

Report to Corporate Director

Subject: Vending machine service for Leisure Centres.

Date: 27th September 2016

Author: General Manager (Arnold, Calverton & Redhill Leisure Centres)

Wards Affected

Borough-wide

Purpose

To obtain approval to award a three year contract for a fully managed service for hot drinks & snacks and cold drinks vending at Arnold, Calverton, Carlton Forum, Redhill and Richard Herrod Leisure Centre. In accordance with Contract Standing Orders

Key Decision

This is not a Key Decision;

Background

1 The current contract for the fully managed vending machine service for hot drinks and snacks is provided by Pelican Rouge, with a commission rate of 15% for snacks and 50% for hot drinks. The cold drinks service is currently provided by Coca Cola with a 36% commission rate. Both contracts have been in place for a three year period and will terminate on 1st December 2016.

The current value of the three-year contracts for snacks, hot drinks and cold drinks for Gedling Borough Council is £78,872.

A tender process, using the ESPO Framework and tender evaluation has been conducted, for both contracts, in accordance with the Council's Standing Orders.

Four tenders were received from the suppliers below:

Coke Cola- Fully managed cold drinks vending

GEM Vending- Fully managed hot drinks and snacks and/ or cold drinks

Pelican Rouge-Fully managed hot drinks and snacks and/ or cold drinks

Uvenco- Fully managed hot drinks and snacks and/ or cold drinks

The tenders were evaluated and scored with Coca Cola receiving the highest score of 100 for

cold drinks. Offering a commission rate of 40%, along with an excellent service package.

Gem Vending received a score of 100 for their tender, with a commission rate of 52% for Hot Drinks and 16% for Snacks and the best service offering.

Proposal

- 2 To commence a 3- year contract with Gem Vending Ltd, for the provision of a fully managed vending service for hot drinks and snacks. Commencing from 2nd December 2016 and expiring on 1st December 2019, with an option to extend for a further two years.

To commence a 3- year contract with Coca Cola Ltd for the provision of a fully managed vending service for cold drinks vending. Commencing on 2nd December 2016 and expiring on 1st December 2019, with an option to extend for a further two years.

Alternative Options

- 3 Some consideration has previously been given to managing the service in house, however this would create issues of storage, stock control, resourcing of stock and the cost of disposal of out of date stock and filling the machines. As well as the investment in the machines themselves, it is therefore felt that this is not viable.

Due to the size of sales and commission it was decided to jointly tender for hot drinks and snacks, rather than tender each service separately, to gain a greater commission rate for both areas. This will also improve the management of this service and its suppliers, by the Contract Manager of Gedling Borough Council.

Financial Implications

- 4 There are no financial implications (costs) to the authority to provide a fully managed vending service. Commission, from sales, will be distributed to the centres from the suppliers.

Commission from both contracts is projected to raise approximately £78,872 in income for the 5 leisure centres over the three-year period. However this income level is completely dependent on the number of sales per machine and the retail price of each product.

Commission rates proposed for the new contract for snacks and hot drinks is slightly higher than the existing commission rate received. Therefore, if current levels of sales continue, there will be a potential increase of income of approximately £435 for snacks, £1235 for cold drinks and £45 in commission for hot drinks across the five leisure centres. This however cannot be guaranteed as it is subject to the number of vending machine sales.

The commencement of the new contract and changeover of suppliers will be tightly managed to ensure there is little disruption to service delivery for leisure centre users and income. Coca Cola are the current supplier for cold drinks vending and therefore will result in minimal impact. Gem Vending will liaise with the council's Contract Manager and Pelican Rouge Vending (the current provider) to ensure minimum impact on sales and service delivery and a smooth transition of machinery and products.

Appendices

5 None

Background Papers

6 None identified.

Recommendation

That approval be given, in accordance with council standing orders, to commence a 3 year contract with Gem Vending Ltd, for the provision of a fully managed vending service for hot drinks and snacks. Commencing from 2nd December 2016 and expiring on 1st December 2019, with an option to extend for a further two years.

To commence a 3- year contract with Coca Cola Ltd for the provision of a fully managed vending service for cold drinks vending. The contract will commence upon the expiration of the current contract on 2nd December 2016, expiring on 1st December 2019, with an option to extend for a further two years.

Reasons for Recommendation

7 To satisfy Standing Orders requirements and to ensure that the Council maximises the income generated from these services.