

# Authority to award a Framework Contract for the Supply of Coffee Shop and Café Solutions – Lots 5 and 6

Date: 28<sup>th</sup> June 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

- The framework contract for Coffee Shop and Café Solutions was awarded in February 2024 (D57187). The contract was divided into five Lots, with Lots 1, 3 and 4 awarded to Café Direct and Lots 5 and 6 awarded to JJ Food Service Ltd. JJ Food Service Ltd has subsequently withdrawn from the tender process. This report requests that Lots 5 and 6 are awarded to the next highest scoring tenderer.
- 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:
- Lot 5 (Supply of ingredients) – Café Direct
  - Lot 6 (Supply of Fairtrade ingredients) – Café Direct

Lots 5 and 6 of the Framework contract have an estimated overall value of £290k over the contract period of 3 years, including the option to extend the contract for a further 12 months.

## **What is this report about?**

- 1 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.
- 2 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.
- 3 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.
- 4 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.
- 5 Each Lot within the framework was evaluated separately and the authority to award the contracts was published in February 2024 (decision reference D57187).
- 6 Following this decision being published, the preferred bidder for Lot 5 and Lot 6 provided formal notification to withdraw from the tender process, and the council accepted the withdrawal.
- 7 This report requests that Lots 5 and 6 are awarded to the next highest scoring tenderer within the procurement process, as detailed below:
  - Lot 5 (Supply of ingredients) – Café Direct
  - Lot 6 (Supply of Fairtrade ingredients) – Café Direct
- 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, and have been engaged with in relation to the withdrawal of the original successful tenderer for Lots 5 and 6.
- 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 2 Lots being awarded have an overall estimated value of £72k per year.
- 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 been consulted on the process for formally withdrawing from the tender process and awarding the Lots to the next highest tenderer.
- 22 The decision to award the contract is a Publishable Administrative 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 Reprocurring the 2 Lots is not considered a viable option as the procurement was carried out recently and as such there is not considered to be value in retendering the opportunity.
- 26 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?**

27 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?**

28 The new contract is to commence with immediate effect.

29 The Head of Commercial and Estates within the Green Spaces service will be responsible for implementation.

**Appendices**

Confidential Appendix 1 – Tender Evaluation

**Background papers**

- None