

Report of Head of Sport and Active Lifestyles

Report to Chief Officer, Culture and Sport

Date: 30th November 2015

Subject: Supply of cold drinks and snacks to LCC premises

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 supply of cold drinks and snacks to 'Palmer and Harvey' using the Negotiated Procedure as permitted by regulation.
2. This contract has been put out to tender twice. Once as 2 separate lots under the vending tender, and once solely for the supply of cold drinks and snacks. On neither occasion did an organisation submit an application that passed the PQQ stage. Hence the request to abandon this process and adopt a different approach. 'Palmer and Harvey' were the successful contractors under the new process.
3. Carrying out the procurement exercise using the negotiated procedure approach, 'Palmer and Harvey' were found to be the provider who offered the better value for money.

Recommendations

1. The Chief Officer, Culture and Sport, is recommended to award the contract for the supply of cold drinks and snacks using the negotiated procedure as requested in the previous report. The contract should be awarded to the following provider:
 - 'Palmer and Harvey'

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: £448,948.

2 Background information

- 2.1 In late 2014 Leeds City Council tendered for the right to supply and vend cold and hot drinks, snacks and sports nutrition products. This contract was separated into 6 separate lots. Of these lots, 4 were for the vending of snacks, hot & cold drinks and sports nutrition. The remaining lots being the supply of snacks and the supply of soft drinks.
- 2.2 During the initial bid all 4 vending lots were tendered for and accepted. The remaining 2 lots had fewer bids, neither of which passed the Pre Quality Questionnaire (PQQ) stage due to a failure to provide the evidence that they would be able to fulfill what was required of the contract.
- 2.3 Due to the lack of success in obtaining a bid of the quality required, a separate tender was put out in early 2015 focusing solely of the supply of snacks, and of the supply of cold drinks. None of the 3 tenders that were returned passed the PQQ stage.
- 2.4 Since this initial process has been concluded it has been decided that this method of procurement is no longer viable. Future procurement processes will separate the vending machines and supply to outlets under different contracts. This is because of the vast difference in the 2 service areas, and the companies who would be likely to tender for each contract.

3 Main issues

- 3.1 Despite 2 separate tenders being put out, it has not been possible to select a successful supplier due to the poor quality of the responses received.
- 3.2 Because it has not been possible to obtain a successful conclusion to this process on 2 separate occasions, it is felt that it would be in the best interests of LCC to abandon their current procurement process in relation to the supply of snacks and cold drinks, and commence a new process with use of the negotiated procedure without prior publication as permitted by regulation.
- 3.3 Leeds City Council are currently purchasing snacks and soft drinks from a variety of suppliers on an off contract basis. Not only are the Council failing to obtain best value for money that a structured contract would provide, they are also operating outside of the preferred Contract Procurement rules by doing this.
- 3.4 A process of ordering snacks and cold drinks from a single supplier would encourage a greater deal of consistency and ensure the saving of both time and money for the Council.

- 3.5 The original tender was conducted on the basis that everyone who met the quality threshold would be evaluated 100% on price. Unfortunately there were no compliant bids so 'Palmer and Harvey' were approached directly as the lowest priced bidder.
- 3.6 Following this approach negotiations were made between 'Palmer and Harvey' and the Council in order to ascertain the best value for money, with regards to service in addition to what was already regarded as the cheapest price following the original tender.
- 3.7 Because the tender was going to be evaluated on 100% price it was felt that there was no point in negotiating with anyone else as they would have been unable to win the tender.
- 3.8 By awarding this contract to 'Palmer and Harvey' the Council will be getting the cheapest supplier possible. As one of the current suppliers to the Council, 'Palmer and Harvey' have a good track record of supply and delivery of products. Therefore agreeing to award them the contract would provide the best value for money to the Council.

4. Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 It is not considered that the content of this report or the recommendation made will have a significant impact on any particular ward or community.
- 4.1.2 It is not considered that consultation with our customers is required for this contract.

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 It is paramount that procurement within Leeds City Council is undertaken with a view to ensure openness, transparency and fairness. As such this contract will be procured in line with Leeds City Council's Procurement Units policy and procedures.
- 4.3.2 The procurement will not need to be advertised in Europe via OJEU as it was advertised previously when the tender was initially put out as part of the vending contract.

4.4 Resources and value for money

- 4.4.1 The awarded contract will be regularly reviewed by monitoring the terms of the contract to ensure continuing value for money.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 The Chief Officer is authorised to make this decision to commence the awarding of the contract for the supply of cold drinks and snacks.

4.5.2 The value of spend on the contract is estimated at £448,448 in total (£56,495.22 soft drinks and £93,154.33 snacks) for supply. This is a Significant Operational Decision.

4.6 Risk Management

4.6.1 There is no particular risk in approving the awarding of this contract.

5 Conclusions

5.1 The awarding of this contract by use of the negotiated procedure without prior publication as permitted by regulation should be made to 'Palmer and Harvey'.

6 Recommendations

The Chief Officer for Culture and Sport is recommended to award the contract for the supply of snacks and cold drinks to 'Palmer and Harvey' with use of the negotiated procedure without prior publication as permitted by regulation.

7 Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.