

Scotland Excel

To: Executive Sub Committee

On: 4 March 2016

**Report
by
Director Scotland Excel**

Tender: Supply and Delivery of Electrical Materials

Schedule: 06/15

Period: 1 April 2016 until 31 March 2018 with an option to extend for up to two 12 month periods until 31 March 2020

1. Introduction and Background

The current framework for Supply and Delivery of Electrical Materials will expire on 31 March 2016. This proposed renewal framework will operate from 1 April 2016 until 31 March 2018 with an option to extend for up to two 12 month periods until 31st March 2020.

This framework will provide councils and other participating bodies with a mechanism to procure a range of electrical materials in support of construction projects, maintenance programmes and ad hoc repairs. A key objective for the renewal is to ensure councils have sufficient competition and flexibility to effectively manage their requirements across a range of diverse building types and housing stock.

2. Scope, Participation and Spend

As part of strategy development, the User Intelligence Group (UIG) endorsed the inclusion of eight lots as summarised in Table 1. This lotting strategy was designed to more closely align with council requirements whilst also recognising the current structure of the market place.

Table 1: Lotting Structure

<i>Lot No.</i>	<i>Description</i>	<i>No. of products</i>	<i>Estimated % of Spend</i>
1	Cable and Cable Management	189	17%
2	Wiring Accessories	78	10%
3	Circuit Protection	55	11%
4	Heating and Water Heating	35	11%
5	Ventilation	26	11%
6	Safety Detectors and Thermostats	34	13%
7	Lamps	87	9%
8	Light Fittings and Accessories	120	18%

As detailed in Appendix 1, 28 councils have confirmed their intention to participate in this framework. East Ayrshire, Fife, Glasgow City and Stirling Councils have confirmed that they will not participate as they have their own arrangements in place however they may look to join the framework once their own arrangements expire.

In addition to councils, the NHS, Scottish Prison Service (SPS) and Scottish Parliament have also confirmed an intention to participate in the framework.

Accordingly, all 32 councils and the other above-named organisations were included in Contract Notice for the framework.

The forecast annual spend for participating councils is £10.6m, equating to £42.4m over the term of the framework, including the extension period. Other participating bodies have validated an additional £1.6m per annum, a total of £6.4m over the term of the framework. To ensure flexibility and to allow a contingency including for any significant maintenance programmes, the framework was advertised at a £56m for the full term of the framework.

3. Procurement Process

A UIG consisting of representatives from participating councils endorsed the procurement strategy on 4 September 2015. 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 30 June 2015, which resulted in expressions of interest from 37 organisations. As a result of this meetings were held with potential bidders including both incumbent and new suppliers. During these meetings, ability to service, trading processes, market trends, community benefits and sustainability were discussed as well as potential product lists and specifications.

Thereafter to ensure maximum competition, the UIG agreed that an open tender process should be followed to establish the renewal framework.

This framework was advertised on the Official Journal of the European Union and the Public Contracts Scotland portal on 27 November 2015. The tender process was conducted using the Public Contracts Scotland Tender system (PCS-T)

The procurement process followed a two stage tendering procedure. At the first stage, tender 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 of the process, the 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 method statements which covered areas including; service, delivery, contract management, community benefits, sustainability and added value. Bidders were also assessed in terms of any additional fixed pricing periods offered.

Within the commercial section, bidders were invited to offer on a lot by lot basis. Fixed pricing for 12 months was required for lot 1 (cable management only) and lots 2-8. Due to the volatility of raw materials, six months fixed pricing was required for lot 1 (copper cable only). Bidders were also assessed in terms of any annual retrospective rebates offered, as well as any non-core discounts for lots 7 and 8.

To ensure the renewal framework provided a range of alternative products to meet the needs of the diverse housing stock, lots 1-6 contained a multiple offer structure to facilitate the submission of offers from different manufacturer brands. Bidders could submit up to three offers in lots 1-6 to broaden the choice for councils and encourage competition from the supply base.

Bidders were also invited to offer discounts per lot for the supply of non-core items for lots 1-6, sole supply, early settlement, collection and delivery to central stores.

4. Report on Offers Received

The tender document was downloaded by 21 organisations, with 10 tender responses received. Within lots 1-6, where each tenderer could submit up to three offers, a total of 70 offers were received. Due to insufficient product coverage, nine of these offers were non compliant and following clarification one tenderer withdrew their entire offer for lot 6.

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 completed. Appendix 3 confirms the scoring achieved by each bidder.

5. Recommendations

Under EU procurement legislation a framework agreement can be concluded with a single supplier or more than one supplier. If the framework agreement is concluded with more than one supplier, the minimum number of suppliers must be three (provided there is a sufficient number of suppliers satisfying the selection criteria and meeting the award criteria).

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 eight suppliers across the eight lots as outlined in Appendix 3.

These eight recommended suppliers offer best value and represent a mix of small, medium and large organisations. The range of suppliers recommended provides competitive options for all participating councils as well as offering a degree of choice and capacity. Furthermore, the multiple offer structure employed in lots 1-6, as outlined above, has delivered the objective of increasing competition and flexibility for councils.

6. Benefits

Savings

Scotland Excel conducted a benchmarking exercise based on current spend forecast of councils, comparing current prices paid with the prices submitted against the new framework and the result of this benchmarking is listed in Appendix 1. The projected average saving across all councils is 5.1%, which equates to an estimated total saving of approximately £646k per annum. The projected savings per council range from -0.5% to 15.6%. The variance reported is caused by the significant fluctuation in product requirements between councils.

There is substantial scope for councils to derive further savings, with seven suppliers offering annual retrospective rebates of up to 5%. Two suppliers have offered single source discounts of 8% and 10% respectively for certain lots and six suppliers have offered non-core discounts across the lots.

Price Stability

In addition to the mandatory fixed pricing periods for lot 1 (which vary from 6-12 months depending on the product group) a number of suppliers have offered a further fixed pricing of between 3-12 months. In addition to the mandatory 12 month fixed pricing for lots 2-8, one supplier has offered an additional 6 months fixed pricing and another an additional 12 months.

Sustainable Procurement Benefits

Within the technical section, the sustainability method statement assessed suppliers in relation to their corporate approach to sustainability to minimise the impact of the supply chain on the environment. A range of sustainable measures were outlined by suppliers including; reduction of waste to landfill and packaging, recycling initiatives, use of LED's, use of renewable energy such as solar panels, segregation of waste, setting of emissions targets and fuel efficiency measures. Bidders were also advised that all applicable products must comply with the relevant provisions of the Waste Electrical and Electronic

Equipment (WEEE) Regulations 2013 and ensure that products are certified as Restriction of Hazardous Substances (ROSH) compliant by the relevant manufacturer.

Bidders were asked to detail community benefits initiatives they would commit to deliver during the lifetime of the framework. These commitments will be discussed during 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 were offered by bidders including:

- Support for training and employment programmes, employing local resources where possible
- Increase in number of apprenticeships
- Support to charity organisations
- Engagement with local schools and promoting access for work experience
- Provide free of charge training for the installation of applicable products
- Provide free of charge tools for apprentices

Fair Work Practices including the Living Wage

While this renewal is a supply framework and there is limited ability to influence supplier behaviour on workforce matters compared with a services framework, an unscored question asked bidders to confirm their approach to fair work practices and living wage status. Of the eight recommended bidders:

- One is currently going through the process of becoming an accredited Living Wage Employer
- One has committed gaining accreditation over the initial two year period of the framework
- Three have confirmed that they either pay or will pay the living wage to all employees (except volunteers, apprentices and interns) within the initial two year period of the framework
- Three have confirmed that a majority of their staff are paid the living wage (58%, 71% and 75%)

Scotland Excel includes monitoring Fair Work Practices and Living Wage within its contract and supplier management programme and will work with all awarded suppliers who have not yet secured accreditation by the Living Wage Foundation to encourage them to achieve this.

7. Contract Mobilisation and Management

Each supplier will be invited to a mobilisation meeting to outline the operation of the framework, roles and responsibilities, management information requirements and community benefits commitments. Both suppliers and participating members will be issued with a mobilisation pack containing all required details to launch the framework.

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 or six monthly supplier and user group reviews as appropriate.

8. Summary

This framework for the supply and delivery of electrical materials aims to maximise collaboration, promote added value and deliver best value. A range of benefits can be reported in relation to savings, price stability, retrospective rebates and community benefits.

The Executive Sub Committee is requested to approve the recommendation to award this framework agreement as detailed in Appendix 3.

Appendix 1 – Participation, Spend and Savings Summary - Supply and Delivery of Electrical Materials 06/15

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	01 April 2016	£828,813	Member Provided	10.2%	£84,539	Benchmarked Current Contract
Aberdeenshire Council	YES	01 April 2016	£100,000	Contract MI - Confirmed by Member	-0.5%	-£500	Benchmarked Current Contract
Angus Council	YES	01 April 2016	£6,663	Contract MI	4.1%	£273	Benchmarked Current Contract
Argyll & Bute Council	YES	01 April 2016	£10,848	Member Provided	6.3%	£683	Benchmarked Current Contract
City of Edinburgh Council	YES	01 April 2016	£125,000	Member Provided	9.2%	£11,500	Benchmarked Current Contract
Clackmannanshire Council	YES	01 April 2016	£161,870	Contract MI - Confirmed by Member	5.3%	£8,579	Benchmarked Current Contract
Comhairle nan Eilean Siar	YES	01 April 2016	£20,000	Contract MI - Confirmed by Member	1.7%	£340	Benchmarked Current Contract
Dumfries & Galloway Council	YES	01 April 2016	£62,631	Contract MI	4.1%	£2,568	Benchmarked Current Contract
Dundee City Council	YES	01 April 2016	£1,000,000	Contract MI - Confirmed by Member	6.2%	£62,000	Benchmarked Current Contract
East Ayrshire Council	NO						
East Dunbartonshire Council	YES	01 April 2016	£160,000	Contract MI - Confirmed by Member	7.5%	£12,000	Benchmarked Current Contract
East Lothian Council	YES	01 April 2016	£731,000	Member Provided	7.1%	£51,901	Benchmarked Current Contract
East Renfrewshire Council	YES	01 April 2016	£85,000	Contract MI - Confirmed by Member	4.0%	£3,400	Benchmarked Current Contract
Falkirk Council	YES	01 April 2016	£700,000	Member Provided	4.8%	£33,689	Benchmarked Current Contract
Fife Council	NO						
Glasgow City Council	NO						
Highland Council	YES	01 April 2016	£58,500	Contract MI - Confirmed by Member	4.8%	£2,808	Benchmarked Current Contract
Inverclyde Council	YES	01 April 2016	£33,000	Contract MI - Confirmed by Member	3.6%	£1,188	Benchmarked Current Contract
Midlothian Council	YES	01 April 2016	£678,153	Contract MI - Confirmed by Member	15.6%	£105,792	Benchmarked Current Contract
North Ayrshire Council	YES	01 April 2016	£84,994	Contract MI	2.4%	£2,040	Benchmarked Current Contract
North Lanarkshire Council	YES	01 April 2016	£306,291	Contract MI	0.4%	£1,225	Benchmarked Current Contract
Orkney Islands Council	YES	01 April 2016	£19,745	Contract MI	4.1%	£810	Benchmarked Current Contract
Perth & Kinross Council	YES	01 April 2016	£213,057	Contract MI - Confirmed by Member	0.0%	£0	Benchmarked Current Contract
Renfrewshire Council	YES	01 April 2016	£450,000	Contract MI - Confirmed by Member	5.1%	£22,950	Benchmarked Current Contract
Scottish Borders Council	YES	01 April 2016	£31,000	Contract MI - Confirmed by Member	3.3%	£1,023	Benchmarked Current Contract
Shetland Islands Council	YES	01 April 2016	£185,000	Member Provided	3.2%	£5,920	Benchmarked Current Contract
South Ayrshire Council	YES	01 April 2016	£300,000	Contract MI - Confirmed by Member	8.9%	£26,700	Benchmarked Current Contract
South Lanarkshire Council	YES	01 April 2016	£2,000,000	Member Provided	3.1%	£62,000	Benchmarked Current Contract
Stirling Council	NO						
The Moray Council	YES	01 April 2016	£300,000	Member Provided	0.8%	£2,400	Benchmarked Current Contract
West Dunbartonshire Council	YES	01 April 2016	£549,350	Contract MI - Confirmed by Member	1.1%	£6,043	Benchmarked Current Contract
West Lothian Council	YES	01 April 2016	£1,230,000	Member Provided	6.7%	£82,410	Benchmarked Current Contract
Tayside Contracts	YES	01 April 2016	£4,000	Contract MI - Confirmed by Member	10.3%	£412	Benchmarked Current Contract
NHS	YES	01 April 2016	£1,503,884	Contract MI - Confirmed by Member	2.6%	£39,101	Benchmarked Current Contract
SPS	YES	01 April 2016	£250,000	Member Provided	5.1%	£12,750	Benchmarked Current Contract
Totals			£12,293,799		5.1%	£646,544	Average Saving

Appendix 2 - SME Status

Tenderer's Name	SME Status	Location	Lots Tendered
The British Electrical and Manufacturing Company Ltd	Medium	Glasgow	2,3,4,5,6,7,8
City Electrical Factors Ltd	Large	Kenilworth	1,2,3,4,5,6,7,8
Stax Trade Centres Plc	Large	Glasgow	1,2,3,4,5,6,7,8
Edmundson Electrical Ltd	Large	Kirkintilloch	1,2,3,4,5,6,7,8
EnvirioVent Limited	Medium	Harrogate	5
Hamilton Electrical Supplies Ltd	Small	Hamilton	7,8
Holland House Electrical Co Ltd	Medium	Glasgow	1,2,3,4,5,6,7,8
Rexel UK Ltd	Large	Hertfordshire	1,2,3,4,5,6,7,8
Tristar Lighting & Design Ltd	Small	Aberdeen	7,8
Your Electrical Supplies, Service & Solutions (A) Ltd	Large	Normanton	1,2,3,4,5,6,7,8

Appendix 3 - Scoring and Recommendations (Asterisk (*) denotes recommended supplier, N/C denotes non-compliant supplier)

Lot 1 - Cable and Cable Management	
Offer - Basec Approved	Score
Tenderer Rexel UK Ltd *	94.4
Offer - Cable	Score
Tenderer City Electrical Factors Ltd *	88.0
Offer - Dencon	Score
Tenderer Stax Trade Centres Plc *	88.4
Offer - Doncaster Cable	Score
Tenderer Your Electrical Supplies, Service & Solutions (A) Ltd *	92.9
Offer - Prysman	Score
Tenderer Edmundson Electrical Ltd *	95.4
Holland House Electrical Co Ltd *	63.5

Lot 2 - Wiring Accessories	
Offer - BG	Score
Tenderer Stax Trade Centres Plc *	88.4
Offer - Crabtree	Score
Tenderer Holland House Electrical Co Ltd *	87.9
Offer - Deta Vimark	Score
Tenderer Edmundson Electrical Ltd *	91.3
The British Electrical and Manufacturing Company Ltd *	90.8
Offer - Eaton	Score
Tenderer The British Electrical and Manufacturing Company Ltd *	90.8
Offer - Novar MIK	Score
Tenderer Rexel UK Ltd *	94.4
Holland House Electrical Co Ltd	N/C
Offer - Own Brand	Score
Tenderer Rexel UK Ltd *	94.4
City Electrical Factors Ltd	65.1
Edmundson Electrical Ltd	N/C
Offer - Schneider	Score
Tenderer Your Electrical Supplies, Service & Solutions (A) Ltd *	92.9
Offer - Scolmore	Score
Tenderer The British Electrical and Manufacturing Company Ltd *	90.8
Rexel UK Ltd *	88.4
Holland House Electrical Co Ltd	75.1
City Electrical Factors Ltd	71.7
Offer - Volex	Score
Tenderer Edmundson Electrical Ltd *	95.4
Your Electrical Supplies, Service & Solutions (A) Ltd	81.9

Lot 3 - Circuit Protection	
Offer - Crabtree	Score
Tenderer Holland House Electrical Co Ltd *	87.9
Offer - GB	Score
Tenderer Stax Trade Centres Plc *	88.4
Offer - Havells	Score
Tenderer Rexel UK Ltd *	94.4
Offer - Lewden	Score
Tenderer Holland House Electrical Co Ltd *	87.9
The British Electrical and Manufacturing Company Ltd *	85.6
Offer - LVE Electrical	Score
Tenderer The British Electrical and Manufacturing Company Ltd *	90.8
Offer - Own Brand	Score
Tenderer Rexel UK Ltd *	94.4
Edmundson Electrical Ltd	82.5
City Electrical Factors Ltd	60.3
Offer - Schneider	Score
Tenderer Your Electrical Supplies, Service & Solutions (A) Ltd *	92.9
Offer - Square D	Score
Tenderer Edmundson Electrical Ltd *	95.4
Offer - Wylex	Score
Tenderer Edmundson Electrical Ltd *	95.4
Edmundson Electrical Ltd *	95.4
Rexel UK Ltd *	93.1
Your Electrical Supplies, Service & Solutions (A) Ltd *	91.7
The British Electrical and Manufacturing Company Ltd *	87.7

Lot 4 - Heating and Water Heating		
Offer - Creda		
Tenderer	Score	
Edmundson Electrical Ltd *	95.4	
The British Electrical and Manufacturing Company Ltd	77.8	
Rexel UK Ltd	75.2	
Holland House Electrical Co Ltd	61.3	
Offer - Dimplex		
Tenderer	Score	
The British Electrical and Manufacturing Company Ltd *	90.8	
Rexel UK Ltd *	87.5	
Edmundson Electrical Ltd	76.7	
Holland House Electrical Co Ltd	67.3	
Stax Trade Centres Ltd Plc	64.6	
Offer - Elnur		
Tenderer	Score	
The British Electrical and Manufacturing Company Ltd *	90.8	
Edmundson Electrical Ltd	N/C	
Offer - Own Brand		
Tenderer	Score	
Rexel UK Ltd *	94.4	
City Electrical Factors Ltd	75.7	
Offer - Stiebel Eltron		
Tenderer	Score	
Your Electrical Supplies, Service & Solutions (A) Ltd *	92.9	

Lot 5 - Ventilation		
Offer - Envirovent		
Tenderer	Score	
The British Electrical and Manufacturing Company Ltd *	90.8	
Envirovent Limited	58.6	
Offer - Greenwood		
Tenderer	Score	
The British Electrical and Manufacturing Company Ltd *	90.8	
Offer - Manrose		
Tenderer	Score	
Holland House Electrical Co Ltd	N/C	
Offer - Monsoon		
Tenderer	Score	
Edmundson Electrical Ltd *	95.4	
Offer - Polypipe		
Tenderer	Score	
Your Electrical Supplies, Service & Solutions (A) Ltd *	92.9	
Stax Trade Centres Plc	75.6	
Offer - Vent Axia		
Tenderer	Score	
Edmundson Electrical Ltd *	95.4	
Rexel UK Ltd *	90.8	
Your Electrical Supplies, Service & Solutions (A) Ltd	81.7	
City Electrical Factors Ltd	78.3	
Holland House Electrical Co Ltd	76.8	
Offer - Xpelair		
Tenderer	Score	
Edmundson Electrical Ltd *	92.9	
Rexel UK Ltd (Offer 1) *	92.3	
The British Electrical and Manufacturing Company Ltd *	90.8	
Rexel UK Ltd (Offer 2)	85.2	
City Electrical Factors Ltd	67.9	

Lot 6 - Safety Detectors and Thermostats		
Offer - Aico		
Tenderer	Score	
Rexel UK Ltd (Offer 1) *	94.4	
Rexel UK Ltd (Offer 2) *	91.7	
The British Electrical and Manufacturing Company Ltd *	87.9	
Your Electrical Supplies, Service & Solutions (A) Ltd	74.8	
City Electrical Factors Ltd	72.1	
Holland House Electrical Co Ltd	71.8	
Edmundson Electrical Ltd	N/C	
Offer - BRK		
Tenderer	Score	
Rexel UK Ltd *	94.4	
Edmundson Electrical Ltd	N/C	
Your Electrical Supplies, Service & Solutions (A) Ltd	N/C	
Offer - Kidde		
Tenderer	Score	
Edmundson Electrical Ltd *	95.4	
The British Electrical and Manufacturing Company Ltd	83.9	
Your Electrical Supplies, Service & Solutions (A) Ltd	N/C	
Offer - Sprue		
Tenderer	Score	
The British Electrical and Manufacturing Company Ltd *	90.8	

Lot 7 - Lamps		
Tenderer		
Score		
94.6		
83.9		
61.1		
60.0		
59.2		
58.3		
58.3		
56.8		
34.2		

Lot 8 - Light Fitting and Accessories		
Tenderer		
Score		
94.6		
68.9		
64.6		
51.3		
50.0		
46.8		
43.2		
35.6		
N/C		