

Scotland Excel Executive Sub Committee

To: Executive Sub Committee

On: 27 March 2015

Report by Director

Tender: Heavy Plant

Schedule: 09-14

Period: 1 March 2015 to 28 February 2018 with option to extend for up to one year to 28 February 2019

1 Introduction and Background

This report covers the outcome of the evaluation of offers received in relation to the first iteration of a framework for the purchase of heavy plant. The effective date of framework commencement will be Mid April 2015 and it will run until 28 February 2018 with an option to extend for up to 1 year to 28 February 2019. The framework covers a range of vehicles and machinery purchased by councils for operational purposes.

Given the type of equipment required, this framework will facilitate the purchase of specialist plant and machinery. It will provide efficiency in terms of councils purchasing direct from a supplier on the framework or conducting mini competitions against an established framework as opposed to conducting tender exercises where the estimated value exceeds the EU threshold.

2 Scope, Participation and Spend

As part of the strategy development, seven lots were agreed. The inclusion of multiple lots in the tender was designed to attract as many companies as possible which supply heavy plant to councils and to allow tenderers to bid for specific specialist lots as detailed in the table below:

Lot No.	Description	No of Items in Lot	Estimated % of Total Spend
1	Excavators	9	40
2	Pedestrian operated rollers/compactors/sprayers/rammers	4	5
3	Ride-on Rollers	6	15
4	Towed compressors/Asphalt Mixer	2	5
5	Compressors/Generators/Pumps	9	5
6	Forklifts/Telehandlers	6	25
7	Trailers	14	5

As detailed in Appendix 1, 31 Councils and Tayside Contracts have confirmed participation in this framework. East Ayrshire Council is currently conducting its own tender exercise and will not

participate. However, Scotland Excel named East Ayrshire Council in the EU notice therefore the council is entitled to participate if they wish.

The forecast annual spend for participating councils is £10.3m per annum equating to £41.2m over the term of the framework including the extension period. However, this figure does not take into account councils' possible requirement for maintenance, repair and servicing which was included in the tender but was not quantifiable at the time the tender was issued. Therefore, to account for this requirement as well as potential contract growth due to future participation of councils which have current contracts, the framework value was advertised as £50m over the contract period (including any extension option).

3. Procurement Process

The User Intelligence Group (UIG) which informs this commodity includes officers who are part of a well established UIG involved in vehicles related frameworks.

To ensure that the framework is awarded to the most capable suppliers, the UIG agreed that a two stage tender process should be used. At the first stage, bidders were assessed on financial capability, technical and professional capability and business probity. Bidders were required to pass this stage in order for their offer to be evaluated. At the second stage of the process, the offers were evaluated against the following criteria and weightings:

Quality/Service	40%
Financial	60%

Bidders were invited to offer on a lot by lot basis and provide rates for each item, as well as confirm which councils they are prepared to service.

The framework was advertised in the Official Journal of the European Union (OJEU) via the Public Contracts Scotland (PCS) portal. The tender process was conducted using the Public Contracts Scotland tender system (PCS Tender).

4. Report on Offers Received

44 suppliers expressed interest in the framework in reply to a Prior Information Notice published via the PCS portal and in the OJEU. 33 suppliers accessed the tender and 7 suppliers (as detailed below) submitted a bid

Company	Location	SME Status	Lots Submitted
Bomag GB Ltd	Larkfield, Kent	Large	2, 3
Caledonian Plant Ltd	Livingston	Small	1, 2, 3, 5
Hamilton Bros Eng Ltd	Bishopton	Medium	1, 2, 5, 7
Liebherr Great Britain Ltd	Biggleswade, Beds	Large	1, 6
Lloyd Ltd	Dumfries	Medium	1, 2, 6, 7
Scot JCB	Glasgow	Medium	1, 2, 3, 4, 5, 6
Terberg Matec UK Ltd	Warrington, Cheshire	Large	6

Based on the criteria and methodology set out in the tender document, a full evaluation of the offers received was undertaken. Appendix 2 of this report sets out the scoring achieved by each tenderer.

5. Recommendations

A framework agreement can be concluded with a single supplier. Where the agreement is concluded with several suppliers, the minimum number of suppliers must be three (provided there are a sufficient number of suppliers satisfying the selection criteria and tenders which meet the award criteria).

As a result of the evaluation undertaken, it is recommended that framework agreements are awarded to all 7 suppliers across the 7 lots per Appendix 22 of this report. The UIG took into consideration that 5 of the 7 bidders offered to supply all councils however no supplier bid for all 7 lots and this is a first generation collaborative framework.

Since this framework relates to specialist equipment, councils may conduct mini competitions for their specific requirements with all capable suppliers on the lots in order to ensure they achieve best value. The wide range of scoring reflects the specialist nature of the plant/machinery, the range of pricing submitted by prospective suppliers, the narrow range of equipment offered by several bidders and the quality of response by some bidders to questions in the tender.

Appointing 7 suppliers ensures the operational requirements of participating councils are met, provides geographical coverage, choice of equipment and choice of supplier. 4 of the 7 bidders are classified as SMEs. Several of the bidders are already conducting business with councils.

6. Benefits

Savings

This is a first generation framework for Heavy Plant. Prior to this framework being instituted, this type of equipment was purchased on an ad hoc basis by councils. The requirement for this equipment was identified at UIG meetings with operational staff involved in vehicles related frameworks and agreed through the Commercial UIG process.

The nature of the machinery specified means that it is not usually purchased against period contracts by councils. On this basis, it proved difficult for councils to provide information about the rates paid for such machinery as it is not bought on an annual cycle nor have councils necessarily purchased machinery exactly matching the published specifications, perhaps purchasing machinery of either a higher or lower specification.

Scotland Excel will work with councils through regular Account Management meetings to validate the savings accrued from this framework. However one immediate benefit to Councils of this framework is by way of a reduced procurement cycle in that they will be able to conduct mini competitions for equipment with all capable suppliers on the framework reducing the timescale for acquisition.

Given these issues, Scotland Excel will monitor closely the spend against this framework, council participation as well as different types of machines purchased and return to this committee to report actual savings arising from this exercise.

Price Stability

6 bidders offered to maintain rates for 12 months and 1 company bid on a fluctuating rates basis. Scotland Excel will continue to engage with all suppliers as part of the mobilisation process and clarify any issues as part of that engagement.

Health & Safety

Provision was made within the tender so that prospective contractors must provide information regarding noise and emissions levels for the plant/machinery offered as well as HAVS (Hand/Arm Vibration Syndrome) ratings and whole body vibration information where applicable. Where requested by councils, appointed suppliers must provide certificates to prove that the equipment offered complies with relevant legislation in these areas.

Community Benefits

Bidders were asked to detail community benefit initiatives they would commit to deliver during the lifetime of the framework. These commitments will be agreed during mobilisation and reported through ongoing contract management returns. Results on reported community benefits will be disseminated to councils on a six monthly basis. The undernoted community benefits are expected to be delivered as part of the framework:-

Apprenticeships

Local Authority (schools) work placement schemes

Schools Career Talks

College placements

Sponsorship of local sports teams

Working with “Invest in Renfrewshire” and equivalent organisations in Ayrshire and Lanarkshire to provide training and assist with placement of jobseekers

Living Wage

As this is a supply framework, the scope to influence supplier behaviour on workforce matters is limited when compared to a services based framework. The tender contained a clause advising prospective bidders of the current hourly rate considered to be the minimum hourly wage necessary for shelter (housing and incidentals such as clothing and other basic needs) and nutrition for a person for an extended period of time. It also asked bidders to bear this in mind throughout the duration of the contract and to confirm that they acknowledged Scotland Excel's commitment to the living wage. All 7 bidders acknowledged Scotland Excel's commitment to the living wage.

7. Contract Mobilisation and Management

In terms of risk and spend, this framework has been classified as a level 2 arrangement in accordance with Scotland Excel's Contract and Supplier Management Programme. As such,

Scotland Excel will conduct quarterly management information reviews and annual supplier reviews where applicable.

Following framework award, Scotland Excel will implement a mobilisation plan. It is anticipated that the majority of councils will use this new framework as several of the appointed suppliers already supply a number of councils. There should be no impediment to immediate contract adoption.

All framework suppliers will be required to appoint an account manager to liaise directly with councils.

Mobilisation meetings will be held with suppliers following the award of this framework.

8. Summary

This framework aims to provide service users with a range of equipment and suppliers required for operational purposes.

The estimated value of the framework arrangement over the total framework period, including the option to extend, is £50m.

The Executive Sub Committee is requested to approve the recommendation to award to the suppliers detailed in Appendix 2.

Member Name	Participation in Contract	Participation Entry Date	Estimated Annual Spend (£)	Source of Spend Data	% Estimated Forecast Savings	Estimated Annual Savings (£)	Basis of Savings Calculation
Aberdeen City Council	Yes	01 April 2015	£1,020,000	Member Provided	2.8%	£28,560	Average Saving
Aberdeenshire Council	Yes	01 April 2015	£812,224	Spikes Cavell	2.8%	£22,742	Average Saving
Angus Council	Yes	01 April 2015	£361,000	Member Provided	2.8%	£10,108	Average Saving
Argyll & Bute Council	Yes	01 April 2015	£750,000	Member Provided	2.8%	£21,000	Average Saving
City of Edinburgh Council	Yes	01 April 2015	£167,576	Spikes Cavell	2.8%	£4,692	Average Saving
Clackmannanshire Council	Yes	01 April 2015	£96,197	Spikes Cavell	2.8%	£2,694	Average Saving
Comhairle nan Eilean Siar	Yes	01 April 2015	£123,788	Spikes Cavell	2.8%	£3,466	Average Saving
Dumfries & Galloway Council	Yes	01 April 2015	£100,000	Member Provided	2.8%	£2,800	Average Saving
Dundee City Council	Yes	01 April 2015	£100,000	Member Provided	2.8%	£2,800	Average Saving
East Ayrshire Council	No						
East Dunbartonshire Council	Yes	01 April 2015	£202,594	Spikes Cavell	2.8%	£5,673	Average Saving
East Lothian Council	Yes	01 April 2015	£129,610	Spikes Cavell	2.8%	£3,629	Average Saving
East Renfrewshire Council	Yes	01 April 2015	£115,519	Spikes Cavell	2.8%	£3,235	Average Saving
Falkirk Council	Yes	01 April 2015	£150,000	Member Provided	2.8%	£4,200	Average Saving
Fife Council	Yes	01 April 2015	£903,330	Spikes Cavell	2.8%	£25,293	Average Saving
Glasgow City Council	Yes	01 April 2015	£559,721	Spikes Cavell	2.8%	£15,672	Average Saving
Highland Council	Yes	01 April 2015	£257,803	Spikes Cavell	2.8%	£7,218	Average Saving
Inverclyde Council	Yes	01 April 2015	£139,583	Member Provided	2.8%	£3,908	Average Saving
Midlothian Council	Yes	01 April 2015	£106,334	Spikes Cavell	2.8%	£2,977	Average Saving
North Ayrshire Council	Yes	01 April 2015	£150,010	Spikes Cavell	2.8%	£4,200	Average Saving
North Lanarkshire Council	Yes	01 April 2015	£374,213	Spikes Cavell	2.8%	£10,478	Average Saving
Orkney Islands Council	Yes	01 April 2015	£406,825	Spikes Cavell	2.8%	£11,391	Average Saving
Perth & Kinross Council	Yes	01 April 2015	£165,000	Member Provided	2.8%	£4,620	Average Saving
Renfrewshire Council	Yes	01 April 2015	£182,272	Spikes Cavell	2.8%	£5,104	Average Saving
Scottish Borders Council	Yes	01 April 2015	£85,000	Member Provided	2.8%	£2,380	Average Saving
Shetland Islands Council	Yes	01 April 2015	£382,947	Spikes Cavell	2.8%	£10,723	Average Saving
South Ayrshire Council	Yes	01 April 2015	£228,704	Spikes Cavell	2.8%	£6,404	Average Saving
South Lanarkshire Council	Yes	01 April 2015	£996,931	Member Provided	2.8%	£27,914	Average Saving
Stirling Council	Yes	01 April 2015	£138,216	Spikes Cavell	2.8%	£3,870	Average Saving
The Moray Council	Yes	01 April 2015	£250,000	Member Provided	2.8%	£7,000	Average Saving
West Dunbartonshire Council	Yes	01 April 2015	£158,113	Spikes Cavell	2.8%	£4,427	Average Saving
West Lothian Council	Yes	01 April 2015	£217,769	Spikes Cavell	2.8%	£6,098	Average Saving
Tayside Contracts	Yes	01 April 2015	£275,444	Spikes Cavell	2.8%	£7,712	Average Saving
Totals			£10,106,724.15		2.8%	£282,988.28	

Tender	Heavy Plant				Appendix 2
Schedule number	09/14				
Period	1 March 2015 - 28 February 2018 (with option to extend till 28 February 2019)				
Lot 1				Lot 2	
Supplier		Recommended Y/N		Supplier	Recommended Y/N
Scot JCB Ltd	Total 84.12	Y		Hamilton Bros Engineering Ltd	91.39 Y
Hamilton Bros Engineering Ltd	84.09	Y		Scot JCB Ltd	81.04 Y
Caledonian Plant	78.55	Y		Caledonian Plant	78.55 Y
Liebherr Great Britain Ltd	75.05	Y		Bomag GB Ltd	68.41 Y
Lloyd Ltd	68.53	Y		Lloyd Ltd	13.00 N
Lot 3				Lot 4	
Supplier		Recommended Y/N		Supplier	Recommended Y/N
Scot JCB Ltd	Total 83.88	Y		Scot JCB Ltd	84.85 Y
Caledonian Plant	78.20	Y			
Bomag GB Ltd	71.35	Y			
Lot 5				Lot 6	
Supplier		Recommended Y/N		Supplier	Recommended Y/N
Hamilton Bros Engineering Ltd	Total 92.45	Y		Scot JCB Ltd	81.95 Y
Scot JCB Ltd	80.37	Y		Terberg Matec UK Ltd	77.95 Y
Caledonian Plant	75.92	Y		Lloyd Ltd	73.00 Y
				Liebherr Great Britain Ltd	27.60 N
Lot 7					
Supplier		Recommended Y/N			
Hamilton Bros Engineering Ltd	Total 92.45	Y			
Lloyd Ltd	69.50	Y			