

Scotland Excel

To: Executive Sub Committee

On: 01 June 2018

**Report
by
Director Scotland Excel**

Tender: Salt for Winter Maintenance

Schedule: 29/17

Period: 1 July 2018 until 30 June 2022

1. Introduction and Background

The current framework for Salt for Winter Maintenance will expire on 30 June 2018. This recommendation is for the award of a renewal framework which will operate from 1 July 2018 until 30 June 2022. This framework covers a full range of salt and de-icing equipment and accessories including bulk and bagged rock salt, marine salt and treated salt to allow councils to deliver various public services.

Councils have a statutory obligation under Section 34 of the Roads (Scotland) Act 1984 to take such steps as it considers reasonable, to prevent snow and ice endangering the safe passage of pedestrians and vehicles over public roads. This framework directly supports the councils in undertaking this key responsibility.

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 seven lots as summarised in Table 1. The lot for treated salt has been added following a request from Dumfries and Galloway Council. This framework 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	Bulk Rock Salt Delivered to Harbour/Port	30%
Lot 2	Bulk Rock Salt Delivered to Depot	50%
Lot 3	Bagged Salt	3%
Lot 4	Bulk Marine Salt Delivered to Depot	8%
Lot 5	Bulk Treated Salt Delivered to Depot	5%
Lot 6	De-Icing Products	2%
Lot 7	Equipment and Accessories	2%

As detailed in Appendix 1, 30 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:

- Falkirk Council
- North Lanarkshire Council

The above councils have long-term service contracts already in place which provide salt and gritting services to them therefore there is no requirement to participate in this arrangement.

Participation in the framework has also been confirmed by APUC and NHS. Scottish Prison Service may participate over the lifetime of the framework.

To ensure that all 32 councils have the option to use the framework, all councils, Tayside Contracts and the above-mentioned bodies and associate members have been listed in the OJEU Contract Notice as participants. (Note: Angus Council, Dundee City Council and Perth & Kinross Council are serviced via Tayside Contracts).

The contract was advertised with an estimated value of £65m over the 4 year period. The forecast annual spend for participating councils is circa £16.2m per annum.

The framework covers the supply of bulk and bagged rock salt, marine salt and treated salt as well as de-icing products, accessories and equipment.

3. Procurement Process

A UIG consisting of representatives from participating councils endorsed the procurement strategy on 25 January 2018. 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 in December 2017, which resulted in expressions of interest from 13 undertakings. 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 12 March 2018 with the tender documentation being made available for immediate download from 14 March 2018, 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 18%
Commercial 82%

Technical Scoring

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 resources, service and sustainability, as well as questions regarding the bidder's approach to contingency planning in the case of emergency situations. 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 are able to service.

Area	Type of Question	Scoring Methodology	Maximum Score Available
Contingency Plans	Method Statement	Five-Point Scoring Methodology	5
Resources and Service	Method Statement	Five-Point Scoring Methodology	5
Sustainability	Method Statement	Five-Point Scoring Methodology	2
Community Benefits	Method Statement	Banded Scoring	3
Fair Work Practices	Method Statement	Five-Point Scoring Methodology	3
		TOTAL	18

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 de-icing products, accessories and equipment as well as prices for bulk salt per tonne and bagged salt supplied in various sized bags.

Fixed pricing for 12 months was requested for all lots.

4. Report on Offers Received

The tender document was downloaded by 17 undertakings, with 9 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 9 suppliers across the seven lots as outlined in Appendix 3.

The 9 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 small and medium organisations, with all 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 was based on the existing framework prices and compared these against the new framework prices for the appropriate supplier, pro-rata for each council. This was based on a percentage of lot spend for bulk products only.

Primarily due to significant increases in shipping logistics costs, there will be an average cost increase of 11.1% to councils. It should be noted that Scotland Excel have taken all appropriate measures to attempt to mitigate this impact, however much of the bulk salt is sea freighted to various Scottish ports from sources primarily out with mainland Britain and sea freight charges have seen increases of between 15-25% over the last two years, operating port costs increasing by circa 6% per annum and onward road haulage increasing by 3% from its position in 2015.

It should also be noted that councils had benefited from a steady pricing structure for the full four-year framework period within the current arrangement

and that appropriate price stability and control measures have been built in to this new arrangement.

Price Stability

All service providers have agreed to the 12-month fixed price period at the start of the framework and one supplier has agreed to fix their prices for the lifetime 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;

- Sustainable/innovative products being researched/developed
- Sustainable/innovative methods of recycling of products and packaging
- Reducing carbon footprint

Bidders were asked to provide details of initiatives to reduce waste in the manufacture, use or consumption of the commodity, as well as consider policies to reduce, reuse, recycle and dispose. Bidders were evaluated assessing sustainability factors, including reduction to landfill, reducing CO2 emissions, efficient deliveries and environmental targets. Suppliers were encouraged to offer creative sustainable solutions and innovation for the lifetime of the framework.

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 of labour/products to assist in community projects
- Offer training sessions to council apprentices
- Workshop/school/college event
- Work experience placements to school pupils

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 9 recommended service providers, 8 have confirmed payment of the Living Wage to their workforce.

- 1 is currently going through the process of becoming an accredited Living Wage employer
- 7 have confirmed that they are not yet accredited Living Wage employers however do pay the Living Wage to all staff
- 1 is not an accredited Living Wage Employer and does 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 plan to work with this supplier during the lifetime of the new framework to encourage their commitment to pay all staff the Living Wage. As well as this, Scotland Excel will work with the suppliers who have not yet gained their accreditation to encourage them to achieve this over the lifetime of the framework also.

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 1 arrangement in terms of both risk and spend requiring six monthly to annual supplier and user group reviews as appropriate.

8. Summary

This framework for Salt for Winter Maintenance aims to maximise collaboration, allow members to deliver the various services they provide as well as support them with their Roads' Winter Maintenance Programmes through delivery of 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 agreement to the suppliers as detailed in Appendix 3.

Appendix 1 – Participation, Spend and Savings Summary – Salt for Winter Maintenance 29-17

Member Name	Participate In Framework	Participation Entry	Estimated Annual Spend	Source of Spend	% Estimated	Estimated Annual	Basis of Savings Calculation
		Date			Forecast Savings	Savings (£)	
Aberdeen City	Yes	Contract Start	£300,000	Contract MI	-9.8%	-£29,460	Benchmarked Current Contract
Aberdeenshire	Yes	Contract Start	£1,500,000	council confirmed	-8.9%	-£133,950	Benchmarked Current Contract
Angus	Yes	Contract Start	£2,500				Service under Tayside Contracts
Argyll & Bute	Yes	Contract Start	£600,000	council confirmed	-11.4%	-£68,640	Benchmarked Current Contract
Clackmannanshire	Yes	Contract Start	£38,000	council confirmed	-4.8%	-£1,832	Benchmarked Current Contract
Comhairle nan Eilean Siar	Yes	Contract Start	£240,000	council confirmed	-11.3%	-£27,216	Benchmarked Current Contract
Dumfries & Galloway	Yes	Contract Start	£320,000	council confirmed	-9.3%	-£29,600	Benchmarked Current Contract
Dundee City	Yes	Contract Start	£2,500				Service under Tayside Contracts
East Ayrshire	Yes	Contract Start	£457,338	council confirmed	-12.8%	-£58,631	Benchmarked Current Contract
East Dunbartonshire	Yes	Contract Start	£150,000	Contract MI	-10.0%	-£14,925	Benchmarked Current Contract
East Lothian	Yes	Contract Start	£190,000	council confirmed	-23.0%	-£43,605	Benchmarked Current Contract
East Renfrewshire	Yes	Contract Start	£230,000	council confirmed	-10.0%	-£22,885	Benchmarked Current Contract
Edinburgh City	Yes	Contract Start	£244,000	council confirmed	-23.0%	-£55,998	Benchmarked Current Contract
Falkirk	No						
Fife	Yes	Contract Start	£241,284	council confirmed	-12.7%	-£30,619	Benchmarked Current Contract
Glasgow	Yes	Contract Start	£600,000	council confirmed	-8.4%	-£50,340	Benchmarked Current Contract
Highland	Yes	Contract Start	£1,600,000	council confirmed	-10.2%	-£163,520	Benchmarked Current Contract
Inverclyde	Yes	Contract Start	£300,000	council confirmed	-9.8%	-£29,340	Benchmarked Current Contract
Midlothian	Yes	Contract Start	£122,000	council confirmed	-23.0%	-£27,999	Benchmarked Current Contract
North Ayrshire	Yes	Contract Start	£387,000	Contract MI	-12.3%	-£47,408	Benchmarked Current Contract
North Lanarkshire	No						
Orkney Islands	Yes	Contract Start	£58,510	Contract MI	-9.2%	-£5,360	Benchmarked Current Contract
Perth & Kinross	Yes	Contract Start	£8,000				Service under Tayside Contracts
Renfrewshire	Yes	Contract Start	£150,000	council confirmed	8.1%	£12,075	Benchmarked Current Contract
Scottish Borders	Yes	Contract Start	£1,400,000	council confirmed	-24.8%	-£346,500	Benchmarked Current Contract
Shetland Islands	Yes	Contract Start	£260,000	council confirmed	-10.0%	-£25,870	Benchmarked Current Contract
South Ayrshire	Yes	Contract Start	£351,216	council confirmed	-12.8%	-£45,026	Benchmarked Current Contract
South Lanarkshire	Yes	Contract Start	£1,700,000	council confirmed	-8.7%	-£148,410	Benchmarked Current Contract
Stirling	Yes	Contract Start	£200,000	Contract MI	-9.6%	-£19,200	Benchmarked Current Contract
Tayside Contracts	Yes	Contract Start	£2,000,000	council confirmed	11.5%	£230,200	Benchmarked Current Contract
The Moray	Yes	Contract Start	£565,000	council confirmed	-10.9%	-£61,416	Benchmarked Current Contract
West Dunbartonshire	Yes	Contract Start	£102,240	Contract MI	-10.0%	-£10,173	Benchmarked Current Contract
West Lothian	Yes	Contract Start	£1,500,000	council confirmed	-23.0%	-£344,250	Benchmarked Current Contract
			£15,819,588		-11.1%	-£1,599,896	

Council saving/cost validation ongoing

Appendix 2 - SME Status

Bidder's Name	SME Status	Location	Lots Tendered
Compass Minerals UK Limited	Medium	England	2, 5
Delmon UK Limited	Small	England	1, 2, 4
Glasdon (UK) Limited	Medium	England	6, 7
ICL UK (Sales) Limited	Medium	England	2, 4
Maklad International Limited	Small	England	4
J.C. Peacock & Co., Limited	Medium	Glasgow & Strathclyde	3, 4, 6, 7
Salt and Grit Solutions Ltd	Small	Glasgow & Strathclyde	3
Irish Salt Mining and Exploration Company Limited-The	Medium	Northern Ireland	1, 2
Wm Hamilton & Sons Limited	Medium	Glasgow & Strathclyde	2, 3

Appendix 3 - Scoring and Recommendations

Lot 1 - Bulk Rock Salt Delivered to Harbour/Port

Argyll and Bute	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Delmon UK Limited	68.32

North Ayrshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Delmon UK Limited	74.47

Shetland	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Delmon UK Limited	74.83

Lot 2 - Bulk Rock Salt Delivered to Depot

Aberdeen City	Final Score
** ICL UK (Sales) Limited	94.25
** Delmon UK Limited	72.22
** Compass Minerals UK Ltd	69.38
** Wm Hamilton & Sons Limited	55.49

Argyll and Bute	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Delmon UK Limited	75.16
** Compass Minerals UK Ltd	74.08
** Wm Hamilton & Sons Limited	60.32

Dumfries & Galloway	Final Score
** Compass Minerals UK Ltd	94.00
** IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	89.94
** Delmon UK Limited	78.96
** Wm Hamilton & Sons Limited	63.79

East Dunbartonshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	77.25
** Delmon UK Limited	67.90
** Wm Hamilton & Sons Limited	66.26

East Renfrewshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	78.00
** Delmon UK Limited	67.90
** Wm Hamilton & Sons Limited	66.26

Highland Council	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Delmon UK Limited	65.52

Orkney	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Delmon UK Limited	71.41

Western Isles	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Delmon UK Limited	67.52

Aberdeenshire	Final Score
** ICL UK (Sales) Limited	94.25
** Delmon UK Limited	76.13
** Compass Minerals UK Ltd	72.30
** Wm Hamilton & Sons Limited	58.08

Clackmannanshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	83.79
** Delmon UK Limited	70.10
** Wm Hamilton & Sons Limited	68.21

East Ayrshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	78.85
** Delmon UK Limited	69.43
** Wm Hamilton & Sons Limited	67.62

East Lothian	Final Score
** ICL UK (Sales) Limited	94.25
** Compass Minerals UK Ltd	85.53
** Delmon UK Limited	75.81
** Wm Hamilton & Sons Limited	66.79

Edinburgh City Council	Final Score
** ICL UK (Sales) Limited	94.25
** Compass Minerals UK Ltd	83.09
** Delmon UK Limited	75.81
** Wm Hamilton & Sons Limited	68.28

Fife	Final Score
** ICL UK (Sales) Limited	94.25
** Compass Minerals UK Ltd	82.83
** Delmon UK Limited	76.71
** Wm Hamilton & Sons Limited	68.25

Inverclyde	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	76.71
** Delmon UK Limited	68.80
** Wm Hamilton & Sons Limited	62.56

Moray	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Delmon UK Limited	70.40
** Compass Minerals UK Ltd	68.36
** Wm Hamilton & Sons Limited	56.92

Renfrewshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	77.25
** Delmon UK Limited	67.90
** Wm Hamilton & Sons Limited	66.26

South Ayrshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	80.01
** Delmon UK Limited	69.43
** Wm Hamilton & Sons Limited	63.07

Stirling	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	80.94
** Wm Hamilton & Sons Limited	68.50

West Dunbartonshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	76.51
** Wm Hamilton & Sons Limited	66.26
** Delmon UK Limited	62.92

Glasgow	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	77.62
** Delmon UK Limited	68.26
** Wm Hamilton & Sons Limited	66.58

Midlothian	Final Score
** ICL UK (Sales) Limited	94.25
** Compass Minerals UK Ltd	87.25
** Delmon UK Limited	70.83
** Wm Hamilton & Sons Limited	66.79

North Ayrshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	76.71
** Delmon UK Limited	68.80
** Wm Hamilton & Sons Limited	67.06

Scottish Borders	Final Score
** ICL UK (Sales) Limited	94.25
** Compass Minerals UK Ltd	89.47
** Delmon UK Limited	74.92
** Wm Hamilton & Sons Limited	65.31

South Lanarkshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	87.68
** Wm Hamilton & Sons Limited	75.02
** Delmon UK Limited	74.00

Tayside Contracts	Final Score
** ICL UK (Sales) Limited	94.25
** Compass Minerals UK Ltd	80.63
** Delmon UK Limited	76.71
** Wm Hamilton & Sons Limited	63.37

West Lothian	Final Score
** ICL UK (Sales) Limited	94.25
** Compass Minerals UK Ltd	78.00
** Delmon UK Limited	75.81
** Wm Hamilton & Sons Limited	73.30

Lot 3 - Bagged Salt	
Supplier	Final Score
** J.C. Peacock and Co. Limited	92.29
** Salt and Grit Solutions Limited	66.28
Wm Hamilton and Sons Limited	34.41

Lot 4 - Bulk Marine Salt Delivered to Depot	
North Lanarkshire	Final Score
** Maklad International Limited	87.50
** J.C. Peacock and Co. Limited	61.61
** Delmon UK Limited	55.20

South Lanarkshire	Final Score
** Maklad International Limited	87.50
** J.C. Peacock and Co. Limited	65.07
** Delmon UK Limited	58.97

Lot 5 - Bulk Treated Salt Delivered to Depot	
Dumfries & Galloway	Final Score
** Compass Minerals UK Ltd	94.00

Lot 7 - Equipment and Accessories	
Supplier	Final Score
** J.C. Peacock and Co. Limited	92.29
** Glasdon UK Limited	77.92

** Denotes recommended supplier

Renfrewshire	Final Score
** Maklad International Limited	87.50
** J.C. Peacock and Co. Limited	63.14
** Delmon UK Limited	56.68

Tayside Contracts	Final Score
** Maklad International Limited	87.50
** ICL UK (Sales) Limited	82.42
** Delmon UK Limited	77.20
** J.C. Peacock and Co. Limited	60.59

Lot 6 - De-Icing Products	
Supplier	Final Score
** J.C. Peacock and Co. Limited	92.29
Glasdon UK Limited	Non Compliant