

DELEGATED DECISION NOTIFICATION

REF NO ¹ D36853

DECISION MAKER	Assistant Chief Executive (Corporate Governance)	AUTHORITY BY REFERENCE TO SCHEME OF DELEGATION: ²	Officer Delegation Scheme (Executive Functions) - Assistant Chief Executive (Corporate Governance) - b (ix)
----------------	---	---	---

SUBJECT ³	LCC10700 Supply of Beer, Wines and Spirits
----------------------	--

DECISION ⁴	COUNCIL FUNCTION <input type="checkbox"/>	EXECUTIVE DECISION (KEY) <input type="checkbox"/>	EXECUTIVE DECISION (MAJOR) <input checked="" type="checkbox"/>	EXECUTIVE DECISION (OTHER) <input type="checkbox"/>
	NOT SUBJECT TO CALL IN	⁵ EXEMPT FROM CALL IN: NO	⁵ EXEMPT FROM CALL IN: NO	NOT SUBJECT TO CALL IN
<p>The Chief Procurement Officer agreed to award the contract for the Supply of Beer, Wines and Spirits to Carlsberg UK Ltd</p> <p>The new contract will commence on 24th May 2010 initially for one year with the option to extend for a further 3 years (2011 to 2014), subject to satisfactory performance and Carlsberg becoming purchasing card compliant by end August 2010.</p>				

AFFECTED WARDS	All
----------------	-----

ADVICE SOUGHT		YES	NO	
	Legal	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Finance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Personnel	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Equal Opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Other Please Specify	<input type="checkbox"/>	<input type="checkbox"/>	_____

DECLARED OFFICER / MEMBER INTERESTS ⁶	None
---	------

¹ This reference number will be assigned by Governance Services and notified to you

² The relevant paragraph within the decision makers delegated powers should be identified.

³ A brief heading should be inserted

⁴ Brief details of the decision should be inserted. This note must set out the substance of the decision, options considered and the reason for deciding upon the chosen option, although care must be taken not to disclose any confidential or commercially sensitive information. Guidance on the substance of the note is available from Governance Services

⁵ For Key and Major decisions only. If exempt from Call In details to be provided in the report. The Call In period expires at 5.00 pm on the 5th working day after publication. Scrutiny Support will notify decision makers of matters called in by no later than 12.00 noon on the 6th day.

⁶ No officer having a pecuniary interest in any matter should take a decision in relation to that matter. Other interests of a non-disqualifying nature should be recorded here.

DISPENSATION BY STANDARDS COMMITTEE

DATE: _____

BACKGROUND PAPERS⁷

(Price analysis scoring sheet, Price / quality tender evaluation sheet, these documents are confidential as they contain commercially sensitive information) Contract Award report

EXEMPT/ CONFIDENTIAL APPENDIX

YES NO RULE NO 10.4⁸ (3) Appendix 2 - The price/ quality and price analysis scoring sheet supporting this delegated decision is confidential under access to information procedure rule 10.4(3) as they contain the detailed prices submitted by the contractor for the goods / services to be supplied as well as commercially sensitive information in respect of the bidders. It is considered therefore that the public interest in maintaining the content of the relevant documentation as exempt outweighs the public interest in disclosing the information contained in the appendices, as disclosure would prejudice the commercial interests of the contractor and the prices submitted relate to the financial / business affairs of a particular company)

DETAILS OF CONSULTATION UNDERTAKEN (OTHER REASONS/ ORGANISATIONS CONSULTED)

	Yes	No	Date
Executive Member	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____
Ward Councillors	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____
Chief Officers Affected	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____
Others (Specify) _____	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____


CONTACT PERSON

Hilary Sedgwick

CONTACT NO:

3952400

AUTHORISED SIGNATORY⁹


(Name: Wayne Baxter)

DATE: 12th May 2010

	KEY	MAJOR	OTHER
¹⁰ *First publication (5 day notice)			
Commencement for Call In		12/05/10	
Last date for Call In		19/05/10	
Implementation Date		20/05/10	

* If key decision not on Forward Plan, the reason and need that the decision be taken are that:-

⁷ A separate Index should be prepared if necessary. ALL DOCUMENTATION UPON WHICH THE DECISION WAS BASED MUST BE RETAINED AND BE READILY ACCESSIBLE SO IT CAN BE PRODUCED SHOULD THE DECISION BE CHALLENGED

⁸ Relevant Access to Information Procedure Rules to be quoted if there is an exempt appendix

⁹ The signatory must be duly authorised by the Director to make the decision in accordance with the Department's scheme. It is not acceptable for the signature to be 'pp' for an authorised signatory. For Key Decisions only, the date of the authorised signature signifies that, at the time, the Officer was content that the decision should be taken. However, should representations be received following public availability of reports the signatory will consider the effect which such representations should have upon the final decision.

¹⁰ Governance Services will enter these dates



Report of: Procurement Officer - Hilary Sedgwick

Meeting: Delegated Decision of Assistant Chief Executive (Corporate Governance)

Date of meeting:

SUBJECT: LCC10700 SUPPLY OF BEER, WINES AND SPIRITS – DELEGATED DECISION FOR CONTRACT AWARD

This Report is for;

Discussion Only <input type="checkbox"/>	Information Only <input type="checkbox"/>	Advice/consideration prior to taking a decision or reporting to a Committee <input checked="" type="checkbox"/>
--	---	---

Decision to be taken by:

Full Council <input type="checkbox"/>	Corporate Governance and Audit Committee <input type="checkbox"/>
Executive Board <input type="checkbox"/>	Standards Committee <input type="checkbox"/>
An Area Committee <input type="checkbox"/>	Member Management Committee <input type="checkbox"/>
A Regulatory Committee <input type="checkbox"/>	A Director using delegated authority <input checked="" type="checkbox"/>

Executive Summary

This report outlines the procurement process followed in relation to a contract for supply of beer, wines and spirits.

It further details the tender selection and evaluation process and ultimately seeks approval of the Assistant Chief Executive (Corporate Governance) under the Council's scheme of delegation to recommendations of the contract award process.

1.0 Purpose Of This Report

- 1.1 To report the results of a tender selection and evaluation process for the provision of Supply of Beer, Wines and Spirits and to seek approval of the Assistant Chief Executive (Corporate Governance) under the Council's scheme of delegation to recommendations to the contract award process

2.0 Background Information

- 2.1 Current arrangement for the supply of Beer, Wines and Spirits are provided by Carlsberg UK Ltd.
- 2.2 This procurement is to deliver supplies to appropriate establishments and events under City Development, in addition to associate organisations aligned to Leisure Services including Temple Newsam, Roundhay and Gotts Park Golf Clubs, Hunslet RLFC and Breece Hotel in Scarborough. The contract is for four years with no further extension
- 2.3 The procurement requirements were advertised as a collaboration contract in conjunction with Hull City Council.

3.0 Main Issues

TENDERING PROCEDURE AND SELECTION

- 3.1 The procurement was conducted utilising the EU open procedure. This involves the issue of a pre qualification questionnaire (PQQ) which determines whether organisations have a track record in delivering the range and scope of services as required by the contracting authority along with the tender documents.
- 3.2 The scheme was advertised on 3rd June 2009 on the Councils electronic tendering portal "scms.alito.co.uk" and a total of 9 firms registered their interest, 5 of which downloaded the PQQ and tender documentation.
- 3.3 The deadline for the receipt of bids was 12 noon on Wednesday 22nd July 2009
- 3.4 By the closing date and time tender submissions were only received from one firm, Carlsberg UK Ltd.
- 3.5 Communications were established with the other 4 firms who downloaded the documents to establish the reasons why they failed to submit a bid. 2 firms suggested that there didn't have the time to complete a submission, 1 firm said it was in the process of collaboration with another firm but the person responsible fell seriously ill just before the deadline so the bid wasn't submitted. 1 firm failed to respond at all.

TENDER EVALUATION

- 3.6 The package of tender documentation consisted of a specification, terms and conditions of contract, pricing document and the tender evaluation model on price and quality
- 3.7 The tender submission from Carlsberg UK Ltd was evaluated in line with the tender evaluation model on the basis of 60% Quality and 40% price. Details of the tender evaluation model and criteria attached at Appendix 1, this sets the points to be

awarded for the qualitative element of the bid at 600 and the points awarded for the financial element of the bid at 400.

- 3.8 The evaluation process was undertaken by an officer or representative of the following organisations
- Procurement Projects Officer for Leeds
 - Procurement Officers for Hull
 - Commercial Manager, City Development
 - Venue Managers, Arts & Heritage
- 3.9 The evaluation panel was issued with the method statements submitted by the bidder in support of their proposal to undertake the services. They were also issued with the evaluation model to be utilised in respect of the review of the method statements. The bid was then assessed by the individual members of the panel. The results of the evaluation are attached at Appendix 2.
- 3.10 Carlsberg UK Ltd failed to submit a method statement in relation to Sustainability hence the score shown on Appendix 2, therefore as part of the evaluation process there were subsequently invited to interview with all members of the evaluation panel to clarify this aspect. Carlsberg satisfied the panel in regard to the contract requirements for sustainability by providing a detailed response to the three key areas of evaluation on Sustainability, details are enclosed at Appendix 3. The panel is satisfied with this response and is therefore happy to proceed with Carlsberg.
- 3.11 Based on the evaluation model used the value of the contract was projected to be £290,000 per annum. Leeds City Council's share of the contract is approx £190,000 per annum.
- 3.12 The tender was advertised prior to the Council amending its standard Terms and Conditions to make payments through the use of purchasing cards mandatory. During the evaluation process discussions have been held with Carlsberg UK Ltd to agree the use of purchasing cards and subsequent variation of the use of purchasing cards into this contract. After protracted discussions Carlsberg UK Ltd have in principle agreed to this request, the cost for implementing the Purchase Card system will be taken from the Sponsorship deal provided by Carlsberg.
- 3.13 In line with 3.12 above it is proposed that it will be a condition of the contract award that Carlsberg UK Ltd become purchasing card compliant within 3 months of the commencement of the contract (thus by end August 2010) and that their failure to do so in line with this timescale will result in the contract being terminated after the first year. This will allow sufficient time for new procurement arrangements to be put in place so as to allow for new contract arrangements to be effective from May 2011.
- 3.14 Subsequent to the evaluation of the bids, Hull City Council decided not to participate in the contract following an internal review of their operations in this area. It should be noted that this does not have an impact on the evaluation of the bids in respect of the qualitative assessment of Carlsberg UK Ltd being able to meet the requirements of the specification.
- 3.15 The withdrawal of Hull means that Leeds City Council will be the only recipient of the sponsorship budget of this contract which has a benefit to the Council in respect of future promotions that they may wish to take part in. It also includes replacement

point of sale equipment which will assist the City Development in enhancing the experience of visitors to the various sites that participate in this contract.

Efficiency Savings

- 3.16 It is estimated that efficiency savings based on the current estimated annual expenditure of £190,000 in Leeds can be made per annum in the region of £1,700 with added value of the Carlsberg website for event advertising and sponsorship. There is also a sponsorship deal for replacement equipment, including fridges and Point of Sale materials.
- 3.17 Transactional savings would also be made by the council through the use of purchasing cards on this contract, each invoice will generate a saving of £12 and using the current invoice level of 279 per annum, this will demonstrate an annual efficiency of £3,348 per annum.

Contract Operation Delivery

- 3.18 This contract will ensure competitive pricing and ensure consistent prices are set across all establishments who have access to the contract, where currently on some occasions they are now paying different prices.
- 3.19 The contract also provides access to the Carlsberg's events web pages for free advertising, and access to the sponsorship deal for replacement equipment.
- 3.20 Prices will be reviewed annually in line with RPI as per the terms and Conditions of Contract.

4 Implications For Council Policy And Governance

- 4.1 This project is a corporate contract for the provision of the Supply of Beer, Wines and Spirits to appropriate establishments and events.

5 Legal And Resource Implications

- 5.1 The contract has been procured in line with appropriate OJEU Procurement regulations.

6 Conclusions

- 6.1 The evaluation panel having considered the tender submission from Carlsberg UK Ltd, who is the current provider, are satisfied that they meet the requirements in order to recommend contract award subject to the requirements identified below.
- 6.2 As part of the evaluation process Carlsberg UK Ltd have satisfied the evaluation panel in regards to their proposals and compliance with requirements of the tender in regards to Sustainability. Full details in this regard are attached at Appendix 3.
- 6.3 Although this contract was advertised in collaboration with Hull City Council, as they have now withdrawn from this procurement process the annual estimated expenditure for Leeds will be £190,000 per annum.

- 6.4 This contract will ensure competitive pricing and ensure consistent prices are set across all establishments who have access to the contract, where currently on some occasions they are now paying different prices.
- 6.5 The Council require all successful organisations to now operate the use of purchasing cards for transactions; this has been a factor that the evaluation panel have held a number of discussions with Carlsberg UK Ltd. In order to ensure that Carlsberg meet these requirements it is proposed to initially award a contract for 1 year in duration (24th May 2010 to 23rd May 2011), with the option to extend for a further 3 years subject to Carlsberg UK Ltd becoming purchasing card compliant by the end of August 2010.
- 6.6 Failure of Carlsberg UK Ltd to achieve purchasing card compliance by end August 2010 will result in the contract being terminated after the first year. This will allow sufficient time for new procurement arrangements to be undertaken so as to allow for new contract arrangements to be effective from May 2011.

7 Recommendations

- 7.1 The Assistant Chief Executive (Corporate Governance) is recommended to award the corporate contract for the Supply of Beer, Wines and Spirits to Carlsberg UK Ltd initially for one year 24th May 2010 to 23rd May 2011 (as outlined in 3.13 of the report) with the option to extend for a further 3 years (24th May 2011 to 23rd May 2014), subject to satisfactory performance and Carlsberg UK Ltd becoming purchasing card compliant by end August 2010.

The price/ quality and price analysis scoring sheet supporting this delegated decision is confidential under access to information procedure rule 10.4(3) as they contain the detailed prices submitted by the contractor for the goods / services to be supplied as well as commercially sensitive information in respect of the bidders. It is considered therefore that the public interest in maintaining the content of the relevant documentation as exempt outweighs the public interest in disclosing the information contained in the appendices, as disclosure would prejudice the commercial interests of the contractor and the prices submitted relate to the financial / business affairs of a particular company.

Background Papers

Procurement undertaken in line with Council's Contracts Procedure Rules and OJEU Procurement legislation and regulations

Supply of Beers, Wines and Spirits

Appendix 1- Tender Evaluation Criteria

TENDER EVALUATION PROCESS

Each of the following quality criteria has been determined and weighted in accordance with its relative importance to the Service Specification/Project Brief. In addition to the written tender submission, Tenderers may have to provide a method statement in support of their tender and/or be invited to present their proposals to an evaluation panel, who will determine the extent to which the criteria have been met.

Quality criteria to be awarded up to 600 points.

Price to be awarded up to 400 points.

MAIN CRITERIA	SUB-CRITERIA	POINTS
Products	<input type="checkbox"/> Diversity of ranges offered	10
	<input type="checkbox"/> Marketability of products offered	20
	<input type="checkbox"/> Signage and labelling of products including guidance and advise for customers	5
	<input type="checkbox"/> Availability of Fair trade products	5
Equipment	<input type="checkbox"/> Inspection, testing, maintenance and servicing of equipment	40
	<input type="checkbox"/> Provision of promotional events and items	95
	<input type="checkbox"/> Flexibility for provision of cooler/fridge units	50
	<input type="checkbox"/> Sponsorship	100
	<input type="checkbox"/> Internal and external signage for bar area	50
	<input type="checkbox"/> Cellar cooling and dispensing equipment	95

Supply of Beers, Wines and Spirits

Appendix 1- Tender Evaluation Criteria

Service Delivery/ Resources	<input type="checkbox"/> Service planning/ability to meet delivery requirements	20
	<input type="checkbox"/> Contingency plans/stock for emergency deliveries and returned products	20
	<input type="checkbox"/> Complaints procedure	20
	<input type="checkbox"/> Communication procedures with the client / sites	10
	<input type="checkbox"/> Provision of training	20
Sustainability	<input type="checkbox"/> Sustainable fleet management	15
	<input type="checkbox"/> Measures to reduce packaging	15
	<input type="checkbox"/> General measure to improve sustainability of the contract	10

NOTE

YOU ARE REQUIRED TO PROVIDE INFORMATION RELATING TO ALL OF THE CRITERIA DETAILED ABOVE IN A METHOD STATEMENT TO BE SUBMITTED WITH YOUR TENDER. FAILURE TO PROVIDE A METHOD STATEMENT MAY AFFECT THE VALIDITY OF YOUR OFFER.

IF YOU HAVE ANY QUERIES RELATING TO THE METHOD STATEMENT CONTACT HILARY SEDGWICK ON TEL NO 0113 3952400.

9 or 10	Excellent , high level of relevant information provided, demonstrating robust and coherent understanding of the requirements and ability to meet these which is backed up with evidence (which may include supplementary evidence).
7 or 8	Good , relevant information has been provided and backed up with evidence (which may include supplementary evidence), indicating that most or all of the requirements will

Supply of Beers, Wines and Spirits

Appendix 1- Tender Evaluation Criteria

	be met.
5 or 6	Average , a satisfactory response to the requirements has been provided but the response is not fully detailed or backed up with evidence, or not all requirements have been met.
3 or 4	Below Average , criteria is partly covered but the response is poor and not detailed or backed up with evidence. Key areas are lacking and therefore the response fails to meet the majority of the requirements.
1 or 2	Unsatisfactory , submitted an unsatisfactory response which has failed to address the criteria or is substantially inconsistent with the requirements.
0	Not answered

19.4 Evaluation Approach

Each member of the evaluation team will assess each submission and a mean score calculated. The team will consist of representatives from the following departments:

- Procurement Projects Officer for Leeds
- Procurement Officers for Hull
- Commercial Manager, City Development
- Venue Managers, Arts & Heritage