

# Authority to award a Framework Contract for the Supply of Coffee Shop and Café Solutions

Date: 19<sup>th</sup> February 2024

Report of: Head of Commercial and Estates

Report to: Chief Officer Climate Energy and Greenspaces

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## Brief summary

- This report requests the award of the Coffee Shop and Café Solutions Contract. The framework contract will enable the Green Spaces service to place orders with a range of suppliers for beverage supplies that will be sold through the commercial outlets across the service. It can also be used by other council services.
- The contract has been tendered by using the YORtender portal.
- Tender submissions were evaluated using a price quality separated basis.

## Recommendations

- a) The Chief Officer Climate, Energy and Green Spaces is recommended to provide authority to award a Coffee Shop and Café Solutions contract to:
  - a. Lot 1 – Café Direct
  - b. Lot 3 – Café Direct
  - c. Lot 4 – Café Direct
  - d. Lot 5 – JJ Food Service Ltd
  - e. Lot 6 – JJ Food Service Ltd

The Framework contract will have an estimated overall value of £1,140,000 and be for an initial period of 3 years with the option to extend the contract for a further 12 month period.

## What is this report about?

- 1 This report outlines the evaluation of the coffee shop and café solutions framework contract.
- 2 The council's Green Spaces service operates several commercial outlets across the city. To ensure the effective operation of these cafés there is a need for a supply of coffee machines, coffee, and other café sundries to these outlets to cater for the range of beverages offered to customers.
- 3 Other services across the council that also operate commercial outlets such as cafes in the Leeds Museums and Galleries service, leisure centres, events and venues, and Civic Flavour may also use the contract.
- 4 The council published the tender opportunity for coffee shop and café solutions on the YORtender portal on 26<sup>th</sup> October 2023. The tender was also advertised on Contracts Finder and Find a Tender. The tender closed on 27<sup>th</sup> November 2023.
- 5 The method used to evaluate the tender was a price quality separated approach. All suppliers that passed the quality evaluation, then had their pricing evaluated, with the lowest priced bidder then becoming the preferred bidder.
- 6 Each Lot was evaluated separately with the outcome of the evaluation being:
  - a) Lot 1 (Sale of coffee machines) - Café Direct
  - b) Lot 3 (Service only for pre-existing equipment) – Café Direct
  - c) Lot 4 (Supply of coffee for machines) – Café Direct
  - d) Lot 5 (Supply of ingredients) – JJ Food Service Ltd
  - e) Lot 6 (Supply of Fairtrade ingredients) – JJ Food Service Ltd
- 7 Lot 2 (Lease, supply of coffee and free on loan equipment) did not attract any tender submissions. The service will instead purchase equipment using this framework or undertake separate competitive exercises if leasing is considered necessary.
- 8 Details of the evaluation and scoring are set out within confidential Appendix 1.

## What impact will this proposal have?

- 9 Approving the award of the contract will ensure the council will have a supply of produce that has been obtained via competition to ensure that best value has been achieved.
- 10 The contract will ensure the council has a contracted supplier to work with over the contract term that can provide access to beverage supplies and produce required to ensure the successful operation of the outlets.
- 11 The contract will also provide a formal contractual agreement that can be used to manage the quality of the service provided by the supplier, with a number of Key Performance Indicators included within the contract to monitor performance and include measures to protect against significant price increases.

## How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 12 The contract to be awarded includes social value requirements against which the supplier is required to deliver.
- 13 The council will work with the supplier to reduce the environmental impact of the contract.
- 14 The contract includes requirements around the ethical sourcing of products. The contract includes requirements around Fairtrade, Rainforest Alliance, and organic coffees and other ingredients, which will provide the council with the ability to have a positive impact on the sourcing of some ingredients used within its commercial outlets.

### **What consultation and engagement has taken place?**

Wards affected: None.

Have ward members been consulted?       Yes                       No

- 15 Procurement and Commercial Services (PACS) were consulted throughout the procurement process.
- 16 Other council services (Museums and Galleries, leisure centres, Events and Venues, and Civic Flavour) were consulted with regarding their potential use of the contract.

### **What are the resource implications?**

- 17 The framework contract being awarded has an overall estimated value of £285,000 per year. This value is based upon a worst-case scenario that the current number of coffee machines used by various services, each need replacing within the same year. This is considered unlikely as machines last 3-5 years, so as such the annual contract value is anticipated to be significantly lower.
- 18 The contract will be managed by the council's Green Spaces service.

### **What are the key risks and how are they being managed?**

- 19 The key risks are associated with the quality and costs of the produce supplied. The evaluation methodology ensured that these risks were mitigated through the procurement process and robust contract management arrangements will ensure the risks are appropriately managed throughout the duration of the contract.
- 20 Not to award the contract risks the council having to incur non-compliant spend with potentially higher costs and a lack of supply security.

### **What are the legal implications?**

- 21 Colleagues in Procurement and Commercial Services (PACS) have advised there are no legal implications in awarding the new contract.
- 22 The decision to award the contract is a Significant Operational Decision as it is a direct consequence of a previous Key Decision (decision ref D56737) taken in August 2023 "Procurement of a contract for coffee and café solutions" and is therefore not subject to call-in.
- 23 Appendix 1 of the report is confidential under Access to Information Procedure Rule 10.4(3) as it contains information relating to the business affairs of the organisations that submitted tenders. It is felt that if disclosed this would, or would be likely to, prejudice the commercial interests of the companies.

## **Options, timescales and measuring success**

### **What other options were considered?**

- 24 Not awarding the contract would result in non-compliant spend and as such this option is not considered appropriate.
- 25 Existing council contracts of a similar nature were considered and were not found to be appropriate for the commercial outlets.

### **How will success be measured?**

- 26 Success will be measured by the contract successfully supplying beverage supplies that meet the needs of the service whilst offering value for money.

### **What is the timetable and who will be responsible for implementation?**

- 27 The new contract is to commence on the 1<sup>st</sup> March 2024.
- 28 The Head of Commercial and Estates within the Green Spaces service will be responsible for implementation.

## **Appendices**

Confidential Appendix 1 – Tender Evaluation

## **Background papers**

- [Council and democracy \(leeds.gov.uk\)](https://leeds.gov.uk)