

Report of: Strategic Director, Finance and Corporate Services.

Title: Town Hall Catering Services

Ward: All

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Key Decision: Yes

Lead Member: Councillor Baker

Scrutiny responsibility: Finance

RECOMMENDATIONS

That the Executive Board agrees to:

1. Grant major project approval to enable officers to tender for an external supplier to provide a café in the Town Hall with the option to also take over our in house catering service. The proposed contract will be for 2 years but with an option to extend for a further year.

and to note that:

- The proposed contract length has been kept to a maximum of 3 years so as not to restrict any options to develop the larger Town Hall project.
- The proposed café and new facilities on the ground floor of the Town Hall will help to test the likely success of the proposals in the larger Town Hall scheme and will encourage a wider range of users into the building
- The provision of a café and toilet facilities will be also be used by visitors to the Museum of Oxford.

The award of a contract for the catering service may result in one employee transferring to the successful supplier and that consultation has commenced with the affected employee. All other Town Hall staff will not be affected by the proposal.

1. Summary

- 1.1 This report provides information about the Council's current in house catering service and the proposal to put a café on the ground floor of the Town Hall. The report explains the options for providing these services over the next two to three years and recommends that the Council tenders for a supplier to run the ground floor café but with the option to also take over our in house catering function for meetings and major events.

2. Background and Context

- 2.1 The Town Hall catering service is provided by one part time catering officer/cook supported by a Town Hall assistant and the Town Hall keepers who assist in the kitchen and deliver refreshments to the meeting rooms. The catering service provides refreshments, (tea, coffee, biscuits etc) for meeting plus buffets for all day events. The Town Hall keepers have to fit in helping with the catering service around their other tasks.
- 2.2 Large-scale events requiring more formal menus such as conferences and weddings plus major events such as the Oxford Mail Job Fair is serviced by external caterers, as our current staffing levels are unable to cope with this level of service. A number of local caterers provide the catering and use our kitchens to prepare the food.
- 2.3 We no longer undertake any major catering events in-house as we do not have the expertise or staffing levels to provide this type of service this means that people who book the Town Hall currently have to contact a separate company to arrange their catering.
- 2.4 The part time catering post was vacant for most of last year and after three attempts we now have filled the post with a part time cook but can still only provide the catering for small-scale functions.
- 2.5 The refurbishment of the ground floor of the Town Hall is due to be completed by early May 2006. An area has been allocated as a refreshment area and this space has the potential to be set up as a 24-cover café area. Informal discussions with suppliers indicate that there would be interest in running this as a café. We do not have the specialist expertise or resources to provide this service in house.

3. Changes to the ground floor of the Town Hall

- 3.1 A capital scheme to re furbish the ground floor was approved in June 2005. The scheme includes:
- A new staff training room (already complete and in use).
 - A new self-contained conference suite with seating for 70 and the latest audiovisual equipment (already completed and in use).
 - A new refreshment area that we would like to run as a café.
 - An exhibition area (called The Gallery) that will be used for a wide range of exhibitions.

- Disabled access from the area opposite the main ground floor toilets that will take you to the area beyond.
- Redecoration of the Drill Hall corridor and all areas leading to the new spaces.
- Directional signage and changes to the museum door security to enable museum visitors to move between the main building and museum more freely.

- 3.1.1 The timescale for the completion of all of the work in this area is May 2006.
- 3.2 The success of these new areas and facilities will be key in testing the likely success of the proposed large Town Hall scheme.
- 3.3 The new completed conference space (known as the Long Room) is already being regularly booked and has an advantage over the Assembly Room and Old Library in that it provides up to date technology to support modern conference requirements and is a more comfortable and peaceful setting.
- 3.4 Human Resources are managing the training room. The creation of this space has taken pressure off of the small meeting rooms that were being taking up for training courses during the day. These rooms are now available for wider use and we are able to take a range of other external bookings during the day and bringing new users to the building.
- 3.5 We already have three bookings for the exhibition space (Gallery) next year and interest from a number of other organisations. This area is being marketed to cultural, community and commercial users to hold everything from displays of college art from final year students to new product development, trade and retail exhibitions.
- 3.6 Disabled access to the museum. There is currently disabled access at both the front and back of the Town Hall but no access between both areas, which are at different levels. The improvements will include the creation of a lift that will enable all building users to move freely throughout the ground floor.
- 3.7 The museum currently has difficulties providing disabled access and meeting the expectation of users who expect museum facilities to provide a refreshment area and toilet facilities. The re-furbishment work will enable a door from the museum into the Drill Hall corridor to be brought into use so that access and egress between the museum into the new ground floor area providing visitors with these facilities. This will improve visitor satisfaction and increase the museum profile within the building.
- 3.8 The provision of a café on the ground floor will create a new space where people can meet within the building in an informal setting. The current footfall information for the Town Hall and Museum indicates that there are sufficient potential current building users to create a feasible option for an incoming supplier.

4. Options

4.1 The provision of a café in the space allocated as refreshment area on the ground floor will provide an opportunity for Town Hall users, Oxford visitors, museum visitors and staff to meet. The area allocated for a café will provide over 24 covers (seats). A range of options for running this service has been considered and café providers have been approached to gauge potential interest.

The possible options include:

4.2 Vending Machines

Although this would be a cheap option to service this provides no additional value to the area over the current facility in the Information Point. It is unlikely to attract visitors to use it and would have the potential of becoming unused.

4.3 In house cafe

To provide the service in house additional staffing would be required and we do not have the in house expertise to provide these types of competitive service. This also creates an additional risk /pull on the already busy Town Hall staff.

4.4 External café provider

4.4.1 There are two potential problems with going down this route.

4.4.2 Firstly an external provider will also need access to our kitchens on the upper floors for food preparation. This may create confusion over access and responsibility for the in house team and the external provider and could result in unnecessary complications.

4.4.3 Secondly the café at present has no existing business and on its own presents a high risk to anyone taking over the café. Early discussions with caterers and café providers have identified a preference for taking over both a café and our catering service as this reduces the business risk, as there is already a known level of business within the building.

4.5 Externalise the Town Hall catering function and the new refreshment space.

4.5.1 Discussions with caterers, café providers and in house catering services have identified that by offering both our existing catering business (which has been in decline) with the new ground floor refreshment area is far more likely to attract potential interest.

4.5.2 Our current catering service is targeted to make an annual surplus of £40,000 a year and struggles to do this. Large scale catering in the Town Hall does not generate any income to the building other than from the hire of the kitchen and there is potential for this to create additional revenue to any external catering company. If this, plus the offer of a ground floor refreshment area could be put out to tender we are more likely to attract

serious bidders interested in taking over the whole of the catering function for the building.

5. Contract arrangements and issues

- 5.1 If we tender for an external catering provider to take over the current catering function and the new ground floor space a provider will require a reasonable contract period to building up the business. It is important that no long terms contract arrangements are entered into until the long-term future of the Town Hall has been agreed upon. A contract for two years (within an option to extend for a further year if the Council agrees) will attract businesses to consider this. Indeed some local catering businesses already provide most of our major event catering.
- 5.2 If we offer a contract whereby the supplier is given the option of running either the café as a stand-alone service or the option to also take over the current catering function and major event catering we will create the most options to attract a suitable contract partner.
- 5.3 If as a result of a tender process the best offer is to run both a café and our in house catering this may result in one employee (the new catering officer) being subject to TUPE and this is being investigated. A first discussion has already taken place with the employee to advise him that this option is being considered.
- 5.4 Any new catering provider will be required to provide fair-trade catering options, healthy eating menu options and use energy efficient catering equipment. This will be part of the tender evaluation. This is now becoming more mainstream in the catering business and is unlikely to be a deterrent to tendering.

6. Legal and Financial Implications

- 6.1 If the contract is awarded to a supplier who takes over both the management of the café and the in house catering arrangements the value of the contract that needs to be recovered is a minimum of £40,000 a year. The contract will be advertised widely and local catering and café companies will all receive a letter to let them know what is proposed.
- 6.2 The contract will be for two years to enable the incoming provider to develop the business with an option to extend for a further a year at the discretion of the Council.
- 6.3 Our current in house catering service is budgeted to make a surplus of £40,000 a year and struggles to achieve this, as we are unable to:
 - Buy at prices that the catering trade are able to command
 - Carry out all of the catering function in house because we are unable to retain the number of casual waiting staff needed to support the larger events

- Run all of the catering service and provide catering to major events with one part time trained cook
- Large catering events are serviced by outside caterers

6.4 If a contract is awarded to an external supplier to run our catering function we will seek a range of financial options to recover this surplus through the contract. This is likely to include a range of options including monthly fixed fee and percentage of profit and will be part of the tender evaluation. A contract will not be awarded unless we can demonstrate that the award will result in the Council benefiting financially from any new arrangement.

7. Staffing Implications and TUPE

7.1 If a contract is awarded to run both a café on the ground floor and the supplier is also awarded a contract to take over our in house catering service our part time cook may be subject to TUPE regulations which will protect the employee if TUPE is deemed to apply. Discussions regarding the issue of whether TUPE may apply are being investigated and the individual and the Union is being kept informed. All other Town Hall staff will not be affected by the proposal.

8. Other means of achieving the objective

8.1 All of the options from providing a basic refreshment area serviced by vending machines through to a café and external catering arrangement are included within section 4 of this report.

9. Grounds for recommending the proposed option

9.1 The proposed open tender route will enable suppliers to tender for the option of either taking over the whole of the Council's in house catering service and providing catering for large scale functions plus run a ground floor café or, running the ground floor café but with agreed access and use of the kitchen area. This will give the Council flexibility to award a contract, which provides the best solution to the Council.

10. Timetable

10.1 If Executive Board give approval to tender for a suitable supplier run a café and possibly the catering in the Town Hall the timetable will be as follows:

- 12th December hold workshop for local suppliers
- 19th December issue tender documents
- 31st January deadline for receipt of tenders
- 1st February to 16th February evaluate submissions carry out interviews, presentations and site visits
- 23rd February award contract
- March/ April set up café and manage any changes in the in-house catering changes
- 1st May start of contract and café opening

THIS REPORT HAS BEEN SEEN AND APPROVED BY:

Portfolio Holders:	Councillor Bill Baker
Strategic Director:	Mark Luntley
Legal and Democratic Services:	Lindsay Cane
Financial Management:	Mike Baish
Human Resources:	Anne Marie Scott