

Report of Head of Sport and Active Lifestyles

Report to Chief Officer, Culture and Sport

Date: 30th July 2015

Subject: Supply and servicing of Sports Nutrition vending machines

Are specific electoral wards affected? If relevant, name(s) of ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The Sport and Active Lifestyle Service wish to award the contract for the provision of the vending of Sports Nutrition products.
2. The previous contract awarded to Pelican Rouge on 31st January 2015 was terminated on the 22nd June 2015 due to their failure to adhere to the terms of the contract. This contract was awarded as an individual lot as part of the council vending contract.
3. Following the termination of this contract the company who came second in the selection process were approached but declined to accept the offer to take over this contract. None of the other original tenders had bid for this lot, or had shown enough evidence that they could supply what was required.
4. The vending of Sport Nutritional products has been valued at £8,000 per annum. The contract will commence as close to the 1st August as possible, and will expire on the 31st January 2018 with the option to extend for a further 12 months. This is in line with the original vending contract.
5. After the breakdown of the original contract several vendors of Sports Nutritional products were approached, and 3 companies responded by tendering for this contract. Representatives from each of these companies met with Leeds City Council and submitted their tender. Following these discussions a panel of 3 members of the Sports & Active Lifestyles Team reviewed the responses and the following preferred bidder was identified:
 - 'Nutrition2Go'

Recommendations

1. The Chief Officer, Culture and Sport, is recommended to waive Contracts Procedure Rule No 3.1.15 (Requirement to use the Council's standard tender documents for the procurement of appoint the following companies to provide vending services) and 8.1 & 8.2 (Intermediate Value Procurements) in order to appoint the contract for the vending of Sports Nutrition Products to the following Leeds based company:
 - 'Nutrition2Go'

1 Purpose of this report

- 1.1 To seek approval from the Chief Officer, Culture and Sport to award a two and a half year contract commencing 1st August 2015 or as soon as possible thereafter, with the option to extend by 12 months if required. This will be done via a waiver under CPR 3.1.15.
- 1.2 The estimated value of the contract over the total potential three and a half year period is: £28,000.

2 Background information

- 2.1 The contract for the supply of sports nutritional products was a lot on the original contract for the provision of cold drinks and snacks, and the vending of hot drinks, cold drinks, snacks and sports nutrition products. This lot was awarded to 'Pelican Rouge', who subsequently failed to provide the machines or their contents as specified in both the contract terms and conditions and their bid.
- 2.2 Because of this poor performance, the existing contract for the supply of sports nutritional products was terminated on 22nd June 2015. This was due to the failure of Pelican Rouge to supply Leeds City Council what was agreed upon in the tender process.
- 2.3 Vending services have traditionally been provided to meet the needs of customers within leisure centres and parks & countryside facilities and provides a valuable source of income for the Council.
- 2.4 Of the original tender only one other company had either bid for this lot or had demonstrated their ability to meet what was required in the terms and conditions of the contract. Following the refusal of the organization that scored second in the original tender process to accept this contract, contact was made with a number of companies via the negotiated procedure without prior publication as permitted by regulation, and an expression of interest was made by 3 companies.
- 2.5 Meetings were held with representatives from each company and Leeds City Council. A panel of 3 members of the Sports and Active Lifestyles Team then met to discuss these bids, and identified a preferred bidder based on a number of variables including consumer price and choices available, contract management issues and commission value.
- 2.6 This is the first time that sports nutrition products have been included with the tender for vending machines. However based on the outcome of a pilot project carried out in 2014 with similar products, it has been estimated that the income generated from the supply of snacks via our outlets or vending machines equates to approximately £8,000 per annum and thus contributes towards the upkeep of the service.

3 Main issues

Reason for contracts procedure rules waiver

- 3.1 The original vending contract failed to produce a successful outcome. Therefore it was advised by Ian Hodge of The Projects, Programmes and Procurement Unit to get

a minimum of 3 quotes and assign a contract via a waiver under Contracts Procedure Rule No 3.1.15.

- 3.2 A significant level of Council staff time would be taken up in working on a new tender process. Based on the original tender exercise it is far from certain that another process would be successful.

Consequences if the proposed action is not approved

- 3.3 If this waiver request is refused then it will require Leeds City Council entering into another procurement exercise that will prove both timely and costly in both staff time and lack of income generated. The Sports nutritional vending machine contract is estimated to generate the Council a profit of £8,000 per annum.
- 3.4 Customers will continue to miss out on the opportunity to purchase sports nutritional products in our outlets, likely to lead to an increased level of dissatisfaction.

Advertising

- 3.5 The contract was originally advertised in full on the Yortender website as part of the Supply and servicing of vending machines contract (contract reference 9PUF-3XJLZ8S).

4 Corporate considerations

4.1 Consultation and engagement

- 4.1.1 Following the breakdown of the original contract and the subsequent refusal of the only other company who demonstrated they could meet the contract needs, an alternative approach is required. This approach was use of the negotiated procedure without prior publication as permitted by regulation
- 4.1.2 The Projects Programmes and Procurement Unit has been actively involved throughout this process.
- 4.1.3 The decision to award the contracts has been made both with the advice of, and in partnership with the Corporate Procurement Unit.
- 4.1.4 Cllr Mulherin has been consulted, and she has expressed no objections to the recommendations expressed in this report.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 It is not expected that this contract is likely to have an effect on equality & diversity or cohesion and integration.

4.3 Council policies and city priorities

- 4.3.1 The council holds a number of important values, policies and priorities that are upheld through this contract. The contract supports the following objectives and priorities in the Best Council Plan:
- Providing accessible and integrated services

- Getting services right first time and improving customer satisfaction
- Generating income for the Council
- Becoming more enterprising in the city

4.4 Resources and value for money

4.4.1 The chosen suppliers have shown that they will provide acceptable quality and maximum profit.

4.4.2 There is also the opportunity for Leeds City Council to gain additional revenue from the electronic advertising space at the top of the machines.

4.5 Legal implications, access to information and call in

4.5.1 Not subject to call in, as this is a significant operational decision.

4.6 Risk management

4.6.1 Three bids were received so there was the opportunity to compare prices, products and services.

4.6.2 The tenders were assessed by looking at quality and then financial data.

4.5.3 The process, as carried out under the guidance of Projects Programmes and Procurement Unit is therefore seen as a low risk.

5 Conclusions

5.1 The Chief Officer for Culture and Sport is asked to approve the award of this contract to 'Nutrition2Go' via a waiver under CPR 3.1.15.

6 Recommendations

6.1 The Chief Officer, Culture and Sport, is recommended to waive Contracts Procedure Rule No 3.1.15 (Requirement to use the Council's standard tender documents for the procurement of appoint the following companies to provide vending services) and 8.1 & 8.2 (Intermediate Value Procurements) in order to appoint the contract for the vending of Sports Nutrition Products to the following Leeds based company:

- 'Nutrition2Go'

7 Background documents

7.1 There are no background documents.