

Report Title:	LEISURE SERVICES PROVISION OF FULLY MANAGED VENDING SERVICE
Report of:	ASSISTANT DIRECTOR LEISURE, LIBRARIES AND CUSTOMER ENGAGEMENT

REPORT SUMMARY

The Council is seeking to award a contract to Alpine Vending Co Ltd, for a Fully Managed Vending Service across its Leisure Facilities.

To supply and install Vending Machines at all Leisure Sites, with the purpose of improving facilities for staff, visitors and members of the public, generating an additional revenue stream.

Leisure Services did not have the budget to fund the hire and/or purchase of vending machines or the time and resource to manage the stocking and general day to day management. Therefore, a detailed specification of vending requirements was issued to Procurement colleagues, with the desire for suppliers to aid Wirral Council in the following key outcomes;-

- Provision of a reliable suite of Vending Machines at zero cost to the Council
- Increase Income / Profit Generation
- Energy Efficient Machines (particularly in light of recent utility cost increases)
- Provide a variety of Vending Solutions
- Provide a varied mix of products that include Healthy & Fair-Trade Options
- Contactless / Alternative payment facilities
- Responsive service in relation to Machine Call Out / Breakdown
- Efficient Reporting – The Provision of Management Information, including % Profit Share, Sales by Site, Proposed product changes, Call out response times, uptake re Healthy/sugar free items
- Aid the authority in their reduction of single use plastics.
- Aid income generation to the Council based on a specified % profit share of sales, paid to Wirral Council on a monthly basis.

The contract will operate on a 50/50 gross profit share basis between Wirral Borough Council (WBC) and the supplier. The value of goods sold is expected to average £141,600 per annum (£708,000 over the full contract lifetime of 3+2 years). From this, WBC and the supplier would expect to achieve an equal share of £70,800 p/a (or £354,000 over the contract term)

The matter affects the following Wards within the Borough but is not a Key Decision. Bebington, Bidston and St. James, Birkenhead and Tranmere, Leasowe and Moreton East, Seacombe, West Kirby and Thurstaston.

Wirral Council is committed to working to provide happy, active and healthy lives for all, with the right care, at the right time to enable residents to live longer and healthier lives.

RECOMMENDATIONS

The Director of Neighbourhood Services is recommended to accept and award the leisure vending contract to Alpine Vending Co Ltd, for a Fully Managed Vending Service across its Leisure Facilities.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Wirral Council (WC) Leisure Services are responsible for the management and operation of 6 Leisure Centres, 2 municipal golf courses and the West Kirby Watersports Centre. At present there is no vending provision at any of these locations.
- 1.2 Previous arrangements expired during the Covid pandemic, and no interim provisions had been sourced, due to the uncertainty surround the economic recovery and return to the “new normal”.
- 1.3 Leisure Services have a need to generate income for the authority and to provide excellent facilities for residents and visitors alike. In order to add to the current leisure offering, Leisure Services approached Procurement, with the need to procure a vending solution across their facilities.
- 1.4 The process began with Soft Market Testing (SMT), where questions were asked of the market in terms of what they could offer, the type of products supplied, payment methods and how suppliers could aid WC in delivering targets against the Wirral Plan. Suppliers were also asked to provide indicative costing if WC decided to purchase the necessary machines and facilitate the management ‘in house’.
- 1.5 Leisure Services did not have the budget to fund the hire and/or purchase of vending machines or the time and resource to manage the stocking and general day to day management. Therefore, the SMT responses received, helped to shape the subsequent Invitation to Tender (ITT) documentation / specification, that was eventually issued to the Market.
- 1.6 The ITT was issued to the market and included within that, was the specification clearly outlining WC’s current position and the fact that a Fully Managed Service was required with vending machines provided on a free loan basis and the successful supplier would be expected to provide Leisure Services, with a percentage of the gross profits from all machines. The IIT contained 7 questions and bids were scored on these key needs.
- 1.7 The Most Economically Advantageous Tender submission, was received from Alpine Vending Co Ltd, who it is proposed, will provide the authority with a 50% share of all gross profits, to be paid in monthly instalments.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Do not progress with awarding the contract: At present there are no vending facilities at any of the leisure facilities for customers, therefore reducing income opportunities.
- 2.2 Leisure Services to rent or purchase vending machines and operate the management internally. Leisure Services did not have the budget to fund the hire and/or purchase of vending machines or the time and resource to manage the stocking and general day to day management.

2.3 Operate via an alternative internal department, the Hospitality team looked at the option to operate on behalf of Leisure Services, but they could not offer the same benefits as the supplier ranked in first place, post tender evaluation.

3.0 BACKGROUND INFORMATION

3.1 The previous leisure vending contract was provided by Pelican Rouge but ceased, as the company no longer operated within the North-West area, post Covid-19 lockdown.

3.2 A full procurement exercise was undertaken involving consultation with officers in a number of areas and then the drawing up of a detailed tender specification and scoring matrix. Expressions of interest were invited via 'The Chest' portal and the process was overseen by the Procurement team.

3.3 A soft market testing exercise was conducted to gain market insight. The aim of the Soft Market Testing (SMT) exercise was to;

- Understand the optimum way of delivering a Vending Service across the Service.
- For the Council to gain a better understanding of how the provider market, operates in relation to innovation, value for money, cost reduction, revenue generation, service levels, management information, etc;
- To assist the Council in developing appropriate procurement documentation; and see whether the market has experience of being involved in delivering similar projects.

3.4 Bids were received from three vending suppliers by the submission deadline. All bids were scored individually by a commissioning panel and then a group scoring exercise took place which included scores for price quality, financial return and social value.

4.0 FINANCIAL IMPLICATIONS

4.1 Wirral Council will be responsible for the utility charges associated with the running of the machines.

4.2 Alpine Vending Co Ltd, will pay Wirral Council 50% of all gross profits from machines sales, on a monthly basis.

4.3 The contract will operate on a 50/50 gross profit share basis between WBC and the supplier. The value of goods sold is expected to average £141,600 per annum (£708,000 over the full contract lifetime of 3+2 years). From this, WBC and the supplier would expect to achieve an equal share of £70,800 p/a (or £354,000 over the contract term)

5.0 LEGAL IMPLICATIONS

5.1 The Director of Law and Governance will provide the necessary support to allow for acceptance of the said contract.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 This is a fully managed service and therefore should not impact on Leisure Staff.

6.2 The supplier undertook site visits prior to submitting their proposal and have ensured that where necessary, water outlets and utility sockets are already available.

7.0 RELEVANT RISKS

7.1 The Health and Safety risks associated with the supply and installation of the machines will be monitored.

7.2 Budget proposals could result in the closure of some sites therefore having an impact on both the suppliers profits and in turn the percentage profit share with Leisure Services.

8.0 ENGAGEMENT/CONSULTATION

8.1 Engagement took place internally with a number of officers at design of specification stage. This was to ensure that the specification met the needs of the Council.

9.0 EQUALITY IMPLICATIONS

9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help Council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.

9.2 The Sport and Physical Activity Strategy is designed to increase participation and uptake from those groups that currently use the service least whilst having the highest needs. The strategy is aimed at reducing inequalities across the Borough and has been based on a full needs' assessment; it aims to increase participation in areas of greatest need where the take-up is currently low, by providing services and activities that are relevant to, and valued by those communities.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The vending company is committed to help to reduce carbon impact. This includes encouraging electronic payment, seeking innovation towards its services which will have a positive impact and assisting in the reduction single use plastics and recycled packaging. Technology is used to determine stock levels and prompt the vending company when re-stocking is required to limit unnecessary travel.

10.2 The vending company is committed to providing a quality service in a manner that ensures they minimises their potential impact on the environment. They will operate in compliance with all relevant environmental legislation, and we will strive to use pollution prevention and environmental best practices in doing so. The company is based on Wirral.

10.3 The vending company will provide innovative vending solutions, along with the supply of fair trade goods, protecting the environment with sustainable processes.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 Alpine Vending Ltd, is a Wirral based company which has a local premises. The award of contract will help maintain local services currently being provided by the

company in the North-West region and the employment of local employee's providing the service.

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APPENDICES

None

BACKGROUND PAPERS

Leisure Services vending tender submission
Submitted bids from three bidders

SUBJECT HISTORY (last 3 years)

Council Meeting	Date