

Executive Advisory Panel Service Delivery, Performance and Customers

6th December 2021

Report Title	Procurement of Catering Services at Kettering Library and Alfred East Gallery (GLaM project)
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Executive Member	Councillor Helen Howell, Executive Member for Sport, Leisure, Culture and Tourism

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Appendix A – Purchasing Gateway Report

1. Purpose of Report

- 1.1. This report requests the Service Delivery, Performance and Customers Executive Advisory Panel consider the procurement of the Catering services at Kettering Library and Alfred East Gallery as part of the ‘GLaM’ development (hereafter referred to as “GLaM” as a project title. The future brand for the site is yet to be determined) with a view to informing the decision of Executive at its meeting on 16th December 2021.
- 1.2. The report also asks the panel to consider the delegation of authority from the Executive to the Executive Member for Sport, Leisure, Culture and Tourism in consultation with the Executive Director for Adults, Communities and Wellbeing, to take any further decisions and/or actions required to conclude this procurement.

2. Executive Summary

- 2.1 The ‘GLaM’ project aims to revitalise and extend the Alfred East Art Gallery and Library to become a cultural anchor which provides a blend of cultural amenity, space and teaching facilities.
- 2.2 The construction includes a two-storey extension to the rear and between the library and Alfred East Gallery which are adjacent to better the Museum to unify

the facilities. The project will create a flexible events space to increase cultural/visitor activity and develop a programme of events to strengthen community links. The building will include a new atrium space, two new events spaces, enhanced access and the public gardens at the rear, a new BIP centre and a new café with external terrace.

- 2.3 In September 2021, as part of the business plan development, NNC commissioned an options appraisal via Turpin Smale, an external catering consultant with a specialism in operations and procurement of operators for cultural/heritage visitor destinations. Turpin Smale assessed the site alongside local/national market conditions and evaluated whether an inhouse/lease or concession model would be the best option for the council. His report recommends a concession model operated by a local supplier.
- 2.4 The café needs to be managed by a dedicated catering manager/business, to enable it to develop, deliver the services required in the facility, and to ensure it is profitable. Therefore, the team propose to run a compliant procurement exercise, to identify a suitable concession supplier to manage the catering provision within the facility and seek approval of this from the Executive.

3. Recommendations

- 3.1 It is recommended that the Service Delivery, Performance and Customers Executive Advisory Panel:
- a) Considers the procurement process for the Concession Catering Contract at 'GLaM' a request for quotation overseen and supported by the Procurement team is proposed; and
 - b) Considers the proposal to delegate authority to the Executive Member for Sport, Leisure, Culture and Tourism in consultation with the Executive Director for Adults, Communities and Wellbeing to take any further decisions and/or actions required to conclude this procurement and deliver this service; and
 - c) Provides feedback to the Executive to inform their decision making at its meeting on 16th December 2021
- 3.2 Reason for Recommendations:
- The recommended course of action will be the most cost-effective way of providing a café within 'GLaM' as set out in the Turpin Smale report.
 - Customers within the facility will receive a catering service that meets their needs.
 - Option to provide event catering to complement the new commercial spaces within the buildings and create a 'destination venue' would be fulfilled.
 - Maintaining a café and catering service in this facility adds to the offer available for the community and supports events including those run by the

Library, Gallery and Museum as well as new income derived from commercial hires.

- A Local operator with passion and drive for the site and the local community achieves the original aspirations for the project.
- According to Turpin Smale, most visitor attraction cafes are now let out on a concession basis which allows the venue to have a reasonable level of control over issues such as opening times, selling prices, management appointment, name and publicity and other operational items. This works well where the café is an integral part of the venue with many shared services such as utilities, toilets and the like.

4. Report Background

- 4.1 There has never been a catering provision within the existing buildings.
- 4.2 The total capital project cost for the GLaM project is £4,060,100, with SEMLEP providing £3m and the rest being match funded by the Council. GLaM represents an exciting project for the local community and is a fundamental element of the Town Centre Delivery Strategic plan and wider cultural-led regeneration plans for Kettering.
- 4.3 As part of the original funding bid to SEMLEP, inclusion of a new café facility played a key role in securing funding, and SEMLEP outputs include delivery of an additional 120sqm in commercial space.
- 4.4 The project is moving at pace; the Government have set ambitious timescales for delivery with a key funding requirement for completion of construction work by Spring 2022. The re-opening programme is currently in development with plans to open summer 2022 with a main launch event in September 2022.
- 4.5 In September 2021, as part of the business plan development, NNC commissioned an options appraisal via Turpin Smale, an external catering consultant with a specialism in operations, development and setting up of new sites, and procurement of operators for cultural/heritage visitor destinations. Turpin Smale assessed the site alongside local/national market conditions and evaluated whether an inhouse/lease or concession model would be the best option for the council. Their report recommends a concession model operated by a local supplier.
- 4.6 The concession is usually a percentage of sales with minimums and a stepped increase of percentages linked to sales. A sales-based concession contract links and rewards the success of the venture to both venue and caterer.
- 4.7 The kitchen infrastructure is being provided as part of the capital programme, so in line with a concession model, no significant investment is required for the operator. A catering consultant was used to review specifications and layouts during the design stages to mitigate any issues once a supplier is secured.

5. Issues and Choices

- 5.1 The kitchen capacity is limited due to the buildings listed status and the inability to secure significant extract under planning. It will operate as a 'reheat' kitchen only, offering salads, sandwiches, paninis, tea, coffee and cake. This limitation restricts the type of operators that might be interested in the unit.
- 5.2 Turpin Smale evaluated an in-house model, but due to the lack of available specialist resource internally, and council 'on costs' in particular labour costs associated with pensions and wage commitments which exceed a standard café operator, it was deemed that service delivery would not be sustainable.
- 5.3 Turpin Smale also evaluated a leased model but due to the café being so connected to the rest of the site and services, with shared facilities/ access it was deemed that this would not be suitable.
- 5.4 The 'GLaM' management team need to be able to focus on the delivery of services for the hundreds of thousands of visitors to the site each year for the Library, Gallery, BIPC and Museum to ensure that all our customers' needs are met.
- 5.5 An experienced catering provider would be able to give the support to the cafe in 'GLaM' and have the level of expertise needed to manage the service.
- 5.6 The procurement will follow a compliant procurement process, run in line with the requirements of the Public Contracts Regulations 2015, the Concession Contracts Regulations 2016 and the Councils internal rule, processes and procedures.
- 5.7 This will be a Concession Contract. The Council will entrust the provision and management of the catering service to a concessionaire who can exploit the services they provide on behalf of the Council to achieve an income. Where this is the case, the Council will require the concessionaire to provide the service that the customers within the facility require and may provide an income to the facility and Council.
- 5.8 As businesses continue to recover from the impact on Covid it is anticipated that there will be some interest now in this procurement process and as such the process should be started as soon as possible. It is anticipated the process could take up to nine months. Operators will be keen to open over the more lucrative summer months and take best advantage of the external terrace.
- 5.9 The advice from Turpin Smale is to seek to secure a local operator who is passionate about serving the local community. Passion, in terms of standards of service and food quality, is what good catering is about and cafes respond well to personality, humour and quirkiness with key words being informal, relaxed, inexpensive and good quality.
- 5.10 A report has been presented to the Purchasing Gateway Group which is attached as **Appendix A** to this report.

6. Implications (including financial implications)

6.1 Resources and Financial

- 6.1.1 The Catering arrangement will be a Concession contract, so its value is determined by the value of the service to the Concessionaire (i.e., what the contract is worth), rather than how much the Council will pay for the service.
- 6.1.2 The anticipated contract turnover for the term of this contract (three years with the option to extend for a further 2 years) has been calculated as £690,000 based on the modelling provided by Turpin Smale using previous and projected footfall to the site. Pre-covid footfall was confirmed as 207,000 visitors per year. The figures from Turpin Smale included in this report noting the addition of new café, two new event spaces, a brand new BIP Centre and adult learning facilities projects 275,000 visitors per year once opened. This will be the concession turnover and not what the Council should expect to receive as income from the supplier.
- 6.1.3 The Council will retain ownership of equipment and furniture within the café and kitchen, but the concessionaire will invest in any new equipment required to deliver the service, a full inventory of Council assets will be taken before any contract is awarded. Any portable equipment which breaks during the term will be repaired or replaced by the concessionaire in agreement with Facility management.

6.2 Legal

- 6.2.1 The Legal team have been engaged through PGG to ensure a full and an appropriate contract is prepared for any successful concessionaire.

6.3 Risk

- 6.3.1 There is a risk of delay of the conclusion of the procurement if any further decisions need to be referred to the executive committee and not delegated as proposed due to the lead in times for securing an operator in advance of the building re-opening in Summer 2022.
- 6.3.2 If a decision is made not to procure the service, then this will impact SEMLEP outputs as well as having a financial impact on the Council due to not operating the service to its full potential and not providing the level of services that customers will expect upon re-opening.
- 6.3.3 The council have an existing tenant operating from the Blitz Tea room within the wider site. They have a lease agreement for the building directly in front of the Museum entrance managed under Property Services. The procurement process can be open to the Blitz Tea room (subject to procurement and legal requirements) but if they tender and are unsuccessful, or indeed if they do not seek to tender, then they are likely to raise concern regarding having a competitor located so close to their premises. They have throughout the project raised their concerns about the 'GLaM' development on various social media platforms.

6.4 Consultation

- 6.4.1 Consultation has taken place with Turpin Smale as set out in this report.
- 6.4.2 Key stakeholders such as the Friends of the Gallery and Museum and of the Library as well as the Cultural Consortium, the Town Council and local commercial businesses have received tours of the site and information on the proposed future use of the site.

6.5 Consideration by Scrutiny

- 6.5.1 The procurement process may be selected by Scrutiny for consideration.

6.6 Climate Impact

- 6.6.1 The specification asks that the concessionaire sources local and sustainable food sources and undertakes appropriate recycling opportunities.
- 6.6.2 The Concessionaire will work with facility management to ensure that energy efficiency is a priority and that working practices are managed to ensure that this is achieved.
- 6.6.3 The provider will work with facility management to consider future energy efficiency opportunities and look to develop and implement where possible.

6.7 Community Impact

- 6.7.1 An Equality Screening Assessment has been undertaken and included as part of the report and presentation to PGG.
- 6.7.2 There are opportunities of positive impacts on the local community from this procurement including the local economy through employment and supply chains and social and environmental through encouraging more visitors to the GLaM facility.
- 6.7.3 In addition to the SEMLEP commercial space output noted, new jobs creation is also a key output. Eight new jobs are required to be created by March 2024 of which 2.5 roles have currently been secured.
- 6.7.4 A café concession would create opportunities for employment of local people and will contribute to the SEMLEP objectives.
- 6.7.5 The cafe offers a town centre, accessible meeting space for the community which includes enhanced access and certified changing place.
- 6.7.6 Local business can benefit from providing services to the café
- 6.7.7 Hundreds of thousands of visitors and service users, and all members of the public have somewhere to meet within the facility and can be catered for.

7. Background Papers

7.1 Turpin Smale Report

7.2 PGG Report