

**Scotland Excel****To: Executive Sub Committee****On: 22 November 2019****Report  
by  
Director Scotland Excel****Tender: Supply and Delivery of Plumbing and Heating Materials****Schedule: 2318****Period: 1 December 2019 until 30 November 2022 with the option to extend for up to 12 months until 30 November 2023 (effective from 10 December 2019)****1. Introduction and Background**

The current framework for Plumbing and Heating Materials has been in place since 1 December 2015 and will expire on 30 November 2019 at the conclusion of its one-year extension. Further to User Intelligence Group (UIG) discussions and based upon the high level of satisfaction with the current framework, it was agreed that a renewal framework should be established.

This framework will provide councils and other participating bodies with a mechanism to procure a range of plumbing and heating materials in support of construction projects, ongoing maintenance schedules and ad hoc repairs. Council departments likely to use the framework include stores and housing maintenance.

This fourth-generation framework delivers flexibility and choice for members through the inclusion of multi-offer lots. Key enhancements delivered in the renewal include an amended lot structure to facilitate ease of call-off and the addition of a specialist lot for adapted products. Furthermore, a revised approach to community benefits will maximise the delivery of local outcomes.

**2. Scope, Participation and Spend**

As part of strategy development, the UIG approved the inclusion of six lots as summarised in Table 1. This lotting approach was designed to align with council requirements while recognising the structure of the supply chain. The multi-offer approach maximised the opportunity for small and medium enterprises (SMEs) to bid, thereby increasing competition and offering a range of options for members.

*Table 1: Lotting Structure*

Lot Title	Number of products	Estimated % of spend
Lot 1 – Solder Ring, DZR, Brass, Cast Iron and Copper & Lead	125	19%
Lot 2 – External and Internal Plastic Pipe	116	8%
Lot 3 – Boilers	43	22%
Lot 4 – Radiators	35	6%
Lot 5 – Sanitary Ware, Sink Tops & Taps and Showers & Accessories	167	40%
Lot 6 – Adaptations	90	5%

As detailed in Appendix 1, 28 councils have confirmed their intention to participate. East Ayrshire, Stirling, West Lothian and Scottish Borders councils have confirmed they will not be participating as they have their own arrangements in place.

In addition to councils, the NHS, River Clyde Homes, Rossie Secure Accommodation Services, Edinburgh Leisure, Dunedin Canmore Housing Association and Scottish Prison Service (SPS) have also confirmed an intention to participate in the framework. City Building (Glasgow) who purchase plumbing and heating materials for Glasgow City Council, have confirmed they will transition to the framework in year three, at the expiry of their local arrangements.

Taking into consideration forecast annual spend for participating councils and associate members, with contingencies, the projected annual contract value of the renewal is £22.5 million.

### **Procurement Process**

A UIG consisting of representatives from participating members agreed the procurement strategy. In addition, a working group consisting of technical and procurement representatives was formed to review technical specifications and the core product list.

Engagement with the market was carried out via a Prior Information Notice (PIN) which was published on 21 December 2018 whereby suppliers were invited to meet with Scotland Excel. Meetings were held with potential bidders including both incumbent and new suppliers to inform the strategy.

This framework was advertised in the Official Journal of the European Union (OJEU) and the Public Contracts Scotland (PCS) portal on the 23 August 2019. The tender process was conducted using the Public Contracts Scotland Tender (PCS-Tender) system.

The procurement process followed an open tender process to ensure maximum competition and the inclusion for all potential suppliers to service the framework. All bidders were examined against selection criteria, using the European Single Procurement Document (ESPD) and award criteria, concurrently. The award criteria included technical and commercial sections that 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. These statements covered service and delivery, sustainability, management of non-core spend/contract management and fair work practices. Bidders were also assessed in relation to their conformance to an updated community benefit approach and additional fixed pricing.

Within the commercial section, bidders' commercial offers were assessed on a lot-by-lot basis. Retrospective rebates were also scored. Bidders were invited to offer a range of unscored discounts including non-core items, collection, single source and delivery to central stores and contract support for gas spares for the boiler lot (Lot 5).

### **3. Report on Offers Received**

Offers were received by 12 bidders; however, one bidder rejected the terms and conditions and subsequently withdrew their offer. A summary of the 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 offers received was completed. Appendix 3 confirms the scoring achieved by each bidder.

### **4. 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 nine suppliers across six lots as outlined in Appendix 3.

These nine recommended suppliers can meet the full geographical coverage and represent a mix of small, medium and large organisations, with four of the recommended suppliers classified as SMEs.

### **5. Benefits**

#### **Benchmarking**

Scotland Excel conducted a benchmarking exercise for members, the results are detailed in Appendix 1. The projected average saving across members equates to 2.1%, an annual total saving of £449,764 based on forecast spend levels. This is a conservative figure as further savings may be achieved where members opt to amend branding.

In addition to the projected average savings, the current framework efficiency is 3.5% below market indices. A range of discounts were also offered such as single source, delivery to central stores, early settlement, non-core, collection and sole supply. Five of the nine recommended suppliers have offered retrospective rebates across all lots they have been awarded to ranging from 0.5% to 2%.

### **Price Stability**

The framework applies fixed pricing periods of six months for all lots (1-6) excluding all items under the 'Copper and Lead' product grouping within Lot 1. A fixed pricing period of three months will be applied for all items under the 'Copper and Lead' product grouping due to the volatility of items in this lot. In addition to the mandatory fixed pricing periods, four of the recommended suppliers offered an additional six months fixed pricing on all lots (1-6) and one of the recommended suppliers offered an additional three months fixed pricing on all items under the 'Copper and Lead' product grouping. Thereafter, price reviews are possible once every six months for all lots and every three months for all items under the 'Copper & Lead' product grouping in lot 1. All requests for price increases will be evaluated against prevailing market conditions and require to be supported by documentary evidence.

### **Sustainable Procurement Benefits**

Within the technical section of the tender, the sustainability method statement assessed bidders in relation to their activities undertaken to comply with relevant legislation and regulations. This statement assessed how to minimise environmental impacts of the framework supply chain, promote the reduction of waste, contribute to the reduction of Scotland's carbon footprint, reuse materials and waste reduction programs (circular economy). Bidders were also assessed on how they would support the delivery of relevant national outcomes and indicators as identified in the procurement strategy.

A range of sustainable measures were outlined by bidders such as adopting route plans and identifying efficient, fuel reducing distribution routes to decrease emissions. Technology used to monitor the efficiency of fleet transportation and help contribute to the reduction of fuel consumption, miles travelled and reduce Scotland's carbon footprint was mentioned by multiple suppliers. Other submissions offered both exploration and piloting of electric vehicles, the recycling of off cuts to contribute to the reduction of waste to landfill and the conversion of site waste into fuel energy. Suppliers continue to deliver alternative packaging solutions by sourcing packaging from recycled materials, the use of acetone recycling machines to increase the volumes and efficiency of recycling materials and packaging.

### **Community Benefits**

As part of an updated approach and to improve the economic, social or environmental wellbeing of members, all recommended suppliers have committed to delivering community benefits for the duration of the framework. This will improve any member area meeting required spend thresholds.

The community benefits approach was designed to ensure community benefits are delivered by suppliers to members in an innovative and collaborative way at a local level. This approach will be monitored as part of Scotland Excel's contract management procedures.

### **Fair Work Practices including the Scottish Living Wage**

Scotland Excel recognise that part of the delivery of high-quality public services depends 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 of the tender, this method statement assessed bidders on how they will commit to fair work practices.

Bidders were asked to describe how they would commit to Fair Work Practices for staff employed in the delivery of this framework. All bidders support equal opportunities and actively support flexible working patterns. Other benefits included training and development opportunities, healthcare and commitments to modern apprenticeships and development of young, unemployed and underprivileged people.

For information, bidders were also asked to confirm their Scottish Living Wage status which is set out in Appendix 4. One supplier is an accredited Scottish Living Wage Employer and another supplier is not an accredited Scottish Living Wage Employer but is committing to gaining accreditation over the initial two year period of the framework. Three suppliers stated they are not an accredited Scottish Living Wage Employer but pay the Scottish Living Wage to all employees (except volunteers, apprentices and interns) and the remaining four suppliers do not currently pay the Scottish Living Wage to all employees.

Scotland Excel will continue to monitor Fair Work Practices including the Scottish Living Wage status during contract and supplier management.

### **Other Benefits**

Other benefits of this fourth-generation framework include the introduction of a lot for adaptations in recognition of the need for this in housing to promote independent living. Five of the nine recommended bidders offered the utilisation of a palletised delivery and uplift process to be arranged between the council and supplier. The framework will facilitate e-auctions, supporting members to increase competition and cost savings.

## **6. Contract Mobilisation and Management**

As part of the mobilisation process, all suppliers will be invited to a contract mobilisation meeting to outline the operation of the framework, including roles and responsibilities, management information and community benefits. Both suppliers and participating members will be issued with a mobilisation pack containing all required details to utilise the framework.

Scotland Excel will explore demand for a framework launch event to provide new suppliers with an introduction to key stakeholders. Scotland Excel will monitor commitments given as part of the tender submission, for example, the Scottish living wage and community benefits.

In accordance with Scotland Excel's established contract and supplier management segmentation tool, in terms of both risk and spend, this framework is classified as class D. As such, it will require annual supplier and user group reviews as appropriate. Within the first year of the framework it is envisaged that more frequent meetings may be required to embed standard contract management procedures and expectations. Scotland Excel will collect, analyse and review detailed supplier management information on a quarterly basis.

Following on from the core product review undertaken as part of this tender development this framework will be added to the spend data repository from contract start date to increase core spend and inform ongoing purchasing patterns.

## **7. Summary**

This fourth-generation framework for the supply and delivery of plumbing and heating materials delivers key enhancements and continues to add value for members. A range of benefits can be reported including savings, price stability and sustainable procurement outcomes including a revised approach to community benefits. Positive efficiencies have been achieved through close working relationships with an already established UIG and technical panel to rationalise and develop the core list. A revised lotting structure and a new lot for adaptations has been introduced to promote ease of call-off.

The Executive Sub Committee is requested to approve the recommendations to award lots one to six of this framework agreement as detailed in Appendix 3

## Appendix 1 – Participation, Spend and Savings Summary

Member Name	Participation in Contract	Participation Entry Date	Estimated Annual Spend (£)	Source of Spend Data	Indexation (%)	% Estimated Forecast Savings	Estimated Annual Savings (£)	Basis of Savings Calculation
Aberdeen City Council*	YES	Dec-19	£1,792,316	Validated by council	3.5%	3.5%	£62,557	Benchmarked current framework
Aberdeenshire Council	YES	Dec-19	£250,000	Validated by council	3.5%	6.6%	£16,470	Benchmarked current framework
Angus Council	YES	Dec-19	£0	From SXL Management Information	3.5%	2.1%	£0	Benchmarked current framework
Argyll & Bute Council	YES	Dec-19	£79	Validated by council	3.5%	2.1%	£0	Benchmarked current framework
City of Edinburgh Council	YES	Dec-19	£3,683	Validated by council	3.5%	2.1%	£0	Benchmarked current framework
Clackmannanshire Council	YES	Dec-19	£350,000	Validated by council	3.5%	11.3%	£39,409	Benchmarked current framework
Comhairle nan Eilean Siar	YES	Dec-19	£7,666	Validated by council	3.5%	4.5%	£347	Benchmarked current framework
Dumfries & Galloway Council	YES	Dec-19	£62,483	Validated by council	3.5%	0.0%	£0	Benchmarked current framework
Dundee City Council	YES	Dec-19	£1,098,159	Validated by council	3.5%	5.4%	£59,346	Benchmarked current framework
East Ayrshire Council	NO	N/A	N/A	N/A	3.5%	2.1%	£0	Benchmarked current framework
East Dunbartonshire Council	YES	Dec-19	£100,675	Validated by council	3.5%	-0.2%	-£213	Benchmarked current framework
East Lothian Council	YES	Dec-19	£669,688	Validated by council	3.5%	0.2%	£1,146	Benchmarked current framework
East Renfrewshire Council	YES	Dec-19	£109,530	Validated by council	3.5%	4.8%	£5,229	Benchmarked current framework
Falkirk Council	YES	Dec-19	£950,000	Validated by council	3.5%	2.1%	£19,950	Benchmarked current framework
Fife Council	YES	Dec-19	£3,500,000	Validated by council	3.5%	0.4%	£14,837	Benchmarked current framework
Glasgow City Council	YES	Dec-21	£0	From SXL Management Information	3.5%	2.1%	£0	Benchmarked current framework
Highland Council	YES	Dec-19	£500,000	Validated by council	3.5%	0.6%	£2,829	Benchmarked current framework
Inverclyde Council	YES	Dec-19	£34,425	Validated by council	3.5%	0.7%	£253	Benchmarked current framework
Midlothian Council	YES	Dec-19	£210,110	Validated by council	3.5%	0.3%	£703	Benchmarked current framework
North Ayrshire Council	YES	Dec-19	£1,179,319	Validated by council	3.5%	0.1%	£813	Benchmarked current framework
North Lanarkshire Council	YES	Dec-19	£0	From SXL Management Information	3.5%	2.1%	£0	Benchmarked current framework
Orkney Islands Council	YES	Dec-19	£2,628	Validated by council	3.5%	0.3%	£0	Benchmarked current framework
Perth & Kinross Council	YES	Dec-19	£272,889	Validated by council	3.5%	5.5%	£15,090	Benchmarked current framework
Renfrewshire Council	YES	Dec-19	£1,066,985	Validated by council	3.5%	0.1%	£1,108	Benchmarked current framework
Scottish Borders Council	NO	N/A	N/A	N/A	3.5%	2.1%	£0	Benchmarked current framework
Shetland Islands Council	YES	Dec-19	£95,881	Validated by council	3.5%	0.1%	£105	Benchmarked current framework
South Ayrshire Council	YES	Dec-19	£1,474,436	Validated by council	3.5%	1.9%	£27,639	Benchmarked current framework
South Lanarkshire Council	YES	Dec-19	£4,386,289	Validated by council	3.5%	1.3%	£56,622	Benchmarked current framework
Stirling Council	NO	N/A	N/A	N/A	3.5%	2.1%	£0	Benchmarked current framework
The Moray Council	YES	Dec-19	£530,000	Validated by council	3.5%	0.8%	£4,220	Benchmarked current framework
West Dunbartonshire Council	YES	Dec-19	£695,369	Validated by council	3.5%	8.9%	£61,627	Benchmarked current framework
West Lothian Council	NO	N/A	N/A	N/A	3.5%	2.1%	£0	Benchmarked current framework
<b>Totals</b>			<b>£19,342,610</b>			<b>1.9%</b>	<b>£390,088</b>	
Associate Members	YES	Dec-19	£568,219	Validated by Associate members	3.5%	10.5%	£59,676	
<b>Totals</b>			<b>£19,910,829</b>			<b>2.1%</b>	<b>£449,764</b>	

\*validation of reported savings with member ongoing





## Appendix 2 – Summary of Offers Received

<b>Name of Tenderers</b>	<b>SME Status</b>	<b>Location</b>	<b>Lots Tendered</b>
Adaptocare Ltd	Small	Motherwell	Lot 6
AKW Medi-Care Limited	Medium	Droitwich Spa	Lot 6
City Plumbing Supplies Holdings Limited	Large	Northampton	Lots 1,2,3,4,5 and 6
Coram UK Holding Limited	Medium	Bridgnorth	Lots 5 and 6
Flame Heating Spares Limited	Small	Boldon	Lots 1,2,3 and 4
Grafton Merchanting GB Limited	Large	Birmingham	Lots 1,2,3,4,5 and 6
Jewson Limited	Large	Coventry	Lots 1,2,3,4,5 and 6
Pro Care Shower and Bathroom Centre Limited	Medium	Wigan	Lots 5 and 6
Travis Perkins Trading Company Limited	Large	Northampton	Lots 1,2,4 and 5
William Wilson Ltd	Medium	Aberdeen	Lots 1,2,3,4,5 and 6
Wolseley UK Limited	Large	Warwick	Lots 1,2,3,4,5 and 6



### Appendix 3 – Scoring and Recommendations

For multi-offer lots, where a bidder appears more than once in the tables below this means a bidder offered twice for the same brand.

Lot 1 (Single Offer) - Solder Ring/ DZR/ Cast Iron; Copper & Lead		
Bidder	Score	Awarded (Yes/No)
Wolseley UK Limited	93.00	YES
Jewson Limited	84.90	YES
City Plumbing Supplies Holdings Limited	82.46	YES
Travis Perkins Trading Company Limited	66.05	YES
William Wilson Ltd	65.62	YES
Grafton Merchanting GB Limited	48.72	NO
Flame Heating Spares Limited	45.23	NO

Lot 2 (Multi Offer) - External and Internal Plastic Pipe		
Brand - Hunter Plastics		
Bidder	Score	Awarded (Yes/No)
William Wilson Ltd	93.00	YES

Lot 2 (Multi Offer) - External and Internal Plastic Pipe		
Brand - Marley		
Bidder	Score	Awarded (Yes/No)
Wolseley UK Limited	90.37	YES
Grafton Merchanting GB Limited	90.00	YES

Lot 2 (Multi Offer) - External and Internal Plastic Pipe		
Brand - Osma		
Bidder	Score	Awarded (Yes/No)
Jewson Limited	92.75	YES

Lot 2 (Multi Offer) - External and Internal Plastic Pipe		
Brand - Polypipe		
Bidder	Score	Awarded (Yes/No)
Wolseley UK Limited	90.64	YES
Grafton Merchanting GB Limited	90.00	YES
City Plumbing Supplies Holdings Limited	82.71	YES
Jewson Limited	78.77	NO
City Plumbing Supplies Holdings Limited	76.17	NO

Lot 2 (Multi Offer) - External and Internal Plastic Pipe		
Brand - Wavin		
Bidder	Score	Awarded (Yes/No)
Wolseley UK Limited	93.00	YES
Travis Perkins Trading Company Limited	87.62	YES
City Plumbing Supplies Holdings Limited	85.19	YES

Lot 3 (Multi Offer) - Boilers		
Brand - Ariston		
Bidder	Score	Awarded (Yes/No)
William Wilson Ltd	94.00	YES

Lot 3 (Multi Offer) - Boilers		
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Brand - Baxi		
Bidder	Score	Awarded (Yes/No)
Wolseley UK Limited	94.00	YES
City Plumbing Supplies Holdings Limited	81.87	YES

Lot 3 (Multi Offer) - Boilers		
Brand - Bosch		
Bidder	Score	Awarded (Yes/No)
Wolseley UK Limited	94.00	YES
City Plumbing Supplies Holdings Limited	88.68	YES

Lot 3 (Multi Offer) - Boilers		
Brand - Direct Heating Spares		
Bidder	Score	Awarded (Yes/No)
City Plumbing Supplies Holdings Limited	91.00	YES

Lot 3 (Multi Offer) - Boilers		
Brand - Ideal		
Bidder	Score	Awarded (Yes/No)
Wolseley UK Limited	94.00	YES
Grafton Merchanting GB Ltd	84.82	YES
Jewson Limited	83.53	YES
Flame Heating Spares Limited	74.02	NO

Lot 3 (Multi Offer) - Boilers		
Brand - Interpart		

Bidder	Score	Awarded (Yes/No)
Jewson Limited	93.75	YES

Lot 3 (Multi Offer) - Boilers		
Brand - Vokera		
Bidder	Score	Awarded (Yes/No)
Jewson Limited	93.75	YES

Lot 4 (Multi Offer) - Radiators		
Brand - Caradon		
Bidder	Score	Awarded (Yes/No)
Wolseley UK Limited	93.00	YES

Lot 4 (Multi Offer) -Boilers		
Brand - Myson		
Bidder	Score	Awarded (Yes/No)
Wolseley UK Limited	93.00	YES
Jewson Limited	80.47	YES
Wolseley UK Limited	73.14	NO
City Plumbing Supplies Holdings Limited	72.38	NO
Flame Heating Spares Limited	56.19	NO

Lot 4 (Multi Offer) - Radiators		
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Brand - Purmo		
Bidder	Score	Awarded (Yes/No)
Grafton Merchanting GB Limited	90.00	YES

Lot 4 (Multi Offer) - Radiators		
Brand - Rettig		
Bidder	Score	Awarded (Yes/No)
William Wilson Ltd	93.00	YES

Lot 4 (Multi Offer) -Boilers		
Brand - Stelrad		
Bidder	Score	Awarded (Yes/No)
Jewson Limited	92.75	YES
City Plumbing Supplies Holdings Limited	80.47	YES
Travis Perkins Trading Company Limited	73.14	YES
Travis Perkins Trading Company Limited	72.38	NO

Lot 5 (Single Offer) - Sanitary Ware; Sink Tops & Taps; Showers & Accessories		
Bidder	Score	Awarded (Yes/No)
William Wilson Ltd	93.00	YES
Wolseley UK Limited	70.32	YES
PRO Care Shower & Bathroom Centre Limited	68.32	YES
Jewson Limited	62.02	YES
Travis Perkins Trading Company Limited	60.31	YES
City Plumbing Supplies Holdings Limited	58.85	YES
Grafton Merchanting GB Limited	55.39	NO
Coram UK Holding Limited	44.14	NO

Lot 6 (Multi Offer) - Adaptations		
Brand - AKW Medicare		
Bidder	Score	Awarded (Yes/No)
City Plumbing Supplies Holdings Limited	91.00	YES

Lot 6 (Multi Offer) - Adaptations		
Brand - Contour		
Bidder	Score	Awarded (Yes/No)
Jewson Limited	92.15	YES
Wolseley UK Limited	86.69	YES

Lot 6 (Multi Offer) - Adaptations		
Brand - Coram		
Bidder	Score	Awarded (Yes/No)
William Wilson Ltd	92.40	YES
Jewson Limited	75.4	NO

Lot 6 (Multi Offer) - Adaptations		
Brand - Impey		
Bidder	Score	Awarded (Yes/No)
Coram UK Holding Limited	87.60	YES
City Plumbing Supplies Holdings Limited	82.84	YES
Grafton Merchanting GB Limited	77.52	YES

Lot 6 (Multi Offer) - Adaptations		
Brand - Own Brand		
Bidder	Score	Awarded (Yes/No)
AKW Medi-care Limited	93.75	YES
Adaptocare Ltd	54.68	NO

Lot 6 (Multi Offer) - Adaptations		
Brand - Procare		
Bidder	Score	Awarded (Yes/No)
PRO Care Shower & Bathroom Centre Limited	92.00	YES

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

<b>Supplier</b>	<b>Accredited</b>	<b>currently going through the process of becoming an accredited Scottish Living Wage Employer.</b>	<b>Committed to gaining accreditation over the initial two years of framework</b>	<b>Pay Scottish Living Wage to all employees (except, volunteers, apprentices and interns) but not accredited</b>	<b>Not accredited and do not currently pay the Scottish Living Wage to all employees, but will commit to paying the Scottish Living Wage to all employees (except volunteers, apprentices &amp; interns) within initial two years of framework</b>	<b>Neither accredited nor paying the Scottish Living Wage</b>
AKW Medicare Ltd				YES		
City Plumbing Supplies Holdings Limited				YES		
Coram UK Holding Limited				YES		
Grafton Merchating GB Limited						YES
Jewson Ltd						YES
PRO Care Shower and Bathroom Centre Limited			YES			
Travis Perkins Trading Company Limited	YES					
William Wilson Ltd						YES
Wolseley UK Limited						YES