 CPS worked closely with the Parks & Greenspace and Museums & Galleries team to carefully capture specification requirements for each site.
- 9.4 A Prior Information Notice (PIN) was issued on 5 August 2015 requesting responses to 13 questions related to the contract including contract length, ability to work in listed buildings, ability to change food and beverage provision for each location, ability to cater to different demographics and preferred commercial arrangements. 12 supplier responses were received and information was used to inform the tender strategy.
- 9.5 A market research exercise to identify potential interested suppliers including incumbent, local and national suppliers was carried out. Email notifications were sent out to over 70 contacts/ suppliers identified who were directed to register on Public Contracts Scotland.

## Background reading/external references

None.

### **Paul Lawrence**

#### **Executive Director of Place**

Contact: David Lyon, Head of Environment

E-mail: david.lyon@edinburgh.gov.uk | Tel: 0131 529 7047

## Links

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<b>Coalition pledges</b>	P48 – Use green flag and other strategies to preserve our green spaces.
<b>Council outcomes</b>	CO19 - Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm.
<b>Single Outcome Agreement</b>	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric.

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