

**REPORT TO:** Executive Board Sub Committee  
**DATE:** 9 September 2010  
**REPORTING OFFICER:** Strategic Director, Adults & Community  
**SUBJECT:** Beers, Wines and Spirits Contract  
**WARD(S)** Borough-wide

**1.0 PURPOSE OF THE REPORT**

1.1 To request an extension to the existing contract arrangements which finish at the end of October 2010 for a further 8 months, up to June 2011, which will allow Halton Borough Council to participate in a new Collaborative Framework Agreement with ESPO (Eastern Shires Procurement Organisation) and Stockport Metropolitan Borough Council.

**2.0 RECOMMENDATION:**

- i) That this report is accepted.**
- ii) Procurement Standing Orders Part 3 are waived**

**3.0 SUPPORTING INFORMATION**

3.1 Halton Borough Council has an annual spend of £245,000 Beers, Wines and Spirits, which is split between The Stobart Stadium Halton £228,000 and the Brindley Arts Centre £17,000 per annum

3.2 The stadium and The Procurement Centre of Excellence have worked together to scope the marketplace and identify an alternative source of supply that will deliver value for money and increase revenue for the authority, whilst addressing efficiency savings around the tender procedure.

A variety of tendering opportunities have been identified that would be open for the Council to participate in. These have been benchmarked against our current contract prices to assist with our decision on which procurement route to take.

3.3 The first option was a Framework Agreement let by ESPO (Eastern Shires Procurement Organisation) which is open to Local Authorities to utilise without conducting a separate tender procedure as it has already been through competition and complied with EU Public Procurement Regulations 2006. This Framework Agreement is open up to May 2011, with a further 1 year option of supply until

May 2012.

The framework agreement provided supply options from two approved suppliers, Carlsberg and Heineken. Review meetings were arranged with both providers and a price comparison conducted on a core basket of goods purchased over the past 12 months by the council. Unfortunately both price offers were not competitive against existing prices and would not deliver any efficiency savings but increase the annual spend by £14,394.00 as a minimum.

<b>Current HBC</b>	<b>Total</b>	<b>£141,909.00</b>
ESPO Heineken	Total	£156,303.00
ESPO Carlsberg	Total	£195,776.00

- 3.4 The second option identified Stockport Metropolitan Borough Council as a collaborative opportunity for Halton Borough Council to work with, as their existing contract arrangement expires in January 2011.

As the lead representing AGMA (Associated Greater Manchester Authorities) Stockport Council were also preparing to approach the market to conduct a new tender procedure for their requirements for Beer, Wines and Spirits.

Stockport were willing to lead on the Framework Agreement and include Halton Borough Council as a named member on the contract. In line with the Council's E-Tendering facility The Chest, which is hosted by Due North, Stockport and the other AGMA authorities are also committed to using this approach to E-Tendering, this would reduce duplication of documents and allow on-line collaboration between the authorities during the tendering procedure.

Efficiency savings would also be gained from Halton Borough Council not having to manage the tender procedure independently as this would be done by Stockport Council.

- 3.5 Feedback of our intention to collaborate with Stockport was provided to ESPO, as a result ESPO have approached us with an alternative option of collaboration.
- 3.6 ESPO have offered to decline the extension period on their existing contract and lead a new tender procedure to include Halton Borough Council, Stockport/AGMA and both existing and any new Local Authorities that may wish to participate in the new Framework Agreement.

This collaborative opportunity will improve the market profile of the framework by increased aggregated volumes, opportunities of

supply to a wider customer base of Local Authorities which will attract key suppliers within this supply chain to influence the market and stimulate competition to deliver improved efficiency savings.

Efficiency savings would also be gained from Halton Borough Council not having to manage the tender procedure independently from reduced resource and time preparing the documentation as this would be done by ESPO.

#### 4.0 **POLICY IMPLICATIONS**

4.1 None identified.

#### 5.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

##### 5.1 **Children & Young People in Halton**

None identified.

##### 5.2 **Employment, Learning & Skills in Halton**

None identified.

##### 5.3 **A Healthy Halton**

None identified.

##### 5.4 **A Safer Halton**

None identified.

##### 5.5 **Halton's Urban Renewal**

None identified.

#### 6.0 **RISK ANALYSIS**

6.1 Halton could tender independently, however, there is no guarantee this would result in lower costs and there is greater potential to work collaboratively to be more financially efficient as well as providing greater contract security through a partnership with other organisations.

#### 7.0 **EQUALITY AND DIVERSITY ISSUES**

7.1 It is essential that the Council addresses equality issues, in particular those regarding age, disability, gender, sexuality, race, culture and religious belief, when considering its contract arrangements.

Contract arrangements will be applied through a transparent and equitable process.

There are no specific equality and diversity issues. Contractors will be expected to comply with current legislation.

8.0 **LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

None.