

Scotland Excel

To: Executive Sub Committee

On: 07 December 2018

**Report
by
Director Scotland Excel**

Tender: Supply, Delivery and Installation of Hot Beverage Machinery and Supplies

Schedule: 16/18

Period: 14 January 2019 until 13 January 2022, with the option to extend for up to an additional 12 month period until 13 January 2023

1. Introduction and Background

This recommendation is for the award of a new framework for the Supply, Delivery and Installation of Hot Beverage Machinery and Supplies, which will operate from 14 January 2019 until 13 January 2022, with the option to extend for up to an additional 12 month period until 13 January 2023.

The requirement for this framework opportunity has been identified through consultation with commodity User Intelligence Groups (UIGs) from the Corporate portfolio. This presents an opportunity for Scotland Excel to provide a collaborative and focused approach to providing a framework for these products whilst alleviating the resource challenge associated with these types of procurement exercises for councils.

The framework was advertised at a value of £4 million over the four-year period.

This 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 UIG endorsed the inclusion of a single lot containing 4 sub lots as summarised in table 1.

The lot structure will provide a mechanism for councils to procure a range of hot beverage machinery as well as associated consumables. This includes, but is not limited to, Bean to Cup Coffee Machines, Filter Coffee Machines, Desktop Pod Coffee Machines, Traditional Barista Coffee Machines, Bulk Brew Equipment, Tea, Coffee and Hot Chocolate and associated products.

Table 1: Lotting Structure

Sub Lot No.	Description	Estimated % Spend through sub lot
1.1	Machine Purchase and Lease	25%
1.2	Machine Rental	25%
1.3	Associated Consumables	25%
1.4	Maintenance and Repair	25%

3. Procurement Process

A Prior Information Notice (PIN) was published on 26 June 2018 with 39 companies expressing an interest in the opportunity. As a result of these expressions of interest, 10 meetings were held with potential suppliers to discuss the scope of the framework.

As a matter of best practice and to ensure that the framework aligned with council requirements, consultation was conducted to understand their service requirements and current purchasing practices.

To ensure maximum competition, an open tender process was used, and this was advertised on the Official Journal of the European Union and the Public Contracts Scotland portal on 20 September 2018. The tender process was conducted using the Public Contracts Scotland Tender (PCS-T) system.

The procurement process followed a two-stage tendering procedure. Stage one, Qualification, was conducted using the European Single Procurement Document (ESPD). Within the ESPD, tenderers were required to answer a set of exclusionary questions along with providing details and/or acknowledgement of insurance, financial standing, quality management, health and safety, and environmental management policies and/or procedures.

At the second stage of the process, offers were evaluated against the following criteria and weightings for all lots:

Commercial 80%
Technical 20%

Tenderers were required to indicate which sub lots they were bidding for, and the councils which they had an ability to service.

Tenderers were invited to bid on the following basis;

- In the Commercial Section, a national net delivered product price & national net installation price for each product listed for each lot as well as call-out rates for maintenance and repair within the schedule of offer;

- In the Technical Section, scored method statements on fair work practices, customer service, ethically sourced products and sustainability. In addition to these method statements, a scored question was also asked in relation to the commitments bidders would make in respect of community benefits.

Table 2: Scoring Breakdown

Question		Maximum Score Available
Commercial 80%		
Technical 20%	Community Benefits	3
	Fair Work Practices	3
	Customer Services	6
	Ethically Sourced Products	2
	Sustainability	6

4. Report on Offers Received

The tender document was accessed by 42 organisations, with 20 of these submitting an offer.

A summary of all offers received from tenderers, and their SME status is outlined in Appendix 1.

Following a full evaluation of compliant offers, scoring was completed in accordance with the published tender evaluation methodology, and an overall lot commercial score was calculated for each tenderer. The overall lot commercial score was calculated by totaling each sub lot score and dividing this combined score by the number of sub lots for which the tenderer offered.

Appendix 2 confirms the overall scoring achieved by each tenderer which forms the basis of the recommendations contained in this report.

5. Recommendations

Based on the evaluation undertaken in line with the criteria and weightings set out above, it is recommended that a multiple supplier framework agreement is awarded to the 18 tenderers outlined in Appendix 2.

Of the 18 recommended suppliers;

- 4 are classified as a medium sized business;
- 7 are classified as a small business, and;
- 4 are classified as a micro business.

Of the 18 recommended suppliers, 15 are based in Scotland, supporting the Scottish economy.

These suppliers provide the range of products and services required by local authorities, as well as representing best value and meeting all technical specifications.

6. Benefits

Savings

The projected average saving across all councils is forecasted at 6.3%, which equates to an estimated saving of approximately £60,000 per annum, based on current spend forecasts. This projection was calculated by benchmarking the lowest offer received against the second lowest offer received.

Savings that can be achieved will depend on a local authority's purchasing patterns.

Price Stability

Suppliers have accepted as part of the terms & conditions of the framework that they will hold prices firm for the first 12 months of the contract.

After the initial 12 month period, suppliers may submit a request for a price variance on an annual basis. Suppliers may submit a price decrease at any time throughout the duration of the framework.

Sustainable Procurement Benefits

Community Benefits

Tenderers were asked to detail community benefit initiatives that they would commit to deliver throughout the duration of the framework. All 18 recommended suppliers have confirmed their commitment to Scotland Excel's community benefits approach for this framework.

Examples of benefits which may be offered as part of this framework included; fundraising event for external charities/initiatives, work placements to school students, employability workshops or events in a school, college or group, sponsorship of a sports team or community event and recruit a person and/or modern apprentice.

Scotland Excel will support delivery of these commitments during the lifetime of the framework through the contract and supplier management programme. These benefits will also be reported through six monthly contract management returns.

Fair Work Practices

Tenderers were also asked to confirm their approach to fair work practices and the Living Wage, details of which can be found in Appendix 3. All recommended suppliers for this framework, with the exception of one, pay all staff the Living Wage or above or have made a commitment to do so within two years.

Sustainability

Tenderers were asked to detail their approach to sustainability, and were asked how their organisations reduced waste, considered the environmental impact of transportation, and demonstrated that their products came from sustainable, reliable, and approved sources.

Offers included a range of recycling initiatives including the use of recyclable compostable drinking cups as well as reusable drinking cups to reduce plastic consumption.

Suppliers also advised that they utilised route planning technologies to reduce mileage, as well as the increased adoption of Euro 6 standard vehicles within their fleets for the delivery of products.

In addition to this, suppliers provided details on how they monitor stock holding. Suppliers advised they regularly conduct supplier assessments to ensure fair working practices and ensure their suppliers are conforming to ISO 14001 regulations.

An important element of this tender exercise was identifying ethically sourced products. Suppliers were asked to detail any product accreditation or certification they had, for example triple certification, when a supplier is certified by Fairtrade, Rainforest Alliance and the Soil Association. Of the 18 recommended supplies, 11 have stipulated that they are certified with at least one of the above, and 3 have stipulated that they are triple certified.

Suppliers were also asked to offer either budget, mid or premium coffee or hot chocolate and it was stipulated that all premium products offered had to be ethically sourced and organic.

All suppliers recommended for award onto the framework responded that they are committed to providing a sustainable service.

7. Contract Mobilisation and Management

Suppliers and participating members will be issued with a mobilisation pack containing information relating to 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 level 3 arrangement in terms of both risk and spend. As such, Scotland Excel will review

the framework with suppliers as appropriate, whilst monitoring management information and community benefits associated with this framework.

8. Summary

This framework for the Supply, Delivery & Installation of Hot Beverage Machinery and Supplies aims to maximise collaboration, consolidate demand and deliver best value. A range of benefits can be reported in relation to savings, price stability, community benefits and sustainably sourced products.

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

Appendix 1 – List of Tenderers with SME status

Tenderer	SME Status	Location	Sub Lots Tendered
Bewley's Tea and Coffee UK Limited	Large	High Wycombe, England	1.1, 1.2, 1.3, 1.4
Brodie Melrose Drysdale & Co. Limited	Small	Musselburgh, East Lothian	1.1, 1.2, 1.3, 1.4
Caber Coffee Limited	Small	Aberdeen, Aberdeen City	1.1, 1.2, 1.3, 1.4
CG Coffee Limited	Micro	Glasgow, Glasgow City	1.1, 1.2, 1.3, 1.4
Coffee Conscience Ltd	Micro	Langbank, Renfrewshire	1.1, 1.2, 1.3, 1.4
Early Bird Catering Limited	Micro	Aberdeen, Aberdeen City	1.1, 1.2, 1.3, 1.4
Eden Springs UK Limited	Large	Blantyre, South Lanarkshire	1.1, 1.2, 1.3, 1.4
Excel Vending Limited	Small	East Kilbride, South Lanarkshire	1.1, 1.3, 1.4
Ipex Investments Limited t/a Capital Vending	Small	Livingston, West Lothian	1.1, 1.2, 1.3, 1.4
Karing International Ltd	Small	Barrhead, East Renfrewshire	1.1, 1.3, 1.4
Lyreco UK Limited	Large	Telford, England	1.1, 1.2, 1.3, 1.4
Matthew Algie & Company Limited	Medium	Glasgow, Glasgow City	1.1, 1.2, 1.3, 1.4
Miko Coffee (Scotland) Limited	Medium	East Kilbride, South Lanarkshire	1.1, 1.2, 1.3, 1.4
Myrtle Coffee Services Limited	Small	Kirkcaldy, Fife	1.1, 1.2, 1.3, 1.4
Scotbev Supplies Limited	Small	Bo' Ness, West Lothian	1.3
Selecta UK Limited	Large	London, England	1.1, 1.2, 1.3, 1.4
Tchibo Coffee International Limited	Medium	Epsom, England	1.1, 1.2, 1.3
Templeman Retailing and Vending Limited	Medium	Belshill, North Lanarkshire	1.1, 1.2, 1.3, 1.4
The Loch Ness Coffee Company Limited	Medium	Drumadrochit, Inverness	1.1, 1.2, 1.3, 1.4
We Love Coffee Limited	Micro	East Kilbride, South Lanarkshire	1.1, 1.3, 1.4

Appendix 2 - Scoring and Recommendations

Supply, Delivery and Installation of Hot Beverage Machinery and Supplies		
Tenderer	Score	Awarded
Myrtle Coffee Services Limited	88.44	Yes
Excel Vending Limited	86.71	Yes
Lyreco UK Limited	77.02	Yes
Eden Springs UK Limited	75.84	Yes
Coffee Conscience Ltd	75.65	Yes
We Love Coffee Limited	73.39	Yes
Bewley's Tea and Coffee UK Limited	72.01	Yes
Caber Coffee Limited	64.15	Yes
Brodie Melrose Drysdale & Co. Limited	64.11	Yes
Matthew Algie & Company Limited	62.19	Yes
Early Bird Catering Limited	60.66	Yes
The Loch Ness Coffee Company Limited	59.97	Yes
CG Coffee Limited	59.89	Yes
Karing International Ltd	58.39	Yes
Templeman Retailing and Vending Limited	57.39	Yes
Tchibo Coffee International Limited	57.06	Yes
Scotbev Supplies Limited	56.59	Yes
Ipex Investments Limited t/a Capital Vending	55.47	Yes
Selecta UK Limited	49.87	No
Miko Coffee (Scotland) Limited	48.61	No

Appendix 3 – List of Recommended Suppliers with Living Wage Status

Supplier	Accredited	Progress towards accreditation	Committed to gaining accreditation over the first 2 years of framework	Not paying Living Wage but committed to doing so within 2 years	Neither accredited nor paying Living Wage
Bewley's Tea and Coffee UK Limited			Yes		
Brodie Melrose Drysdale & Co. Limited	Yes				
Caber Coffee Limited			Yes		
CG Coffee Limited			Yes		
Coffee Conscience Ltd			Yes		
Early Bird Catering Limited			Yes		
Eden Springs UK Limited			Yes		
Excel Vending Limited		Yes			
Ipex Investments Limited t/a Capital Vending	Yes				
Karing International Ltd			Yes		
Lyreco UK Limited		Yes			
Matthew Algie & Company Limited					Yes
Miko Coffee (Scotland) Limited			Yes		
Myrtle Coffee Services Limited				Yes	
Scotbev Supplies Limited			Yes		
Selecta UK Limited	Yes				
Tchibo Coffee International Limited			Yes		
Templeman Retailing and Vending Limited	Yes				
The Loch Ness Coffee Company Limited			Yes		
We Love Coffee Limited			Yes		