

Scotland Excel

To: Executive Sub Committee

On: 21 June 2019

**Report
by
Director Scotland Excel**

Tender: Supply & Delivery of Alcoholic & Associated Beverages

Schedule: 01-19

Period: 1st August 2019 until 31st July 2022, with the option to extend for up to an additional 12-month period until 31st July 2023

1. Introduction and Background

This recommendation is for the award of a new framework for the Supply & Delivery of Alcoholic & Associated Beverages, which will operate from 1st August 2019 until 31st July 2022, with the option to extend for up to an additional 12-month period until 31st July 2023.

The requirement for this framework has arisen due to the upcoming expiration of a regional contract led by South Ayrshire Council to procure these requirements, with Edinburgh City Council, Fife Council and North Ayrshire Council acting as collaborative partners. Scotland Excel has engaged with these members, with the intention of using this agreement as a model from which to establish a national framework.

The framework was advertised at a value of £5 million over the four-year period, and this report summarises the outcome of the procurement process.

2. Scope, Participation and Spend

As part of the strategy development and through consultation with a number of User Intelligence Groups (UIGs), the inclusion of a single lot was endorsed.

This framework will provide a mechanism for local authorities to procure a range of alcoholic & associated beverages including, but not limited to, draught and packaged beer and cider, wines, spirits, ready to drink alcoholic beverages (RTD's) and soft drinks & mixers.

It is anticipated that these products will be predominately used by local authorities who will facilitate events; for example, the Edinburgh festival and / or civic sites in which they operate their own bar facilities.

3. Procurement Process

A Prior Information Notice (PIN) was published on 22 January 2019 with 9 companies expressing an interest in the opportunity. Market engagement was conducted, resulting in 2 supplier meetings that helped to provide an understanding of the marketplace.

As a matter of best practice and to ensure that the framework aligned with local authority 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 8 April 2019. 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	85%
Technical	15%

Tenderers were required to indicate which local authorities which they had an ability to service.

Tenderers were invited to bid on the following basis;

- In the Commercial Section, tenderers were asked for a national price for each product within a Schedule of Offer, inclusive of delivery;
- In the Technical Section, as outlined in Figure 1, scored method statements on community benefits, contract management & customer service, fair work practices and sustainability.

Figure 1: Technical Section Scoring Breakdown

Section	Question	Maximum Score Available
Commercial 85%		
Technical 15%	Community Benefits	4
	Contract Management & Customer Service	5
	Fair Work Practices	3
	Sustainability	3

4. Report on Offers Received

The tender document was accessed by 9 organisations with 1 of those submitting an offer. The offer received was from Tennent Caledonian Breweries Wholesale Limited (Tennents).

A summary of the offer received, and the SME status is outlined in Appendix 1.

5. Recommendations

Based on the evaluation undertaken in line with the criteria and weightings set out above, it is recommended that a single supplier framework agreement is awarded to Tennents.

Tennents are a Scottish based business as detailed in Appendix 1, and they provide the range of goods and services required by local authorities, as well as meeting all technical specifications within the tender.

6. Benefits

Savings

Scotland Excel has attempted to conduct a benchmarking exercise on the current regional contract. However, the contract is under a price review following the introduction of sugar tax and minimum alcohol pricing last year, and as the pricing submitted for this tender already had these elements applied, a like for like comparison cannot be made at present. However, Scotland Excel will look to conduct a benchmarking exercise once the pricing review exercise has been completed.

Price Stability

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

After the initial 12 months fixed pricing periods offered, Tennents may submit a request for a price variance on an annual basis, in line with the Scotland Excel pricing review process. Price decrease may be submitted at any time throughout the duration of the framework.

Sustainable Procurement Benefits

Community Benefits

Tennents were asked to detail community benefit initiatives that they would commit to deliver throughout the duration of the framework depending on spend levels.

Community benefit received as part of the tender submissions was; sponsorship of local sports teams (unbranded kits) or community events as well as sessions within the Tennents training academy

Fair Work Practices

Tennents confirmed that they currently pay the Scottish Living Wage or above to all direct employees (except volunteers, apprentices and interns). Tennents are unable to become accredited due to some external contractors they work with not currently paying the Scottish Living Wage to all employees.

Sustainability

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

The response included a range of recycling initiatives and also the commissioning of an Anaerobic Digestion plant in May '19 that will utilise the generated effluent at site and will help heat the plant and reduce utility usage.

Tennents 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.

7. Contract Mobilisation and Management

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

8. Summary

This framework for the Supply & Delivery of Alcoholic & Associated Beverages aims to maximise collaboration, consolidate demand and deliver best value. A range of benefits can be reported in relation to price stability, sustainability and community benefits.

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

Appendix 1 – Offers Received & Status

TENDERER	STATUS	LOCATION
Tennent Caledonian Breweries Wholesale Limited (Company Registration Number SC081527)	Large	Irvine, North Ayrshire

Appendix 2 - Scoring and Recommendations

Lot 1 - Supply & Delivery of Alcoholic & Associated Beverages		
Tenderer	Score	Awarded to Lot
Tennent Caledonian Breweries Wholesale Limited	91.93	Yes