

# Draught & Packaged/Spirit Supplier Tender

## F&R Update – Paul Gallagher – January 2018

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### Introduction

The licensed trade outlets for Imperial College Union utilise the services of a number of suppliers for their wet stock. The draught products and the packaged spirit products are the two largest agreements we have. A small number of products are sourced through alternate suppliers as is the supply of draught soft drinks.

Currently the two suppliers are Greene King for draught products and Molson Coors for packaged/spirits products

The Greene King agreement will come to an end on the 31<sup>st</sup> of July 2018. The agreement with Molson Coors ended in June 2016. The use of Molson Coors has continued however as they give a good service at competitive prices. Having both of our supplier contracts running and ending at different points of time has meant that we have not been able until now to have the opportunity for one supplier to take on both product groups. A three year agreement for both lines is desired.

The tables below show the expenditure per year for the Union across our two current suppliers with an average expenditure of over £540,000. The two tables show the expenditure over the past two financial years.

### Greene King Expenditure

<i>Venue(s)</i>	<i>2015/16</i>	<i>2016/17</i>	<i>Grand Total</i>
Beit Bars	£262,676.47	£315,378.52	£578,054.99
Reynolds	£28,750.18	£29,128.47	£57,878.65
h-bar	£56,537.22	£60,563.02	£117,100.24
<i>Totals</i>	<i>£347,963.87</i>	<i>£405,070.01</i>	<i>£753,033.88</i>

### Molson Coors Expenditure

<i>Venue(s)</i>	<i>2015/16</i>	<i>2016/17</i>	<i>Grand Total</i>
Beit Bars	£123,669.29	£150,962.41	£274,631.70
Reynolds	£15,270.29	£15,760.77	£31,031.06
h-bar	£16,826.07	£16,311.20	£33,137.27
<i>Totals</i>	<i>£155,765.65</i>	<i>£183,034.38</i>	<i>£338,800.03</i>

- The invitation to tender for both of these product groups is to secure a new agreement either with a single supplier who can deliver both product lines or with two suppliers specialising in one.
- The invitation to tender was sent out to 10 suppliers/route to market. This included our current suppliers, Greene King and Molson Coors

- The schedule for the tender process is shown in the table below

Invitation to tender sent out to 12 suppliers/route to market	<b>November 13<sup>th</sup></b>
Questions submitted to Imperial College Union	<b>November 13<sup>th</sup> – November 24<sup>th</sup></b>
Answers returned to all suppliers	<b>November 29<sup>th</sup></b>
Meetings with suppliers to discuss the tender	<b>December 1<sup>st</sup> – December 15<sup>th</sup> 2017</b>
Submission deadline	<b>January 31<sup>st</sup> 2018</b>
Submission presentation dates (if desired)	<b>February 5<sup>th</sup> &amp; February 8<sup>th</sup> 2018</b>
Suppliers notified of short list	<b>February 16<sup>th</sup> 2018</b>
Revised submissions deadline	<b>March 2<sup>nd</sup> 2018</b>
Revised submissions shortlisting	<b>March 5<sup>th</sup> – 22<sup>nd</sup> 2018</b>
Paper to F&R for the proposed preferred supplier(s)	<b>W/E March 23<sup>rd</sup> 2018</b>
Switch supplier(s)	<b>Ready for August 1<sup>st</sup> 2018</b>

### **Tender Progress to Date**

As of January 2018 the tender process is on schedule with January being earmarked for suppliers to put together their tender submissions ready for the deadline of January the 31<sup>st</sup> 2018.

**November 2017:** A number of questions were received from all suppliers invited into this process. The answers to all of these questions were organised into a report which was returned to all suppliers so that a transparent fairness of information could be shown.

**December 2017:** All 10 suppliers attended meetings at the Union to discuss the tender and to ask for further clarification where needed. These meetings were all attended by the Licensed Trade & Venues Manager and the Bars & Catering Manager with the Deputy President of Finance & Services (DPFS) and the Assistant Bars Manager of Beit Bars attending the majority.

During these meetings requests for further information and data was noted. Any communicated updates to information from these notes were shared across the 10 suppliers. This was again to ensure fair access to information

### **Student Consultation**

In order to ensure that the views and opinions of the Union's Membership was considered it was decided in December that a survey should be conducted to see what was viewed as important in regards to the product ranges across the Union's sites. The survey was open text which meant the membership could express their opinions without being guided by options. All responses would then be read and then categorised depending on what the open text stated. When categorising, more than one category could be considered. Within categories, sub categories were then added in order to further drill down on what students considered most important.

The parent categories within this were:

- Products
- Financial
- Range
- Benchmarking
- Other

The top 5 sub themes<sup>1</sup> that were highlighted within the open text submissions were:

1. Price
2. Lager Range
3. ABV (Alcohol by Volume)
4. Taste
5. Quality

The apparent themes resulting from this consultation were fed back to the suppliers as part of the update following the supplier meetings in December so as to help inform them on what the Union's membership considered important in the proposed ranges.

## Selection Panel

In order to have a fair and balanced selection process discussions on who would sit on the panel were had over December 2017. It was agreed that whilst the professional experience within the Union's management within the commercial departments as well as the DPFS was valuable, having a number of student representatives on the panel other than the DPFS would also be useful.

The proposed panel for the shortlisting of the submissions is as follows:

Officer Trustee:	Matt Blackett	Deputy President of Finance & Services
Staff Member:	Daniel Green	Bars & Catering Manager
Staff Member:	Anthony Michael	Beit Bars Assistant Manager
Staff Member:	Asher Forester	h-bar Bar Manager
Staff Member:	Paul Gallagher	Licensed Trade & Venues Manager
Non South Kensington Representative:	Rhys Smith	ICSMSU President & Student Duty Bar Manager
Student Trustee:		<i>Selected through submission of a supporting statement</i>
Union Council Member:		<i>Selected through submission of a supporting statement</i>
Student Staff Member:		<i>Selected through submission of a supporting statement</i>

The panel selection is being led by the DPFS. Once fully selected this panel will be invited to both sit on the tender submission panel on the 5<sup>th</sup> & 8<sup>th</sup> of February with shortlisting of the submissions being completed by February 16<sup>th</sup> 2018

The panel will also be required to read through the revised submissions between the 5<sup>th</sup> and 22<sup>nd</sup> of March. Once a supplier has been highlighted and agreed as the frontrunner a paper will be written for the Finance & Risk Committee to show the process of the decision making and the rational and recommendations for who should be appointed or supplier(s) for the two ranges. As per the tender timeframe this would be during the week ending 23<sup>rd</sup> March 2018

## Shortlisting

The shortlisting of suppliers will be based both upon financial aspects and also the service being provided.

**Financial:** The impact of the financials of each submission will be compiled in order to compare it to the Union's current deals with its suppliers. This will take into account all proposed elements such as

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<sup>1</sup> Whilst these headings could be considered subjective it is the actual responses in the open text fields that has been taken into account when feeding this back to the suppliers

cost of sale, retrospective discounts, listing fees, price freezes and sponsorship proposals giving a side by side comparison on any change to our current model.

With the Union putting both of its product ranges out to tender at the same time this will give the opportunity to be able to judge the best outcome in terms of selection whether that be to put both ranges through one supplier or to split the ranges across two.

Side by side comparisons for all submissions as well as how they fair as a single supplier or split supplier will be formulated and given to all those on the selection panel for their views.

**Non-Financial:** The panel will be asked to score the submissions based on criteria set out in the invitation to tender in order to better inform the rationale behind those selected to be taken forward. The submissions will be scored on:

- Proposed Service Level Agreement (SLA) Including but not limited to:
  - Orders
  - Deliveries (with additional KPIs for those who use 3rd party delivery company)
  - Technical Support Expectation & Management
  - Account Manager Access
    - Meeting Schedule
    - Response to emails
- Proposed suggestion for product range
- Training & Development opportunities for staff
- Staff incentives proposal
- Update and future technical installations
- Event support
- The length of the contract/agreement
- Equal opportunities policy
- Environmental impact
- Health & Safety

### **Next Steps**

Over the month of January suppliers have been invited to conduct technical surveys on all sites to enable them to propose any necessary updates to the dispense<sup>2</sup>

The 31<sup>st</sup> of January is the deadline for all submissions with suppliers being able to present their proposals on the 5<sup>th</sup> and 8<sup>th</sup> of February

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<sup>2</sup> Updating the dispense systems is not always necessary as new suppliers will often purchase the previous suppliers dispense systems to ease change over