

Scotland Excel

To: Executive Sub Committee

On: 15 September 2017

**Report
by
Director Scotland Excel**

Tender: Tyres for Vehicles and Plant

Schedule: 04/17

Period: 1 November 2017 until 31 October 2021

1. Introduction and Background

The current framework for Tyres for Vehicles and Plant will expire on 31 October 2017. This recommendation is for the award of a renewal framework which will operate from 1 November 2017 until 31 October 2021. This framework covers a full range of tyre types and sizes purchased by councils as well as associated tyre management services in order for councils to deliver the various fleet services they provide end users.

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) confirmed general high levels of satisfaction with the current framework services and endorsed the inclusion of six lots as summarised in Table 1. The supply only lots have been added following councils request for a wider scope. This strategy is designed to align with council requirements, whilst also recognising the current structure of the market place, as well as maximising opportunities for SME participation.

Table 1: Lotting Structure

Lot Number	Description	Estimated % of Spend
Lot 1	Tyres for Cars/Vans (Supply & Fit)	31%
Lot 2	Tyres for Cars/Vans (Supply Only)	8%
Lot 3	Tyres for Trucks (Supply & Fit)	38%
Lot 4	Tyres for Trucks (Supply Only)	11%
Lot 5	Tyres for Agricultural/Plant (Supply & Fit)	10%
Lot 6	Tyres for Agricultural/Plant (Supply Only)	2%

As detailed in Appendix 1, 29 councils plus Tayside Contracts have confirmed their intention to participate in this framework renewal. The following councils have no present requirement to use this new framework:

- Shetland Islands Council
- South Ayrshire Council
- Western Isles Council

The above councils have their own tyre service arrangements in place and do not currently intend to participate, but they reserve the right to access it during the lifetime of the framework.

To ensure that all 32 councils have the option to use the framework, all councils have been listed in the EU notice as participants so that they have the opportunity to use the Scotland Excel framework where it provides them with best value. (Note: Angus Council are serviced via Tayside Contracts).

The contract was advertised with an estimated value of £26m over the 4 year period. The forecast annual spend for participating councils is circa £6.5m per annum. The framework covers the supply only and supply and fitment of tyres for a range of vehicles, grounds machinery and plant and the associated services including fitting, inspection, compliant tyre disposal, fleet tyre management as well as emergency roadside assistance.

3. Procurement Process

A UIG consisting of representatives from participating councils endorsed the procurement strategy on 23 March 2017. In addition, a working group of technical and procurement representatives was formed to review technical specifications and participate in the evaluation.

A Prior Information Notice (PIN) was published on 10 April 2017, which resulted in expressions of interest from 27 organisations. Thereafter, in order 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 10 July 2017 with the tender documentation being made available for immediate download from 11 July 2017, via the Public Contracts Scotland Tenders (PCS-T) system.

The procurement process followed a two stage tendering procedure. At the first stage, tender European Single Procurement Document (ESPD) responses were assessed against financial capability, 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.

Technical	20%
Commercial	80%

Within the technical section, bidders were required to evidence their knowledge and experience by responding to the main technical questions, which included areas such as operational processes and sustainability, as well as questions regarding the bidders approach to end of life tyre disposal, being both in line with Zero Waste Scotland's waste hierarchy best practice guidance and Waste Directives as detailed in the required specification. In addition to these questions, lot specific technical questions were also asked in relation to the type of service level they will deliver and what commitments they would make in respect of community benefits.

Bidders were also asked to confirm which councils they were able to service.

Within the commercial section, bidders were invited to offer on a lot by lot basis and provide prices against a selection of most commonly used and highest spend tyres and the associated tyre services. Options were given for bidders to supply premium level, budget level and for truck tyres, an option to supply retreaded tyres. Fixed pricing for 12 months was requested for all lots.

4. Report on Offers Received

The tender document was downloaded by 22 organisations, with 12 tender responses received. A summary of all offers received is provided in Appendix 2.

Based on the criteria and scoring methodology set out in the 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 12 suppliers across the six lots as outlined in Appendix 3.

The 12 recommended service providers can meet operational requirements across all geographical areas and a range of choice and capacity for council members, and also represent a mix of micro, small, medium and large organisations, with 10 of the recommended suppliers classified as SMEs.

6. Benefits

Savings

Scotland Excel conducted a benchmarking exercise for each council and the results of this benchmarking are detailed in Appendix 1.

The benchmarking exercise took the current prices for the most commonly used tyre sizes from each local authority's current supplier and compared this with the most appropriate supplier's prices submitted for the new framework.

The projected average saving across all councils is 3.8%, which equates to an estimated total saving of approximately £138k per annum based on current forecast spend levels. The projected savings per council ranges from a cost of 2% to a saving of 22%. These costs / savings are largely driven by council operational requirements, internal fleet management policies and geographical location and the suppliers tendering for each council. Where there is a projected additional cost, Scotland Excel will continue to work with Councils to mitigate potential increases.

It should be noted that each individual council could achieve additional savings through conducting mini-competitions, switching service providers or switching to alternative tyre brands where appropriate.

Price Stability

All service providers have agreed to the 12 month fixed price period at the start of the framework. Provision thereafter is for price reviews every 12 months to accommodate market fluctuations. All requests for price increases will be evaluated against prevailing market conditions and supporting documentary evidence.

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 recycle, reuse and reduce initiatives to minimise the impact of the supply chain on the environment. A range of sustainable measures were outlined by service providers including;

- Fleet/Vehicle Environmental Standards
- Carbon Footprint
- Waste Reduction

A major focus of this procurement was to ensure that all suppliers have documented and auditable processes and procedures that fully demonstrated that tyres are re-used or recycled where appropriate. For example, all truck tyres should be made available for retreading in order to extend their useful life. Where any retreading of tyres is not possible, then the end of life tyres must be utilised in a number of ways in line with Zero Waste Scotland's waste hierarchy guidance as it is not permissible under EU legislation to dispose of tyres to landfill. This waste management ranges from re-cycling the tyres as fuel for use in cement kilns to re-using the crumbed rubber for community projects and equestrian surfaces.

Additionally, service providers have also demonstrated that they have the necessary methods and expertise to assist the councils with managing the lifecycle of the tyres fitted to ensure maximum tyre life and also the safety of the vehicle which will both ensure best value and best practice in regards to any health and safety measures.

Community Benefits

Bidders were also asked to detail and demonstrate their commitment to providing community benefits, and this will be further discussed during framework mobilisation and reported through ongoing contract management returns. Results reported on community benefits will be disseminated to councils on a six monthly basis. A range of community benefits dependent on spend levels were offered by bidders including:

- Sponsorship of local sports team
- Recruitment of modern apprentices
- Work experience to school children
- Donation to local children's charity
- Assist in community projects
- Offer training sessions to council apprentices
- Workshop/school/college event
- Work experience placements to school pupils
- Tyre safety awareness session for council employees
- Employability workshop or event

Fair Work Practices including the Living Wage

Bidders were asked a question on their approach to fair work practices and the Scottish Living Wage status. Of the 12 recommended service providers, 7 confirmed payment of the Living Wage to their workforce and 2 further suppliers have agreed to provide this same commitment within the initial two year period of the Framework Contract.

- 1 is an accredited Living Wage Employer
- 2 have committed to gaining accreditation and paying the Living Wage to all employees over the initial two year period of the framework
- 6 are not accredited Living Wage Employers but pay the Living Wage to all employees
- 3 are not accredited Living Wage Employers and do not currently pay the Living Wage to all employees

Scotland Excel includes monitoring Fair Work Practices including the Living Wage within its contract and supplier management programme. Scotland Excel will work with these 3 suppliers during the lifetime of the new framework to encourage their commitment to pay all staff the Living Wage.

7. Contract Mobilisation and Management

All service providers and participating members will be issued with a mobilisation pack containing all required details to launch the framework. Each service provider will be invited to a mobilisation meeting if required 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, this framework has been classified as a level 2 arrangement in terms of both risk and spend requiring annual supplier and user group reviews as appropriate.

8. Summary

This framework for the supply and fitment of tyres for vehicles and plant aims to maximise collaboration, support local authorities to deliver the various services they provide as well as support waste management strategies and activities in compliance with the Zero Waste Plan and the Waste (Scotland) Regulations 2012 and their delivery of best value.

A range of benefits can be reported in relation to savings, price stability, 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.

Appendix 1 – Participation, Spend and Savings Summary – Tyres for Vehicles and Plant 04-17

Member Name	Participate In Framework	Participation Entry		Estimated Annual Spend	Source of Spend	% Estimated		Basis of Savings Calculation
		Date				Forecast Savings	Savings (£)	
Aberdeen City	Yes	Contract Start		£143,333.00	council confirmed	22.00%	£31,533.26	Benchmarked Current Contract
Aberdeenshire	Yes	Contract Start		£541,666.00	council confirmed	2.00%	£10,833.32	Benchmarked Current Contract
Angus	Yes	Contract Start		£0.00	Service now under Tayside Contracts	0.00%	£0.00	
Argyll & Bute	Yes	Contract Start		£95,677.00	council confirmed	1.00%	£956.77	Benchmarked Current Contract
Clackmannanshire	Yes	Contract Start		£76,080.00	council confirmed	1.00%	£760.80	Benchmarked Current Contract
Comhairle nan Eilean Siar	No							
Dumfries & Galloway	Yes	Contract Start		£242,000.00	council confirmed	11.00%	£26,620.00	Benchmarked Current Contract
Dundee City	Yes	Contract Start		£102,666.00	council confirmed	1.00%	£1,026.66	Benchmarked Current Contract
East Ayrshire	Yes	TBC		£95,000.00	council confirmed	1.00%	£950.00	Benchmarked Current Contract
East Dunbartonshire	Yes	Contract Start		£60,000.00	council confirmed	1.00%	£600.00	Benchmarked Current Contract
East Lothian	Yes	Contract Start		£80,000.00	council confirmed	22.00%	£17,600.00	Benchmarked Current Contract
East Renfrewshire	Yes	Contract Start		£52,792.00	council confirmed	3.00%	£1,583.76	Benchmarked Current Contract
Edinburgh City	Yes	Contract Start		£200,036.00	council confirmed	-2.00%	£-4,000.72	Benchmarked Current Contract
Falkirk	Yes	Contract Start		£170,000.00	council confirmed	-2.00%	£-3,400.00	Benchmarked Current Contract
Fife	Yes	Contract Start		£520,000.00	council confirmed	1.00%	£5,200.00	Benchmarked Current Contract
Glasgow	Yes	Contract Start		£810,000.00	council confirmed	-2.00%	£-16,200.00	Benchmarked Current Contract
Highland	Yes	Contract Start		£168,799.00	council confirmed	3.00%	£5,063.97	Benchmarked Current Contract
Inverclyde	Yes	Contract Start		£85,000.00	council confirmed	1.00%	£850.00	Benchmarked Current Contract
Midlothian	Yes	Contract Start		£98,336.00	council confirmed	22.00%	£21,633.92	Benchmarked Current Contract
Moray	Yes	Contract Start		£129,424.00	council confirmed	3.00%	£3,882.72	Benchmarked Current Contract
North Ayrshire	Yes	Contract Start		£239,000.00	council confirmed	-2.00%	£-4,780.00	Benchmarked Current Contract
North Lanarkshire	Yes	Contract Start		£400,000.00	council confirmed	-2.00%	£-8,000.00	Benchmarked Current Contract
Orkney Islands	Yes	Contract Start		£32,000.00	Contract MI	1.00%	£320.00	Benchmarked Current Contract
Perth & Kinross	Yes	Contract Start		£165,000.00	council confirmed	3.00%	£4,950.00	Benchmarked Current Contract
Renfrewshire	Yes	Contract Start		£107,799.00	council confirmed	-2.00%	£-2,155.98	Benchmarked Current Contract
Scottish Borders	Yes	Contract Start		£141,810.98	council confirmed	22.00%	£31,198.42	Benchmarked Current Contract
Shetland Islands	No							
South Ayrshire	No							
South Lanarkshire	Yes	Contract Start		£450,000.00	council confirmed	-2.00%	£-9,000.00	Benchmarked Current Contract
Stirling	Yes	Contract Start		£94,898.00	council confirmed	-2.00%	£-1,897.96	Benchmarked Current Contract
Tayside Contracts	Yes	Contract Start		£240,000.00	council confirmed	9.00%	£21,600.00	Benchmarked Current Contract
West Dunbartonshire	Yes	Contract Start		£100,000.00	Contract MI	-2.00%	£-2,000.00	Benchmarked Current Contract
West Lothian	Yes	Contract Start		£240,000.00	council confirmed	1.00%	£2,400.00	Benchmarked Current Contract
				£5,881,316.98		3.8%	£138,128.94	

Appendix 2 - SME Status

Bidder's Name	SME Status	Location	Lots Tendered
Alba Tyre Management Ltd	Small	Glasgow & Strathclyde	4
Angus Tyres Ltd	Small	Tayside, Central & Fife	1,3,5
Auto Technical	Micro	Scotland South	1,2
Direct Tyre Management Limited	Medium	England	1,3,5
Goodyear Dunlop Tyres UK Ltd	Large	England	1,2,3,4
Kenway Tyres Ltd	Medium	Aberdeen & North East	1,2,3,4,5,6
McConechy's Tyre Service Ltd	Medium	Glasgow & Strathclyde	1,2,3,4,5,6
McKinnon & Forbes Ltd	Small	Glasgow & Strathclyde	1,2,3,4,5,6
Michelin Tyre Public Limited Company	Large	England	1,2,3,4,5,6
Redpath Tyres Ltd	Medium	Scotland South	1,2,3,4,5,6
Soltyre Limited	Small	Scotland South	1,3,5
Stewartry Tyres Newton Stewart Ltd	Micro	Scotland South	1,3,5

Appendix 3 - Scoring and Recommendations

Lot 1 - Supply & Fit - Tyres for Cars & Vans		Overall Total
Supplier Name		
McConechy's Tyre Service Ltd. *	94.87	
REDPATH TYRES LTD *	94.71	
Goodyear Dunlop Tyres UK Ltd *	85.06	
Auto Technical *	83.94	
Michelin Tyre Public Limited Company *	82.33	
Kenway Tyres Ltd *	78.66	
STEWARTY TYRES NEWTON STEWART LTD *	77.72	
DIRECT TYRE MANAGEMENT LIMITED *	72.50	
MCKINNON & FORBES LTD *	60.05	
Soltyre Limited *	52.85	
Angus Tyres Ltd *	50.93	

Lot 2 - Supply Only - Tyres for Cars & Vans		Overall Total
Supplier Name		
REDPATH TYRES LTD *	93.84	
McConechy's Tyre Service Ltd. *	91.60	
Kenway Tyres Ltd *	90.01	
Michelin Tyre Public Limited Company *	76.82	
Auto Technical *	75.52	
MCKINNON & FORBES LTD *	68.43	
Goodyear Dunlop Tyres UK Ltd	Non Compliant	

Lot 3 - Supply & Fit - Tyres for Trucks		Overall Total
Supplier Name		
McConechy's Tyre Service Ltd. *	88.43	
REDPATH TYRES LTD *	83.40	
Kenway Tyres Ltd *	69.73	
Soltyre Limited *	67.87	
STEWARTY TYRES NEWTON STEWART LTD *	66.28	
DIRECT TYRE MANAGEMENT LIMITED *	60.70	
Goodyear Dunlop Tyres UK Ltd *	60.09	
Angus Tyres Ltd *	58.40	
MCKINNON & FORBES LTD *	56.48	
Michelin Tyre Public Limited Company *	52.45	

Lot 4 - Supply Only - Tyres for Trucks		Overall Total
Supplier Name		
McConechy's Tyre Service Ltd. *	97.00	
REDPATH TYRES LTD *	91.14	
Kenway Tyres Ltd *	83.66	
Alba Tyre Management Ltd *	82.82	
MCKINNON & FORBES LTD *	71.24	
Goodyear Dunlop Tyres UK Ltd *	70.04	
Michelin Tyre Public Limited Company *	58.36	

Lot 5 - Supply & Fit - Tyres for Agricultural/Plant		Overall Total
Supplier Name		
REDPATH TYRES LTD *	87.59	
McConechy's Tyre Service Ltd. *	85.18	
DIRECT TYRE MANAGEMENT LIMITED *	81.55	
MCKINNON & FORBES LTD *	73.70	
STEWARTY TYRES NEWTON STEWART LTD *	70.43	
Angus Tyres Ltd *	67.09	
Kenway Tyres Ltd *	66.31	
Soltyre Limited *	52.62	
Michelin Tyre Public Limited Company *	46.80	

Lot 6 - Supply Only - Tyres for Agricultural/Plant		Overall Total
Supplier Name		
McConechy's Tyre Service Ltd. *	94.58	
REDPATH TYRES LTD *	88.23	
Kenway Tyres Ltd *	77.32	
MCKINNON & FORBES LTD *	73.68	
Michelin Tyre Public Limited Company *	51.01	

(*) Denotes Successful Supplier