

## **Scotland Excel**

**To: Executive Sub-Committee**

**On: 19 August 2022**

**Report by:  
Chief Executive of Scotland Excel**

**Tender: Supply and Delivery of Roadstone Materials**

**Schedule: 16/21**

**Period: 1 October 2022 until 30 September 2026**

### **1. Introduction and Background**

This recommendation is for the award of a third-generation framework for Supply and Delivery of Roadstone Materials.

This proposed framework will be for a period of up to four years from 1 October 2022 until 30 September 2026. Subject to approval and completion of a standstill period, the framework is intended to commence on 1 October 2022.

This framework covers a range of coated, uncoated and recycled roadstone, as well as ready mixed concrete to support the requirements of councils' road departments.

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 their satisfaction with the current framework and endorsed the inclusion of four lots as summarised in Table 1.

This strategy is designed to align with council requirements, whilst also recognising the current structure of the marketplace, as well as maximising opportunities for local Small to Medium sized Enterprises (SMEs) within the sector.

**Table 1: Lotting Structure**

<b>Lot Number</b>	<b>Description</b>	<b>Estimated % of Spend</b>
1	Coated Roadstone	70%
2	Uncoated Roadstone	15%
3	Recycled Roadstone	5%
4	Cementation products such as ready mixed concrete	10%

As detailed in Appendix 1, 21 Councils have confirmed that they will participate in this framework renewal. The remaining councils have their own arrangements in place with either local quarries or to cover a wider range of requirements.

Over the lifetime of the current framework, Scotland Excel has actively been engaging with councils to review their best options for this product set to and encourage both the councils and their local suppliers to participate in the Scotland Excel Framework. This has resulted in an increase from 10 councils to 21 who will utilise this new arrangement. Scotland Excel will continue to encourage uptake throughout the lifetime of this framework.

All 32 councils and associate members have the option to use the framework, and as such, were listed in the contract notice as participants and will have the opportunity to use the Scotland Excel framework where it provides them with best value.

The framework was advertised with an estimated value of £80m over the maximum 4-year period. This value was derived from anticipated council spend of c.£17.5m per annum, historical data and market analysis. The advertised value of £20m per annum allows for growth within participating Councils, as well as increased participation including cross sector collaborations.

### **3. Procurement Process**

A UIG consisting of representatives from participating councils endorsed the procurement strategy on 16 February 2022. In addition, a working group of technical and procurement representatives was formed to review the lot structure, technical specifications and participate in the evaluation.

A Prior Information Notice (PIN) containing an invitation to a preliminary market consultation in accordance with Regulation 41 of the Public Contracts (Scotland) Regulations was published on 22 September 2021 via the Public Contracts

Scotland (PCS) advertising portal which resulted in expressions of interest from 18 organisations. Suppliers were given the opportunity to provide Scotland Excel with information in relation to, but not limited to, market intelligence, market trends and sustainability initiatives to help inform the strategy.

Thereafter, in order to ensure maximum competition and the inclusion for all potential suppliers to service the framework, the UIG agreed that an open tender process should be followed to establish the framework.

The Contract Notice was published via the Find a Tender Service and the Public Contracts Scotland portal (PCS) on 24 May 2022 with the tender documentation being made available for immediate download from 24 May 2022, via the Public Contracts Scotland Tenders (PCS-T) system.

The procurement process followed a two-stage tendering procedure. At the first stage, bidders Single Procurement Document (SPD) Scotland 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.

**All Lots**

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; Operational Processes, Sustainability, Community Benefits and Fair Work First Practices. In addition to these questions, bidders were asked to provide added value suggestions to councils. These are detailed below within Table 2.

**Table 2: Technical Scoring Breakdown**

Area	Maximum Score Available
Operational Processes	12
Sustainability	3
Community Benefits	3
Fair Work First Practices	2

Bidders were also asked to confirm which council areas they had the ability to service. To encourage bids from local suppliers, SMEs and to maximise the geographical coverage available through the framework, bidders could opt to service one, some or all council areas.

Within the commercial section, bidders were invited to offer on a lot-by-lot basis and provide prices for a range of the most commonly used roadstone / concrete products. Whilst minimum requirements were set Scotland Excel reserved the right to consider all submissions received, all in accordance with the published tender documents. In addition, bidders were asked to provide prices for delivery rates on a per tonne / per cubic metre basis.

#### **4. Report on Offers Received**

The tender document was downloaded by 21 organisations, with 14 tender responses received.

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

Based on the criteria and scoring methodology set out in the published 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 14 suppliers across the four lots as outlined in Appendix 3, Scoring and Recommendations.

The 14 recommended suppliers can meet operational requirements, provide a range of choice and capacity for council members, whilst also representing a mix of small, medium and large organisations, with 11 of the recommended suppliers classified as SMEs, one of which is classified as a Micro business.

#### **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 comparing the existing framework prices against the new framework prices for each council, taking into account which suppliers have agreed to service each council. This was evaluated by

comparing the core products of Lot 1 on the current framework against the core products of Lot 1 on the renewal framework.

Given current market conditions and analysis including our indexation model, it was anticipated that an increase for roadstone materials was likely, and benchmarking has confirmed an average increase of around 1.97%. This is representative of the ongoing challenging market conditions faced by suppliers over the course of the last year. The difficulties to the economy faced by the Ukraine-Russian war have driven increases in fuel and freight. Quarrying companies have also been faced with the removal of fuel duty exemption on plant equipment and rising energy costs.

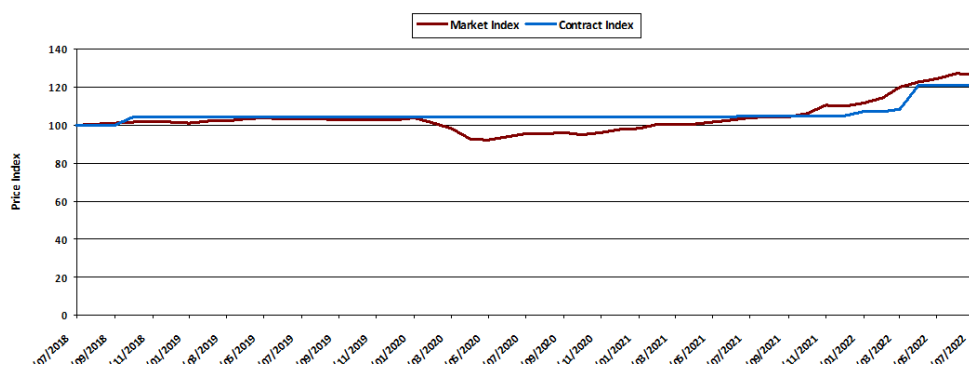
Analysis of our Indexation model, which predicts framework performance against market movement, demonstrates that our current framework pricing was approx. 6% below the market, as demonstrated in Figure 1 below. When this is considered with the 1.97% increase, it is forecast that there will an average of 4% cost avoidance against current market pricing. It would be anticipated that the reported on cost of 1.97% could be reduced by councils, if they utilised the mini-competition call off option which could see discounts for bulk buying and eliminating individual delivery costs.

### Indexation Report - Roadstone



Schedule No: 2817  
 Contract Title: Roadstone  
 Contract Manager: David Kerr  
 Start Date: 01/07/2018

Index	Type	Index Weighting (%)
Road Fuel - Diesel	Standard	20
Consumer Price Index	Standard	20
Building Materials - Coated Roadstone - Excl Le	Specific	20
Building Materials - Crushed Rock - Incl Levy	Specific	15
Building Materials - Sand & Gravel - Incl Levy	Specific	10
Building Materials - Ready Mixed Concrete	Specific	10
Venezuela Crude Oil	Specific	5



**Notes:**  
 The Contract Index tracks the general movement in contract prices and not the actual contract price paid. The Market Index tracks the general market movement against a weighted basket of relevant indices and not the current index levels. This report should be used as a guide only.

Produced by Scotland Excel - 26/07/2022

Figure 1: Roadstone Indexation Report

Potential savings and cost avoidance at point of call off by councils may vary due to the variable costs of distribution from the location of quarry to destination.

Distribution costs have been identified within the tender to assist councils in achieving best value.

### **Price Stability**

All service providers have agreed to the stated fixed price period of four months at the start of the framework. Provision thereafter is for price reviews quarterly for all lots to accommodate market fluctuations and the applicable contract conditions were drafted to reflect this, and to accommodate 'exceptional' circumstances. All requests for price increases will be evaluated against prevailing market conditions and require supporting documentary evidence.

### **Rebate**

This framework is subject to a retrospective rebate being paid to Scotland Excel on spend data per supplier per annum over £500,000. The rebate will be calculated based upon all framework spend reported through supplier management information returns.

### **Sustainable Procurement Benefits**

Within the technical section of the tender, the sustainability method statement assessed bidders on how they would provide a positive environmental impact and support the Scottish Governments' Climate change policies for achieving Net Zero.

A range of sustainable measures were outlined by bidders including;

- Recycling aggregates where possible;
- Implementing environmental initiatives;
- Controlling their fleet/vehicle environmental standards;
- Reducing carbon footprint and emissions;
- Waste reduction; and
- End of life recycling / disposing.

6 of the recommended suppliers also have a documented policy on how their organisation will achieve Net Zero.

### **Community Benefits**

Scotland Excel is committed to maximising community benefits delivered through the framework for our members and local communities.

As part of the tender process, suppliers were required to confirm whether they would comply with our community benefits approach for the lifetime of the framework and were scored on their ability to deliver it.

This approach is designed to deliver local community benefits based on individual members spend thresholds as well as an overall framework spend threshold to ensure the community benefits being delivered is maximised.

All 14 of the recommended suppliers confirmed their acceptance of the community benefits approach.

The community benefits approach focused on supporting the Scottish Government's National Performance Framework, and the benefits delivered should support, but are not limited to, the following indicators:

- We live in a Scotland that is the most attractive place for doing business in Europe
- We realise our full economic potential with more and better employment opportunities for our people
- Our young people are successful learners, confident individuals, effective contributors and responsible citizens;
- We reduce the local and global environment impact of our consumption and production.

### **Fair Work First Practices including the Real Living Wage**

Scotland Excel and its members are committed to the delivery of high-quality public services and recognise that this is dependent on a workforce that is well-rewarded, well-motivated, well-led, has access to appropriate opportunities for training and skills development, are diverse and is engaged in decision making.

Within the technical section suppliers were asked a question on their approach to fair work practices and payment of the Real Living Wage to their workforce. This question was in accordance with the applicable Scottish Government guidance on "Fair Work First in Scottish Procurement".

Suppliers approach to fair work practices, included a range of positive work initiatives such as:

- Equal pay for work of equal value
- Training and development and apprenticeship programs
- Performance reviews
- Flexible working hours
- Providing channels for effective voice such as Employee working group, engaging with unions and other feedback mechanisms.

As detailed in Appendix 4, of the 14 recommended suppliers, 10 pay the Real Living Wage. Of these, 2 are accredited Real Living Wage Employers, 1 is currently progressing through the Living Wage accreditation process, 1 is committed to becoming accredited within two years and the remaining 6 suppliers are not accredited by the Living Wage Foundation but pay the Real Living Wage to all employees (except volunteers, apprentices and interns).

Of the 4 suppliers who do not pay all of their staff the Real Living Wage, 1 has committed to do so within the first 2 years of the framework. Scotland Excel will continue to work with suppliers to encourage greater coverage in those that pay the Real Living Wage, and also to monitor additional commitment made.

## **7. Contract Mobilisation and Management**

All suppliers and participating members will be issued with a mobilisation pack containing all required details to launch the framework. Each supplier will be offered a mobilisation meeting, 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 class D. As such it will require annual supplier and user group reviews as appropriate. During the current market conditions Scotland Excel will continue to engage with suppliers on a regular basis to manage the response supply issues and ensure continuity of this essential service delivery for our members.

Meetings and engagement undertaken with suppliers will adhere to all applicable health and safety guidelines.

## **8. Summary**

This framework for the supply and delivery of roadstone and ready mixed concrete aims to maximise collaboration, support councils' roads departments to deliver the various services they provide, promote added value and deliver best value. A range of benefits can be reported in relation to best value, 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, Scoring and Recommendations.



## Appendix 1 – Participation and Spend Summary – Supply and Delivery of Roadstone Materials 1621

Local Authority	Participation in contract	Participation Entry Date	Estimated Annual Spend	Source of Spend Data	Indexation (%)	% Estimated Forecast Savings	Basis of Savings Calculation
Aberdeen City	Yes	01-Oct-22	£250,000	Council Confirmed	6%	-1.97%	Benchmarking
Aberdeenshire	Yes	01-Oct-22	£500,000	Council Confirmed	6%	-1.97%	Benchmarking
Angus	Through T.C.	TBC	£0	Tayside Contracts	6%	-1.97%	Benchmarking
Argyll & Bute	Yes	01-Oct-22	£0	Council Confirmed	6%	-1.97%	Benchmarking
Clackmannanshire	Yes	01-Oct-22	£375,000	MI Data	6%	-1.97%	Benchmarking
Comhairle nan Eilean Siar	No	-	£0	Council Confirmed	6%	-1.97%	Benchmarking
Dumfries & Galloway	Yes	01-Oct-22	£500,000	Council Confirmed	6%	-1.97%	Benchmarking
Dundee City	Through T.C.	TBC	£0	Tayside Contracts	6%	-1.97%	Benchmarking
East Ayrshire	Yes	01-Oct-22	£1,500,000	Council Confirmed	6%	-1.97%	Benchmarking
East Dunbartonshire	No	-	£0	Council Confirmed	6%	-1.97%	Benchmarking
East Lothian	Yes	01-Oct-22	£750,000	Council Confirmed	6%	-1.97%	Benchmarking
East Renfrewshire	Yes	01-Oct-22	£875,000	MI Data	6%	-1.97%	Benchmarking
Edinburgh City	Yes	01-Oct-22	£1,250,000	Council Confirmed	6%	-1.97%	Benchmarking
Falkirk	Yes	01-Oct-22	£1,500,000	Council Confirmed	6%	-1.97%	Benchmarking
Fife	No	-	£0	Council Confirmed	6%	-1.97%	Benchmarking
Glasgow City	No	-	£0	Council Confirmed	6%	-1.97%	Benchmarking
Highland	Yes	01-Oct-22	£375,000	Council Confirmed	6%	-1.97%	Benchmarking
Inverclyde	Yes	01-Oct-22	£750,000	Council Confirmed	6%	-1.97%	Benchmarking
Midlothian	Yes	01-Oct-22	£0	Council Confirmed	6%	-1.97%	Benchmarking
Moray	Yes	01-Oct-22	£250,000	MI Data	6%	-1.97%	Benchmarking
North Ayrshire	Yes	01-Oct-22	£1,000,000	Council Confirmed	6%	-1.97%	Benchmarking
North Lanarkshire	No	-	£0	Council Confirmed	6%	-1.97%	Benchmarking
Orkney Islands	No	-	£0	Council Confirmed	6%	-1.97%	Benchmarking
Perth & Kinross	Through T.C.	TBC	£0	Tayside Contracts	6%	-1.97%	Benchmarking
Renfrewshire	Yes	01-Oct-22	£625,000	MI Data	6%	-1.97%	Benchmarking
Scottish Borders	Yes	01-Oct-22	£0	Council Confirmed	6%	-1.97%	Benchmarking
Shetland Islands	No	-	£0	Council Confirmed	6%	-1.97%	Benchmarking
South Ayrshire	Yes	01-Oct-22	£250,000	Council Confirmed	6%	-1.97%	Benchmarking
South Lanarkshire	Yes	01-Oct-22	£6,000,000	Council Confirmed	6%	-1.97%	Benchmarking
Stirling	No	-	£0	Council Confirmed	6%	-1.97%	Benchmarking
Tayside Contracts	TBD	TBC	TBD	TC awaiting to access	6%	-1.97%	Benchmarking
West Dunbartonshire	Yes	01-Oct-22	£750,000	Council Confirmed	6%	-1.97%	Benchmarking
West Lothian	Yes	01-Oct-22	£375,000	Council Confirmed	6%	-1.97%	Benchmarking
<b>Total</b>			<b>£17,875,000</b>				

**Appendix 2 - SME Status – Supply and Delivery of Roadstone Materials 1621**

<b>TENDERER</b>	<b>SME STATUS</b>	<b>LOCATION</b>	<b>LOTS OFFERED</b>	<b>LOTS AWARDED</b>
A&W Sinclair Ltd	Micro	Wick	2, 4	2, 4
Breedon Trading Limited	Large	Breedon on the Hill, Derby	1, 2, 3, 4	1, 2, 3, 4
GPH Builders Merchants Limited	Medium	Inverurie	2, 4	2, 4
Grange Quarry Limited	Small	Lockerbie	2	2
Hillhouse Quarry Group Limited	Medium	Troon	1, 2, 3, 4	1, 2, 3, 4
John Gunn & Sons Limited	Small	Lybster	1, 2, 3, 4	1, 2, 3, 4
Leiths (Scotland) Limited	Large	Aberdeen	1, 2, 3, 4	1, 2, 3, 4
Luce Bay Plant Hire Limited	Medium	Stranraer	2, 3, 4	2, 3, 4
Patersons of Greenoakhill Limited	Medium	Coatbridge	2, 4	2, 4
Pat Munro (Alness) Limited	Medium	Ross-shire	1, 2, 4	1, 2, 4
Skene Group Construction Services Limited	Medium	Glenrothes	2	2
Tarmac Trading Limited	Large	Solihull	1, 2, 4	1, 2, 4
Tillicoultry Quarries Limited	Medium	Kincardine on Forth	1, 2, 4	1, 2, 4
William Thompson & Son (Dumbarton) Limited	Medium	Dumbarton	2, 3, 4	2, 3, 4

### Appendix 3 - Scoring and Recommendations – The Supply and Delivery of Roadstone Materials 1621

LOT 1 - COATED ROADSTONE		
Tenderer	Score	Awarded
Hillhouse Quarry Group Limited	96.05	Yes
Tillicoultry Quarries Limited	91.12	Yes
Tarmac Trading Limited	74.76	Yes
Breedon Trading Limited	65.98	Yes
Leiths (Scotland) Limited	61.50	Yes
Pat Munro (Aness) Limited	58.84	Yes
John Gunn & Sons Limited	57.84	Yes

LOT 3 - RECYCLED ROADSTONE		
Tenderer	Score	Awarded
William Thompson & Son (Dumbarton) Limited	94.34	Yes
Breedon Trading Limited	93.89	Yes
Hillhouse Quarry Group Limited	91.71	Yes
Leiths (Scotland) Limited	89.44	Yes
John Gunn & Sons Limited	89.29	Yes
Luce Bay Plant Hire Limited	85.53	Yes

LOT 2 - UNCOATED ROADSTONE		
Tenderer	Score	Awarded
Tillicoultry Quarries Limited	96.96	Yes
A&W Sinclair Ltd	90.67	Yes
John Gunn & Sons Limited	87.96	Yes
Hillhouse Quarry Group Limited	85.90	Yes
Breedon Trading Limited	81.13	Yes
Luce Bay Plant Hire Limited	79.38	Yes
GPH Builders Merchants Limited	77.03	Yes
Tarmac Trading Limited	74.28	Yes
William Thompson & Son (Dumbarton) Limited	73.37	Yes
Grange Quarry Limited	71.93	Yes
Patersons of Greenoakhill Limited	71.87	Yes
Leiths (Scotland) Limited	70.54	Yes
Pat Munro (Aness) Limited	69.59	Yes
Skene Group Construction Services Limited	60.06	Yes

LOT 4 - READY MIX CONCRETE		
Tenderer	Score	Awarded
Patersons of Greenoakhill Limited	85.94	Yes
A&W Sinclair Ltd	83.88	Yes
Breedon Trading Limited	83.29	Yes
Tillicoultry Quarries Limited	82.10	Yes
Luce Bay Plant Hire Limited	81.83	Yes
William Thompson & Son (Dumbarton) Limited	81.82	Yes
Hillhouse Quarry Group Limited	78.08	Yes
Leiths (Scotland) Limited	75.56	Yes
John Gunn & Sons Limited	73.23	Yes
Pat Munro (Aness) Limited	72.02	Yes
Tarmac Trading Limited	64.61	Yes
GPH Builders Merchants Limited	64.07	Yes

## Appendix 4 – List of Recommended Suppliers with Living Wage Status

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
SUPPLIER	Accredited	Currently going through the process of becoming a Real Living Wage employer	Pay Real Living Wage to all employees, and committed to gaining accreditation over the initial 2 years of framework	Pay Real Living Wage to all employees, but not accredited	Neither accredited nor paying Real Living Wage, but do commit to pay the Real Living Wage to all employees over the initial 2 years of the framework	Neither accredited nor paying Real Living Wage
A&W Sinclair Ltd				X		
Breedon Trading Limited						X
GPH Builders Merchants Limited						X
Grange Quarry Limited				X		
Hillhouse Quarry Group Limited	X					
John Gunn & Sons Limited	X					
Leiths (Scotland) Limited		X				
Luce Bay Plant Hire Limited			X			
Patersons of Greenoakhill Limited						X
Pat Munro (AIness) Limited					X	
Skene Group Construction Services Limited				X		
Tarmac Trading Limited				X		
Tillicoultry Quarries Limited				X		
William Thompson & Son (Dumbarton) Limited				X		

## **Appendix 5 – Segmentation Classifications**

1621 Supply and Delivery of Roadstone Materials is classified as class D.

There are five segmentation classifications and these classifications are rated from Class A to Class E. Each classification has contract and supplier management activities associated with it based on pre-determined weighted criteria.

### **Class A**

Due to the unique and bespoke nature of the frameworks that fall within this class, a contract management plan to be developed and agreed with CSG.

### **Class B**

Quarterly supplier contact, six monthly surveys, annual UIG, frequent support to councils, suppliers and external stakeholders requiring high level of procurement expertise, extensive contract monitoring.

### **Class C**

Six monthly supplier contact, six monthly to annual surveys, annual UIG, regular support to councils, suppliers and external stakeholders requiring procurement expertise, high contract monitoring.

### **Class D**

Annual supplier contact, annual surveys, optional annual UIG, ad-hoc support to councils, suppliers and external stakeholders potentially requiring procurement expertise, regular contract monitoring.

### **Class E**

Annual supplier contact (if required), optional annual surveys, no requirement for annual UIG, straightforward ad-hoc support to councils, suppliers and potentially requiring procurement assistance, basic contract monitoring.