

Scotland Excel

To: Executive Sub-Committee

On: 19 August 2022

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

Tender: Salt for Winter Road Maintenance

Schedule: 15/21

Period: 1 November 2022 until 31 October 2026

1. Introduction and Background

This recommendation is for the award of a fourth-generation framework for Salt for Winter Road Maintenance.

This proposed framework will be for a period of up to four years from 1 November 2022 until 31 October 2026. Subject to approval and completion of a successful standstill period, the framework is intended to commence on 1 November 2022.

The current framework for Salt for Winter Maintenance is due to expire on 31 October 2022, following the completion of an extension period.

This framework covers a full range of salt and de-icing equipment and accessories including bulk and bagged rock salt, marine salt and treated salt to allow councils to deliver various public services.

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) endorsed the inclusion of seven lots as summarised in Table 1.

This strategy is designed to align with council requirements, whilst also recognising the current structure of the marketplace, as well as maximising opportunities for local Small to Medium sized Enterprises (SMEs) within the sector.

Table 1: Lotting Structure

Lot Number	Description	Estimated % of Spend
Lot 1	Rock Salt to Harbour/Port	30%
Lot 2	Rock Salt to Depot	50%
Lot 3	Bagged Salt	20%
Lot 4	Marine Salt to Depot	
Lot 5	Treated Marine Salt	
Lot 6	De-Icing Preparations and Equipment	
Lot 7	Grit Bins and Other Equipment and Accessories	

As detailed in Appendix 1, all 32 councils plus Tayside Contracts have indicated participation in this framework. In addition, all associate members were named in the contract notice, and have the option to use the framework. It is expected that the highest participation from Associate Members will be Housing Associations, Leisure and Culture organisations, NHS, APUC, Police Scotland and the Scottish Fire Service with a combined spend of around £160,000 annually.

The framework was advertised with an estimated value of £70m over the maximum 4-year period. This value was derived from anticipated council spend of c.£16m annually with additional provision for extreme weather conditions for winter periods over the four years.

3. Procurement Process

A UIG (User Intelligence Group) consisting of representatives from participating councils endorsed the procurement strategy on 16 February 2022. 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) containing an invitation to a preliminary market consultation in accordance with Regulation 41 of the Public Contracts (Scotland) Regulations was published on 22 September 2021 via the Public Contracts Scotland (PCS) advertising portal, which resulted in expressions of interest from 14 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 and the inclusion for all potential suppliers to service the framework, 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 the Public Contracts Scotland portal (PCS) on 10 Jun 2022 with the tender documentation being made available for immediate download from 10 Jun 2022, via the Public Contracts Scotland Tenders (PCS-T) system.

The procurement process followed a two-stage tendering procedure. At the first stage, bidders Single Procurement Document (SPD) Scotland responses were assessed against financial/ 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.

All Lots

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 including; operational processes, sustainability, contingency plans, community benefits and fair work practices. In addition to these questions, bidders were asked to provide added value suggestions to councils. These are detailed below within Table 2.

Table 2: Technical Scoring Breakdown

Area	Maximum Score Available
Operational Processes	5
Sustainability	4
Contingency Plans	6
Community Benefits	3
Fair Work First Practices	2

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. Bidders were evaluated on the basis of the published evaluation methodology which for Lots 1, 2, 4 and 5 (Bulk Salt provision) was on a geographical/Council area basis and for Lots 3, 6 and 7 (Non Bulk Salt provision) was on a nationwide basis using a basket of goods approach..

4. Report on Offers Received

The tender document was downloaded by 14 organisations, with 6 tender responses received.

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

Based on the criteria and scoring methodology set out in the published 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 6 suppliers across the seven lots as outlined in Appendix 3, Scoring and Recommendations.

The 6 recommended suppliers can meet operational requirements, provide a range of choice and capacity for council members, all are classified as SME's with 1 of which being classified as a micro organisation.

6. Benefits

Savings

Scotland Excel conducted a benchmarking exercise, the result of which is detailed in Appendix 1.

The benchmarking exercise took the current framework winter rates for bulk product prices and compared these against the new framework winter rates for bulk product prices from Lot 1 and Lot 2. The average increase was taken for each supplier's volume of product consumed over each council area.

Given current market conditions and analysis including our indexation model, it was anticipated that an increase for salt products was likely, and benchmarking has confirmed an average increase of around 7.98%. This is representative of the ongoing challenging market conditions faced by suppliers over the course of the last year. The difficulties to the economy caused by the Ukraine-Russian war have driven increases in fuel, freight and shipping costs. Mining companies have also been faced with the removal of fuel duty exemption on plant equipment and substantial rising energy costs in the retail market.

Analysis of our indexation model, as shown in Figure 1, suggests that the current framework costs are around 8% lower than the market price. When this is considered with the 7.98% increase, we would therefore recommend the new framework is approved with a neutral savings position.

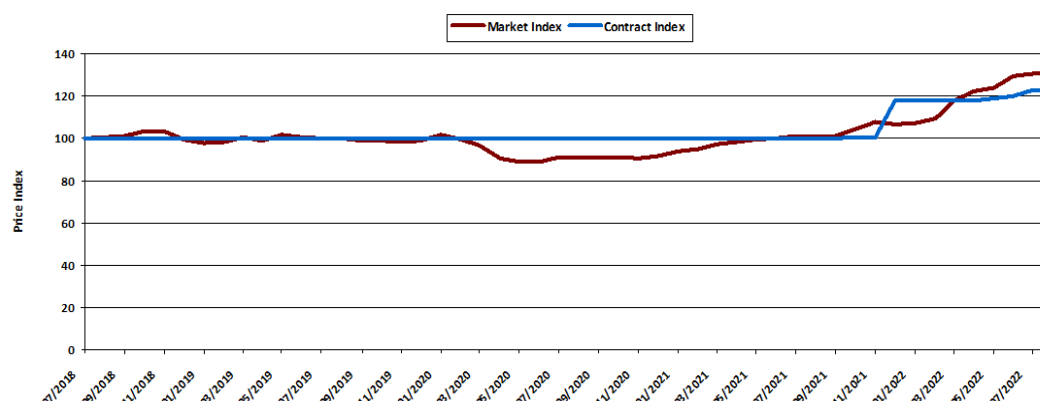
Tracking of the market conditions through Scotland Excel's established indexation processes will continue to ensure that the framework provides value for money in a volatile and unstable materials market.

Indexation Report - Salt for Winter Maintenance



Schedule No: 2917
Contract Title: Salt for Winter Maintenance
Contract Manager: David Kerr
Start Date: 01/07/2018

Index	Type	Index Weighting (%)
Road Fuel - Diesel	Standard	45
PPI Rock Salt	Specific	26
Distillate Marine Diesel	Specific	10
Freight Services	Specific	7
Consumer Price Index	Standard	5
B of E Monthly Average Exchange Rate Index- E	Standard	5
Red Diesel	Specific	2



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.

Produced by Scotland Excel - 01/08/2022

Figure 1: Salt Indexation Report

Price Stability

All service providers have agreed to the stated fixed price period of four month from the start of the framework. Provision thereafter is for price reviews quarterly for all lots to accommodate market fluctuations and the applicable contract conditions were drafted to reflect this, and to accommodate 'exceptional' circumstances. All requests for price increases will be evaluated against prevailing market conditions and require supporting documentary evidence.

Rebate

This framework is subject to a retrospective rebate being paid to Scotland Excel on spend data per supplier per annum over £500,000. The rebate will be calculated based on all framework spend reported through supplier management information returns.

Sustainable Procurement Benefits

Within the technical section of the tender, the sustainability method statement assessed bidders on how they would provide a positive environmental impact and support the Scottish Governments' Climate change policies for achieving Net Zero.

A range of sustainable measures were outlined by bidders including;

- Sustainable/innovative products being researched/developed
- Sustainable/innovative methods of recycling of products and packaging
- Reducing carbon footprint

2 of the recommended suppliers also have a documented policy on how their organisation will achieve Net Zero.

Community Benefits

Scotland Excel is committed to maximising community benefits delivered through the framework for our members and local communities.

As part of the tender process, suppliers were required to confirm whether they would comply with our community benefits approach for the lifetime of the framework and were scored on their ability to deliver it.

This approach is designed to deliver local community benefits based on individual members spend thresholds as well as an overall framework spend threshold to ensure the community benefits being delivered is maximised.

5 of the recommended suppliers confirmed their acceptance of the community benefits approach. The remaining supplier who indicated that they would support the delivery of community benefits has clarified their position, which is that they are committed to supporting community development through an internal charity committee.

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:

- We take seriously the wellbeing and skills of our workforce and provide good quality, fair work, training and employment support for all
- We live in a clean and unpolluted environment and aspire to being the greenest country in the world
- We recognize the fundamental equality of all humans and strive to reflect this in our day to day functioning as a nation;
- We reduce the local and global environment impact of our consumption and production.

Fair Work First Practices 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 suppliers were asked a question on their approach to fair work practices and payment of the Real Living Wage to their workforce. This question was in accordance with the applicable Scottish Government guidance on “Fair Work First in Scottish Procurement”.

Suppliers approach to fair work practices, included a range of positive work initiatives such as:

- Employee resource groups providing a distinct and effective voice for employees engaging with unions and Senior management teams
- Training and development programs for all staff
- Flexible working hours and flexible home working arrangements
- Regular opinion surveys with actions for improvement
- Providing channels for effective voice such as Employee working group, engaging with unions and other feedback mechanisms.
- Employee health and mental well being benefits

As detailed in Appendix 4, of the 6 recommended suppliers, all 6 pay the Real Living Wage. Of these, 1 is accredited by the Living Wage Foundation and the other 5 pay the Real Living Wage to all employees (except volunteers, apprentices and interns).

Scotland Excel will continue to monitor Fair Work Practices, 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

All suppliers and participating members will be issued with a mobilisation pack containing all required details to launch the framework. Each supplier will be offered a mobilisation meeting, 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, in terms of risk and spend as detailed in Appendix 5, this framework has been 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 supply issues and ensure continuity of this essential service delivery for our members.

8. Summary

This framework for Salt for Winter Road Maintenance aims to maximise collaboration, allow members to deliver the various services they provide as well as supporting Winter Road Maintenance Programmes through delivery of best value. A range of benefits can be reported in relation to best value, 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, Scoring and Recommendations.

Appendix 1 – Participation and Spend Summary – Salt for Winter Road Maintenance 1521

Local Authority	Participation in contract	Participation Entry Date	Estimated Annual Spend	Source of Spend Data	Indexation (%)	% Estimated Forecast Savings	Basis of Savings Calculation
Aberdeen City	Yes	01-Nov-22	£300,000	Management Info	8.00%	-8.00%	Benchmarking
Aberdeenshire	Yes	01-Nov-22	£1,500,000	Council Confirmed	8.00%	-8.00%	Benchmarking
Angus	Yes	01-Nov-22	£2,500	Management Information	8.00%	-8.00%	Benchmarking
Argyll & Bute	Yes	01-Nov-22	£600,000	Council Confirmed	8.00%	-8.00%	Benchmarking
Clackmannanshire	Yes	01-Nov-22	£244,000	Council Confirmed	8.00%	-8.00%	Benchmarking
Comhairle nan Eilean Siar	Yes	01-Nov-22	£38,000	Council Confirmed	8.00%	-8.00%	Benchmarking
Dumfries & Galloway	Yes	01-Nov-22	£240,000	Council Confirmed	8.00%	-8.00%	Benchmarking
Dundee City	Yes	01-Nov-22	£320,000	Management Information	8.00%	-8.00%	Benchmarking
East Ayrshire	Yes	01-Nov-22	£2,500	Council Confirmed	8.00%	-8.00%	Benchmarking
East Dunbartonshire	Yes	01-Nov-22	£457,338	Council Confirmed	8.00%	-8.00%	Benchmarking
East Lothian	Yes	01-Nov-22	£150,000	Management Information	8.00%	-8.00%	Benchmarking
East Renfrewshire	Yes	01-Nov-22	£190,000	Council Confirmed	8.00%	-8.00%	Benchmarking
Edinburgh City	Yes	01-Nov-22	£230,000	Council Confirmed	8.00%	-8.00%	Benchmarking
Falkirk	Yes	01-Nov-22	£15,000	Management Information	8.00%	-8.00%	Benchmarking
Fife	Yes	01-Nov-22	£241,284	Council Confirmed	8.00%	-8.00%	Benchmarking
Glasgow City	Yes	01-Nov-22	£600,000	Council Confirmed	8.00%	-8.00%	Benchmarking
Highland	Yes	01-Nov-22	£1,600,000	Council Confirmed	8.00%	-8.00%	Benchmarking
Inverclyde	Yes	01-Nov-22	£300,000	Council Confirmed	8.00%	-8.00%	Benchmarking
Midlothian	Yes	01-Nov-22	£122,000	Council Confirmed	8.00%	-8.00%	Benchmarking
Moray	Yes	01-Nov-22	£387,000	Management Information	8.00%	-8.00%	Benchmarking
North Ayrshire	Yes	01-Nov-22	£300,000	Management Information	8.00%	-8.00%	Benchmarking
North Lanarkshire	Yes	01-Nov-22	£58,510	Council Confirmed	8.00%	-8.00%	Benchmarking
Orkney Islands	Yes	01-Nov-22	£8,000	Council Confirmed	8.00%	-8.00%	Benchmarking
Perth & Kinross	Yes	01-Nov-22	£150,000	Management Information	8.00%	-8.00%	Benchmarking
Renfrewshire	Yes	01-Nov-22	£1,400,000	Council Confirmed	8.00%	-8.00%	Benchmarking
Scottish Borders	Yes	01-Nov-22	£260,000	Council Confirmed	8.00%	-8.00%	Benchmarking
Shetland Islands	Yes	01-Nov-22	£351,216	Council Confirmed	8.00%	-8.00%	Benchmarking
South Ayrshire	Yes	01-Nov-22	£1,700,000	Council Confirmed	8.00%	-8.00%	Benchmarking
South Lanarkshire	Yes	01-Nov-22	£200,000	Management Information	8.00%	-8.00%	Benchmarking
Stirling	Yes	01-Nov-22	£565,000	Council Confirmed	8.00%	-8.00%	Benchmarking
Tayside Contracts	Yes	01-Nov-22	£2,000,000.00	Tayside Confirmed	8.00%	-8.00%	Benchmarking
West Dunbartonshire	Yes	01-Nov-22	£102,240	Council Confirmed	8.00%	-8.00%	Benchmarking
West Lothian	Yes	01-Nov-22	£1,500,000	Council Confirmed	8.00%	-8.00%	Benchmarking
Associate Members	Yes	01-Nov-22	£161,000	Management Information	8.00%	-8.00%	Benchmarking
Total			£16,295,588				

Appendix 2 - SME Status – Salt for Winter Road Maintenance 1521

TENDERER	SME STATUS	LOCATION	LOTS OFFERED	LOTS AWARDED
Compass Minerals UK Limited	Medium	Winsford	2,5	2,5
Glasdon (UK) Limited	Medium	Blackpool	6,7	6,7
ICL UK (Sales) Limited	Medium	Cleveland	2	2
J.C. Peacock & Co., Limited	Medium	Ayr	3,4,6,7	3,4,6,7
Safecote Limited	Micro	Stockport	6	6
IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	Medium	Carrickfergus	1,2	1,2

Appendix 3 - Scoring and Recommendations – Salt for Winter Road Maintenance 1521

Lot 1 - Bulk Rock Salt Delivered to Harbour/Port					
Argyll and Bute	Final Score	Awarded	Highland Council	Final Score	Awarded
IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	98.50	Yes	IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	98.50	Yes
North Ayrshire	Final Score	Awarded	Orkney	Final Score	Awarded
IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	98.50	Yes	IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	98.50	Yes
Shetland	Final Score	Awarded	Western Isles	Final Score	Awarded
IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	98.50	Yes	IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	98.50	Yes
Lot 2 - Bulk Rock Salt Delivered to Depot					
Aberdeen City	Final Score	Awarded	Aberdeenshire	Final Score	Awarded
ICL UK (Sales) Limited	98.75	Yes	ICL UK (Sales) Limited	98.75	Yes
Compass Minerals UK Limited	68.73	Yes	Compass Minerals UK Limited	67.04	Yes
Argyll and Bute	Final Score	Awarded	Clackmannanshire	Final Score	Awarded
IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	98.50	Yes	IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	98.50	Yes
Compass Minerals UK Limited	80.99	Yes	Compass Minerals UK Limited	90.08	Yes

Dumfries & Galloway	Final Score	Awarded
Compass Minerals UK Limited	94.75	Yes
ICL UK (Sales) Limited	76.76	Yes

East Dunbartonshire	Final Score	Awarded
IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	98.50	Yes
Compass Minerals UK Limited	85.16	Yes

East Renfrewshire	Final Score	Awarded
IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	98.50	Yes
Compass Minerals UK Limited	84.75	Yes

Fife	Final Score	Awarded
ICL UK (Sales) Limited	98.75	Yes
Compass Minerals UK Limited	80.99	Yes

Inverclyde	Final Score	Awarded
IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	98.50	Yes
Compass Minerals UK Limited	84.10	Yes

Moray	Final Score	Awarded
IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	98.50	Yes
Compass Minerals UK Limited	79.69	Yes

East Ayrshire	Final Score	Awarded
IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	98.50	Yes
Compass Minerals UK Limited	86.24	Yes

East Lothian	Final Score	Awarded
ICL UK (Sales) Limited	98.75	Yes
Compass Minerals UK Limited	80.27	Yes

Edinburgh City Council	Final Score	Awarded
ICL UK (Sales) Limited	98.75	Yes
Compass Minerals UK Limited	80.99	Yes

Glasgow	Final Score	Awarded
IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	98.50	Yes
Compass Minerals UK Limited	86.23	Yes

Midlothian	Final Score	Awarded
ICL UK (Sales) Limited	98.75	Yes
Compass Minerals UK Limited	82.92	Yes

North Ayrshire	Final Score	Awarded
IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	98.50	Yes
Compass Minerals UK Limited	84.98	Yes

Renfrewshire	Final Score	Awarded
IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	98.50	Yes
Compass Minerals UK Limited	85.16	Yes

Scottish Borders	Final Score	Awarded
ICL UK (Sales) Limited	98.75	Yes
Compass Minerals UK Limited	86.83	Yes

South Ayrshire	Final Score	Awarded
IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	98.50	Yes
Compass Minerals UK Limited	84.43	Yes

South Lanarkshire	Final Score	Awarded
IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	96.57	Yes
Compass Minerals UK Limited	94.75	Yes

Stirling	Final Score	Awarded
IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	98.50	Yes
Compass Minerals UK Limited	87.19	Yes

Tayside Contracts	Final Score	Awarded
ICL UK (Sales) Limited	98.75	Yes
Compass Minerals UK Limited	76.83	Yes

West Dunbartonshire	Final Score	Awarded
IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	98.50	Yes
Compass Minerals UK Limited	85.43	Yes

West Lothian	Final Score	Awarded
ICL UK (Sales) Limited	98.75	Yes
Compass Minerals UK Limited	78.97	Yes

Lot 3 - Bagged Salt		
Supplier	Final Score	Awarded
J.C. Peacock & Co., Limited	97.25	Yes

Lot 4 - Bulk Marine Salt Delivered to Depot						
North Lanarkshire	Final Score	Awarded		Renfrewshire	Final Score	Awarded
J.C. Peacock & Co., Limited	97.25	Yes		J.C. Peacock & Co., Limited	97.25	Yes

South Lanarkshire	Final Score	Awarded
J.C. Peacock & Co., Limited	97.25	Yes

Tayside Contracts	Final Score	Awarded
J.C. Peacock & Co., Limited	97.25	Yes

Lot 5 - Bulk Treated Salt Delivered to Depot		
Dumfries & Galloway	Final Score	Awarded
Compass Minerals UK Limited	94.75	Yes

Lot 6 - De-Icing Preparations and Equipment		
Supplier	Final Score	Awarded
J.C. Peacock & Co., Limited	97.25	Yes
Safecote Limited	73.24	Yes
Glasdon (UK) Limited	67.88	Yes

Lot 7 - Equipment and Accessories		
Supplier	Final Score	Awarded
J.C. Peacock & Co., Limited	97.25	Yes
Glasdon (UK) Limited	64.86	Yes

Appendix 4 – List of Recommended Suppliers with Living Wage Status

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
SUPPLIER	Accredited	Currently going through the process of becoming a Real Living Wage employer	Pay Real Living Wage to all employees, and committed to gaining accreditation over the initial 4 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 4 years of the framework	Neither accredited nor paying Real Living Wage
Compass Minerals UK Limited				X		
Glasdon (UK) Limited	X					
ICL UK (Sales) Limited				X		
J.C. Peacock & Co., Limited				X		
Safecote Limited				X		
IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE				X		

Appendix 5 – Segmentation Classifications

1521 Salt for Winter Road Maintenance 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.