

Scotland Excel**To: Executive Sub Committee****On: 08 December 2017****Report
by
Director Scotland Excel****Tender: Supply and Delivery of Trade Materials****Schedule: 07-17****Period: 17 February 2018 to 16 February 2021, with an option to extend to
16 February 2022****1. Introduction and Background**

This recommendation is for the award of a framework arrangement for the supply and delivery of trade materials. This is a renewal framework to replace the current arrangements, which will expire on 16 February 2018.

This framework will provide councils and other participating bodies with a mechanism to procure a broad range of trade materials for council stores, schools, works depots and other facilities, as well as for collection from supplier trade counters.

The report summarises the outcome of the procurement process for this national framework arrangement.

2. Scope, Participation and Spend

During strategy development, council representatives agreed that the current framework lot structure should be refined to four instead of the previous nine lots to better reflect the main categories of council product requirements.

Table 1: Lotting Structure

Lot No.	Description	Indicative Percentage of Estimated Framework Value
1	Power Tools	7%
2	General and Ground Care Tools	16%
3	General Ironmongery, Fixings, Adhesives, Sealants and Silicons	60%
4	Paint and Paint Sundries	17%

The UIG expect a range of benefits to be delivered from this lotting structure, including more efficient and effective call off and mini competition procedures.

As detailed in Appendix 1, all councils have confirmed their intention to participate in this renewal framework. In addition, the Scottish Prison Service, NHS Scotland and Advanced Procurement for Universities and Colleges (APUC) and the Wheatley Group have confirmed their intention to participate.

To allow for potential migration from existing arrangements during the life of the framework, all other Scotland Excel associate members were also included in the contract notice for this framework.

Spend from new housing association associate members is expected to increase the value of the new generation framework. Total framework spend is projected at £32m, however to accommodate the likely growth from associate members the frameworks was advertised at an overall value of £40m.

3. Procurement Process

A UIG consisting of procurement and technical representatives from councils and associate members was established to support the development of the procurement strategy and specification.

A prior information notice (PIN) was published on 27 April 2017, which resulted in expressions of interest from 83 organisations. Following publication of the PIN, 17 supplier meetings were held, which resulted in the sharing of useful information in relation to market trends, product innovation and cost drivers. These meetings also helped inform the procurement strategy.

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 11 September 2017 with the tender documentation being made available for immediate download from 11 September 2017, via the Public Contracts Scotland Tenders (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 bidders were required to answer a number of

qualification questions along with questions on insurance, financial standing, quality assurance schemes, health and safety and environmental management.

At the second stage of the process, the offers were evaluated against the following criteria and weighting:

Technical 20%
Commercial 80%

Within the technical element, bidders were required to evidence their knowledge and experience by responding to method statements which covered areas including; service and delivery consistency, customer service and sustainability. Bidders were also assessed in terms of any additional fixed pricing periods and early settlement discounts offered.

Within the commercial element, bidders were invited to offer on a lot by lot basis, with fixed pricing for 12 months required for core items. Bidders were also assessed in relation to discounts offered on non-core items.

To reduce administrative overheads and optimise best value, for each lot, the tender sought pricing for a minimum of 75% of the items listed. Scotland Excel reserved the right to consider a below 75% bid, taking into account the overall level of response for that specific lot.

For lot 1 only, to facilitate a range of power tool items, tenderers were required to submit pricing for three product quality levels. Tenderers had the opportunity to offer the same brand of product across all three quality levels, however the same product model could not be offered across more than one level.

4. Report on Offers Received

In total, 68 organisations accessed the tender documents, with 29 offers received before the closing date and time.

One bidder failed to submit a commercial response and as such was deemed non-compliant: they were subsequently advised that their offer would not be considered further.

In accordance with the pre-determined methodology, for lot 1, no tenderer met the 75% product coverage threshold and offered to service all council areas. Only one tenderer met the 75% product coverage threshold.

The majority of tenderers for lot 1, contrary to the requirements set out in the tender, offered the same products across the three product quality levels.

Accordingly, for lot 1, it is not possible to make a recommendation that will deliver the necessary geographical coverage and competition. Consequently, following endorsement from the UIG, it is recommended that this lot is not awarded.

It is recommended that Scotland Excel separately tender for power tools only using a single tier specification for products. A separate tender for power tools will be released in February 2018. Scotland Excel would ensure that the proposed power tools framework is seamlessly aligned with this trade materials

framework recommendation to allow customers ease of use and functionality across both frameworks.

To ensure continuity of supply with councils, Scotland Excel will extend the life of the power tools lot on the current framework until the new framework arrangement is in place. This is seen as permissible under the EU rules as the insufficient response resulting in a recommendation not to award was not foreseeable as an outcome of the tendering process for lot 1 of the new framework.

Lot 3 also received bids with less than the required product coverage but a good overall response was received in contrast to lot 1. Full product and geographical coverage was ensured by slightly reducing the threshold to 65% for this lot. This enabled Scotland Excel to evaluate a number of offers from new and incumbent suppliers which provided good overall coverage for all council areas. All bids with product coverage below this threshold were deemed as non-compliant and not evaluated further.

Based on the criteria and scoring methodology set out in the tender document, a full evaluation of the remaining compliant offers received was conducted and details of the overall scores per lot are set out in Appendix 3.

5. Recommendations

Based on the evaluation undertaken and to secure best value, capacity and coverage, it is recommended that a multi supplier framework is awarded to 17 suppliers across the three lots as outlined in Appendix 3.

These 17 recommended suppliers offer complete coverage under the framework and represent a mix of small, medium and large organisations, with seven suppliers classed as small to medium enterprises.

6. Benefits

Savings

Scotland Excel conducted a benchmarking exercise based upon the previous purchasing patterns of councils, comparing current prices paid with the prices submitted against the new framework. The resultant range of savings are listed in Appendix 1. Subject to validation by councils, the average projected saving for all councils is estimated at 4.8% which equates to a saving of £377,169 per annum based on forecast spend. There is a savings range of -7% to 19%.

Based on current spend patterns, initial analysis has identified a small number of councils with a potential cost associated with a minimal number of specific products. In each of these cases Scotland Excel has identified and analysed the specific cost drivers and has highlighted options for each council to mitigate this cost. These options include the use of alternative framework suppliers or sole supply discounts. Scotland Excel has communicated these options to each council as part of the benchmarking exercise undertaken.

There is potential scope for councils to derive further savings from early settlement discounts, sole supply discounts, use of non-core options and use of mini-competitions

Price Stability

Pricing is fixed for a minimum of 12 months. Any price increase application received following the initial fixed period will be managed annually for application on the contract anniversary. All applications for increases will need to be substantiated with independently verifiable evidence, demonstrating the relevant cost pressure faced by the supplier.

In addition to the minimum of 12 months fixed pricing period, four suppliers offered an extra six months fixed pricing, representing a total fixed pricing period of 18 months for these suppliers.

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 social, economic and environmental areas. A range of sustainable measures were outlined by suppliers including;

- availability of electric vehicles
- availability of sustainable packaging
- waste reduction

This procurement also evaluated bidder's ability to offer any innovative initiatives to reduce the organisation's impact upon the environment. Examples from recommended suppliers include providing unused paint to site managers for minor projects, donating surplus paint to community repaint schemes and free collection of wooden pallets for re-use or recycling.

One recommended supplier will facilitate for empty paint tins that are returned to the local branch to then be recycled through a social enterprise and remanufactured into benches and planters.

In addition to this a number of suppliers have confirmed that they are ISO14001 accredited which provides assurance that environmental impact is being continually measured and improved.

Community Benefits

One of the key strategic objectives for this framework is to deliver actual and measurable community benefits. At the strategy UIG, the group developed and endorsed that community benefits attained would be delivered at a local level for each individual council and associate member.

All recommended suppliers have confirmed their compliance with Scotland Excel's community benefits approach for this framework. This will be based on the annual spend thresholds provided for each individual council.

When suppliers meet the minimum annual spend threshold for an individual council they will be required to communicate/meet with the council's community benefits lead or other designated person to finalise the benefits that they are offering under this framework and agree on delivery and monitoring arrangements.

Examples of community benefits conveyed to suppliers were:

- job for long term unemployed
- modern apprenticeship
- supply chain development
- work experience placement
- equipment/product donations
- communal area refurbishment

On an annual basis Scotland Excel will calculate which annual spend thresholds have been met based on submitted Management Information and provide this information to relevant suppliers and councils. Suppliers must report delivered community benefits to Scotland Excel on a six monthly basis.

Fair Work Practices including the Living Wage

Bidders were asked to confirm their approach to workforce matters and the payment of the Scottish Living Wage to their workforce. Of the 17 recommended suppliers, one is already Living Wage accredited, three have committed to gaining accreditation within the first two years of the framework and four pay the Living Wage but are not accredited.

Scotland Excel monitors fair work practices, including Scottish Living Wage, within its contract and supplier management programme and will work with all remaining suppliers to encourage them to pay all staff the Scottish Living Wage.

Additional Benefits

A number of councils indicated an interest in accessing additional services through the framework. In response, some recommended suppliers confirmed they could provide additional services such as service, repair and calibration of tools and paint voucher schemes and paint disposal.

The paint voucher schemes offered allow residents to choose the most appropriate home decorating equipment using a pre-paid card which can be exchanged at their local branch. Alternatively, some suppliers can also provide this service online.

7. Contract Mobilisation and Management

Scotland Excel will host supplier mobilisation meetings prior to the framework start date of 17 February 2018. Mobilisation meetings will take place with successful tenderers to provide an explanation of how the framework will operate and the supplier's roles and responsibilities.

In accordance with Scotland Excel's established contract supplier management (CSM), this framework is classified as level two with contract management reviews occurring, as a minimum, annually.

On a quarterly basis Scotland Excel will collect, analyse and review detailed supplier management information. Scotland Excel will also monitor and report on framework KPIs through CSM Scorecards on PCS-Tender, including the provision of environmental initiatives, community benefits and workforce matters. At least annually Scotland Excel will meet with the framework suppliers and the council UIG to review the framework operation and discuss potential development opportunities.

8. Summary

This framework for the supply and delivery of trade materials aims to maximise collaboration and support councils to deliver the services they provide. A range of additional benefits can be reported in relation to best value, price stability, sustainability and community benefits.

The Executive Sub Committee is requested to approve the recommendations to award this framework agreement as detailed in Appendix 3 in relation to lots 2, 3 and 4. The Executive Sub Committee is also requested to approve the recommendation not to award lot 1 but for Scotland Excel to extend the current arrangements and to undertake a separate tender exercise to ensure sufficient product coverage.

Appendix 1 – Participation and Spend Summary – Excludes lot 1 spend data

Member Name	Participation in Contract	Participation Entry Date	Estimated Annual Spend (£)	Source of Spend Data	% Estimated Forecast Savings	Estimated Annual Savings (£)	Basis of Savings Calculation
Aberdeen City Council	Yes	17 February 2018	£560,330	Contract MI - Confirmed by Member	19.0%	£106,431	Benchmarked Current Contract
Aberdeenshire Council	Yes	17 February 2018	£147,272	Contract MI	3.8%	£5,523	Benchmarked Current Contract
Angus Council	Yes	17 February 2018	£3,215	Contract MI	6.2%	£201	Benchmarked Current Contract
Argyll & Bute Council	Yes	17 February 2018	£1,500	Contract MI - Confirmed by Member	4.8%	£72	Average Saving
City of Edinburgh Council	Yes	17 February 2018	£49,665	Contract MI - Confirmed by Member	-4.3%	-£2,122	Benchmarked Current Contract
Clackmannanshire Council	Yes	17 February 2018	£109,929	Contract MI	0.9%	£944	Benchmarked Current Contract
Comhairle Nan Eilean Siar	Yes	17 February 2018	£21,814	Contract MI - Confirmed by Member	0.9%	£193	Benchmarked Current Contract
Dumfries & Galloway Council	Yes	17 February 2018	£8,520	Contract MI	6.9%	£586	Benchmarked Current Contract
Dumfries City Council	Yes	17 February 2018	£167,920	Contract MI	1.8%	£3,097	Benchmarked Current Contract
East Ayrshire Council	Yes	17 February 2018	£103,892	Contract MI	18.8%	£19,482	Benchmarked Current Contract
East Dunbartonshire Council	Yes	17 February 2018	£500	Contract MI	4.8%	£24	Average Saving
East Lothian Council	Yes	17 February 2018	£105,827	Contract MI	14.8%	£15,651	Benchmarked Current Contract
East Renfrewshire Council	Yes	17 February 2018	£8,500	Contract MI	5.7%	£480	Benchmarked Current Contract
Falkirk Council	Yes	17 February 2018	£388,000	Contract MI	8.6%	£33,225	Benchmarked Current Contract
Fife Council	Yes	17 February 2018	£853,012	Contract MI - Confirmed by Member	4.8%	£41,132	Benchmarked Current Contract
Glasgow City Council	Yes	17 February 2018	£26,998	Contract MI	-1.1%	-£292	Benchmarked Current Contract
Highland Council	Yes	17 February 2018	£227,358	Contract MI	3.6%	£8,207	Benchmarked Current Contract
Inverclyde Council	Yes	17 February 2018	£40,000	Contract MI	-0.1%	-£44	Benchmarked Current Contract
Midlothian Council	Yes	17 February 2018	£214,861	Contract MI - Confirmed by Member	-7.0%	-£15,088	Benchmarked Current Contract
North Ayrshire Council	Yes	17 February 2018	£182,000	Contract MI	10.0%	£18,124	Benchmarked Current Contract
North Lanarkshire Council	Yes	17 February 2018	£5,000	Contract MI	-4.8%	-£241	Benchmarked Current Contract
Orkney Islands Council	Yes	17 February 2018	£24,493	Contract MI	0.4%	£93	Benchmarked Current Contract
Perth & Kinross Council	Yes	17 February 2018	£7,000	Contract MI	6.6%	£463	Benchmarked Current Contract
Renfrewshire Council	Yes	17 February 2018	£323,282	Contract MI - Confirmed by Member	0.2%	£724	Benchmarked Current Contract
Scottish Borders Council	Yes	17 February 2018	£9,339	Contract MI	4.2%	£390	Benchmarked Current Contract
Shetland Islands Council	Yes	17 February 2018	£49,831	Contract MI	-2.0%	-£1,004	Benchmarked Current Contract
South Ayrshire Council	Yes	17 February 2018	£249,849	Contract MI - Confirmed by Member	2.0%	£4,931	Benchmarked Current Contract
South Lanarkshire Council	Yes	17 February 2018	£309,429	Contract MI	2.2%	£6,934	Benchmarked Current Contract
Stirling Council	Yes	31 March 2019	£425,000	Contract MI - Confirmed by Member	4.8%	£20,398	Average Saving
Tayside Contracts	Yes	17 February 2018	£20	Contract MI - Confirmed by Member	4.8%	£1	Average Saving
Moray Council	Yes	17 February 2018	£105,053	Contract MI	2.1%	£2,165	Benchmarked Current Contract
West Dunbartonshire Council	Yes	17 February 2018	£294,700	Contract MI	6.8%	£20,180	Benchmarked Current Contract
West Lothian Council	Yes	17 February 2018	£348,042	Contract MI	2.0%	£7,110	Benchmarked Current Contract
Other Public Bodies/Associate Members	Yes	17 February 2018	£2,563,555	-	3.1%	£79,199	Average Saving
Totals			£7,935,707		4.8%	£377,169	

Appendix 2 – SME Status

Tenderer's Name	Location	SME Status	Lots Offered
A1 Ironmongery Limited	Ayr	Small	2 and 3
Allison & Stiven Limited	Dundee	Small	4
Arco Limited	Linlithgow	Large	2
Bell Decorating Group Limited	Airdrie	Large	4
Brammer UK Limited T/A Buck & Hickman	Manchester	Large	2
Bunzl UK Limited T/A Greenham	Middlesex	Large	2
Clow Group Ltd	Glasgow	Medium	2 and 4
Cromwell Tools Limited	Dundee	Large	2
Crown Paints Limited	Darwen	Large	4
Cupar Bearings & Transmissions Ltd *NC	Cupar	Micro	2 and 3
Decco Limited T/A White Milne & Co	Dundee	Medium	2 and 3
Dumfries Timber Company Limited	Dumfries	Medium	2
GPH Builders Merchants Limited *NC	Inverurie	Medium	2 and 3
Grafton Merchanting GB Limited	Glasgow	Large	3
Highland Industrial Supplies Limited	Inverness	Medium	2 and 3
Imperial Chemical Industries Limited T/A ICI Paints Akzonobel	Slough	Large	4
Jewson Limited	Coventry	Large	2 and 3
Kingfisher Building Products Limited *NC	Ulverston	Small	3
MacGregor Industrial Supplies Limited	Inverness	Medium	2 and 3
J.G. Martin Plant Hire Limited *NC	Motherwell	Medium	2 and 3
P.F. Cusack (Tools Supplies) Limited	Glasgow	Medium	2
PPG Architectural Coatings UK Limited	Batley	Large	4
Sealco (Scotland) Limited *NC	Falkirk	Small	3
SIG Trading Limited T/A SIG Fixings *NC	Glasgow	Large	3
S.I.I.S. Limited	Kirkcaldy	Small	2 and 3
Stax Trade Centres PLC	Glasgow	Large	2, 3 and 4
Valtti Specialist Coatings Limited T/A Tikkurila UK	Edinburgh	Small	4

*NC denotes a Non-Compliant supplier

Appendix 3 – Scoring and Recommendations – Asterisk (*) denotes recommended suppliers

Lot 1 - Power Tools	
Tenderer	Score
Lot 1 is not recommended for award	

Lot 3 - General Ironmongery, Fixings, Adhesives, Sealants and Silicons	
Tenderer	Score
Decco Limited T/A White Milne & Co *	82.7
Jewson Limited*	79.3
S.I.I.S. Limited*	79.0
A1 Ironmongery Limited*	77.9
Highland Industrial Supplies Limited*	76.7
MacGregor Industrial Supplies Limited*	64.9
Stax Trade Centres PLC*	57.1
Grafton Merchants GB Limited	50.8
SIG Trading Limited T/A Sig Fixings	Non-Compliant
GPH Builders Merchants Limited	Non-Compliant
J.G. Martin Plant Hire Limited	Non-Compliant
Kingfisher Building Products Limited	Non-Compliant
Sealco (Scotland) Limited	Non-Compliant
Cupar Bearings & Transmissions Ltd	Non-Compliant

Lot 2 - General and Ground Care Tools	
Tenderer	Score
Decco Limited T/A White Milne & Co *	88.0
Bunzl UK Limited T/A Greenham *	86.9
Arco Limited*	78.3
P.F. Cusack (Tools Supplies) Limited*	63.5
Highland Industrial Supplies Limited*	63.2
A1 Ironmongery Limited*	61.6
Cromwell Tools Limited*	59.8
MacGregor Industrial Supplies Limited*	58.8
Brammer UK Limited T/A Buck & Hickman *	58.6
S.I.I.S. Limited*	58.0
J.G. Martin Plant Hire Limited	45.4
Dumfries Timber Company Limited	44.5
Stax Trade Centres PLC	42.6
Clow Group Ltd	40.9
Jewson Limited	38.9
GPH Builders Merchants Limited	31.3
Cupar Bearings & Transmissions Ltd	Non-Compliant

Lot 4 - Paint And Paint Sundries	
Tenderer	Score
Bell Decorating Group Limited*	88.2
PPG Architectural Coatings UK Limited*	86.0
Valtti Specialist Coatings Limited T/A Tikkurila UK*	78.4
Imperial Chemical Industries Limited T/A ICI Paints Akzonobel*	70.4
Crown Paints Limited*	68.6
Allison & Stiven Limited	46.9
Stax Trade Centres PLC	43.5
Clow Group Ltd	38.0