

Scotland Excel

To: Executive Sub-Committee

On: 21 June 2024

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

Tender: Supply and Delivery of Community Meals

Schedule: 1922

Period: 60 months (if all extension options are exercised)

1. Introduction and Background

This recommendation is for the award of a fourth-generation renewal framework for the Supply and Delivery of Community Meals.

The objective of this flexible framework agreement is for the provision of a nutritious meal to customers within each participating council. This flexible framework agreement will provide councils with a mechanism to procure a wide variety of nutritionally balanced, good quality, affordable meals delivered within the community. There is provision for bulk delivery to a single point or for delivery to an individual accompanied by a welfare check. Appointed tenderers will be required to offer a wide range of meals, taking cognisance of the social and cultural needs of customers.

Community meals have the potential to reduce expenditure in health and social care by reducing admissions to hospital due to malnutrition and by enabling people to stay independently in their own homes for longer. In addition, it can contribute to wellbeing and recovery after illness and assist in earlier discharge from hospital.

This proposed flexible framework agreement will be for a maximum duration of 60-months (five years). The initial period of the flexible framework agreement will run for 36-months (three years) from the commencement date with an option to extend for up to a further two 12-month periods. Any period of extension will be at the sole discretion of Scotland Excel.

Subject to approval and completion of a standstill period, the flexible framework agreement commencement date is intended to be 01 August 2024.

As detailed in section 3, Procurement Process, the “Light Touch Regime” has been utilised for this procurement to allow flexibility and variations. These variations are as follows:

- i) Enable the flexible framework agreement to be re-opened to new entrant admissions on a lot or sub-lot basis during the duration of the flexible framework agreement. This will be at Scotland Excel’s discretion, taking account of available resources and the need and demand of member councils.
- ii) Enable appointed suppliers to seek to vary their appointment by altering service offerings in accordance with the conditions of contract.
- iii) A longer flexible framework duration, providing greater market stability.

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

2. Scope, Participation and Spend

As detailed in Appendix 1, 18 councils have confirmed their intention to participate in this flexible framework agreement. The remaining councils have advised they will not be participating as they do not offer a meals service in their area or have alternative arrangements in place.

All member councils, however, are listed in the contract notice as potential participants so that they may access the flexible framework agreement in the future - if required.

This flexible framework agreement was advertised at an estimated value of £18.6 million (approximately £3.7 million per year across the two lots (including all sub-lots)). This is based on the spend profile of councils, the maximum 5-year duration being utilised and an estimated figure for annual inflation.

The User Intelligence Group (UIG) for this flexible framework agreement approved, as part of the strategy development, the lots and sub-lots summarised in Table 1. This consists of a two-lot structure with lot 2 being further sub-lotted by meal type.

Table 1: Lotting Structure

Lot No.	Lot Description	Sub-lot No.	Sub-lot Description	Estimated % Spend through lot	Estimated Value per lot
1	Bulk Delivery of Meals to a Central Distribution Point	N/A	N/A	37%	£6,882,000
2	Meal Delivery to Customers at Home/ Nominated Premises with Welfare Check			63%	£11,718,000
		2.1	Ambient Meals		
		2.2	Chilled and/or Fresh Meals		
		2.3	Frozen Meals		
		2.4	Hot Meals		
		2.5	Part-prepared Meals		
Total:				100%	£18,600,000

This lotting strategy was designed with the purpose of aligning with current council requirements, helping to future-proof the flexible framework agreement and presenting alternatives to current provision. These approaches will:

- maximise the opportunity for potential competition over the lifetime of the framework, within a very restricted supply market;
- provide opportunities for new suppliers and innovation in meal types as part of contract management; and
- enhance the range and choice of meals available to customers.

3. Procurement Process

Strategy Development

Extensive engagement work took place with councils involved in the UIG and the supply base to understand any updates required for this renewal framework and any innovative practices available in the market.

Formal market engagement was carried out via a Prior Information Notice (PIN), survey and individual meetings with prospective tenderers. The notice, published on 17 November 2022, resulted in expressions of interest from 15 potential tenderers and provided a range of insights for areas of innovation or further consideration.

The output of the strategy development phase resulted in a variety of changes and improvements, including:

- the lotting structure for the flexible framework agreement – introducing new meal types to encourage a broader range of meals and production techniques;
- the opportunity for an enhanced welfare check to better support the wellbeing of customers receiving meals directly; and
- utilising the Light Touch Regime to create a flexible framework agreement – such as reopening for new entrants to be awarded during the lifetime of the agreement.

Tender Process

This tender exercise was conducted in accordance with the law and procedures currently in force in Scotland. The tender was advertised via the Public Contracts Scotland (PCS) portal and the Find a Tender Service (FTS), with the Contract Notice published on 04 April 2024 and the tender documentation being immediately available via the Public Contracts Scotland Tender (PCS-T) system.

The requirements covered by the proposed flexible framework agreement fall within the “Light Touch Regime”, and as such Scotland Excel followed a process similar to the Open Procedure under Regulation 28 of the Public Contracts (Scotland) Regulations 2015, with variations, to establish a flexible framework agreement, which is similar to a framework agreement under Regulation 34, with variations.

The UIG endorsed the procurement exercise following this process.

There was no maximum number of tenderers to be awarded participation and no fixed score which ensured success. The flexible framework agreement was to be awarded to tenderers who provide a suitable level of choice and availability to meet the varied requirements of councils. Each offer for each lot and sub-lot was evaluated on its own merits as discrete and independent tenders.

The best price quality ratio, taking into account quality and sustainability criteria for the goods and services in each lot and sub-lot, was identified following completion of the evaluation in accordance with the requirements set down within the tender documents.

The tender followed a two-stage tendering procedure undertaken concurrently. Stage one, Qualification, was conducted using both the Single Procurement Document (SPD) and additional requirements. Within the SPD, tenderers were required to answer a set of exclusionary questions along with providing details and/or acknowledgement of registration as a food business, insurance, financial standing, quality management, health and safety, and environmental management policies and/or procedures.

Tenderers were also asked to agree with the conditions of contract to Scotland Excel's satisfaction, submit a supplier self-audit and provide certificates and declarations.

For stage two of the process compliant offers were evaluated against the award criteria applying the weightings outlined in Table 2.

Table 2: Evaluation Criteria / Weightings

Lot 1	
Award Criteria	Total Available Scores
Commercial Section	70
Technical Section	30
Lot 2 (Sub-lots 2.1, 2.2, 2.3, 2.4 & 2.5)	
Award Criteria	Total Available Scores
Commercial Section	60
Technical Section	40

Within the technical section, tenderers were required to respond to technical questions including the following method statements, detailing how they will carry out the requirements of the flexible framework agreement:

- Economics of Business Practice;
- Sustainability and Food Sustainability;
- Fair Work First (including Real Living Wage); and
- Personalisation and person-centred planning.

This technical section was comprised of the following two elements:

- i) A master technical section, in which tenderers were asked a number of questions which were equally applicable to all lots and sub-lots; and
- ii) Lot/sub-lot specific technical sections, in which there were additional lot and sub-lot specific technical questions, which were required to be completed for those lots and sub-lots for which the Tenderer was bidding.

Tenderers were also asked to confirm their ability to service council areas on a lot-by-lot basis (lot 2 was inclusive of all tendered sub-lots) and could opt to service one, some or all council areas.

Within the commercial section, tenderers were invited to offer on a lot and sub-lot basis (as appropriate):

- i) For lot 1, tenderers were required to provide a core list of items, complete a scenario assessment and propose any overall catalogue discount.

- ii) For all sub-lots in lot 2, tenderers were required to submit a lot-specific commercial offer sheet for each sub-lot they indicated they were bidding for. Tenderers were required to provide a national base price on an item-by-item basis and choose which volume bands could be supplied for each item in the offer.

Both lots and all sub-lots allowed for the offer of any discount for specific council areas from the prices set out in the tenderer's commercial offer.

Following a full evaluation of all compliant submissions, scoring was completed in accordance with the published tender evaluation methodology, and a score was calculated for each tenderer.

4. Report on offers received

The tender documents were downloaded by 12 tenderers, with three tender responses received by the tender closing date and time.

Of the three tender responses received, one of these offers was deemed non-compliant during the evaluation process (based on a failure to meet the mandatory requirements of the qualification section). The tenderer was notified, and the tenderer acknowledged the offer was removed from further evaluation.

Based on the criteria and scoring methodology set out in the tender documents, a full evaluation of the compliant offers received was completed. A summary of all the offers received and the scoring achieved by each tenderer is set out in Appendix 2.

5. Recommendations

Based on the evaluation undertaken, and in line with the advertised criteria and weightings summarised above, it is recommended that a multi-supplier flexible framework agreement be established for the lots and sub lots as shown in Appendix 2.

Members are asked to note that some of the sub-lots within lot 2, currently, have no recommended tenderers. The flexible framework agreement is designed to provide opportunities for reopening for new entrants during the lifetime of the agreement, and this allows for future applicants to submit offers for these sub lots at a later date.

The scores for all tenderers and the tenderers recommended for award at the establishment of this flexible framework agreement are detailed in Appendix 2.

In addition, it is recommended:

- a) that authority be delegated to the Chief Executive of Scotland Excel (or Director of Strategic Procurement in the Chief Executive's absence) to approve a re-opening of the flexible framework agreement and any subsequent recommendations following the evaluation of offers received during this period of re-opening, or following the consideration of formal requests from existing suppliers for the addition of new lots (including sub-lots) and/or variation of council areas; and
- b) that the Executive Sub-Committee will be updated on the appointment of new tenderers following any re-openings to the flexible framework agreement on an annual basis via incorporation to the Annual Procurement Report.

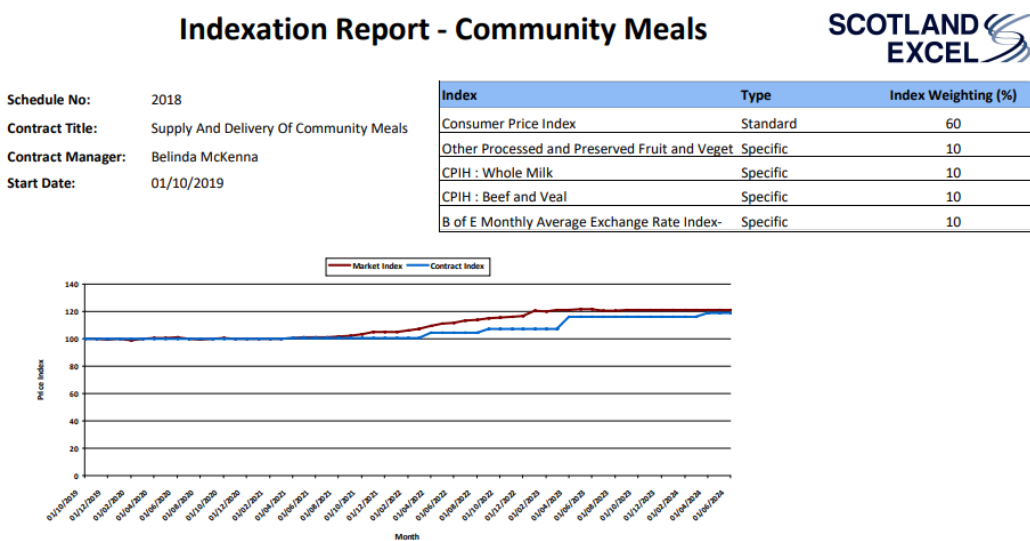
The Executive Sub Committee is accordingly requested to approve the recommendation to establish this flexible framework agreement, and the appointment of the tenderers as detailed within Appendix 2 and as set out in this section.

6. Benefits

Savings

The indexation model, which predicts framework performance against market movement is shown in Figure 1 below. The framework price can be seen relative to the market, with Scotland Excel's contract index recording below the market index for periods throughout the operation of the current framework agreement. The current contract index is operating at 2.4% below the market index.

Figure 1: Indexation Model



Notes:
 The Contract Index tracks the general movement in contract prices and not the actual contract price paid. The Market Index tracks the general market movement against a weighted basket of relevant indices and not the current index levels. This report should be used as a guide only.

Savings are summarised in Table 3 in accordance with the Scottish Government procurement benefits reporting guidance.

Table 3: Savings Summary

Reference	Type	Reportable Outcome
BT3	Process savings from use of collaborative arrangements	£225,000

No direct price-based savings (BT1) or price versus market savings (BT2) are being reported for this flexible framework agreement.

Scotland Excel carried out a benchmarking exercise to compare the prices for all offered lots and sub-lots. This benchmarking exercise took the current best prices for each item and compared these with the best prices submitted for these same items within the renewal framework:

- Lot 1 - Average increase of 5%;
- Sub-lot 2.3 - Average increase of 7.5%; and
- Sub-lot 2.4 - Average increase of 1%.

The benchmarking shows an average weighted increase of approximately 4%. This figure was calculated using the above benchmarking increases and the estimated percentage of spend for each offered lot and sub-lot.

The increase is believed to stem from several different factors - including ongoing challenging market conditions, inflationary pressure on food, high energy costs and increases in labour costs - including payment of the Real Living Wage.

Scotland Excel will be entering into discussions with the recommended tenderers in respect of these factors and the pricing for associated items, through Post Tender Negotiations (PTN). This is to seek to ensure that prices are competitive and to refine and improve offers where possible.

Prices will also be actively managed through the period of operation for the flexible framework agreement to ensure pricing remains competitive.

Price Stability

All recommended tenderers have agreed to the fixed price period until 31 March 2025 from the commencement of the flexible framework agreement.

After the initial fixed price period only one price increase will be considered in any twelve-month period, unless varied by agreement through an exceptional

price review application. All requests for price increases must be accompanied by robust supporting documentary evidence, demonstrating the relevant cost pressures faced and will be evaluated against prevailing market conditions.

Suppliers are expected to pass onto the councils any benefit in the form of a lower price at any time throughout the duration of the flexible framework agreement.

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 and food sustainability related method statement, which sought answers related to:

- local and / or Scottish sourcing, production and food waste management;
- transport, fleet and logistics, including route efficiency;
- packaging and waste; and
- working with supply chain to minimise carbon impact.

Responses received as part of the tender exercise included commitment to prioritising Scottish and UK suppliers, donating excess food to charities to reduce waste, promoting route efficiency, use of biodegradable/ recyclable packaging, closed-loop recycling system for meal trays, annual reviews with upstream supply partners on carbon emissions and a commitment to Net Zero by 2040.

Community Benefits

Scotland Excel is committed to maximising community benefits delivery for members. Tenderers were 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 flexible framework agreement. The two recommended tenderers have committed to delivering these benefits.

Within the published tender documents, tenderers were given a list of indicative community benefits that could be agreed with councils.

Examples of these are:

- Work Experience Placement
- Informal Training to Employees
- Equipment / Product Donations
- Sponsorship
- Charitable Donations
- Job for Long Term Unemployed (12 months+)
- Modern Apprenticeship

The list of Community Benefits examples was for illustration purposes only. Innovative Community Benefits can be discussed and agreed between the council and the supplier.

Scotland Excel will continue to engage with all appointed tenderers to drive maximum delivery of community benefits where appropriate. The delivery of Community Benefit commitments will be monitored 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 recognises that this is critically dependent on a workforce which is well-rewarded, well-motivated, well-led, has access to appropriate opportunities for training and development, is diverse and inclusive, and can influence decision making.

Within the technical section of the tender, tenderers were assessed on their approach to Fair Work First and payment of the Real Living Wage to their workforce. The recommended tenderers Real Living Wage status is detailed in Appendix 2. The tenderer who has advised they are not a Real Living Wage accredited employer and do not currently pay the Real Living Wage to all staff, has confirmed they do pay the Real Living Wage to all employees in Scotland.

Scotland Excel will continue to monitor Fair Work First, including encouraging uptake by tenderers of the Real Living Wage, during contract and tenderer management activity.

7. Contract Mobilisation and Management

As part of the mobilisation process all successful tenderers will be invited to a contract mobilisation session to outline the operation of the flexible framework agreement, including roles and responsibilities, management information and community benefit commitments. Successful tenderers will be issued with a mobilisation pack containing all required details for participation on the flexible framework agreement.

Previous generations of this framework have included tasting sessions as part of the evaluation of tenderers, for this renewal the UIG endorsed these tasting sessions will instead be considered as part of the mobilisation of the flexible framework agreement.

Mobilisation will also be conducted with the UIG through an online session, with the intention of increasing uptake and advertising updates for the flexible framework agreement. All users of the flexible framework agreement will be issued the guidance documents including terms and conditions, mini competition guidance and supplier pricing/ contact details – all of which will be available throughout the duration of the flexible framework agreement on the Scotland Excel members area.

In accordance with Scotland Excel's established contract segmentation tool, this flexible framework agreement is classified as class D. As such, there will be annual supplier meetings, ad-hoc support to councils/ suppliers and regular contract monitoring. This will ensure that the required service is monitored, maintained and where possible improved during the framework period.

8. Summary

The Supply and Delivery of Community Meals flexible framework agreement aims to provide service users with high quality, appetising meals and will maximise collaboration and deliver best value in terms of price, quality and service.

A range of benefits will be achieved in relation to price stability and sustainable procurement, and to the people who use the community meals service.

The Executive Sub Committee is requested to approve the recommendation to establish this flexible framework agreement, and the appointment of tenderers detailed within Appendix 2.

Appendix 1 – Participation, Spend and Savings Summary Supply and Delivery of Community Meals (1922)

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	Yes	01 August 2024	£79,785	Management Information Returns	2.4%	-4.0%	-£3,175	Benchmarked on Current Contract
Aberdeenshire Council	Yes	01 August 2024	£21,545	Management Information Returns	2.4%	-4.0%	-£857	Benchmarked on Current Contract
Angus Council	Yes	01 August 2024	£139,272	Management Information Returns	2.4%	-4.0%	-£5,543	Benchmarked on Current Contract
Argyll & Bute Council	No	-	-	-	-	-	-	-
City of Edinburgh Council	Yes	01 August 2024	£1,163	Management Information Returns	2.4%	-4.0%	-£46	Benchmarked on Current Contract
Clackmannanshire Council	No	-	-	-	-	-	-	-
Comhairle nan Eilean Siar	No	-	-	-	-	-	-	-
Dumfries & Galloway Council	No	-	-	-	-	-	-	-
Dundee City Council	No	-	-	-	-	-	-	-
East Ayrshire Council	Yes	01 August 2024	£104,591	Management Information Returns	2.4%	-4.0%	-£4,163	Benchmarked on Current Contract
East Dunbartonshire Council	No	-	-	-	-	-	-	-
East Lothian Council	Yes	01 August 2024	£125,259	Management Information Returns	2.4%	-4.0%	-£4,985	Benchmarked on Current Contract
East Renfrewshire Council	No	-	-	-	-	-	-	-
Falkirk Council	No	-	-	-	-	-	-	-
Fife Council	Yes	01 August 2024	£382,487	Management Information Returns	2.4%	-4.0%	-£15,223	Benchmarked on Current Contract
Glasgow City Council	Yes	01 August 2024	£1,035,722	Management Information Returns	2.4%	-4.0%	-£41,222	Benchmarked on Current Contract
Highland Council	Yes	01 August 2024	£0	Management Information Returns	2.4%	-4.0%	£0	Benchmarked on Current Contract
Inverclyde Council	No	-	-	-	-	-	-	-
Midlothian Council	Yes	01 August 2024	£52,209	Management Information Returns	2.4%	-4.0%	-£2,078	Benchmarked on Current Contract
Moray Council	No	-	-	-	-	-	-	-
North Ayrshire Council	Yes	01 August 2024	£204,450	Management Information Returns	2.4%	-4.0%	-£8,137	Benchmarked on Current Contract
North Lanarkshire Council	No	-	-	-	-	-	-	-
Orkney Islands Council	No	-	-	-	-	-	-	-
Perth & Kinross Council	Yes	01 August 2024	£15,094	Management Information Returns	2.4%	-4.0%	-£601	Benchmarked on Current Contract
Renfrewshire Council	Yes	01 August 2024	£488,455	Management Information Returns	2.4%	-4.0%	-£19,441	Benchmarked on Current Contract
Scottish Borders Council	Yes	01 August 2024	£118,083	Management Information Returns	2.4%	-4.0%	-£4,700	Benchmarked on Current Contract
Shetland Islands Council	No	-	-	-	-	-	-	-
South Ayrshire Council	Yes	01 August 2024	£540,786	Management Information Returns	2.4%	-4.0%	-£21,523	Benchmarked on Current Contract
South Lanarkshire Council	Yes	01 August 2024	£35,911	Management Information Returns	2.4%	-4.0%	-£1,429	Benchmarked on Current Contract
Stirling Council	Yes	01 August 2024	£16,133	Management Information Returns	2.4%	-4.0%	-£642	Benchmarked on Current Contract
West Dunbartonshire Council	No	-	-	-	-	-	-	-
West Lothian Council	Yes	01 August 2024	£0	Management Information Returns	2.4%	-4.0%	£0	Benchmarked on Current Contract
Totals			£3,360,948			-4.0%	-£133,766	
Associate Members	No	-	-	-	-	-	-	-
Totals			£3,360,948			-4.0%	-£133,766	

Indexation – This column confirms the difference when the relevant market indices are compared with the relevant Contract indices derived from framework specific cost drivers.

Appendix 2 – Scoring and Recommendations

<u>LOT/ SUB-LOT NUMBER</u>	<u>LOT/ SUB-LOT NAME</u>	<u>TENDERER NAME</u>	<u>SME STATUS</u>	<u>REAL LIVING WAGE STATUS</u>	<u>LOCATION</u>	<u>NUMBER OF LOTS/ SUB- LOTS BID FOR</u>	<u>NUMBER OF LOTS/ SUB-LOTS RECOMMENDED</u>	<u>OVERALL RECOMMENDATION STATUS</u>	<u>TOTAL COMMERCIAL SCORE</u>	<u>TOTAL TECHNICAL SCORE</u>	<u>TOTAL SCORE</u>	<u>PLACING</u>	<u>RECOMMENDED FOR AWARD FOR LOT/SUB- LOT?</u>
1	Bulk Delivery of Meals to a Central Distribution Point	apetito Ltd	Large	1	Wiltshire	2	2	SUCCESSFUL	70.00	18.50	88.50	1	Y
1	Bulk Delivery of Meals to a Central Distribution Point	OZOS SERVICES LTD	Small	2	London	2	0	UNSUCCESSFUL*	Not Scored*	Not Scored*	Not Scored*	-	N
2	Meal Delivery to Customers at Home/ Nominated Premises with Welfare Check												
2.1	Ambient Meals	OZOS SERVICES LTD	Small	2	London	2	0	UNSUCCESSFUL*	Not Scored*	Not Scored*	Not Scored*	-	N
2.2	Chilled and/or Fresh Meals	No tenders received	-	-	-	-	-	-	-	-	-	-	-
2.3	Frozen Meals	apetito Ltd	Large	1	Wiltshire	2	2	SUCCESSFUL	60.00	23.50	83.50	1	Y
2.3	Frozen Meals	I Care (GB) Ltd	Large	5	Lancashire	2	2	SUCCESSFUL	40.33	23.50	63.83	2	Y
2.4	Hot Meals	I Care (GB) Ltd	Large	5	Lancashire	2	2	SUCCESSFUL	60.00	23.50	83.50	1	Y
2.5	Part-prepared Meals	No tenders received	-	-	-	-	-	-	-	-	-	-	-

*Non-compliant(N/C)

KEY – *Real Living Wage Status Reference and Descriptions*

Real Living Wage Ref.	Description
1	<p>Paying and Accredited</p> <p>Accredited Real Living Wage Employer and commit to maintaining this for the duration of the Framework Contract</p>
2	<p>Paying & Progressing to Accreditation</p> <p>Currently paying the Real Living Wage and going through the process of becoming an accredited Real Living Wage Employer.</p> <p>Commitment to gaining accreditation over the initial <u>two year</u> period of the Framework Contract.</p>
3	<p>Paying & Commitment to Accreditation</p> <p>Currently paying the Real Living Wage.</p> <p>Not yet progressing accreditation but commitment to gaining accreditation over the initial <u>two year</u> period of the Framework Contract.</p>
4	<p>Paying but No Commitment to Accreditation</p> <p>Currently paying the Real Living Wage.</p> <p>Not an accredited Real Living Wage Employer but paying the Real Living Wage to all employees (except volunteers, <u>apprentices</u> and interns) and commit to maintaining this for the duration of the Framework Contract.</p>
5	<p>Not Paying but Commitment to Pay</p> <p>Not an accredited Real Living Wage Employer and do not currently pay the Real Living Wage to all employees (except volunteers, apprentices and interns) but commit to paying the Real Living Wage to all employees (except volunteers, apprentices and interns) within the initial <u>two year</u> period of the Framework Contract</p>
6	<p>Not Paying</p> <p>Neither accredited nor paying Real Living Wage</p>