

Scotland Excel

To: Executive Sub-Committee

On: 28 January 2022

**Report by:
Chief Executive of Scotland Excel**

Tender: Tyres for Vehicle and Plant

Schedule: 0221

Period: 1 January 2022 to 31 December 2025

1. Introduction and Background

This recommendation is for the award of the fourth-generation framework for Tyres for Vehicles and Plant.

This proposed framework was advertised for the period from 1 January 2022 to 31 December 2025. Subject to approval and completion of a standstill period, the framework is intended to commence on or around 14 February 2022.

This framework is for the supply only or supply & fitment of tyres for an extensive range of light, commercial or heavy vehicles, as well as grounds maintenance equipment and plant. The associated services including fitting, inspection, compliant tyre disposal, fleet tyre management, as well as emergency roadside assistance are also included. The framework offers a full range of tyre types and sizes purchased by councils to deliver the various fleet services they provide end users.

The report summarises the outcome of the procurement process for this national framework arrangement.

2. Scope, Participation and Spend

As part of the strategy development, the User Intelligence Group (UIG) confirmed their satisfaction with the current framework services and structure and endorsed the inclusion of 6 lots as detailed in Table 1: Lotting structure below.

Table 1: Lotting Structure

Lot No.	Description	Estimated % Spend through lot
1	Supply, Fit, Puncture Repair (and associated services) & Disposal of Tyres for Cars & Vans	39%
2	Supply of Tyres for Cars & Vans	26%
3	Supply, Fit, Puncture Repair (and associated services) & Disposal of Tyres for Trucks	25%
4	Supply of Tyres for Trucks	4%
5	Supply, Fit, Puncture Repair (and associated services) & Disposal of Tyres for Agricultural & Plant	3%
6	Supply of Tyres for Agricultural & Plant	3%

As detailed in Appendix 1, 29 councils plus Tayside Contracts have confirmed their participation in this framework renewal. South Ayrshire Council, Shetland Islands Council and Western Isles Council all have their own tyre services arrangements in place; however, South Ayrshire Council and Shetland Islands Council have indicated they would likely participate, once their arrangements expire, if the supply base allows.

To ensure that all 32 councils have the option to use the framework, all councils have been listed in the contract notice as participants to allow access as required. (Note: Angus Council are serviced via Tayside Contracts).

The forecast annual spend for participating councils is circa £4.5m per annum. The contract was advertised with an estimated value of £26m over the 4-year period, to allow for growth from participating members and to allow for other councils to participate once their own arrangements expire.

3. Procurement Process

A UIG consisting of representatives from participating councils endorsed the procurement strategy on 14 April 2021. In addition, a working group of technical and procurement representatives was formed to review technical specifications and participate in the evaluation.

Scotland Excel has taken cognisance of the current situation and market impact during the tender exercise of the Coronavirus pandemic, balancing the current situation with the need to provide a route to market for councils seeking the supply of tyres for vehicles and plant. Scotland Excel determined it was appropriate to undertake this tender exercise and to recommend the establishment of this framework.

A Prior Information Notice (PIN) was published on 18 February 2021, which resulted in expressions of interest from 18 organisations. Suppliers were given the opportunity to provide Scotland Excel with information in relation to, but not limited to, market intelligence, market trends and sustainability initiatives to help inform the strategy.

Thereafter, in order to ensure maximum competition, the UIG agreed that an open tender process should be followed to establish the framework.

The Contract Notice was published via the Find A Tender service and Public Contracts Scotland Portal (PCS) on 4 October 2021 with the tender documentation being made available for immediate download via the Public Contracts Scotland Tender (PCS-T) System.

All submissions were reviewed against selection criteria, using the Single Procurement Document (SPD) and award criteria, concurrently. The award criteria included technical and commercial sections that were evaluated against the following criteria and weightings:

Supply & Fit - Lots 1, 3, & 5

Technical 30%

Commercial 70%

Supply Only - Lots 2, 4 & 6

Technical 20%

Commercial 80%

Within the technical section, bidders were required to evidence their knowledge and experience by responding to method statements which covered areas such as Sustainability, Service Provision and Tyre Lifespan Management. Within this, bidders were asked to detail their approach to end of life tyre disposal as detailed in the specification provided, in line with Zero Waste Scotland's waste hierarchy best practice guidance and Waste Directives. Bidders were also assessed in relation to their supply chain, fair work practices and their ability to offer community benefits. These are detailed below within Table 2.

Table 2: Technical Section Weighting

Questions	Supply and Fit (Lots 1, 3 and 5)	Supply Only (Lots 2, 4 and 6)
Method Statement 1 - Sustainability	10	5
Method Statement 2 - Service	5	5
Method Statement 3 - Tyre Lifespan Management	5	n/a
Method Statement 4 - Supply Chain	4.5	4.5
Method Statement 5 - Fair Working Practices	2.5	2.5
Community Benefits	3	3
Total Score	30	20

Within the commercial section, bidders were invited to offer on a lot by lot basis and provide prices against a selection of the most commonly used and highest spend tyres along with the associated services. Options were given for bidders to supply premium level, budget level and for truck tyres, an option to supply re-treaded tyres.

Fixed pricing for 12 months was required for all lots. In addition to this, bidders were asked to confirm if they were willing to offer a longer period of fixed pricing from the framework contract start date. Bidders were also invited to specify if they would offer any early settlement discount. A retrospective rebate of 0.5% will be applied to framework spend above £100,000 (excluding the first £100,000) and will be calculated based upon all framework spend with the supplier, reported through management information returns.

4. Report on Offers Received

The tender document was downloaded by 19 organisations, with 13 tender responses received. A summary of all 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 compliant offers received was carried out. Appendix 3 sets out the scoring achieved by each bidder.

5. Recommendations

Based on the evaluation undertaken, and in line with the criteria and weightings set out above, it is recommended that a multi supplier framework arrangement is awarded to 12 suppliers across the six lots as outlined in Appendix 3.

The 12 recommended service providers can meet operational requirements across all geographical areas and provide a range of choice and capacity for council members. They also represent a mix of micro, small, medium and large organisations. Of the recommended suppliers, 8 are classified as SMEs, 1 as a micro business and 9 are Scottish suppliers.

6. Benefits

Savings

Following a benchmarking exercise of average offers received compared to average offers available under the previous framework it is forecast that tyres available via the new framework will be circa 10% more expensive than those on the previous framework. Market analysis had strongly indicated that an increase was anticipated, and this is representative of the ongoing challenging market conditions faced by suppliers over the course of the last year, linked to the Coronavirus pandemic and the completion of the Brexit process.

There are various drivers affecting costs but mainly they are renewed demand from the rubber and tyre industries in China post pandemic causing prices for natural rubber to increase dramatically during 2021, unusually high shipping container costs, increasing logistics costs and a global issue linked in part to countries emerging from lockdown, back-logs at ports and a spike in demand.

Analysis of the indexation model for the previous framework, which predicts framework performance against market movement, suggests that market prices have increased by around 15% since January 2021. As such, the 10% increase provides councils the opportunity to still maintain a cost avoidance of c.5% compared to market pricing.

It should also be noted that the framework sought a reasonable period of fixed pricing to mitigate against potential market volatility and unplanned price increases. As such, it is expected that throughout the lifetime of this framework, framework pricing will improve in the form of price reductions as the market normalises. This will be monitored and reported via the annual reporting process alongside regular review of market intelligence.

Price Stability

All recommended suppliers have agreed to the 12-month fixed price period at the start of the framework, with one recommended supplier offering a further fixed pricing period of an additional 12 months. Provision thereafter is for price reviews every 12 months to accommodate market fluctuations. All requests for price increases will be evaluated against prevailing market conditions and supporting documentary evidence.

Sustainable Procurement Benefits

Within the technical section of the tender, the sustainability method statement assessed bidders in relation to their corporate approach to sustainability and how their organisation promotes recycle, reuse and reduce initiatives to minimise the impact of the supply chain on the environment. A range of sustainable measures were outlined by service providers including:

- Adoption of alternatively fueled vehicles, namely hybrid or electric, to reduce carbon emissions.
- Increased use of tracking systems on delivery vehicles, to optimize delivery routes.
- Waste Reduction.

A major focus of this procurement was to ensure that all suppliers have documented and auditable processes and procedures that fully demonstrated that tyres are re-used or recycled where appropriate. For example, all truck tyres should be made available for retreading in order to extend their useful life. Where any retreading of tyres is not possible, then the end of life tyres must be utilised in a number of ways in line with Zero Waste Scotland's waste hierarchy guidance as it is not permissible under legislation to dispose of tyres to landfill. This waste management ranges from re-cycling the tyres as fuel for use in cement kilns to re-using the crumbed rubber for community projects and equestrian surfaces.

Additionally, service providers have also demonstrated that they have the necessary methods and expertise to assist the councils with managing the lifecycle of the tyres fitted to ensure maximum tyre life and also the safety of the vehicle which will both ensure best value and best practice in line with health and safety standards.

Community Benefits

Scotland Excel is committed to maximising community benefit delivery for councils. Tenderers were asked to confirm whether they were willing to comply with our community benefits approach for the lifetime of the framework. This approach is designed to deliver local community benefits based on individual member spend thresholds and all 12 recommended suppliers have confirmed their acceptance.

The community benefits approach focused on supporting the Scottish Government's National Performance Framework, and the benefits delivered should support, but are not limited to, the following indicators:

- Our young people are successful learners, confident individuals, effective contributors and responsible citizens;
- We live longer, healthier lives;
- We value and enjoy our built and natural environment and protect it and enhance it for future generations;
- We take pride in a strong, fair and inclusive national identity; and
- We reduce the local and global environmental impact of our consumption and production.

Suppliers have agreed to report ongoing delivery of community benefits to Scotland Excel on a six-monthly basis.

Delivery of commitments made will be monitored throughout the lifetime of the framework.

Fair Work Practices including the 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, bidders were assessed on their approach to fair work practices and payment of the Real Living Wage to their workforce. Of the 12 recommended bidders, 11 pay the Real Living Wage, as detailed in Appendix 4 - List of Recommended Suppliers with Living Wage Status. The final supplier recommended for award has committed to do so within the first 3 years of the framework.

Scotland Excel will continue to monitor Fair Work Practices including the Real Living Wage status during contract and supplier management.

7. Contract Mobilisation and Management

As part of the mobilisation process, all suppliers will be offered a contract mobilisation meeting to outline the operation of the framework, including roles and responsibilities, management information and community benefit

commitments. Both suppliers 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 and supplier management programme, in terms of risk and spend as detailed in Appendix 5, this framework is classified as class D. As such, it will require annual supplier and user group reviews as appropriate. During the current market conditions Scotland Excel will continue to engage with suppliers on a regular basis to manage the response to the pandemic and ensure continuity of this essential service delivery for our members.

Meetings and engagement undertaken with suppliers will adhere to all applicable health and safety guidelines.

8. Summary

This fourth-generation framework for the supply and fitment of tyres for vehicles and plant aims to maximise collaboration, support local authorities to deliver the various services they provide as well as support waste management strategies and activities in compliance with the Zero Waste Plan and the Waste (Scotland) Regulations 2012 and their delivery of best value.

The Executive Sub Committee is requested to approve the recommendation to award this framework agreement as detailed in Appendix 3 (Scoring and Recommendations).

Appendix 1 – Participation and Spend Summary

Tyres for Vehicles and Plant 02/21

Member Name	Participation in Contract	Participation Entry Date	Estimated Annual Spend (£)	Source of Spend Data
Aberdeen City Council	YES	Contract Start	£120,000	Council
Aberdeenshire Council	YES	Contract Start	£300,000	Council
Angus Council	YES	Contract Start	£1,017	Management Information (M.I.)
Argyll & Bute Council	YES	Contract Start	£81,995	£62, 313 Mirela Simionov
City of Edinburgh Council	YES	Contract Start	£122,019	Management Information (M.I.)
Clackmannanshire Council	YES	Contract Start	£40,000	Council
Comhairle nan Eilean Siar	No	-	£0	Management Information (M.I.)
Dumfries & Galloway Council	YES	Contract Start	£280,413	Management Information (M.I.)
Dundee City Council	YES	Contract Start	£140,000	Council
East Ayrshire Council	YES	Contract Start	£76,854	Management Information (M.I.)
East Dunbartonshire Council	YES	Contract Start	£53,351	Management Information (M.I.)
East Lothian Council	YES	Contract Start	£60,594	Management Information (M.I.)
East Renfrewshire Council	YES	Contract Start	£40,755	Management Information (M.I.)
Falkirk Council	YES	Contract Start	£160,000	Council
Fife Council	YES	Contract Start	£310,504	Management Information (M.I.)
Glasgow City Council	YES	Contract Start	£732,000	Council
Highland Council	YES	Contract Start	£75,262	Management Information (M.I.)
Inverclyde Council	YES	Contract Start	£90,000	Council
Midlothian Council	YES	Contract Start	£70,591	Management Information (M.I.)
Moray Council	YES	Contract Start	£159,000	Council
North Ayrshire Council	YES	Contract Start	£220,000	Council
North Lanarkshire Council	YES	Contract Start	£219,081	Management Information (M.I.)
Orkney Islands Council	YES	Contract Start	£16,838	Management Information (M.I.)
Perth & Kinross Council	YES	Contract Start	£70,642	Council
Renfrewshire Council	YES	Contract Start	£64,695	Management Information (M.I.)
Scottish Borders Council	YES	Contract Start	£106,799	Council
Shetland Islands Council	YES	Contract Start	£0	Management Information (M.I.)
South Ayrshire Council	YES	Contract Start	£0	Council
South Lanarkshire Council	YES	Contract Start	£500,000	Council
Stirling Council	YES	Contract Start	£64,813	Management Information (M.I.)
Tayside Contracts	YES	Contract Start	£70,766	Management Information (M.I.)
West Dunbartonshire Council	YES	Contract Start	£56,425	Council
West Lothian Council	YES	Contract Start	£108,410	Management Information (M.I.)
Totals			£4,412,824	

Appendix 2 – Summary of Offers Received

Name of Tenderer	SME Status	Location	Lot(s) Tendered	Lot(s) Awarded
Alba Tyre Management Ltd	Small	Paisley	4	4
Angus Tyres Limited	Small	Arbroath	1, 3, 5	1, 3, 5
Direct Tyre Management Limited	Medium	Lancashire	1, 3, 5	1, 3, 5
H&S Group 1 Ltd T/A Go Mobile	Micro	Bathgate	1, 2	1, 2
Kenway Tyres Limited	Medium	Aberdeen	1, 2, 3, 4, 5, 6	1, 2, 3, 4, 5, 6
McConechy's Tyre Service Limited	Large	Glasgow	1, 2, 3, 4, 5, 6	1, 2, 3, 4, 5, 6
Michelin Tyre Public Limited Company	Large	Stoke-on-Trent	1, 2, 3, 4, 5, 6	1, 2, 3, 4, 5, 6
Northwards Ltd.	Medium	Shetland	1, 3	-
R & J Strang Tyre Services Limited	Small	Clarkston	1, 2, 3, 4	1, 2, 3, 4
Redpath Tyres Limited	Medium	Roxburghshire	1, 2, 3, 4, 5, 6	1, 2, 3, 4, 5, 6
SOLTYRE LIMITED	Small	Airdrie	1, 2, 3, 4, 5, 6	1, 2, 3, 4, 5, 6
Tructyre Fleet Management Limited	Large	Tyne & Wear	1, 3, 5	1, 3
Vaculug Limited	Large	Lincolnshire	1, 2, 3, 4, 5, 6	1, 2, 3, 4

Appendix 3 - Scoring and Recommendations

LOT 1 - Supply, Fit, Puncture Repair (and associated services) & Disposal of Tyres for Cars & Vans		
TENDERER NAME	TOTAL SCORE	Recommended for Award (Yes/No)
	100	maximum score available
Redpath Tyres Limited	95.88	Yes
Tructyre Fleet Management Limited	93.95	Yes
McConechy's Tyre Service Limited	87.49	Yes
Kenway Tyres Limited	86.86	Yes
Direct Tyre Management Limited	85.30	Yes
R & J Strang Tyre Services Limited	83.70	Yes
Michelin Tyre Public Limited Company	81.71	Yes
SOLTYRE LIMITED	77.69	Yes
H&S Group 1 Ltd T/A Go Mobile	76.62	Yes
Vaculug Limited	74.60	Yes
Angus Tyres Limited	71.46	Yes
Northwards Ltd.	Non-Compliant	

LOT 2 - Supply of Tyres for Cars & Vans		
TENDERER NAME	TOTAL SCORE	Recommended for Award (Yes/No)
	100	maximum score available
Redpath Tyres Limited	94.29	Yes
Kenway Tyres Limited	93.08	Yes
Michelin Tyre Public Limited Company	87.49	Yes
H&S Group 1 Ltd T/A Go Mobile	85.25	Yes
R & J Strang Tyre Services Limited	82.40	Yes
McConechy's Tyre Service Limited	81.88	Yes
SOLTYRE LIMITED	79.37	Yes
Vaculug Limited	69.28	Yes

LOT 3 - Supply, Fit, Puncture Repair (and associated services) & Disposal of Tyres for Trucks		
TENDERER NAME	TOTAL SCORE	Recommended for Award (Yes/No)
	100	maximum score available
McConechy's Tyre Service Limited	95.70	Yes
Tructyre Fleet Management Limited	93.10	Yes
Redpath Tyres Limited	92.90	Yes
SOLTYRE LIMITED	83.86	Yes
Direct Tyre Management Limited	82.73	Yes
Kenway Tyres Limited	80.37	Yes
R & J Strang Tyre Services Limited	78.10	Yes
Michelin Tyre Public Limited Company	77.92	Yes
Vaculug Limited	76.28	Yes
Angus Tyres Limited	75.10	Yes
Northwards Ltd.	Non-Compliant	

LOT 4 - Supply of Tyres for Trucks		
TENDERER NAME	TOTAL SCORE	Recommended for Award (Yes/No)
	100	<i>maximum score available</i>
Redpath Tyres Limited	96.85	Yes
McConechy's Tyre Service Limited	96.43	Yes
SOLTYRE LIMITED	88.76	Yes
Kenway Tyres Limited	88.36	Yes
Alba Tyre Management Ltd	86.21	Yes
Michelin Tyre Public Limited Company	82.45	Yes
R & J Strang Tyre Services Limited	78.26	Yes
Vaculug Limited	77.69	Yes

LOT 5 - Supply, Fit, Puncture Repair (and associated services) & Disposal of Tyres for Agricultural & Plant		
TENDERER NAME	TOTAL SCORE	Recommended for Award (Yes/No)
	100	<i>maximum score available</i>
Angus Tyres Limited	93.50	Yes
McConechy's Tyre Service Limited	88.20	Yes
SOLTYRE LIMITED	80.29	Yes
Direct Tyre Management Limited	76.04	Yes
Redpath Tyres Limited	74.32	Yes
Michelin Tyre Public Limited Company	61.08	Yes
Kenway Tyres Limited	60.22	Yes
Vaculug Limited	42.65	No
Tructyre Fleet Management Limited	Non-Compliant	

LOT 6 - Supply of Tyres for Agricultural & Plant		
TENDERER NAME	TOTAL SCORE	Recommended for Award (Yes/No)
	100	<i>maximum score available</i>
SOLTYRE LIMITED	85.06	Yes
McConechy's Tyre Service Limited	84.35	Yes
Redpath Tyres Limited	76.41	Yes
Kenway Tyres Limited	64.14	Yes
Michelin Tyre Public Limited Company	60.75	Yes
Vaculug Limited	38.56	No

Appendix 4- List of Recommended Suppliers with Living Wage Status

Tenderer	Accredited	Currently progressing through Real Living Wage accreditation process	Pay Real Living Wage to all employees, and committed to gaining accreditation over the initial 3 years of framework	Pay Real Living Wage to all employees, but not accredited	Neither accredited nor paying Real Living Wage, but do commit to pay the Real Living Wage to all employees over the initial 3 years of the framework	Neither accredited nor paying Real Living Wage
Alba Tyre Management Ltd			Yes			
Angus Tyres Limited				Yes		
Direct Tyre Management Limited					Yes	
H&S Group 1 Ltd T/A Go Mobile	Yes					
Kenway Tyres Limited	Yes					
McConechy's Tyre Service Limited				Yes		
Michelin Tyre Public Limited Company				Yes		
R & J Strang Tyre Services Limited			Yes			
Redpath Tyres Limited	Yes					
SOLTYRE LIMITED				Yes		
Tructyre Fleet Management Limited	Yes					
Vaculug Limited				Yes		

Appendix 5 - Segmentation classifications

0221 Tyres for Vehicles and Plant is classified as class D.

There are five segmentation classifications and these classifications are rated from Class A to Class E. Each classification has contract and supplier management activities associated with it based on pre-determined weighted criteria.

Class A

Due to the unique and bespoke nature of the frameworks that fall within this class, a contract management plan to be developed and agreed with CSG.

Class B

Quarterly supplier contact, six monthly surveys, annual UIG, frequent support to councils, suppliers and external stakeholders requiring high level of procurement expertise, extensive contract monitoring.

Class C

Six monthly supplier contact, six monthly to annual surveys, annual UIG, regular support to councils, suppliers and external stakeholders requiring procurement expertise, high contract monitoring.

Class D

Annual supplier contact, annual surveys, optional annual UIG, ad-hoc support to councils, suppliers and external stakeholders potentially requiring procurement expertise, regular contract monitoring.

Class E

Annual supplier contact (if required), optional annual surveys, no requirement for annual UIG, straightforward ad-hoc support to councils, suppliers and potentially requiring procurement assistance, basic contract monitoring.