

Scotland Excel

To: Executive Sub Committee

On: 16th September 2016

**Report
by
Director Scotland Excel**

Tender: Domestic Furniture and Furnishings

Schedule: 08/15

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

1. Introduction and Background

The current framework for Domestic Furniture, Furnishings and White Goods will expire on 31 October 2016. This proposed renewal framework will operate from 1 November 2016 until 31 October 2018 with an option to extend for up to two 12 month periods until 31 October 2020.

This framework will provide councils and other participating bodies a mechanism to procure a comprehensive range of domestic furniture and furnishings to enable people to live independently or to be supported in temporary accommodation via the Scottish Welfare Fund. The Scottish Welfare Fund is worth around £35 million per annum and is split between community care grants and crisis loans, with 70% of the community care grants awarded through the fund provided via the existing framework.

Key objectives for the renewal are to:

- offer reuse domestic furniture as well as new domestic furniture;
- ensure councils have sufficient competition and flexibility to effectively manage their requirements;
- enhance product specifications to guarantee the ongoing supply of robust, safe and suitable goods; and
- promote added value through community benefits and maximise opportunities for supported businesses.

2. Scope, Participation and Spend

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

Table 1: Lotting Structure

<i>Lot No.</i>	<i>Description</i>	<i>No. of products</i>
1	New Domestic Furniture	193
2	Reuse Domestic Furniture	34

Lot 1 was structured to allow councils a 'one stop shop' approach to ensure urgent requirements are fulfilled and minimise any disruption to the daily lives of people receiving the goods. Bidders were required to submit a price for a minimum of 95% of the core list items including supply, delivery, installation and disposal service elements.

Lot 2 was specifically structured to encourage third sector organisations and SME's within the reuse market to competitively tender. To align with the reuse market, the lot was split into four product categories: flooring, hard furnishings, soft furnishings and white goods, and bidders could offer for one, any, or all of the product categories.

As detailed in Appendix 1, 29 councils have confirmed their intention to participate in this framework. Dundee City, East Ayrshire, Orkney Islands and Shetland Islands have confirmed that they will not participate. East Ayrshire, Orkney Islands and Shetland Islands have their own local arrangements in place and Dundee City has an arrangement in place with a local supported business.

In addition to councils, Advanced Procurement for Universities and Colleges (APUC), River Clyde Homes and Scottish Prison Service (SPS) have confirmed participation in this framework.

To allow for potential migration from existing supply arrangements during the life of the framework, all 32 councils, associate members and the other above-named organisations were included in the Contract Notice for this framework.

The forecast annual spend for participating councils and associate members is £17.6m, equating to £70.4m over the term of the framework, including the extension period. To reflect previous Scottish Welfare Funding spend patterns, other council department participation, other public sector participation and

potential increased expenditure due to the inclusion of reuse domestic furniture, the framework was advertised at £80m for the full term of the framework.

3. Procurement Process

A User Intelligence Group (UIG) consisting of representatives from participating councils endorsed the procurement strategy on 9 December 2015.

A working group of technical council representatives was formed to review technical specifications and evaluate the tender. Product safety was identified as a priority area by the UIG therefore Scotland Excel actively engaged with Trading Standards Officers from the West of Scotland Safety Group and employed an external safety consultant to ensure the framework provides safe products. The safety consultant focused on four key areas:

- Review of core list specifications for Lot 1 and Lot 2
- Review of specification documents for Lot 1 and Lot 2
- Review of contract management processes
- Review of special conditions of contract

As a result of this detailed review the specification of a number of core products was improved to ensure the highest safety standards, this included, for example, mandating that only fully qualified electricians may be used to install electric cookers.

Furthermore, Scotland Excel worked in partnership with Sustainable Procurement Limited to scope key sustainability elements, including the production of reuse domestic furniture specifications and development of supply chains, particularly in respect to supported businesses.

Two Prior Information Notices (PIN) were published for this tender, on 26 October 2015 and 18 January 2016, with the second PIN specifically targeting reuse furniture suppliers and supported businesses. In total, 21 supplier meetings were held and these meetings helped inform the procurement strategy. During these meetings elements such as specifications, ability to service, market trends, community benefits and sustainability were discussed. Scotland Excel also engaged with relevant sector representative bodies, including the Community Resource Network Scotland (CRNS) and the British Association for Supported Employment (BASE).

To ensure maximum competition, the UIG agreed that an open tender process should be followed to establish the renewal framework. This tender was advertised on the Official Journal of the European Union and the Public Contracts Scotland portal on 11 April 2016. 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:

Lot 1

- Technical 30%
- Commercial 70%

Lot 2

- Technical 40%
- Commercial 60%

Within the technical section, bidders were required to evidence their knowledge and experience by responding to lot specific method statements covering service delivery, logistics and response, quality control, environmental sustainability, community benefits and supported businesses.

Within the commercial section, bidders were invited to offer on a lot by lot basis. Fixed pricing for 24 months was required for both lots. Bidders were also assessed on additional fixed pricing and early settlement discounts and were invited to offer discounts per lot for the supply of non-core items and sole supply.

4. Report on Offers Received

The tender document was downloaded by 52 organisations, with 11 tender responses received. One response was non compliant as the bidder failed to submit a commercial offer and one response was withdrawn.

Two of the compliant tender responses received were from consortiums consisting of 7 and 17 members.

The offers received provided full council coverage for Lot 1 however no offers were received for six councils under Lot 2. Scotland Excel will continue to liaise with these councils following award of this framework, including offering guidance with any future local procurement processes for reuse domestic furniture.

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 nine compliant offers received was completed. Appendix 3 confirms the scoring achieved by each bidder.

5. Recommendations

Under the Public Contracts (Scotland) Regulations 2012, which apply to this tendering process but were superseded by new regulations on 18 April this year, 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 six suppliers across the two lots as outlined in Appendix 3.

These six recommended suppliers offer best value and represent a mix of small and third sector organisations. The 24 organisations that make up the two recommended consortiums are composed of 23 charities and 1 social economy business. The range of suppliers recommended provides competitive options for all participating councils as well as offering a degree of choice and capacity.

6. Benefits

Savings

Scotland Excel conducted a benchmarking exercise based on current spend forecast of councils, comparing current prices paid with the lowest priced supplier submitted against the new framework, and the result of this benchmarking is listed in Appendix 1. The benchmarking shows that this framework is cost neutral to councils which is a very competitive outcome when considered alongside the increased product specifications outlined in section 3.

There is still however substantial scope for councils to achieve savings through this framework; by merely switching their top five products to alternative new furniture suppliers, councils will save 1.8%, approximately £320k per annum. Further savings can also be achieved by purchasing reuse domestic furniture.

In addition to the mandatory 24 month fixed pricing period for lot 1 and lot 2, a number of suppliers have offered further fixed pricing of between 6 and 12 months. One supplier has offered a single source discount of 1% and three suppliers have offered non-core product discounts.

Sustainable Procurement Benefits

With the assistance of Sustainable Procurement Limited, funded by Zero Waste Scotland and The Scottish Government, sustainability was embedded into all elements of this tender from inclusion of a reuse furniture lot to the development of the specification and evaluation of offers.

A sustainability method statement assessed suppliers in relation to their corporate approach to sustainability to maximise recycling, reuse and redistribution. A range of sustainable measures were outlined by suppliers including: a target to divert 0% of waste to landfill by 2019, a reduction of fuel consumption by 10%, re-distribution and recycling of furniture that has not reached its end of life with local organisations and social enterprises, repair of unwanted items for donation to charity and sustainability supplier selection criteria to ensure a sustainable supply chain.

Bidders were asked to detail community benefits initiatives they would commit to deliver during the lifetime of the framework. An encouraging and innovative range of community benefit commitments were offered by bidders including:

- Recruitment of long-term unemployed and people from disadvantaged groups to offer two, one year, work experience placements.
- 14 modern apprentices.
- Minimum of 50% of new starts to be drawn from unemployed, members of disadvantaged groups or otherwise socially marginalized groups.
- A minimum of 25% of new starts to be young people between 18 and 24.
- Establishment of a link with a community organisation in each local authority area they do business with.
- 10 x 1 week work placements per annum.
- 3000 hours work experience across target groups.
- 2 x 6 week paid internships in each year of the contract.
- Third sector and SME's will make up 98% of supply chain by 31 October 2018.

These commitments will be reported through ongoing contract management returns. Results reported on community benefits will be disseminated to councils on a six monthly basis.

Supported Business Commitment

Supported businesses deliver employment, development and training opportunities for disadvantaged or disabled persons and to help them, whenever possible, into mainstream employment. As well as providing vital employment opportunities for disabled persons, supported businesses produce quality goods and services.

As part of an innovative strategy to incorporate supported businesses into the supply base, bidders were scored on subcontracting commitments to supported businesses. The recommended suppliers have committed up to £80,000

annual subcontracting opportunities to supported businesses, with some undertaking to actively look to increase commitments during the framework period.

Scotland Excel will work closely with awarded suppliers to encourage continued and increased adoption of these organisations into their supply chain throughout the framework life.

Fair Work Practices including the Living Wage

Bidders were asked to confirm their approach to fair work practices and Scottish living wage status. Of the six recommended suppliers:

- two are accredited living wage employers; and
- two are not accredited living wage employers, but pay the living wage to all employees (except volunteers, apprentices and interns).

Two suppliers on this framework have not committed to paying employees the living wage, one of which is a third sector organisation. 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

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 as a minimum six monthly supplier meetings and the UIG will be convened on a regular basis throughout the framework period.

Scotland Excel will host a council and supplier mobilisation event which will allow the awarded suppliers to present to councils on their service delivery under the framework. In addition, suppliers and councils will be issued with a mobilisation pack containing all required details to launch the framework.

As part of regular contract management, commitments to Living Wage, supported businesses, and community benefits will all be managed and reported on a six monthly basis. Supplier performance will be regularly monitored and measured against compliance to contract terms and conditions with a particular focus on products meeting specifications, and customer service measures such as: delivery, number of complaints in proportion to number of transactions and compliance with price variance process.

8. Summary

This framework for Domestic Furniture and Furnishings aims to maximise collaboration, promote added value and deliver best value. A range of benefits can be reported in relation to savings, price stability, safety of products, community benefits and supported businesses.

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 – Domestic Furniture and Furnishings 08/15

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 November 2016	£1,800,000	Contract MI - Confirmed by Member	-1.8%	-£32,202	Benchmarked Current Contract
Aberdeenshire Council	Yes	01 November 2016	£600,000	Contract MI - Confirmed by Member	-1.5%	-£8,722	Benchmarked Current Contract
Angus Council	Yes	01 November 2016	£300,000	Contract MI - Confirmed by Member	0.8%	£2,533	Benchmarked Current Contract
Argyll & Bute Council	Yes	01 November 2016	£16,750	Contract MI - Confirmed by Member	-0.5%	-£1,668	Benchmarked Current Contract
City of Edinburgh Council	Yes	01 November 2016	£1,379,588	Contract MI - Confirmed by Member	-3.0%	-£41,405	Benchmarked Current Contract
Clackmannanshire Council	Yes	01 November 2016	£381,000	Contract MI - Confirmed by Member	0.2%	£768	Benchmarked Current Contract
Comhairle nan Eilean Siar	Yes	01 November 2016	£23,261	Member Provided	0.1%	£30	Average Saving
Dumfries & Galloway Council	Yes	01 November 2016	£4,530	Contract MI - Confirmed by Member	-2.0%	-£92	Benchmarked Current Contract
Dundee City Council	No	-	-	-	-	-	-
East Ayrshire Council	No	-	-	-	-	-	-
East Dunbartonshire Council	Yes	01 November 2016	£70,740	Contract MI	3.1%	£2,172	Benchmarked Current Contract
East Lothian Council	Yes	01 November 2016	£300,000	Contract MI - Confirmed by Member	-1.2%	-£3,690	Benchmarked Current Contract
East Renfrewshire Council	Yes	01 November 2016	£253,161	Contract MI - Confirmed by Member	-2.5%	-£6,258	Benchmarked Current Contract
Falkirk Council	Yes	01 November 2016	£1,000,000	Contract MI - Confirmed by Member	3.3%	£33,133	Benchmarked Current Contract
Fife Council	Yes	01 November 2016	£1,396,348	Contract MI - Confirmed by Member	2.2%	£30,112	Benchmarked Current Contract
Glasgow City Council	Yes	01 November 2016	£58,926	Contract MI - Confirmed by Member	2.2%	£1,298	Benchmarked Current Contract
Highland Council	Yes	01 November 2016	£760,556	Contract MI - Confirmed by Member	-3.3%	-£24,959	Benchmarked Current Contract
Inverclyde Council	Yes	01 November 2016	£52,885	Contract MI - Confirmed by Member	-4.7%	-£2,493	Benchmarked Current Contract
Midlothian Council	Yes	01 November 2016	£124,967	Contract MI - Confirmed by Member	-7.4%	-£9,187	Benchmarked Current Contract
North Ayrshire Council	Yes	01 November 2016	£1,025,000	Contract MI - Confirmed by Member	-1.0%	-£10,518	Benchmarked Current Contract
North Lanarkshire Council	Yes	01 November 2016	£1,800,000	Contract MI - Confirmed by Member	4.5%	£80,530	Benchmarked Current Contract
Orkney Islands Council	No	-	-	-	-	-	-
Perth & Kinross Council	Yes	01 November 2016	£420,000	Contract MI - Confirmed by Member	5.5%	£23,020	Benchmarked Current Contract
Renfrewshire Council	Yes	01 November 2016	£928,700	Contract MI - Confirmed by Member	0.2%	£1,857	Benchmarked Current Contract
Scottish Borders Council	Yes	01 November 2016	£65,000	Contract MI - Confirmed by Member	-3.7%	-£2,413	Benchmarked Current Contract
Shetland Islands Council	No	-	-	-	-	-	-
South Ayrshire Council	Yes	01 November 2016	£870,000	Contract MI - Confirmed by Member	1.0%	£8,678	Benchmarked Current Contract
South Lanarkshire Council	Yes	01 November 2016	£1,860,000	Contract MI - Confirmed by Member	2.8%	£51,739	Benchmarked Current Contract
Stirling Council	Yes	01 November 2016	£355,000	Contract MI - Confirmed by Member	6.5%	£23,226	Benchmarked Current Contract
The Moray Council	Yes	01 November 2016	£249,518	Contract MI - Confirmed by Member	-8.0%	-£19,893	Benchmarked Current Contract
West Dunbartonshire Council	Yes	01 November 2016	£196,627	Contract MI - Confirmed by Member	2.2%	£4,384	Benchmarked Current Contract
West Lothian Council	Yes	01 November 2016	£1,000,000	Contract MI - Confirmed by Member	-7.7%	-£77,103	Benchmarked Current Contract
Tayside Contracts	Yes	01 November 2016	£0	-	0.1%	£0	Average Saving
River Clyde Homes	Yes	01 November 2016	£46,795	Contract MI - Confirmed by Member	0.1%	£61	Average Saving
Totals			£17,642,601		0.1%	£22,936	

Appendix 2 - SME Status

Tenderer's Name	Status	Location	Lots Tendered
CF Services Limited	Small	East Kilbride	1
Community Resources Network Scotland#	Third Sector	Stirling	2
Elite Bedding Company Limited	Small	Glasgow	1
First Furnishings Limited	Small	Broxburn	1
Homes Complete Limited	Small	Glasgow	1
New Two Limited#	Small	Glasgow	1
Kings Wholesale Fabrics Limited(NC)	Small	Glasgow	2
Spruce Carpets Ltd	Third Sector	Glasgow	2
The Furnishing Service Limited	Small	East Kilbride	1
Underley Furnishings Limited T/A Furnished Homes	Small	Glasgow	1

Denotes Consortium

(NC) Denotes non-compliant supplier

Appendix 3 - Scoring and Recommendations

Lot 1: New Domestic Furniture			
Tenderer	Technical Score	Commercial Score	Total Score
The Furnishing Service Limited*	26.0	65.4	91.4
First Furnishings Limited*	26.4	63.2	89.6
New Two Limited#	16.5	67.4	83.9
CF Services Limited*	26.0	54.2	80.2
Underley Furnishings Limited	14.3	54.6	68.9
T/A Furnished Homes	3.5	46.4	49.9
Homes Complete Limited	13.0	35.5	48.5
Elite Bedding Company Limited			

Denotes consortium

*Denotes recommended supplier

(NC) Denotes non-compliant supplier

Lot 2: Reuse Domestic Furniture			
Tenderer	Technical Score	Commercial Score	Total Score
Kings Wholesale Fabrics Limited(NC)	Non compliant	Non compliant	Non compliant
Category: Flooring			
Tenderer	Technical Score	Commercial Score	Total Score
Spruce Carpets Ltd*	35.8	58	93.8
Community Resources Network Scotland#	31.8	38.2	70
Category: Hard furnishings			
Tenderer	Technical Score	Commercial Score	Total Score
Community Resources Network Scotland#	31.8	56	87.8
Category: Soft furnishings			
Tenderer	Technical Score	Commercial Score	Total Score
Community Resources Network Scotland#	31.8	56	87.8
Category: White goods			
Tenderer	Technical Score	Commercial Score	Total Score
Community Resources Network Scotland#	31.8	56	87.8