



Scotland Excel

To: Executive Sub Committee

On: 29 June 2018

**Report
by
Director Scotland Excel**

Tender: Supply and Delivery of Roadstone

Schedule: 28/17

Period: 1 July 2018 until 30 June 2022 (effective date 23 July 2018)

1. Introduction and Background

The current framework for Roadstone will expire on 30 June 2018. This recommendation is for the award of a renewal framework which will operate from 23 July 2018 until 30 June 2022. This framework covers a range of coated, uncoated and recycled roadstone, as well as ready mixed concrete to support the requirements of councils' road departments.

This renewal incorporates a number of enhancements to the current framework including additional products, the removal of any limits on the number of quarries or plants offered and an increased commercial focus on distribution costs.

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 a level of satisfaction with the current framework and endorsed the inclusion of four lots as summarised in Table 1. This strategy is designed to align with council requirements, whilst also recognising the current structure of the market place, as well as maximising opportunities for local SME participation.

Table 1: Lotting Structure

<i>Lot Number</i>	<i>Description</i>	<i>Estimated % of Spend</i>
1	Coated Roadstone	80%
2	Uncoated Roadstone	5%
3	Recycled Roadstone	5%
4	Ready Mixed Concrete	10%

As detailed in Appendix 1, 10 Councils have confirmed that they will participate in this framework renewal. Scotland Excel will liaise with all non-participating authorities to update them on the improvements and potential savings offered by this second-generation renewal framework, to encourage authorities to review their best value option for this commodity and encourage councils to participate in the framework once their own arrangement concludes.

As a number of councils have their own contracts currently in place, to ensure that all 32 councils have the option to use the framework, all councils have been listed in the EU notice as participants so that they have the opportunity to use the Scotland Excel framework where it provides them with best value.

The contract was advertised with an estimated value of £20m over the 4-year period. The forecast annual spend for participating councils is circa £3m per annum and the framework was advertised at a value of £5m per annum to allow for growth within participating Councils, and increased participation from Councils or cross sector collaborations.

3. Procurement Process

A UIG consisting of representatives from participating councils endorsed the procurement strategy on 25 January 2018. In addition, a working group of technical and procurement representatives was formed to review the lot structure, technical specifications and participate in the evaluation.

A Prior Information Notice (PIN) was published on 9 December 2017, which resulted in expressions of interest from 18 organisations. 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 Official Journal of the European Union and the Public Contracts Scotland portal (PCS) on 2 May 2018 with the tender documentation being made available for immediate download from 4 May 2018, via the Public Contracts Scotland Tenders (PCS-T) system.

The procurement process followed a two stage tendering procedure. At the first stage, tender European Single Procurement Document (ESPD) Scotland responses were assessed against financial capability, technical/professional capability and business probity requirements. Bidders were required to pass this stage to be eligible for award. At the second stage, offers were evaluated against the following criteria and weightings.

Technical	20%
Commercial	80%

Table 2: Technical Scoring Breakdown

Area	Maximum Score Available
Sustainability	4
Operational Processes	10
Community Benefits	4
Fair Work Practices	2

Within the technical section, bidders were required to evidence their knowledge and experience by responding to method statements which covered areas including; sustainability, operational processes and community benefits. In addition to these questions, bidders were asked to provide added value suggestions to councils.

Bidders were also asked to confirm which council areas they had the ability to service.

Within the commercial section, bidders were invited to offer on a lot by lot basis and provide prices for a range of the most commonly used roadstone/concrete products. In addition, bidders were asked to provide prices for delivery rates on a per tonne/ per cubic metre basis.

Fixed pricing for 3 months was requested for lot 1 and fixed pricing for 12 months was requested for lots 2, 3 and 4, with further options for bidders to confirm if they are willing to offer longer periods of fixed pricing or early settlement discounts.

4. Report on Offers Received

The tender document was downloaded by 25 organisations, with 14 tender responses received.

A summary of all offers received is provided in Appendix 2.

It should be noted that no offers were received to service Orkney Council or Shetland Islands Council areas.

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 14 suppliers across the four lots as outlined in Appendix 3.

The 14 recommended suppliers can meet operational requirements, provide a range of choice and capacity for council members, whilst also representing a

mix of small, medium and large organisations, with 11 of the recommended suppliers classified as SMEs.

6. Benefits

Savings

Scotland Excel conducted a benchmarking exercise for each council and the results of this benchmarking are detailed in Appendix 1.

The benchmarking exercise was based on the existing framework prices and compared these against the new framework prices for each council, taking into account which suppliers have agreed to service each council. This was evaluated by comparing lot 1 core product roadstone prices available on the current framework compared to the framework renewal prices.

The projected savings per council range from 8% to 21%, which equates to an estimated total saving of approximately £565k per annum based on current forecast spend levels.

Potential savings at point of call offs by councils may vary due to the variable costs of distribution from the location of quarry to destination. Distribution costs have been identified within the tender to assist councils in achieving best value.

Price Stability

All service providers have agreed to the stated fixed price period at the start of the framework. Provision thereafter is for price reviews quarterly for lot 1 and annually for lots 2, 3 and 4 to accommodate market fluctuations. All requests for price increases will be evaluated against prevailing market conditions and supporting documentary evidence.

In addition to the mandatory fixed pricing periods for all lots, 3 of the recommended suppliers have offered further additional fixed pricing periods for a further 12 month period.

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;

- Recycling aggregates where possible;
- Implementing environmental initiatives;
- Controlling their fleet/vehicle environmental standards;
- Reducing carbon footprint and emissions;
- Waste reduction and
- End of life recycling / disposing.

Community Benefits

Bidders were also asked to detail and demonstrate their commitment to providing community benefits, and this will be further discussed during framework mobilisation and reported through ongoing contract management returns. Results reported on community benefits will be disseminated to councils on a six-monthly basis. A range of community benefits dependent on spend levels were offered by bidders including:

- Sponsorship of local sports teams
- Sponsorship of community events
- Recruitment of modern apprentices
- Work experience to school children and further education students
- Assist in community projects
- Offer training sessions to council apprentices
- Workshop/school/college event
- Employability workshop or event
- Donation of product vouchers
- Recruitment

Fair Work Practices including the Living Wage

Bidders were asked a question on their approach to Fair Work Practices and the Scottish Living Wage status. Of the 14 recommended service providers:

- 4 are accredited Scottish Living Wage Employers;
- 1 is currently going through the process of becoming an accredited Scottish Living Wage Employer;
- 3 have agreed to provide this same commitment within the initial two-year period of the Framework Contract; and
- 4 are not currently accredited Scottish Living Wage Employers, but do pay the Scottish Living Wage to all employees (except volunteers, apprentices and interns).

Scotland Excel will continue to monitor Fair Work Practices including the Scottish Living Wage within its contract and supplier management programme. Scotland Excel will work with all awarded suppliers who do not yet pay all staff the Scottish Living Wage to encourage them to achieve this.

7. Contract Mobilisation and Management

All service providers and participating members will be issued with a mobilisation pack containing all required details to launch the framework. Each service provider will be invited to a mobilisation meeting, if required, to outline the operation of the framework, roles and responsibilities, management information requirements and community benefits commitments.

In accordance with Scotland Excel's established contract and supplier management programme, this framework has been classified as a category 2 arrangement in terms of both risk and spend requiring annual supplier and user group reviews as appropriate.

8. Summary

This framework for the supply and delivery of roadstone and ready mixed concrete aims to maximise collaboration, support councils' roads departments to deliver the various services they provide, promote added value and deliver best value. A range of benefits can be reported in relation to best value, price stability, sustainability and community benefits.

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

Appendix 1 – Participation, Spend and Savings Summary – Supply and Delivery of Roadstone 28/17

ROADSTONE FRAMEWORK								
Member Name	Participate In Framework	Participation Entry Date	Est. Annual Spend (£)	Source of Spend	Indexation	% Estimated Forecast Savings	Estimated Annual Savings (£)	Basis of Savings Calculation
Aberdeen City Council	No	-	-	-	-8%	11%	-	Benchmarked current framework
Aberdeenshire Council	No	-	-	-	-8%	11%	-	Benchmarked current framework
Angus Council	No	-	-	-	-8%	13%	-	Benchmarked current framework
Argyll & Bute Council	No	-	-	-	-8%	21%	-	Benchmarked current framework
Clackmannanshire Council	Yes	Contract Start	£5,000	Contract MI	-8%	11%	£550	Benchmarked current framework
Comhairle nan Eilean Siar Council	Yes	Sep-18	£300,000	Council Confirmed	-8%	16%	£48,000	Benchmarked current framework
Dumfries & Galloway Council	Yes	Contract Start	£5,000	Contract MI	-8%	15%	£750	Benchmarked current framework
Dundee City Council	No	-	-	-	-8%	18%	-	Benchmarked current framework
East Ayrshire Council	No	-	-	-	-8%	14%	-	Benchmarked current framework
East Dunbartonshire Council	No	-	-	-	-8%	17%	-	Benchmarked current framework
East Lothian Council	Yes	Contract Start	£30,000	Council Confirmed	-8%	8%	£2,400	Benchmarked current framework
East Renfrewshire Council	Yes	Contract Start	£331,965	Council Confirmed	-8%	16%	£53,114	Benchmarked current framework
Edinburgh City Council	Yes	Contract Start	£400,000	Council Confirmed	-8%	8%	£32,000	Benchmarked current framework
Falkirk Council	Yes	Contract Start	£1,300,000	Council Confirmed	-8%	17%	£221,000	Benchmarked current framework
Fife Council	No	-	-	-	-8%	13%	-	Benchmarked current framework
Glasgow City Council	No	-	-	-	-8%	14%	-	Benchmarked current framework
Highland Council	No	-	-	-	-8%	-	-	-
Inverclyde Council	Yes	Contract Start	£366,725	Contract MI	-8%	14%	£51,342	Benchmarked current framework
Midlothian Council	No	-	-	-	-8%	8%	-	Benchmarked current framework
Moray Council	No	-	-	-	-8%	12%	-	Benchmarked current framework
North Ayrshire Council	No	-	-	-	-8%	14%	-	Benchmarked current framework
North Lanarkshire Council	No	-	-	-	-8%	-	-	-
Orkney Islands Council	No	-	-	-	-8%	-	-	-
Perth & Kinross Council	No	-	-	-	-8%	13%	-	Benchmarked current framework
Renfrewshire Council	Yes	Contract Start	£189,480	Contract MI	-8%	15%	£28,422	Benchmarked current framework
Scottish Borders Council	No	-	-	-	-8%	7%	-	Benchmarked current framework
Shetland Islands Council	No	-	-	-	-8%	-	-	-
South Ayrshire Council	No	-	-	-	-8%	14%	-	Benchmarked current framework
South Lanarkshire Council	No	-	-	-	-8%	14%	-	Benchmarked current framework
Stirling Council	No	-	-	-	-8%	-	-	-
Tayside Contracts	No	-	-	-	-8%	-	-	-
West Dunbartonshire Council	Yes	Contract Start	£850,000	Council Confirmed	-8%	15%	£127,500	Benchmarked current framework
West Lothian Council	No	-	-	-	-8%	10%	-	Benchmarked current framework
Totals			£3,778,171			13.3%	£565,078	

* Indexation: this column confirms the difference when the relevant marked indicies are compared with the relevant Contract indices derived from framework specific cost drivers.

Appendix 2 - SME Status

TENDERER	SME STATUS	LOCATION	LOTS OFFERED
Beatsons Building Supplies Ltd	Medium	Alloa	4
Breedon Northern Limited	Large	Angus	1, 2, 3, 4
Cemex UK Materials Limited	Large	Warwickshire	1
D. Geddes (Contractors) Limited	Medium	Angus	1, 2, 3, 4
Fleximix Concrete Ltd	Micro	Broxburn, West Lothian	4
Hillhouse Quarry Group Limited	Medium	Troon	1, 2, 3, 4
John Gunn & Sons Limited	Small	Caithness	1, 2, 4
Tarmac Trading Limited	Large	Birmingham	1, 2
Leiths (Scotland) Limited	Medium	Aberdeen	1, 2, 3, 4
MacDonald Groundworks Ltd	Medium	Inverness	2, 4
Patersons of Greenoakhill Limited	Small	Coatbridge	2, 4
Pat Munro (Alness) Limited	Medium	Alness	1, 2, 3, 4
Tillicoultry Quarries Limited	Medium	Kincardine on Forth	1, 2, 4
William Thompson & Son (Dumbarton) Limited	Medium	Dumbarton	2, 3, 4

Appendix 3 - Scoring and Recommendations (Asterisk (*) denotes recommended supplier)

LOT 1 - Coated Roadstone	
Tenderer	Score
Hillhouse Quarry Group Limited**	97.00
Tillicoultry Quarries Limited**	92.86
Cemex UK Materials Limited**	85.45
Tarmac Trading Limited**	83.96
Breedon Northern Limited**	72.99
Pat Munro (Alness) Limited**	65.40
Leiths (Scotland) Limited**	61.69
D. Geddes (Contractors) Limited**	60.10
John Gunn & Sons Limited**	59.51

LOT 2 - Uncoated Roadstone	
Tenderer	Score
Hillhouse Quarry Group Limited**	91.64
John Gunn & Sons Limited**	88.02
Patersons of Greenoakhill Limited**	87.60
Tillicoultry Quarries Limited**	84.70
D. Geddes (Contractors) Limited**	78.28
Breedon Northern Limited**	78.09
William Thompson & Son (Dumbarton) Limited**	77.96
MacDonald Groundworks Ltd**	77.46
Tarmac Trading Limited**	77.18
Leiths (Scotland) Limited**	71.32
Pat Munro (Alness) Limited**	71.00

LOT 3 - Recycled Roadstone	
Tenderer	Score
Hillhouse Quarry Group Limited**	95.16
Breedon Northern Limited**	92.57
William Thompson & Son (Dumbarton) Limited**	91.50
Leiths (Scotland) Limited**	88.71
Pat Munro (Alness) Limited**	88.17
D. Geddes (Contractors) Limited**	85.47

LOT 4 - Ready Mixed Concrete	
Tenderer	Score
Patersons of Greenoakhill Limited**	88.53
Hillhouse Quarry Group Limited**	84.34
William Thompson & Son (Dumbarton) Limited**	83.11
Tillicoultry Quarries Limited**	82.66
D. Geddes (Contractors) Limited**	81.52
Breedon Northern Limited**	76.40
Pat Munro (Alness) Limited**	75.94
Leiths (Scotland) Limited**	68.09
John Gunn & Sons Limited**	65.55
MacDonald Groundworks Ltd**	65.23
Fleximix Concrete Ltd**	65.09
Beatsons Building Supplies Ltd**	56.40