

Scotland Excel Executive Sub Committee

To: Executive Sub Committee

On: 6 March 2015

Report by Director

Tender: Supply and Delivery of Building and Timber Materials

Schedule: 13/14

Period: 1 April 2015 until 31 March 2018 with an option to extend for up to 12 months until 31 March 2019

1. Introduction and Background

The current framework for Building and Timber Materials expires on 31 March 2015. Following User Intelligence Group (UIG) discussions and based upon the high level of satisfaction with the current framework, it was agreed that a renewal framework should be established. This proposed renewal framework will operate from 1 April 2015 until 31 March 2018 with an option to extend for up to 12 months until 31 March 2019.

This framework will provide councils and other participating bodies with a mechanism to procure a range of building and timber materials in support of construction projects, ongoing maintenance schedules and ad hoc repairs. A number of council departments are likely to use the framework including stores and housing maintenance.

The current Building and Timber Materials framework (40/10) received positive feedback from the supply base as it was regarded as promoting the expectation of legal and sustainable timber. The framework was also recognised in a 2012 World Wide Fund for Nature (WWF) report, as making it easier to ensure legality and sustainability of timber purchases. A majority of councils have signed up to WWF's "*What wood you choose*" timber pledges with many achieving bronze, silver and gold status. A key objective for the renewal is to build upon the current framework to embed best practice sustainable procurement of timber materials.

2. Scope, Participation and Spend

As part of strategy development, the UIG approved the inclusion of eight lots in this framework as summarised in Table 1. This lotting strategy recognises the current structure of the market place and was designed to align with council requirements.

The lotting strategy also maximised the opportunities for SMEs to bid and increased competition, in particular for more specialist items, for example, timber door sets.

Table 1: Lotting Structure

<i>Lot No.</i>	<i>Description</i>	<i>No. of products</i>	<i>Estimated % of Spend</i>
1	Timber Doors	47	11%
2	Timber Door Sets	17	6%
3	Sheet and Timber Materials	235	31%
4	Timber Fencing	29	2%
5	Laminated Wall Panels	17	16%
6	Building Materials	192	17%
7	Roofing Materials	185	14%
8	Metal Fencing	44	3%
-	Total	766	100%

As detailed in Appendix 1, 30 councils have confirmed their intention to participate in this framework, an increase from the 26 councils participating in the current framework. East Ayrshire and Stirling councils have confirmed that they will not participate as they have their own arrangements in place.

In addition to councils, cross sectoral discussions have been held and NHS, Advanced Procurement for Universities and Colleges (APUC), Scottish Prison Service (SPS), the Scottish Government as well as River Clyde Homes and Rossie Young People Trust (both associate members of Scotland Excel) have also confirmed an intention to participate in the framework.

The forecast annual spend for participating councils is £11.6m, equating to £46.4m over the term of the framework, including the extension period. Other participating bodies have validated an additional spend of £0.9m per annum, a total of £3.6m over the term of the framework. To allow a contingency, for those participating councils that do not have full spend visibility, the framework had been advertised at £61m.

3. Procurement Process

A UIG consisting of representatives from participating councils agreed the procurement strategy. In addition, a working group consisting of technical and procurement representatives was formed to review technical specifications and rationalise the core list.

A Prior Information Notice (PIN) was published on 16 May 2014 which resulted in expressions of interest from 37 organisations. Meetings were held with potential bidders including both incumbent and new suppliers. During meetings, ability to service, trading processes, market trends, community benefits and sustainability were discussed as well as the current core lists and specifications.

To ensure maximum competition, the UIG agreed that an open tender process should be followed to establish the renewal framework.

This framework was advertised in the Official Journal of the European Union (OJEU) and the Public Contracts Scotland (PCS) portal on the 16 October 2014. The tender process was conducted using the Public Contracts Scotland Tender (PCS-Tender) system.

The procurement process followed a two stage tendering procedure. At the first stage, tender responses were assessed against financial capability, technical/professional capability and business probity requirements. 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.

Lots 1-5 (Timber Lots)

Technical	25%
Commercial	75%

Lots 6-8 (Non Timber Lots)

Technical	20%
Commercial	80%

Bidders offering for timber lots (1-5) were required to upload evidence to confirm that all products offered will come from a legal source and a sustainable source in accordance with UK Government Timber Procurement Policy. Submitted evidence was assessed by Scotland Excel and the Central Point of Expertise on Timber (CPET).

Within the technical element, bidders were required to evidence their knowledge and experience by responding to method statements which covered areas including; service and delivery, contract management, sustainability and community benefits. Bidders were also assessed in terms of any additional fixed pricing periods offered.

Within the commercial element, bidders were invited to offer on a lot by lot basis, with fixed pricing for six months for timber lots (1-5) for core items and twelve months for non timber lots (6-8) for core items. Bidders were invited to offer discounts in relation to non core items, collection, single source and delivery to central stores.

4. Report on Offers Received

The tender document was downloaded by 52 organisations. An on time offer was submitted by 28 bidders. A summary of the offers received is provided in Appendix 2.

Based on the criteria and scoring methodology set out in the tender document, a full evaluation of the offers received was completed. Appendix 3 confirms the scoring achieved by each bidder.

5. Recommendations

Under EU procurement legislation a framework agreement can be concluded with a single supplier or more than one supplier. If the framework agreement is concluded with more than one supplier, the minimum number of suppliers must be three (provided there is a sufficient number of suppliers satisfying the selection criteria and meeting the award criteria).

Based on the evaluation undertaken, and in line with the criteria and weightings set out above, it is recommended that a multi supplier framework agreement is awarded to 13 suppliers across the eight lots as outlined in Appendix 3.

As well as offering best value, the range of suppliers recommended will meet the varied operational and geographic requirements of participating councils. Councils are also provided an appropriate degree of choice, sufficient capacity and ongoing competition. The 13 recommended suppliers also represent a mix of small, medium and large organisation, with eight of the recommended suppliers classified as SMEs.

6. Benefits

Savings

Scotland Excel conducted a benchmarking exercise based upon historic purchasing patterns of councils, comparing current prices paid with the prices submitted against the new framework. The result of this benchmarking is listed in Appendix 3, the projected saving for all councils is estimated at 5.4% which equates to a saving of £661,999 per annum. The estimated savings range from -0.8% to 24.6%.

There is scope for councils to derive further savings from non core, single source, collection and delivery to central stores discounts offered.

Scotland Excel was supported by CPET to assess the evidence submitted by bidders to substantiate the provision of legal and sustainable timber. CPET also delivered training to the project team and council participants on the assessment of evidence. Through this national collaboration, payment of only one set of fees to CPET was required. Without this framework, individual councils would have to separately pay for these services. It is estimated that, by negating the need for each participating council to separately engage with CPET, total costs of approximately £17,000 have been avoided.

Price Stability

All recommended suppliers have agreed to hold their prices for six months for timber lots (1-5) and for twelve months for non-timber lots (6-8). For lots 1-5 three suppliers offered an additional fixed pricing of six months. For lots 6-8 one supplier offered additional fixed pricing of 6 months and one supplier offered an additional three months.

Any requests for future price increases will be managed in line with Scotland Excel's established review process and documented terms and conditions.

Sustainable Procurement Benefits

All recommended suppliers evidenced an accredited management system or, alternatively, their environmental policy, procedures and training. Within the technical element, the sustainability method statement assessed suppliers in relation to the promotion of fuel efficiency, fleet management, reduction, reuse and recycling within their organisation. A range of sustainable measures were outlined by suppliers including; reduction in emissions, packaging, water consumption, energy use and waste to landfill; implementation of driver efficiency and fleet management measures; investment in lower impact or double decker trucks; introduction of reusable packaging, sustainable products and recycling streams.

As previously stated, an important objective of this procurement exercise was to build upon the current framework to embed best practice sustainable procurement of timber materials. This renewal framework reaffirmed that Scotland Excel and councils are committed to the UK Government Timber Procurement Policy and advised that, all timber and wood derived products for supply or use in performance of the contract must be independently verifiable and come from a legal source and a sustainable source. All recommended suppliers have evidenced that only legal and sustainable timber will be supplied through the framework.

A key development in the new framework is the inclusion of terms in relation to the European Timber Regulations (EUTR), which came into effect in 2013. The EUTR places obligations on operators and traders of timber in relation to due diligence, risk and traceability.

Within the technical element, those bidders offering for timber lots (1-5) were also required to evidence their management of the end to end timber supply chain to minimise the impact of the environment. Bidders provided a range of details in relation to; chain of custody, EUTR, forest management, chemical usage, wildlife protection, biomass, future planning and planting.

By reaffirming commitment to the UK Government Timber Procurement Policy, assessing the evidence submitted by bidders, incorporating EUTR and through ongoing monitoring of sustainability during contract management this renewal framework promotes best practice procurement of timber. As a result, it is envisaged that the framework will support more councils to sign up to WWF pledges as well as help those that have already signed up to progress onto and achieve Silver and Gold status. Scotland Excel is currently engaging with WWF to confirm how best to support councils through this campaign and gain an awareness of upcoming campaigns that councils would be eligible for, through participation in the framework.

Bidders were asked to detail community benefits 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. A range of community benefits were offered by bidders including;

- Recruitment of an apprentice to manage public sector/Scotland Excel business
- Recruitment of four apprentices per annum, paid the living wage.
- 120 weeks of work experience placements
- A return to work three week placement for long term unemployed
- Commitment to attend return to work events hosted by councils
- Development of a leadership academy to provide destinations to employment
- Donations of end of life products to community projects and college courses
- Training sessions on chain of custody or DIY skills
- Site visits for schools
- Personal community fund equal to 0.25% of each council's retrospective annual sales.

Living Wage

While this renewal is a supply framework and there is a limited ability to influence supplier behaviour on workforce matters compared with a services framework, an unscored question asked bidders to confirm whether they adhered to the living wage. Of the 13 recommended suppliers, nine confirmed they adhere to the living wage. This approach is in alignment with the Scottish Government's recent Scottish Procurement Policy Note (SPPN) on workforce matters, where it was highlighted that consideration of a bidder's approach to employment practices and workforce matters must be proportionate and based on the nature of the contract.

Other Benefits

Some of the recommended suppliers are able to provide additional services including a cutting, finishing and bundling service as well as pallet uplift. A range of discounts are available including, non core, collection, delivery to central source, sole supply and early settlement.

7. Contract Mobilisation and Management

Each supplier will be invited to a mobilisation meeting to outline the operation of the framework, roles and responsibilities, management information requirements, community benefits commitments and timber documentation requirements. Both suppliers and participating members will be issued with a mobilisation pack containing all required details to launch the framework.

Scotland Excel will also discuss with councils their interest in a framework launch event to provide new suppliers with an introduction to key stakeholders.

In accordance with Scotland Excel's established contract and supplier management programme, this framework has been classified as a level 2 arrangement in terms of both risk and spend requiring six monthly or annual supplier and user group reviews as appropriate. Within the first year of the framework it is envisaged that more

frequent meetings may be required with new suppliers to the framework to embed standard contract management procedures and expectations.

Scotland Excel will continue to engage with key stakeholders to ensure ongoing and appropriate checks are in place to confirm the legality and sustainability of timber supplied through the framework. This engagement will include discussions of how Scotland Excel can support councils through their obligations and promote the sustainable benefits of the framework to assist with timber pledges and any relevant successor campaigns.

8. Summary

This framework for the supply and delivery of building and timber materials aims to maximise collaboration, embed best practice procurement of timber materials and deliver best value in terms of price, quality and service.

A range of benefits can be reported in relation to savings, price stability and sustainable procurement. Although this is a renewal framework, positive efficiencies have been achieved through close working relationships with an already established UIG to rationalise the core list. Developments in this renewal include; a broader scope to include timber door sets and metal fencing, additional services, wider discounting structure and community benefits commitments.

The Executive Sub Committee is requested to approve the recommendations to award this framework agreement as detailed in Appendix 3.

Appendix 1 – Participation, Spend and Savings Summary Supply and Delivery of Building and Timber Materials 13/14

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	£956,370	Contract MI - Confirmed by Member	4.0%	£38,149	Benchmarked Current Contract
Aberdeenshire Council	Yes	01 April 2015	£262,706	Contract MI - Confirmed by Member	-0.8%	-£2,022	Benchmarked Current Contract
Angus Council	Yes	01 April 2015	£6,778	Contract MI	3.4%	£228	Benchmarked Current Contract
Argyll & Bute Council	Yes	01 April 2015	£40,875	Contract MI - Confirmed by Member	7.0%	£2,851	Benchmarked Current Contract
City of Edinburgh Council	Yes	01 April 2015	£50,000	Contract MI - Confirmed by Member	10.9%	£5,459	Benchmarked Current Contract
Clackmannanshire Council	Yes	01 April 2015	£239,756	Contract MI - Confirmed by Member	2.9%	£6,962	Benchmarked Current Contract
Comhairle nan Eilean Siar	Yes	01 April 2015	£8,831	Contract MI - Confirmed by Member	3.2%	£286	Benchmarked Current Contract
Dumfries & Galloway Council	Yes	01 April 2015	£11,885	Contract MI - Confirmed by Member	24.6%	£2,921	Benchmarked Current Contract
Dundee City Council	Yes	01 April 2015	£365,494	Contract MI - Confirmed by Member	11.0%	£40,199	Benchmarked Current Contract
East Ayrshire Council	No						
East Dunbartonshire Council	Yes	01 April 2015	£250,000	Contract MI - Confirmed by Member	5.6%	£13,954	Benchmarked Current Contract
East Lothian Council	Yes	01 April 2015	£422,000	Contract MI - Confirmed by Member	12.2%	£51,334	Benchmarked Current Contract
East Renfrewshire Council	Yes	01 April 2015	£50,000	Contract MI - Confirmed by Member	16.4%	£8,185	Benchmarked Current Contract
Falkirk Council	Yes	01 April 2015	£1,265,000	Contract MI - Confirmed by Member	4.2%	£53,585	Benchmarked Current Contract
Fife Council	Yes	01 April 2015	£2,000,000	Contract MI - Confirmed by Member	3.5%	£70,866	Benchmarked Current Contract
Glasgow City Council	Yes	01 April 2015	£24,861	Contract MI - Confirmed by Member	5.8%	£1,447	Benchmarked Current Contract
Highland Council	Yes	01 April 2015	£103,843	Contract MI - Confirmed by Member	7.2%	£7,504	Benchmarked Current Contract
Inverclyde Council	Yes	01 April 2015	£32,740	Contract MI - Confirmed by Member	7.2%	£2,343	Benchmarked Current Contract
Midlothian Council	Yes	01 April 2015	£633,497	Contract MI - Confirmed by Member	10.0%	£63,566	Benchmarked Current Contract
North Ayrshire Council	Yes	01 April 2015	£700,000	Contract MI - Confirmed by Member	5.4%	£37,696	Benchmarked Current Contract
North Lanarkshire Council	Yes	01 April 2015	£29,959	Contract MI - Confirmed by Member	16.4%	£4,926	Benchmarked Current Contract
Orkney Islands Council	Yes	01 April 2015	£22,670	Contract MI - Confirmed by Member	5.4%	£1,230	Benchmarked Current Contract
Perth & Kinross Council	Yes	01 April 2015	£106,689	Contract MI	19.0%	£20,289	Benchmarked Current Contract
Renfrewshire Council	Yes	01 April 2015	£400,000	Contract MI - Confirmed by Member	9.4%	£37,702	Benchmarked Current Contract
Scottish Borders Council	Yes	01 April 2015	£15,000	Contract MI - Confirmed by Member	4.5%	£671	Benchmarked Current Contract
Shetland Islands Council	Yes	01 April 2015	£14,000	Contract MI - Confirmed by Member	19.6%	£2,740	Benchmarked Current Contract
South Ayrshire Council	Yes	01 April 2015	£230,000	Contract MI - Confirmed by Member	7.9%	£18,090	Benchmarked Current Contract
South Lanarkshire Council	Yes	01 April 2015	£1,500,000	Contract MI - Confirmed by Member	4.4%	£65,182	Benchmarked Current Contract
Stirling Council	No						
The Moray Council	Yes	01 April 2015	£129,948	Contract MI - Confirmed by Member	5.6%	£7,251	Benchmarked Current Contract
West Dunbartonshire Council	Yes	01 April 2015	£750,000	Contract MI - Confirmed by Member	4.6%	£34,459	Benchmarked Current Contract
West Lothian Council	Yes	01 April 2015	£1,000,000	Contract MI - Confirmed by Member	1.9%	£18,499	Benchmarked Current Contract
Tayside Contracts	Yes	01 April 2015	£2,247	Contract MI - Confirmed by Member	14.0%	£315	Benchmarked Current Contract
Scottish Government	Yes	01 April 2015	£30,000	Member Provided	5.4%	£1,626	Average Saving
NHS	Yes	01 April 2015	£150,000	Member Provided	5.4%	£8,130	Average Saving
APUC	Yes	01 April 2015	£33,000	Member Provided	2.6%	£846	Benchmarked Using Member Provided Data
SPS	Yes	01 April 2015	£400,000	Member Provided	5.0%	£20,167	Benchmarked Using Member Provided Data
River Clyde Homes	Yes	01 April 2015	£65,000	Member Provided	5.4%	£3,523	Average Saving
Rossie Young People Trust	Yes	01 April 2015	£200,000	Member Provided	5.4%	£10,840	Average Saving
Totals			£12,503,149.00		5.4%	£661,999.00	

Appendix 2 – Summary of Offers Received

Tenderer's Name	SME Status	Location	Lots Tendered
Allison Enterprises Limited	Small	Perth	4 and 8
Beatsons Building Supplies Ltd.	Medium	Alloa	3,4,6 and 7
B&Q Plc	Large	Hampshire	1,3,5 and 6
Coventry for Fencing	Small	Auchterarder	4
Cowal Building and Plumbing Supplies Ltd	Small	Dunoon	3,5 and 6
D McNair (Builders Merchants) Ltd	Medium	Glasgow	1,2,3,4,5,6 and 7
Grafton Merchanting GB Ltd	Large	Glasgow	1,3,4,5,6 and 7
James Cowie and Co Ltd	Medium	Hamilton	8
Jewson Ltd	Large	Coventry	1,2,3,4,5,6 and 7
Keith Builders Merchants Ltd	Small	Keith	1,3,4,5,6 and 7
Lothian Building Supplies Ltd	Small	East Lothian	6 and 7
M & T (Builders Merchants) Ltd	Small	Helensburgh	6
Mermaid Panels Ltd	Medium	Laceby	5
MGM Timber (Scotland) Ltd	Medium	Perth	1,3,4,5 and 7
MKM Building Supplies Ltd	Large	Glasgow	1,2,3,4,5,6 and 7
Nu-Style Products Ltd	Small	Aberdeen	5
Rembrand Timber Ltd	Medium	Dundee	1,3 and 4
Rowan Timber Supplies (Scotland) Ltd	Medium	Plains	1,3,4 and 5
Saltire Trade Plastics Ltd	Small	Airdrie	6 and 7
Scotdor	Small	East Kilbride	1 and 2
SIG Trading Ltd, trading as SIG Exteriors UK part of SIG Plc	Large	Leeds	6 and 7
SIG Trading Ltd, trading as SIG Roofing & Roofline	Large	Leeds	7
Smith and Frater Ltd	Medium	Grangemouth	5
St Andrews Timber Supplies Ltd	Small	Edinburgh	1,3,4,5 and 6
Specialist Building Products Ltd t/a Swish Building Products	Large	Tamworth	6 and 7
The Roofing & Building Supply Co Ltd	Small	Edinburgh	7
Thornbridge Sawmills Ltd	Medium	Grangemouth	1,3,4 and 5
Travis Perkins Trading Company Limited	Large	Northampton	1 and 6

Appendix 3 - Scoring and Recommendations

Lot 1 – Timber Doors	
Tenderer	Score
Jewson Ltd* ¹	93.42
Thornbridge Sawmills Ltd*	84.75
D McNair (Builders Merchants) Ltd*	83.00
MGM Timber (Scotland) Ltd*	81.75
Grafton Merchanting GB Ltd*	80.42
St Andrews Timber Supplies Ltd*	79.59
Rembrand Timber Ltd	72.34
MKM Building Supplies Ltd	71.30
Rowan Timber Supplies (Scotland) Ltd	71.21
B&Q Plc	70.85
Travis Perkins Trading Company Limited	69.85
Keith Builders Merchants Ltd	50.72
Scotdor	46.29

Lot 2 – Timber Door Sets	
Tenderer	Score
Scotdor*	82.00
Jewson Ltd*	78.54
MKM Building Supplies Ltd*	76.31
D McNair (Builders Merchants) Ltd*	75.54

Lot 3 – Sheet and Timber Materials	
Tenderer	Score
MGM Timber (Scotland) Ltd*	95.46
Thornbridge Sawmills Ltd*	85.60
St Andrews Timber Supplies Ltd*	83.72
Rowan Timber Supplies (Scotland) Ltd*	79.50
Jewson Ltd*	77.46
MKM Building Supplies Ltd*	76.29
D McNair (Builders Merchants) Ltd*	75.16
Grafton Merchanting GB Ltd*	68.98
B&Q Plc	62.27
Rembrand Timber Ltd	61.29
Keith Builders Merchants Ltd	56.71
Cowal Building and Plumbing Supplies Ltd	42.37

¹ Asterisk (*) denotes recommended suppliers

Lot 4 – Timber Fencing	
Tenderer	Score
MGM Timber (Scotland) Ltd*	91.56
Thornbridge Sawmills Ltd*	86.50
Jewson Ltd*	75.84
MKM Building Supplies Ltd*	74.69
Grafton Merchanting GB Ltd*	73.67
D McNair (Builders Merchants) Ltd*	73.12
Rowan Timber Supplies (Scotland) Ltd*	72.58
St Andrews Timber Supplies Ltd*	68.10
Coventry for Fencing	61.98
Rembrand Timber Ltd	56.26
Keith Builders Merchants Ltd	54.80

Lot 5 – Laminate Wall Panels	
Tenderer	Score
Nu-Style Products Ltd*	90.50
MGM Timber (Scotland) Ltd*	80.16
Jewson Ltd*	73.11
MKM Building Supplies Ltd*	70.60
St Andrews Timber Supplies Ltd*	70.31
Thornbridge Sawmills Ltd*	65.88
D McNair (Builders Merchants) Ltd	61.89
Mermaid Panels Ltd	61.21
Grafton Merchanting GB Ltd	60.97
Smith and Frater Ltd	57.64
B&Q Plc	57.44
Rowan Timber Supplies (Scotland) Ltd	56.89
Keith Builders Merchants Ltd	44.68
Cowal Building and Plumbing Supplies Ltd	39.57

Lot 6 – Building Materials	
Tenderer	Score
B&Q Plc*	94.30
MKM Building Supplies Ltd*	90.08
Jewson Ltd*	89.65
D McNair (Builders Merchants) Ltd*	86.75
Grafton Merchanting GB Ltd*	83.52
St Andrews Timber Supplies Ltd*	79.79
SIG Trading Ltd, trading as SIG Exteriors UK part of SIG Plc	76.20
Lothian Building Supplies Ltd	76.10
M & T (Builders Merchants) Ltd	75.88
Travis Perkins Trading Company Limited	74.03
Beatsons Building Supplies Ltd.	64.53
Cowal Building and Plumbing Supplies Ltd	59.10
Keith Builders Merchants Ltd	57.27
Specialist Building Products Ltd t/a Swish Building Products	56.86
Saltire Trade Plastics Ltd	49.09

Lot 7 – Roofing Materials	
Tenderer	Score
Jewson Ltd*	95.08
SIG Trading Ltd, trading as SIG Exteriors UK part of SIG Plc*	90.24
MKM Building Supplies Ltd*	88.13
D McNair (Builders Merchants) Ltd*	86.75
Grafton Merchanting GB Ltd*	78.18
MGM Timber (Scotland) Ltd	69.67
Lothian Building Supplies Ltd	69.19
Beatsons Building Supplies Ltd.	64.45
Keith Builders Merchants Ltd	61.19
Specialist Building Products Ltd t/a Swish Building Products	60.81
The Roofing & Building Supply Co Ltd	59.72
Saltire Trade Plastics Ltd	53.06

Lot 8 – Metal Fencing	
Tenderer	Score
James Cowie and Co Ltd*	92.25