

Scotland Excel

To: Executive Sub-Committee

On: 16 February 2024

Report by:
Chief Executive of Scotland Excel

Tender: Supply and Delivery of Civic Supplies

Schedule: 06/23

Period: 48 months

1. Introduction and Background

This recommendation is for the award of the second-generation renewal framework for the Supply and Delivery of Civic Supplies.

This framework will allow Councils to procure a range of beverages including kegs of beer, wine, soft drinks and spirits for civic functions and for civic sites that have bar facilities.

The framework will be for a period of up to 48 months, comprising a period of 36 months with the option to extend for up to an additional 12-month period. Subject to approval, the framework is intended to commence in April 2024.

This report summarises the outcome of the procurement process for this national framework agreement and presents recommendations for award.

2. Scope, Participation and Spend

The previous framework had been awarded to a single supplier and had adequately met Council needs over its duration.

As part of the strategy development for this renewal framework, the framework structure remained largely unchanged and comprised a single requirement for “**Supply and Delivery of Civic Supplies**” which represents all estimated spend through the framework.

As detailed in Appendix 1, 8 councils plus Tayside Contracts confirmed their intention to participate in this framework, with all councils being named on the advertised contract notice. Scotland Excel will work with members and Project and Account Managers to increase uptake through processes consisting of a mobilisation user intelligence group and ensuring this framework is highlighted

during quarterly business reviews. Scotland Excel will also assist any council looking to migrate across to this renewal framework.

Reflecting the above, the framework was advertised on the following basis:

- To award the framework agreement to a single supplier. The advertised conditions of contract and framework operation were suitably tailored to reflect this.
- With a spend estimated at around £1.25 million per annum, which totals an estimated spend of £5 million over the maximum 4-years where all extension options are exercised. This figure was derived based on historical information alongside available council spend data from the Scottish Government tool, SPIKES Cavell. Scotland Excel has also taken into account future plans from members, following discussions through the strategy phase.
- As a single requirement, with no individual lots.

3. Procurement Process

A Prior Information Notice (PIN) was published on 4th April 2023 which resulted in expressions of interest from six suppliers.

Thereafter, the Contract Notice was published via the Find a Tender and Public Contract Scotland (PCS) portal on 7th December 2023, with the tender documentation being immediately available via the Public Contracts Scotland Tender (PCS-T) system. The tender exercise was conducted and concluded in accordance with the law and procedures currently in force.

After publication, the Contract Notice was shared with Scotland Food and Drink and the Scottish Wholesale Association to encourage local suppliers to participate in the tender.

The procurement exercise followed an open tender procedure to encourage maximum competition.

The published tender documents anticipated the appointment to the framework of a single tenderer with relevant and demonstrable experience and capabilities. This was to ensure the best possible commercial outcome for framework users. Notwithstanding this, the right was reserved to consider appointing more than one tenderer, if required. No fixed score ensured success. The most economically advantageous tenderer (or tenderers) was to be identified once all of the compliant bids had completed the evaluation in accordance with the requirements set down within the tender documents. This was to ensure that the award would be sufficient to meet council requirements.

The tender followed a two-stage tendering procedure.

Stage one, Qualification, was conducted using the Single Procurement Document (SPD). Within the SPD, tenderers were required to answer a set of exclusionary questions along with providing details and/or acknowledgement of insurance, financial standing, quality management, and environmental management policies and/or procedures.

At the second stage of the process, compliant offers were evaluated against the award criteria and weightings outlined in Table 1.

Table 1: Evaluation Criteria/Weighting

Award Criteria	Total Available Scores
Qualification Section (SPD)	Pass/Fail
Technical Section	20
Commercial Section	80

Tenderers were required to indicate which local authorities they had an ability to service.

Tenderers were invited to bid on the following basis:

- In the Commercial Section, tenderers were asked to offer a National Net Delivered Product Price for at least 80% of the basket of goods meeting the required specification.
Tenderers were also required to submit a 'full range offer' which was not scored but may have a contractual effect.
- In the Technical Section, as outlined in Table 2, by the evaluation of scored method statements on:
 - Fair Work First
 - Contract Management and Customer Service including Customer Service; Staff Training, Product and Market Knowledge; Customer Communications and Complaint Handling
 - Sustainability including End of Life; Waste Reduction and Environmental Considerations; Transportation; Stock Holding and Supply Chain
 - Community Benefits.

Further non scored technical questions had important contractual effects and included:

- Ability to Service
- Ability to transact
- Vehicle Environmental Standards
- Real Living Wage

Table 2: Method Statement Scoring

Section	Question	Maximum Score Available
Technical 20%	Fair Work First	5
	Contract Management and Customer Service	4
	Sustainability	6
	Community Benefits	5

Scoring was completed in accordance with the published tender evaluation methodology to calculate a total score.

Scotland Excel took cognisance of the situation relative to the Coronavirus pandemic in considering this tender exercise. Balancing the current situation with the need to provide a route to market for councils to obtain, Scotland Excel determined to proceed with the tender exercise to establish this framework. Scotland Excel has carefully monitored the situation throughout the period of the tender exercise and has determined it is appropriate to recommend the establishment of the framework as set out in this report.

4. Report on Offers Received

The tender documents were downloaded by 18 suppliers, with 3 tender responses received by the specified closing date and time.

Of the 3 responses, two were non-compliant (failing to submit necessary pricing information). Their offers were subsequently withdrawn. The remaining offer passed the first stage qualification/selection assessment. Following full evaluation, its offer was considered suitable to meet Council requirements and be recommended for award on a sole supplier basis in accordance with the advertised requirement.

A summary of the offers received and the scoring achieved by the recommended tenderer is set out in Appendix 2.

5. Recommendations

Based on the evaluation undertaken, and in line with the advertised requirement, criteria and weightings summarised above, it is recommended that the framework be awarded to a single operator as outlined in Appendix 2.

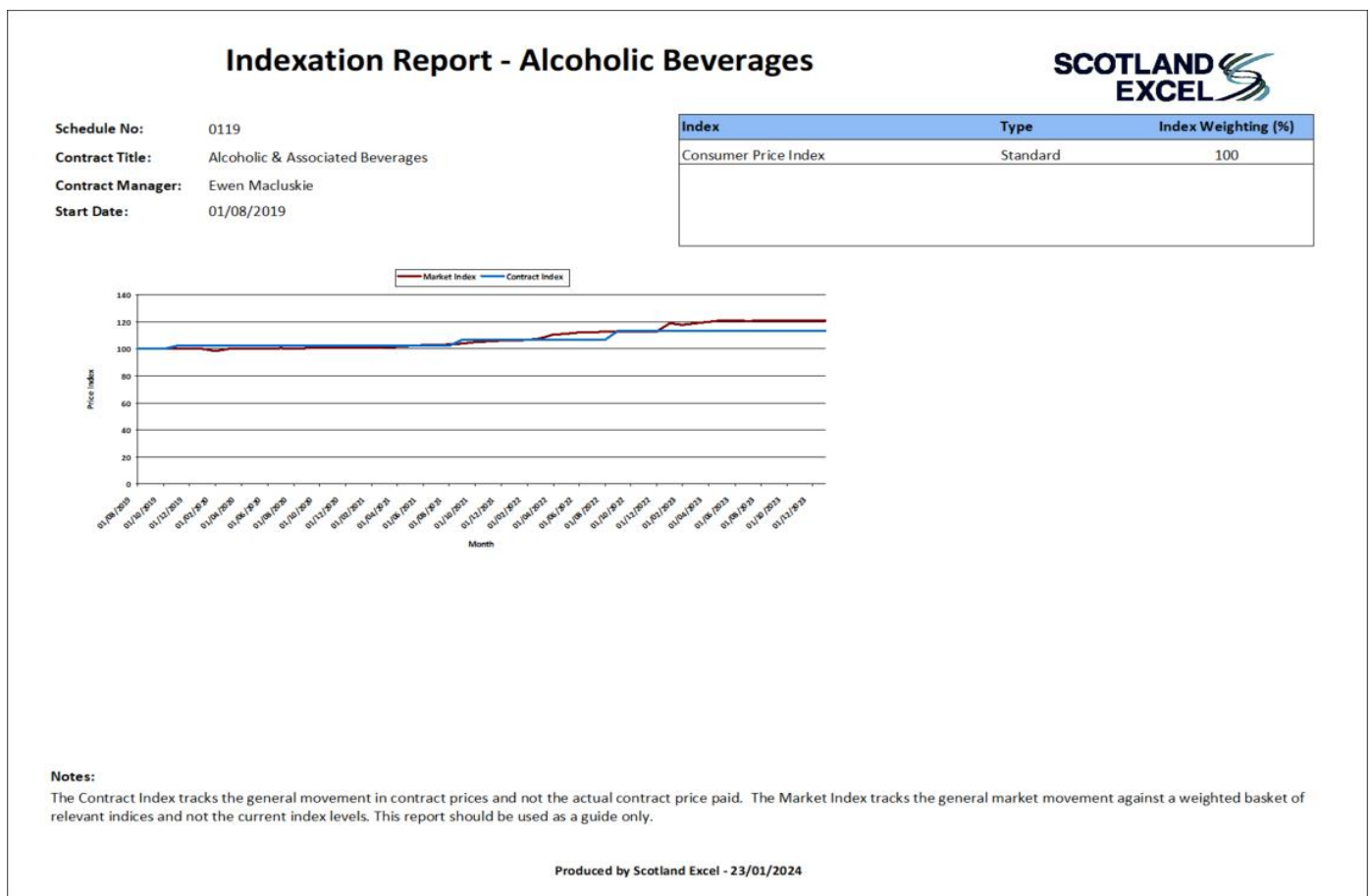
The Executive Sub Committee is accordingly requested to approve the recommendation to award this framework as detailed within Appendix 2.

6. Benefits

Savings

Scotland Excel has conducted a benchmarking exercise comparing current pricing against the pricing submitted within the renewal tender. The result of this benchmarking is listed in Appendix 1. The projected average on cost across all councils is 9.2%, which equates to an estimated total on cost of approximately £23,244 per annum based on current forecast spend levels. Scotland Excel have managed to mitigate the impact of the market movement by 7.5% through contract management activities throughout the lifetime of the current framework as demonstrated in figure 1, the impact through transition to the new framework is more tangible estimated at an on cost of 1.7%, or c.£4,269 across all councils.

Figure 1: Indexation Graph



This framework also provides a benefit from the efficiencies achieved through working collaboratively. With 8 local authorities indicating their intention to use this framework, the efficiencies based on employment time in the purchasing organisation is set out by the Scottish Government at £12,000 for this type of tender. This does not take account of the efficiencies achieved by Tayside Contracts or associate members.

These savings are summarised in Table 4 in accordance with the Scottish Government procurement benefits reporting guidance.

Reference	Type	Reportable Outcome
BT1	Direct price-based savings	-£23,244
BT2	Price versus market savings	7.5%
BT3	Process savings from use of collaborative arrangements	£96,000

Price Stability

Pricing is fixed for the initial 12-month period of the framework. Thereafter, all requests for price increases will be evaluated according to the Terms and Conditions of the framework and require to be supported by documentary evidence.

After the initial 12 months, the supplier may submit a request for a price variance on a 12-monthly basis. The supplier may submit a price decrease at any time throughout the duration of the framework.

Rebate

A rebate of 0.5% payable to Scotland Excel will be applied to framework spend above £100,000 (excluding the initial £100,000) and will be calculated based on all frameworks spend with the supplier reported through management information returns.

Sustainable Procurement Benefits

Sustainability

The following sustainability benefits represent the Scottish Government reporting guidance for sustainability-based benefits (BT14).

Within the technical section of the tender, Scotland Excel included a sustainability related method statement, which included, question around the following areas:

- End of Life
- Waste reduction
- Environmental impact of transportation
- Supply Chain and its impact on the environment

Some of the sustainable elements that will be delivered by this framework include all manufacturing by-product being recycled and movement towards recyclable packaging. Electrical vehicles are being trialled on popular delivery routes along with fleet management being utilised to minimise environmental impact of transportation. Sustainability in the supply chain is another element with raw materials being sourced from sustainable sources with an aim to have 67% of suppliers with science-based emission targets by 2026.

Community Benefits

Scotland Excel is committed to maximising community benefits delivery for members. The supplier was asked to commit to the delivery of community benefit initiatives, against pre-agreed spend thresholds outlined within the community benefits method statement. These aim to be reflective of the National Indicators outlined within the Scottish Government's National Performance framework, and their underlying vision and goals. Councils will accrue 'community benefit points' based on their level of spending with a supplier. These 'points' correlate to a negotiable benefit that the council can elect to receive at any given point throughout the lifetime of the framework. The recommended supplier has committed to delivering these benefits. Scotland Excel will continue to engage with the appointed supplier to drive maximum adoption and delivery of community benefits where appropriate.

Within the published tender documents, the supplier was given a list of indicative community benefits that could be agreed with councils. Examples of these were:

- Employability workshop or events in schools, college or community groups
- Sponsorship of local sports teams and community events
- Donations of products and vouchers
- Recruitment of apprentices and full-time employees.

Scotland Excel will monitor delivery of these commitments during the lifetime of the framework, and this will also be reported through ongoing contract management returns.

Fair Work First Including the Real Living Wage

Scotland Excel and its members are committed to the delivery of high-quality public services and recognise that this is dependent on a workforce that is well-rewarded, well-motivated, well-led, has access to appropriate opportunities for training and skills development, are diverse and is engaged in decision making. Within the technical section of the tender, suppliers were assessed on their approach to Fair Work First and payment of the Real Living Wage to their workforce. The recommended supplier pays the Real Living Wage, as detailed in Appendix 2 – Scoring and Recommendations.

Scotland Excel will continue to monitor Fair Work First, including encouraging further uptake by suppliers committing to paying staff the Real Living Wage, during contract and supplier management activity.

7. Contract Mobilisation and Management

As part of the mobilisation process, the supplier will be offered a contract mobilisation meeting to outline the operation of the framework, including roles and responsibilities, management information and community benefit commitments. The Supplier and participating members will be issued with a mobilisation pack containing all required details to utilise the framework.

In accordance with Scotland Excel's established contract segmentation tool, this framework is classified as class D. As such, it will require an annual supplier meeting and survey, and annual user group reviews as appropriate.

8. Summary

This second-generation framework for the Supply and Delivery of Civic Supplies continues to maximise collaboration and deliver best value. A range of benefits can be reported in relation to price stability, sustainability, and community benefits.

The Executive Sub Committee is requested to approve the recommendation to award this framework agreement as detailed in Appendix 2.

Appendix 1 – Participation, Spend and Savings Summary

Supply and Delivery of Civic Supplies

Member Name	Participation in Contract	Participation Entry Date	Estimated Annual Spend (£)	Source of Spend Data	Indexation (%)	% Estimated Forecast Savings	Estimated Annual Savings (£)	Basis of Savings Calculation
Aberdeen City Council	No	N/A	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
Aberdeenshire Council	TBC	01 April 2024	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
Angus Council	Yes	01 April 2024	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
Argyll & Bute Council	TBC	01 April 2024	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
City of Edinburgh Council	Yes	01 April 2024	£79,875	MI Confirmed	7.5%	-9.2%	-£7,380	Benchmark Current Contract
Clackmannanshire Council	TBC	01 April 2024	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
Comhairle nan Eilean Siar	No	N/A	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
Dumfries & Galloway Council	TBC	01 April 2024	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
Dundee City Council	TBC	01 April 2024	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
East Ayrshire Council	TBC	01 April 2024	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
East Dunbartonshire Council	No	N/A	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
East Lothian Council	No	N/A	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
East Renfrewshire Council	TBC	01 April 2024	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
Falkirk Council	Yes	01 April 2024	£1,304	MI Confirmed	7.5%	-9.2%	-£120	Benchmark Current Contract
Fife Council	Yes	01 April 2024	£12,545	MI Confirmed	7.5%	-9.2%	-£1,159	Benchmark Current Contract
Glasgow City Council	Yes	01 April 2024	£119,638	MI Confirmed	7.5%	-9.2%	-£11,055	Benchmark Current Contract
Highland Council	TBC	01 April 2024	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
Inverclyde Council	TBC	01 April 2024	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
Midlothian Council	No	N/A	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
Moray Council	No	N/A	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
North Ayrshire Council	Yes	01 April 2024	£3,057	MI Confirmed	7.5%	-9.2%	-£282	Benchmark Current Contract
North Lanarkshire Council	TBC	01 April 2024	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
Orkney Islands Council	TBC	01 April 2024	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
Perth & Kinross Council	TBC	01 April 2024	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
Renfrewshire Council	TBC	01 April 2024	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
Scottish Borders Council	No	N/A	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
Shetland Islands Council	TBC	01 April 2024	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
South Ayrshire Council	Yes	01 April 2024	£6,128	MI Confirmed	7.5%	-9.2%	-£566	Benchmark Current Contract
South Lanarkshire Council	Yes	01 April 2024	£27,089	MI Confirmed	7.5%	-9.2%	-£2,503	Benchmark Current Contract
Stirling Council	TBC	01 April 2024	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
West Dunbartonshire Council	TBC	01 April 2024	£1,474	MI Confirmed	7.5%	-9.2%	-£136	Benchmark Current Contract
West Lothian Council	TBC	01 April 2024	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
Tayside Contracts	Yes	01 April 2024	£0	MI Confirmed	7.5%	-9.2%	£0	Benchmark Current Contract
Totals			£251,110			-9.2%	-£23,203	
Associate Members	Yes	01 April 2024	£452	MI Confirmed	7.5%	-9.2%	-£42	Benchmark Current Contract
Totals			£251,562			-9.2%	-£23,244	

Appendix 2 – Scoring and Recommendations

<u>FRAMEWORK NAME</u>	<u>TENDERER NAME</u>	<u>SME STATUS</u>	<u>REAL LIVING WAGE STATUS</u>	<u>LOCATION</u>	<u>OVERALL RECOMMENDATION STATUS</u>	<u>COMMERCIAL SCORE</u>	<u>TOTAL TECHNICAL SCORE</u>	<u>TOTAL SCORE</u>	<u>RECOMMENDED FOR AWARD</u>
Supply and Delivery of Civic Supplies	Tennent Caledonian Breweries Wholesale Limited	Large	4	Glasgow	SUCCESSFUL	80.00	15.25	95.25	Y

KEY – Real Living Wage Status Reference and Descriptions

Real Living Wage Status Reference	Real Living Wage Status Description
1	I am an accredited Living Wage Employer and commit to maintaining this for the duration of the Framework Contract.
2	I am currently going through the process of becoming an accredited Living Wage Employer and commit to gaining accreditation over the initial two year period of the Framework Contract. I currently pay the Real Living Wage to all employees (except volunteers, apprentices and interns).
3	I am not an accredited Living Wage Employer but commit to gaining accreditation over the initial two year period of the Framework Contract. I currently pay the Real Living Wage to all employees (except volunteers, apprentices and interns) and commit to maintaining this until I have gained accreditation.
4	I am not an accredited Living Wage Employer but commit to gaining accreditation over the initial two year period of the Framework Contract. I do not currently pay the Real Living Wage to all employees.
5	I am not an accredited Living Wage Employer but pay the Real Living Wage to all employees (except volunteers, apprentices and interns) and commit to maintaining this for the duration of the Framework Contract.
6	I am not an accredited Living Wage Employer and do not currently pay the Real Living Wage to all employees but commit to paying the Real Living Wage to all employees (except volunteers, apprentices and interns) within the first two years of the Framework Contract.
7	I am not an accredited Living Wage Employer and do not currently pay the Real Living Wage to all employees.