

Cabinet

29 MARCH 2010

**DEPUTY LEADER
(+ENVIRONMENT)**

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**CABINET MEMBER
FOR RESIDENTS
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**CABINET MEMBER
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CONTRIBUTORS

DRSD
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ADPAP

<p>HAS A PEIA BEEN COMPLETED? YES</p>
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**APPOINTMENT OF APPROVED CATERERS -
FULHAM PALACE**

**Wards
Palace Riverside**

Following the completion of restoration work in late 2006, the Council has operated a list of five external caterers approved to work at Fulham Palace. These contracts have expired and the provision of catering services has been retendered. It is proposed that the Council approve five external caterers to provide catering services at Fulham Palace.

A separate report on the exempt part of the agenda provides confidential information about the tendering exercise.

Recommendation:

That contracts be entered into for the provision of catering services at Fulham Palace with the following catering companies:

- Create Ltd
- At Home
- Foodshow
- Bovingdons
- Mosimanns

1. BACKGROUND

- 1.1 Following the completion of restoration work in late 2006, the Council has operated a list of five caterers approved to work at Fulham Palace. These contracts have expired and the provision of catering services has been retendered.
- 1.2 The Council wishes to again appoint five external caterers to work at Fulham Palace. No other caterers would be permitted to work at the Palace other than in very exceptional circumstances. The Council wishes to appoint caterers that not only have experience in private client catering but also robust relationships with the corporate sector, so that it can work in partnership with the caterers to develop midweek corporate business at the Palace.
- 1.3 The appointment of a small panel of approved caterers is in line with industry best practice for the provision of catering at historic properties. The proposed contract is for five years. The benefits of having a limited number of approved caterers permitted to work at the Palace for five years and with experience of the private and corporate markets are that the:
- Caterers will be in competition with each other and constantly working to provide a high quality, value for money product to clients.
 - Caterers will have the confidence to work with the Council to grow business at the Palace across a reasonable timeframe (fewer than five caterers would lead to complacency in this respect, more than five would result in indifference on behalf of the caterer).
 - The Council can exploit the caterers' links to the corporate market so that it can develop weekday corporate business at the Palace alongside its established weekend private function business.
 - The Council can establish a relationship with each of the caterers to ensure that the Palace's historic fabric is protected and its kitchens properly used and cared for.
 - Caterers will provide a large amount of marketing for the Palace (especially to the corporate and wedding markets) including the regular hosting of promotional functions (three per year at no cost to the Council) and access to their extensive contact databases.
 - Council will be paid a percentage of the turnover of caterers' business at the Palace.
 - Caterers will be incentivised to bring corporate clients to the Palace through the payment of a 10% commission on any corporate room hire bookings they bring to the Palace.
 - Variety of costs and types of menu can be agreed with the caterers to ensure that a broad spectrum of tastes, dietary requirements and

incomes is provided for. This will be of particular value to the private client market which expects a high degree of catering choice at venues.

- Council can tightly monitor the quality of catering and ensure that high standards are maintained across all caterers at all times.

1.4 As a condition of contract, the approved caterers would, *inter alia*, be obliged to:

- Provide cocktail catering at three promotional functions arranged by the Council in partnership with the Tenderer and hosted at Fulham Palace during the duration of the contract. The catering would support joint promotion of the Palace to key markets and clients as defined by the Council. The cost to the Tenderer would not exceed £3,000 per function and there would be no cost to the Council.
- Work with the Council to market Fulham Palace to the corporate sector through the establishment of a shared database of corporate contacts.
- Use their existing channels of promotion to raise the profile of the Palace within the corporate sector.
- Include links to the Palace on their own websites.

1.5 The Council would reserve the right in very exceptional circumstances to permit non-approved catering companies to work at the Palace up to a cumulative total of four functions per year at a fixed concession rate of 20% of gross food and beverage revenue.

2. TENDER PROCESS

2.1 A tender appraisal panel (TAP) was established to advise on the contract. The TAP confirmed that catering services are classified as Part B services under the Public Contracts Regulations 2006 and are therefore not subject to the full procurement regime under the Regulations, but recommended that expressions of interest (Eols) should be sought prior to requesting tenders.

2.2 The requirements of the Eol were discussed and agreed at the TAP meeting of 13 July 2009. The Council advertised for Eols on the websites of both the Council and Fulham Palace. All advertisements were placed on the 21 July 2009. Eols were required to be submitted by 14 August 2009.

2.3 Respondents were asked to submit an Eol in their own chosen format to include:

- Company / Consortia / Partnership profile;

- Statement of each of the service provider's overall turnover and accounts for the past 3 years;
- Details of experience of approved catering at Fulham Palace (if applicable) and / or other sites during the last 3 years – especially the provision of catering at wedding receptions of between 80 and 150/180 people.
- Experience of working in buildings of outstanding heritage merit with high operational constraints aimed at maintaining security and protecting historic fabric.
- Details of technicians and technical services available, whether or not directly related to the undertaking, with special reference to catering, event management, quality control, sales and marketing;
- Breakdown of the organisation's management (or proposed management) and staff resources including operatives, together with details of educational, technical and professional qualifications held;
- Details of marketing properties within which caterers have worked – in particular details of successful marketing to the corporate market

2.4 A total of nine Eols were received. The Eols were assessed by the Palace's Hospitality Manager and Assistant Hospitality Manager. The accounts for each respondent were passed to Corporate Finance and each company was credit checked. All of the companies passed the credit check. The results of the Eol were discussed at the TAP meeting of 2 September 2009 and it was agreed that all of respondents should be invited to tender. The assessment criteria for the tenders was approved at the same meeting.

2.5 Tenders were issued on the 22 October 2009 with a submission deadline of noon on 23 November 2009. Tenders were evaluated on a combination of price (40%) and quality (60%). The price of the tender was a percentage of the gross income to the caterer generated by the provision of catering at the Palace. The quality of the tender was determined from the content of the written proposal and by a site-based sampling of the tenderer's food. The assessment criteria were weighted to reflect their relative importance and a minimum quality threshold score was established. The key assessment criteria were:

- Tenderer's proposal to promote Fulham Palace as a major venue for private and corporate functions.
- The manner in which the tenderer proposes to manage the contract – in particular the provision of a single point of contact / account manager.
- The procedures and practices the tenderer will use to ensure and sustain excellent quality and high standards of care towards the Council and individual clients.

- 2.6 The separate report on the exempt part of the agenda summarises the tendering process and its outcome.
- 2.7 It is recommended that the following five tenderers be approved to provide catering services at Fulham Palace.

- Create Ltd
- At Home
- Foodshow
- Bovingdons
- Mosimanns

3. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

- 3.1 The financial implications of the recommendations of this report relate to the appointment of catering contractors approved to work at Fulham Palace.
- 3.2 In common with the industry standard, the catering contract was tendered on the basis that the Council would receive a fixed percentage of the gross income generated by the each caterer from the provision of catering services at the Palace.
- 3.3 In 2006, the concession tendered by each of the current approved caterers was 10%. It is expected that the average rate of 10% will be achieved once again taking into account the range of rates offered by those caterers that have expressed an interest. From 2010/11, the real benefit will be the additional business that is predicted through the joint sharing of marketing and promotions between the Council and caterers, and access to caterers who have strong links with both the private and corporate function markets.
- 3.4 The optimal number of caterers required to cover the breadth of market is five. It will be a contractual condition for all of the caterers that they carry out marketing and promotions at their own costs in order to generate as much room hire business as possible. Income from catering is predicted to be £55k for 2009/10. This is expected to grow to £78.5k for 2010/11 . Officers are confident that the new arrangements as highlighted in this report will deliver the targets.

4. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

- 4.1 The AD Legal and Corporate Services agrees with the recommendation contained in this report.

5. COMMENTS OF THE ASSISTANT DIRECTOR (PERFORMANCE AND PROCUREMENT)

- 5.1 The AD Performance & Procurement agrees with the recommendation contained in this report and has been represented on the Tender Appraisal Panel.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	Minutes of TAP Meetings	Matthew Bates	Fulham Palace
2.	TAP Report	Matthew Bates	Fulham Palace

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