

Scotland Excel

To: Executive Sub Committee

On: 25 January 2019

**Report
by
Director Scotland Excel**

Tender: Supply and Delivery of Janitorial Products

Schedule: 12-18

Period: 1 March 2019 until 28 February September 2023

1. Introduction and Background

The current framework for janitorial products will expire on 28 February 2019. This recommendation is for the award of a renewal framework which will operate from 1 March 2019 until 28 February 2023 with no option to extend by this date.

This framework provides councils with a mechanism to procure a range of janitorial products including but not limited to paper-towels, cleaning chemicals, hand-soap, refuse sacks, cleaning equipment such as mops & buckets and sanitary products. Users of the framework are likely to include schools, nurseries, leisure centres, community centres, social work, council buildings and civic centres.

The renewal framework will include a one-stop-shop lot; giving councils the option to choose a sole supplier for their janitorial requirements, either via a mini competition or by direct award.

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

2. Scope, Participation and Spend

During the strategy development, the User Intelligence Groups (UIG) endorsed the development of four lots as summarised in Table 1.

Table 1: Lotting Structure

Lot No.	Description	Estimated % Spend through lot
1	Paper Products	40%
2	Janitorial Products	30%
2	Chemical Products	15%
4	One-Stop-Lot	15%

This lotting structure recognises the current landscape of the market place and is designed to more closely align with council requirements. The lotting strategy continues to offer opportunities for small, medium and large enterprises (SMEs) in the market place.

The framework was advertised to enable access by all 32 councils in Scotland. As detailed in Appendix 1, 31 councils confirmed their intention to participate in this framework. Shetland Islands Council currently have other arrangements in place and will therefore not participate.

Historical spend data suggests a forecast framework spend of c. £10 million per annum, however, the framework was advertised with a potential value of £12 million per annum. This value will facilitate the potential for non-participating councils and other associate members to make use of the framework at a later date. It should be noted however, that no guarantee is given for any business or any level of business under the framework.

3. Procurement Process

A Prior Information Notice (PIN) was published on 25 April 2018 resulting in expressions of interest from 57 companies. Market engagement led to 17 supplier meetings, which helped inform the delivery strategy in areas such as ability to service, market trends, community benefits as well as inclusion of potential products and specifications.

The User Intelligence Group (UIG), consisting of procurement and technical representatives from the participating councils, endorsed the procurement strategy in August 2018. A working group of technical representatives from the councils was formed to review the technical criteria to be utilised during the tender process. This group also played an integral role in evaluating technical responses from bidders.

To ensure maximum competition, the UIG agreed that an open tender process should be used, and this was advertised on the Official Journal of the European Union and the Public Contracts Scotland portal on 18 September 2018. The tender process was conducted using the Public Contracts Scotland Tender system (PCS-T).

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 are required to answer a number of exclusionary questions along with questions on insurance, financial standing, quality management, health and safety and environmental management.

At the second stage of the process, offers were evaluated against the following criteria and weightings, with the technical scoring breakdown shown in table 2 below:

- All Lots
 - Technical 18%
 - Commercial 82%

Table 2: Scoring Breakdown

Area	Maximum Score Available
Technical	
Community Benefits	4
Fair Work Practices	4
Recycling	2
Supply Chain	1
Service Performance	4
Customer Communication & Staff Resources	3
Commercial	
Commercial	82
Total Score	100

Within the commercial section, tenderers were asked to offer a net delivered price for each of the core items within lots 1 to 3. For lot 4, pricing from lots 1, 2 & 3 was used to facilitate the one-stop-shop lot.

4. Report on Offers Received

The tender document was downloaded by 68 organisations, with 23 tender responses received.

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

All respondents passed the first stage assessment. However, Rexel UK Limited was non-compliant in the second stage of the lot 3 commercial assessment. Rexel UK Limited failed to meet the minimum coverage of items required to bid for this lot (80%).

Based on the criteria and scoring methodology set out in the tender document, a full evaluation of the compliant offers received was completed. Appendix 3 confirms 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 agreement is awarded to seven suppliers across four lots as outlined in Appendix 3.

The seven recommended suppliers provide the choice, scope and range required by councils as well as representing best value and providing geographical coverage. These seven suppliers also represent a mix of small, medium and large organisations, with five of the recommended suppliers classified as SMEs.

Out of the seven recommended suppliers, three are registered in Scotland. However, six of them have depots and sites based in Scotland, helping to support the Scottish economy.

6. Benefits

Savings

Scotland Excel conducted a benchmarking exercise for each council based on the available historical information. The results of this benchmarking are detailed in Appendix 1.

The projected average saving across all applicable councils is 7.1% which equates to an estimated total saving of approximately £863k per annum based on current spend levels. The projected savings per councils ranges from a saving of 1.3% to 19.6%. These savings are largely dependent on purchasing patterns of councils.

Appendix 1 includes a column entitled "Indexation". This column demonstrates that based on the market movements of the current framework, Scotland Excel pricing is currently approximately 8% better than the market average.

There is scope for councils to derive further savings as some of the recommended supplier have also offered further discounts or rebates for single source and non-core discounts

Price Stability

For all lots, tenderers were required to hold their prices for a minimum of 12 months. Two of the recommended tenderers have agreed to hold prices for 18 months, while one tenderer agreed to a 24-month period.

Sustainable Procurement Benefits

Within the technical section of the tender, successful tenderers were asked to complete method statements which included their plastic-packaging recycling initiatives, any innovative solutions to store packaging until it is uplifted and their sustainable supply chain routes.

Some of the solutions offered were, where possible, to provide products with dilution control measures, which are effective for fixed volumes of cleaning products, such as trigger sprays. These solutions help reduce the amount of waste chemical, but also reduce the outer packaging.

For innovative solutions to store packaging, one successful tenderer - in order to reduce the amount of packaging associated with its products - suggested the use of low-density polyethylene pouches for relevant products. This tenderer advised that these pouches produce a lower concentration of CO₂ than traditional polyethylenes / plastics.

Another solution to reduce packaging was to stream waste into waste skips. The skips are used to separate different grades of recycling waste in order to facilitate a more complete recycling process.

For sustainable supply chain proposals, one successful tenderer advised that they currently work with their supply chain to drive compliance with the Scottish Government's Sustainable Development Strategy and Environmental & Ethical Policies. Others mentioned that, where possible, they ensure that their supply chains make use of recycled material.

Community Benefits

At the strategy UIG, the group endorsed that community benefits attained would be delivered at a local level for each council and would be aligned to the Scottish Government's National Indicators.

This is a different approach to the current framework and should ensure that councils receive community benefits tailored to their own spend levels, and reflective of their local needs, whilst taking the National Indicators into account.

All seven recommended suppliers confirmed their commitment to Scotland Excel's community benefits approach for this framework. Delivered benefits will be based on the annual spend thresholds of bidder's costs provided for individual councils.

When councils reach annual spend thresholds with a supplier they will accrue Community Benefit Points. The community benefits lead, or other designated person will liaise with the bidder to finalise the specific benefits that they are offered under the framework relative to spend.

Within the published tender documents, tenderers were given indicators of types of community benefits that could be agreed with councils. Examples of the indicative benefits which were conveyed to tenderers were:

- Fundraising event for external charities / initiatives within the council area;
- Work placements to school students from council area;
- Offer training sessions to wider community within the council area (non-employees / school children);
- Employability workshop or event in a school, college or group within the council area;
- Donation of materials and/or labour to support community projects within the Purchasing authority;
- Sponsorship of sports team or community event within the council area;
- Recruit a modern (or other approved) apprentice from within the council area; and
- Recruit one person from with the council area.

Scotland Excel will support delivery of these commitments during the lifetime of the framework and this will also be reported through ongoing contract management returns. Results reported on community benefits will be distributed to councils on a six-monthly basis.

Fair Work Practices

Tenderers were also scored on how they will engage in fair work practices for staff employed in the delivery of this framework.

- When asked to define how fair work practices would be applied, tenderers responded with various approaches such as: investing a percentage of annual turnover on providing employees with training tailored to personal development requirements;
- promotion of an inclusive business culture by ensuring employees are trained on inclusion and diversity issues, i.e. training courses to promote mutual respect;
- weekly briefings, where company directors update staff on projects, while gathering feedback from staff who are encouraged to be involved in projects that benefit both the company and further employees professional development;
- provision of a local recruitment policy which commits engagement with unemployed persons.

For information, tenderers were also asked to confirm their approach to the Scottish Living Wage, details of which can be found in appendix 4.

Scotland Excel will continue to monitor Fair Work Practices including the Scottish Living Wage within its contract and supplier management programme.

7. Contract Mobilisation and Management

In accordance with Scotland Excel's established contract and supplier management programme, this framework has been classified as a level 2 arrangement in terms of both risk and spend requiring as a minimum, bi-annual supplier meetings. The UIG will be convened on a regular basis throughout the framework period.

8. Summary

This framework for the supply and delivery of janitorial products aims to maximise collaboration, promote added value in addition to delivering 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 placings on this framework arrangement to the suppliers as detailed in Appendix 3.

Appendix 1 – Participation, Spend and Savings Summary

Member Name	Participation in Contract	Participation Entry Date	Estimated Annual Spend (£)	Source of Spend Data	Indexation (%)	% Estimated Forecast Savings	Estimated Annual Savings (£)	Basis of Savings Calculation
Aberdeen City Council	Yes	01 March 2019	£417,491	Contract MI - Confirmed by Member	8.0%	5.3%	£21,952	Benchmarked Current Contract
Aberdeenshire Council	Yes	01 March 2019	£646,832	Contract MI - Confirmed by Member	8.0%	6.0%	£38,843	Benchmarked Current Contract
Angus Council	Yes	01 March 2019	£116,622	Contract MI - Confirmed by Member	8.0%	15.0%	£17,435	Benchmarked Current Contract
Argyll & Bute Council	Yes	01 March 2019	£195,732	Contract MI - Confirmed by Member	8.0%	11.2%	£21,850	Benchmarked Current Contract
City of Edinburgh Council	Yes	01 March 2019	£1,376,677	Contract MI - Confirmed by Member	8.0%	7.1%	£97,744	Benchmarked Current Contract
Clackmannanshire Council	Yes	01 March 2019	£94,433	Contract MI - Confirmed by Member	8.0%	3.1%	£2,902	Benchmarked Current Contract
Comhairle nan Eilean Siar	Yes	01 March 2019	£105,639	Contract MI - Confirmed by Member	8.0%	19.6%	£20,711	Benchmarked Current Contract
Dumfries & Galloway Council	Yes	01 March 2019	£255,981	Contract MI - Confirmed by Member	8.0%	5.6%	£14,457	Benchmarked Current Contract
Dundee City Council	Yes	01 March 2019	£290,995	Contract MI - Confirmed by Member	8.0%	5.4%	£15,630	Benchmarked Current Contract
East Ayrshire Council	Yes	01 March 2019	£207,009	Contract MI	8.0%	7.1%	£14,698	Benchmarked Current Contract
East Dunbartonshire Council	Yes	01 March 2019	£205,739	Contract MI - Confirmed by Member	8.0%	7.7%	£15,823	Benchmarked Current Contract
East Lothian Council	Yes	01 March 2019	£205,144	Contract MI - Confirmed by Member	8.0%	7.6%	£15,635	Benchmarked Current Contract
East Renfrewshire Council	Yes	01 March 2019	£188,024	Contract MI	8.0%	15.2%	£28,565	Benchmarked Current Contract
Falkirk Council	Yes	01 March 2019	£359,459	Contract MI - Confirmed by Member	8.0%	9.9%	£35,573	Benchmarked Current Contract
Fife Council	Yes	01 March 2019	£573,124	Contract MI	8.0%	2.0%	£11,500	Benchmarked Current Contract
Glasgow City Council	Yes	01 March 2019	£1,500,000	Member Provided	8.0%	7.1%	£106,500	Average Benchmark
Highland Council	Yes	01 March 2019	£705,604	Contract MI - Confirmed by Member	8.0%	7.1%	£50,098	Average Benchmark
Inverclyde Council	Yes	01 March 2019	£119,019	Contract MI - Confirmed by Member	8.0%	14.7%	£17,450	Benchmarked Current Contract
Midlothian Council	Yes	01 March 2019	£217,636	Contract MI	8.0%	6.5%	£14,144	Benchmarked Current Contract
Moray Council	Yes	01 March 2019	£130,316	Contract MI - Confirmed by Member	8.0%	3.3%	£4,362	Benchmarked Current Contract
North Ayrshire Council	Yes	01 March 2019	£278,756	Contract MI - Confirmed by Member	8.0%	9.4%	£26,334	Benchmarked Current Contract
North Lanarkshire Council	Yes	01 March 2019	£877,553	Contract MI - Confirmed by Member	8.0%	7.1%	£62,306	Benchmarked Current Contract
Orkney Islands Council	Yes	01 March 2019	£15,931	Contract MI - Confirmed by Member	8.0%	1.3%	£206	Benchmarked Current Contract
Perth & Kinross Council	Yes	01 March 2019	£162,342	Contract MI - Confirmed by Member	8.0%	12.5%	£20,259	Benchmarked Current Contract
Renfrewshire Council	Yes	01 March 2019	£339,524	Contract MI - Confirmed by Member	8.0%	9.7%	£33,040	Benchmarked Current Contract
Scottish Borders Council	Yes	01 March 2019	£222,578	Contract MI - Confirmed by Member	8.0%	10.2%	£22,778	Benchmarked Current Contract
Shetland Islands Council	No	01 March 2019	£0	Contract MI	8.0%		£0	
South Ayrshire Council	Yes	01 March 2019	£291,370	Contract MI - Confirmed by Member	8.0%	4.4%	£12,966	Benchmarked Current Contract
South Lanarkshire Council	Yes	01 March 2019	£686,602	Contract MI - Confirmed by Member	8.0%	4.3%	£29,279	Benchmarked Current Contract
Stirling Council	Yes	01 March 2019	£160,580	Contract MI - Confirmed by Member	8.0%	2.0%	£3,225	Benchmarked Current Contract
Tayside Contracts	Yes	01 March 2019	£393,293	Contract MI	8.0%	5.9%	£23,176	Benchmarked Current Contract
West Dunbartonshire Council	Yes	01 March 2019	£293,874	Contract MI - Confirmed by Member	8.0%	7.8%	£23,024	Benchmarked Current Contract
West Lothian Council	Yes	01 March 2019	£521,393	Contract MI - Confirmed by Member	8.0%	7.8%	£40,473	Benchmarked Current Contract
Totals			£12,155,272			7.1%	£862,938	

Indexation - This column confirms the difference when the relevant market indices are compared with the relevant Contract indices derived from framework specific cost drivers

Appendix 2 – Summary of Offers Received with SME Status

Company Name	SME Status	Location	Lots Offered
Alliance Disposables Limited	Large	Crewe	1, 2, 3 & 4
Arco Limited	Large	Hull	2
Arrow County Supplies Limited	Medium	Shrewsbury	1, 2, 3 & 4
Banner Group Limited	Large	Sheffield	1, 2, 3 & 4
Bunzl UK Limited	Large	London	1, 2, 3 & 4
Diversey Limited	Large	Northampton	3
Enviroclean Global Ltd	Micro	Grangemouth	2
Euro Packaging UK Limited	Large	Birmingham	1 & 3
GMC Corsehill LTD	Small	Irvine	1, 2, 3 & 4
GTS Central Ltd	Small	Lerwick	1, 2, 3 & 4
HCI Supplies LLP	Small	Perth	1, 2, 3 & 4
Instock LTD	Medium	Aberdeen	1, 2, 3 & 4
J.W.G PLC	Medium	Lerwick	1, 2, 3 & 4
James Mutch Limited	Small	Aberdeen	1, 2, 3 & 4
Jangro Network Limited	Large	Bolton	1, 2, 3 & 4
John Barry Limited	Medium	Edinburgh	1
Lyreco UK Limited	Large	Telford	1, 2, 3 & 4
Office Depot UK Limited	Large	Leicester	1, 2, 3 & 4
Personnel Hygiene Services Limited	Large	Dordon	1 & 3
Rexel UK Limited	Large	Birmingham	1, 2, 3 & 4
The Guthrie Group Limited	Small	Livingston	1, 2, 3 & 4
Unico Limited	Medium	London	1, 2, 3 & 4
ZEP UK Limited	Medium	Widness	3

Appendix 3 - Scoring and Recommendations

Lot 1 Paper Products			Lot 2 Janitorial Products		
Tenderer	Final Score	Awarded to Lot	Tenderer	Final Score	Awarded to Lot
Unico Limited	96.38	Yes	Instock LTD	96.38	Yes
Bunzl UK Limited	94.14	Yes	HCI Supplies LLP	95.66	Yes
Arrow County Supplies Limited	92.37	Yes	Bunzl UK Limited	95.54	Yes
HCI Supplies LLP	89.01	Yes	Unico Limited	94.00	Yes
The Guthrie Group Limited	87.86	Yes	Alliance Disposables Limited	89.37	Yes
Instock LTD	80.72	Yes	Arrow County Supplies Limited	85.66	No
Alliance Disposables Limited	80.07	Yes	GMC Corsehili LTD	85.20	No
James Mutch Limited	77.11	No	The Guthrie Group Limited	82.94	No
Lyreco UK Limited	73.53	No	James Mutch Limited	73.47	No
Rexel UK Limited	73.04	No	Lyreco UK Limited	70.29	No
Personnel Hygiene Services Limited	65.69	No	GTS Central Ltd	66.62	No
Banner Group Limited	65.32	No	Jangro Network Limited	65.90	No
John Barry Limited	65.21	No	Banner Group Limited	64.89	No
GTS Central Ltd	65.08	No	Rexel UK Limited	63.16	No
GMC Corsehili LTD	62.58	No	Enviroclean Global Ltd	60.38	No
J.W.G. PLC	57.77	No	Arco Limited	56.96	No
Euro Packaging UK Limited	55.79	No	Office Depot UK Limited	56.22	No
Jangro Network Limited	55.59	No	J.W.G. PLC	51.47	No
Office Depot UK Limited	52.80	No			
Lot 3 Chemical Products			Lot 4 One-Stop-Shop		
Tenderer	Final Score	Awarded to Lot	Tenderer	Final Score	Awarded to Lot
Bunzl UK Limited	95.56	Yes	Bunzl UK Limited	95.56	Yes
Alliance Disposables Limited	95.21	Yes	Unico Limited	95.11	Yes
The Guthrie Group Limited	89.05	Yes	HCI Supplies LLP	91.77	Yes
Unico Limited	88.37	Yes	Arrow County Supplies Limited	89.24	Yes
HCI Supplies LLP	85.93	No	Instock LTD	86.27	Yes
Arrow County Supplies Limited	84.11	No	The Guthrie Group Limited	85.88	Yes
Banner Group Limited	82.58	No	Alliance Disposables Limited	85.71	Yes
GMC Corsehili LTD	80.84	No	GMC Corsehili LTD	76.50	No
Instock LTD	78.15	No	Lyreco UK Limited	73.46	No
Lyreco UK Limited	74.80	No	James Mutch Limited	73.26	No
Zep UK Limited	70.81	No	Banner Group Limited	67.33	No
Jangro Network Limited	70.34	No	Rexel UK Limited	67.24	No
GTS Central Ltd	68.28	No	GTS Central Ltd	66.45	No
Diversey Limited	62.35	No	Jangro Network Limited	64.78	No
James Mutch Limited	55.93	No	Office Depot UK Limited	57.12	No
Personnel Hygiene Services Limited	55.34	No	J.W.G. PLC	55.09	No
J.W.G. PLC	54.41	No			
Office Depot UK Limited	53.16	No			
Euro Packaging UK Limited	47.19	No			
Rexel UK Limited	Non Compliant	No			

Appendix 4 - List of Suppliers with Living Wage Status at Point of Tender

Supplier	Accredited	Progress towards accreditation	Committed to gaining accreditation over the first 2 years of framework	Paying Living Wage to all employees (except volunteers, apprentices and interns) but not accredited	Neither accredited nor paying Living Wage, but commit to paying the Living Wage to all employees (except volunteers, apprentices and interns) within the initial two year period of the Framework Contract.
Alliance Disposables Limited				Yes	
Arrow County Supplies Limited				Yes	
Bunzl UK Limited	Yes				
HCI Supplies LLP				Yes	
Instock LTD			Yes		
The Guthrie Group Limited	Yes				
Unico Limited					Yes