

Report of Head of Museums and Galleries

Report to Chief Officer for Culture and Sport

Date: March 2017

Subject: Museums and Galleries Cafes

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): The City & Hunslet and Kirkstall		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number: 10.4(3) Appendix number: 1		

Summary of main issues

1. The Council faces continued financial pressures, through a continuation of reducing Government funding, rising costs and growing demand for services.
2. Leeds Museums and Galleries exists to collect, preserve and interpret historic, cultural and scientific collections and historic sites, using them as inspiration for educating, entertaining and inspiring the people of Leeds and visitors to the city. Museums and Galleries (M&G) provide unique learning environments through the maintenance of these sites, their collections and through the operation of high quality, welcoming visitor attractions with associated commercial activity
3. Within the M&G service, there are currently three contracts in place for café provision and daytime hospitality with Fresh Hospitality Ltd at the Tiled Hall Cafe, The City Museum and Abbey House. These contracts are due to expire on 31st May 2017.
4. A separate framework (which includes 3 suppliers, one of which is Fresh Hospitality Ltd) exists for evening catering and hospitality at City Museum which will also cease on 31st May 2017.
5. An options appraisal has identified an opportunity to improve the customer offer and increase income from in-sourcing the current external provision.

Recommendations

6. To seek approval to insource the day time catering and hospitality, on cessation of all hospitality contracts within the Museums & Galleries service by 31st May 2017.

1 Purpose of this report

- 1.1 Within the broader context of the vision and visitor offer provided by Museums and Galleries, to propose the in-sourcing of the catering provision at three of the City's Museum and Gallery locations, the Tiled Hall Cafe, The City Museum and Abbey House.

2 Background information

- 2.1 The Council faces continued financial pressures, through a continuation of reducing Government funding, rising costs and growing demand for services.
- 2.2 The M&G service has a challenging increased income target of £125k in 2017/18, with the potential to raise additional income from the provision of a holistic conferencing, retail and café offer across the three venues.
- 2.3 Options Appraisal A range of high level options have been considered, which in summary are:
 - a) Do nothing and continue with the current catering provider Fresh Hospitality Ltd. – although a desire has already been expressed to end their agreements with the Council and income from commission has been in decline. Figures from commissions can be found in Appendix 1.
 - b) Stop providing catering at these locations. This is not considered a viable option as there is a level of income generated and there is further opportunity to rationalise resources across the catering and retail functions, improve the conference offer, improve the overall visitor experience and increase income
 - c) Offer the catering contracts back out to tender – Historically there has been little interest in tender opportunities due to poor access and limited supporting infrastructure.
 - d) Bring the catering in house as part of the councils overall budget considerations. This is the preferred option and is further detailed in the proposals below.

3 Main issues

- 3.1 There are currently three contracts in place for café provision and daytime hospitality with Fresh Hospitality Ltd at the Tiled Hall Cafe, The City Museum and Abbey House. These contracts are due to expire in 31st May 2017.
- 3.2 A separate framework exists for evening catering and hospitality at City Museum which will also cease on 31st May 2017. The evening hospitality requirement is on an

ad hoc basis dependant on bookings and due to the nature of the framework will fall outside of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE).

- 3.3 A desire to discuss an early release from the contract(s) has been voiced by Fresh Hospitality Ltd. It is understood that an early release from their interest in the café spaces at the three venues concerned would be possible if it is by mutual agreement
- 3.4 The agreed conditions surveys relating to these contracts have yet to be completed and are likely to form part of any negotiated early release from these contracts.
- 3.5 There is concern over the decline in incomes achieved through the existing arrangements as detailed in Appendix 1.
- 3.6 Fresh Hospitality Ltd is currently operating with a core of full time and an existing pool of casual employees. TUPE is likely to impact on this proposal and will need to be considered in dialogue with the existing employer Fresh Hospitality Ltd.
- 3.7 Through in-sourcing staff are far more likely to view the café and its success as part as part of the wider visitor offer.
- 3.8 Due to the current closure of the Art Gallery and the identified investment required for the Tiled Hall café it may be in the interests of the Council to accommodate a staggered approach in the transition to the new arrangements which takes into consideration any existing bookings.

4 Proposals

- 4.1 To seek approval to insource the day time catering and hospitality, on cessation of all hospitality contracts by 31st May 2017, within the Museums & Galleries service.

5 Corporate Considerations

5.1 Consultation and Engagement

Dialogue with incumbent Contractor: Fresh Hospitality Ltd

- 5.1.1 The proposal requires dialogue with Fresh Hospitality Ltd. regarding identification of existing TUPE considerations. As the contracts are to end on 31st May 2017, these discussions will commence immediately following agreement of this proposal.
- 5.1.2 Fresh Hospitality Ltd staff will be identified in current roles before we negotiate arrangements to ending these contracts which are suitable to both parties. Once the list of transferring staff has been agreed a due diligence process will be undertaken to identify all terms and conditions of employment including benefits (e.g. free meals, tips etc). Legal advice will be sought around benefits which are not in line with LCC benefits. All changes to T&Cs and general changes (e.g. pay day) will be covered in a measures letter to each member of staff transferring into LCC.
- 5.1.3 Trade Unions have been advised of the proposal. Once Fresh Hospitality Ltd. have advised their staff Trade Union consultation will commence.

- 5.1.4 The Executive Members for Economy & Culture and Resources & Strategy have been consulted and support this proposal.
- 5.1.5 Discussion with all identified stakeholders both internal and external to the Council will take place throughout the transition period.

5.2 Resources and value for money

- 5.2.1 Investment by Fresh Hospitality Ltd into these contracts has been limited which can be seen by the decline in commission incomes achieved at the sites over recent years.
- 5.2.2 It is anticipated that the proposals will deliver an additional income, over the current budget, of £78k, (17/18) rising to £144k in a full year.

5.3 Council policies and best council plan

- 5.3.1 This proposal supports two of the breakthrough projects within the Best Council Plan 2015-20. It supports the councils aim for hosting world class events by improvement to better linking events into our cultural offer including our aims for the 2023 City of Culture bid and will contribute to the vibrant cultural offer of the city as a whole.
- 5.3.2 It will use local intelligence from community engagement projects which currently take place within M&G to provide supportive community spaces within the cafes whilst considering the diversity of economic engagement through menu choice and pricing.
- 5.3.3 This proposal also reflects the Best Council Plan 2015-20 in relation to Civic Enterprise and Spending Money Wisely as part of the continuing financial budget pressures. It will also be our intention to work with Child Friendly Leeds within the cafes to ensure the spaces support this objective

5.4 Equality and diversity / cohesion and integration

- 5.4.1 An equality impact assessment screening has been completed and there are no identified adverse differential impacts arising from the introduction of these proposals. The screening has identified potential positive impacts relating to greater community engagement using existing Council networks.

5.5 Legal Implications, access to information and call in

- 5.5.1 The proposal requires urgent dialogue with Fresh Hospitality Ltd regarding identification of existing TUPE considerations for the cessation of the contracts
- 5.5.2 Advice has been provided that early release from contracts is possible by mutual agreement,
- 5.5.3 This Significant Operational Decision but is not subject to call in.
- 5.5.4 Appendix 1 to this report has been marked as exempt under the Access to Information Procedure Rules 10.4(3) on the basis that it contains information relating

to the financial affairs of the authority which, if disclosed to the public would, or would likely to prejudice the commercial interests of the Council. It is considered that the public interest in maintaining this information as exempt outweighs the public interest in disclosing the information.

5.6 Risk management

5.6.1 Failure to prepare an exit plan for the Fresh Hospitality Ltd contracts could result in an “extension” of the current contracts with Fresh Hospitality Ltd, assuming they were prepared to continue providing these services. However, as Fresh Hospitality Ltd have already expressed a desire for an early release from these contracts, it is more likely that the provision would cease and, if that were the case, there is a risk that direct catering income will be lost. In addition, the site offer at all 3 locations will be significantly reduced impacting on admission income and/or public engagement.

5.6.2 Failure to agree on an in house provision would result in the Council seeking an extension of the current contract whilst preparation for a tender took place. In addition to the risk of Fresh Hospitality Ltd not agreeing to such an extension, it is unlikely that a tender could be successfully carried out before 31st May 2017, resulting in a temporary loss of service provision.

5.6.3 The proposals are subject to TUPE considerations.

6 Conclusions

6.1 It is propose to in-source the café and day time catering provision, within the M&G service, on cessation of the current contract with Fresh Hospitality Ltd by 31st May 2017.

7 Recommendations

7.1 To seek approval to insource the day time catering and hospitality, on cessation of all hospitality contracts within the Museums & Galleries service by 31st May 2017.

8 Background documents

8.1 None