

Finance and Resources Committee

10.00am, Friday, 1 February 2019

Award of Concession Contract for: Café Concessionaire at the City Art Centre

Item number	8.9
Report number	
Executive/routine	
Wards	All
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Executive Summary

This report seeks the approval of the Finance and Resources Committee to award Mimi's Bakehouse the right to operate a concession within the café on the ground floor of the City Art Centre from March 2019.

The duration of the contract shall be for a period of five years with an optional extension of up to five years.

Rental income is projected at £25,000 per annum with a rent-free period of six months at the commencement of the contract.

Mimi's Bakehouse will invest in a renovation and rework of the café interior including floors, furnishings, wall coverings (to protect the mural in place), fixtures and fittings, to a minimum value of £60,000.

A share in profit expressed as 10% of all net food and drink costs sold at City Art Centre events catered by Mimi's Bakehouse is also proposed.

Award of Concession Contract for: Café Concessionaire at the City Art Centre

1. Recommendations

- 1.1 The Finance and Resources Committee is asked to:
 - 1.1.1 Approve the award of the concession contract to Mimi's Bakehouse; and
 - 1.1.2 Note that the contract is for a period of five years with an optional five year extension.

2. Background

- 2.1 A café has operated within the City Art Centre for a number of years under a concession arrangement. However, these have not always been financially successful, and the café currently needs some investment to carry out required renovations and repairs.
- 2.2 The café concession within the City Art Centre has not previously supplied catering for events with the Centre.
- 2.3 The café has been operating on a 'pop up' basis since May 2018. Mimi's have operated the café on this basis since 5 November 2018.
- 2.4 The concession arrangement proposed in this report addresses the need for investment in the fabric and facilities and also makes provision for the concession holder to supply catering for events held within the City Art Centre.

3. Main report

- 3.1 The value of the concession contract is below the regulated value of circa £4m which is set by the Concession Contract (Scotland) Regulations 2016.
- 3.2 However, the Council considered that as a site of public interest an element of advertising, while not required by law, should be undertaken.
- 3.3 In order to determine the level of interest that may exist, a Prior Information Notice (PIN) was advertised on the Public Contracts Scotland website on the 17 August 2018.
- 3.4 The PIN invited any suppliers who met basic financial and café experience requirements to submit an outline bid.
- 3.5 One compliant bid was received from Mimi's Bakehouse.

- 3.6 As only one outline bid was received, the Council engaged in direct negotiations with Mimi's Bakehouse to determine if their role in operating a café concession in the City Art Centre would be in the best interests of the Council.
- 3.7 A draft contract has been agreed in principal between Mimi's and the Council Legal Services team.
- 3.8 Mimi's Bakehouse are a local family owned small and medium-sized enterprise (SME) of excellent reputation and standing in the local community, which is likely to be effective in developing a more positive reputation for the City Art Centre café.
- 3.9 Mimi's Bakehouse have offered free of charge assistance via a qualified events manager in marketing the event spaces within the City Art Centre to full capacity.

4. Measures of success

- 4.1 The Contract award is based on the following measures of success:
 - 4.1.1 Café service in the City Art Centre of a required standard;
 - 4.1.2 Increased footfall within the City Art Centre due to the success of the café venture;
 - 4.1.3 A refurbishment that preserves the mural on the City Art Centre café wall while also being compatible with a modern café environment; and
 - 4.1.4 Increased revenue to the City Art Centre via the café concession rent and profit sharing model.

5. Financial impact

- 5.1 The total contract revenue is estimated to be £112,500 over five years with investment of £60,000 from Mimi's Bakehouse to renovate the café.
- 5.2 Mimi's Bakehouse will be responsible for all relevant business rates and metered utilities costs upon installation of the relevant meterage.
- 5.3 The 10% net profit on food and drink from any events will be provided as a single annual rebate to the City Art Centre. Historically the City Art Centre has required events to provide their own caterer so the revenue is not projected.
- 5.4 The costs associated with procuring this contract are estimated as less than £5,000

6. Risk, policy, compliance and governance impact

- 6.1 The contract to be awarded is compliant with procurement regulations and the Council's Contract Standing Orders. The risk of legal challenge to contractual arrangements for the provision of this service is thereby considered to be low.

- 6.2 Should this recommendation not be approved, the café will not have an incumbent concessionaire. Mimi's Bakehouse are currently providing a 'pop up' café service as the previous incumbent left at very short notice.

7. Equalities impact

- 7.1 The cafe and facilities meet the Council's planning guidance standards in relation to best practice accessibility for disabled residents and visitors.

8. Sustainability impact

- 8.1 All of Mimi's takeaway packaging, including their cups, is 100% plastic-free and compostable. In addition, all of their waste is processed in the UK, with none going to landfill. Instead, it is incinerated to create green energy.

9. Consultation and engagement

- 9.1 City Art Centre staff have been consulted in this process and the Friends of the City Art Centre community group have been informed of progress.
- 9.2 Friends of the City Art Centre members shall receive a 20% discount on food and drink in the café by virtue of their membership.

10. Background reading/external references

None.

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11. Appendices

None.