

Scotland Excel

To: Executive Sub-Committee

On: 19 February 2021

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

Tender: Domestic Furniture and Furnishings

Schedule: 2019

Period: 1 February 2021 until 31 January 2024 with an option to extend up to 12 months until 31 January 2025

1. Introduction and Background

This recommendation is for the award of the third-generation renewal framework for Domestic Furniture and Furnishings.

The current framework will expire on 28 February 2021 after an additional extension period. This was put in place to provide supplier relief and to ensure continuity of service to member councils during the first impacts of the coronavirus (COVID-19) pandemic in line with applicable law and guidance.

This proposed renewal framework was advertised for the period from 1 February 2021 until 31 January 2024 with the option to extend for up to 12 months until 31 January 2025 and it is intended to commence on 2 March 2021.

This framework will provide councils and other participating bodies with a mechanism to procure a comprehensive range of domestic furniture and furnishings, enabling people to live independently or to be supported in temporary accommodation via the Scottish Welfare Fund.

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 lot structure encompasses requirements for both new and reuse furniture markets.

Table 1: Lotting Structure and Estimated Spend

Lot Number	Description	Estimated % of Spend Through Lot
1	New Furniture	95%
2	Reuse Furniture	5%

The lotting structure was designed to be representative of the marketplace and member purchasing patterns as well as maximising opportunities for Small to Medium Sized Enterprises (SMEs) to bid.

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. Lot 2 was specifically structured to encourage third sector organisations and SMEs 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, 31 councils have confirmed their intention to participate in this framework. Shetland Islands have confirmed that they do not currently intend to participate as they have their own local arrangement in place, however the framework was advertised to allow for use by all councils. In addition to councils, Advanced Procurement for Universities and Colleges (APUC) and several housing associations have indicated their intention to participate.

Taking into account forecast annual spend for participating members, with contingency, the total projected contract value is £105 million. This includes the additional £38 million allocated by the Scottish Government to local authorities to administer the Scottish Welfare Fund.

3. 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.

Scotland Excel has taken cognisance of the current situation and impact during the tender exercise of the Coronavirus/COVID-19 outbreak. Balancing the current situation with the need to provide a route to market for councils seeking the supply of domestic furniture and furnishings, and considering those council projects that may require to be undertaken in the future, Scotland Excel determined it was appropriate to undertake this renewal tender exercise and to recommend the establishment of this framework.

A Prior Information Notice (PIN) was published on 13 December 2019 and suppliers were invited to meet with Scotland Excel 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 19 November 2020. 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:

Lot 1: New Furniture

Technical: 30%
Commercial: 70%

Lot 2: Reuse Furniture

Technical: 50%
Commercial: 50%

Within the technical section, bidders were required to evidence their knowledge and experience by responding to method statements. These statements covered service delivery and contract management, supply chain risk, environmental sustainability, quality control and stock management and community benefits and fair work practices.

Table 2: Lot 1 Technical Section Weighting

Question	Description	Weighting
1	Service Delivery and Contract Management	8
2	Supply Chain Risk	4
3	Environmental Sustainability	8
4	Community Benefits and Fair Work Practices	10
Total Score		30

Table 3: Lot 2 Technical Section Weighting

Question	Description	Weighting
1	Service Delivery and Contract Management	15
2	Quality Control and Stock Management	15
3	Supply Chain Risk	5
4	Community Benefits and Fair Work Practices	15
Total Score		50

Within the commercial section, bidders' commercial scores were evaluated on a lot by lot basis and for lot 2 also divided into four product groupings. Bidders were invited to offer unscored discounts for non-core items or for single source supply as well as unscored additional related services.

4. Report on Offers Received

Offers were received by seven bidders. 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 in each lot, and for lot 2 in each product grouping.

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 seven suppliers across two lots as outlined in Appendix 3.

Of these seven recommended suppliers four are classed as SMEs, three as micro businesses and all seven are Scottish suppliers. The recommended suppliers provide the choice, scope and range of domestic furniture and furnishings required by councils as well as representing best value and providing geographical coverage.

6. Benefits

Benchmarking

Scotland Excel conducted a benchmarking exercise for each member, the results are detailed in Appendix 1. The projected average on-cost across members equates to 3.2%. Bidders cited the unprecedented market conditions including both the pandemic, requiring investment for impacted delivery operations, and Brexit which has increased cost variations from the supply chain.

Throughout contract management and the competitive tendering exercise every effort has been made to avoid costs and improve best value for our members through negotiation. This revised the initial cost impact from 4.15% to the 3.2% reported. In the current framework no increases were received for the first three years, with rates being adjusted into the last year in response to the uncertain and disrupted market conditions, as reflected in the indexation in Appendix 1.

Scotland Excel will continue to work closely with awarded suppliers and our members to ensure sustainable rates for these essential goods, an ongoing high quality of service delivery and to negotiate to manage costs when the impact of the current market conditions eases.

A range of discounts have been offered, with three bidders offering a non-core discount ranging from 6%-30% and three bidders offering single source discount ranging from 2%-10%. Based on historic spend patterns it is likely that several members' costs will be lessened by the application of single source discounts.

Price Stability

The framework applies twelve months fixed pricing for both lots. All requests for price increases will be evaluated against prevailing market conditions and require to be supported by documentary evidence.

Sustainable Procurement Benefits

A sustainability method statement assessed suppliers in relation to their corporate approach to sustainability to maximise recycling, reuse and redistribution. This method statement was written and evaluated by industry experts Sustainable Procurement Limited. A range of sustainable measures and practices were outlined by suppliers including:

- A supplier who invested 10,000 square feet of their branches for recycling and waste disposal, and now recycles 100% of its waste;
- The provision of a furniture and appliance removal and disposal service to ensure unwanted goods are recycled and disposed of responsibly;
- A target to reduce carbon emissions by 10% over the lifetime of the framework;
- The implementation of a supplier code of conduct that insists supply chain partners operate in the most environmentally conscious manner possible;
- Ongoing commitments to the diversion of materials from landfill that will see over 1000 tonnes diverted over the lifetime of the framework, and;
- Application of a takeback scheme for the purpose of reuse, repair, refurbishment and remanufacturing of products.

The inclusion of a lot for reuse furniture offers councils and means of implementing circular economy practises when purchasing domestic furniture. This lot was first introduced on the current generation of the framework and proved to be a success. Several local authorities adopted trial period runs of purchasing reuse items as well as new from the framework, and each of these trial periods resulted in long term supply arrangements. More than £1million was spent via the consortium of reuse suppliers awarded to the lot, putting reuse furniture in thousands of homes around Scotland, which was recognised and promoted by the Scottish Government in 2019.

Suppliers bidding for the lot had their Revolve certification (or equivalent) reviewed and validated by Zero Waste Scotland. Revolve is a quality standard for the reuse market.

Community Benefits

Scotland Excel strives to improve the economic, social or environmental wellbeing of members, and all recommended suppliers have committed to delivering community benefits for the duration of the framework. 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:

- The creation of 18 full-time jobs from target groups such as long-term unemployed and young people;
- The employment of 8 Modern Apprentices;
- The employment of 2 Modern Apprentices with additional support needs;
- 3 temporary paid employment opportunities will be created for young people aged 16-29 by working with the Community Jobs Scotland programme, with 50% of these being for vulnerable groups (care leavers; ex forces; ex-offenders; mental health issues; literacy needs etc);
- The delivery of 4,000 hours of work experience delivered across the various target groups, for each year of the contract;
- Delivering a minimum of 10 school business talks, 250 mock interviews, and support up to 500 young people with the compilation of CV's. A 6-week paid internship for 2 Further Education (FE) pupils will be offered for each year of the framework;
- 20 volunteering opportunities, and;
- The donation of £6,000 per-year to local community initiatives.

The Domestic Furniture and Furnishings framework has delivered outstanding community benefits over the course of its current and previous generations. It has won multiple accolades at a national level and was nominated for a World Procurement Award in 2016. It has proved a strong example of how procurement can make a positive impact to society. With the community benefit commitments outlined above it is anticipated that this trend will continue for the next iteration of the framework and, even in the current market conditions, demonstrates that best practice sustainable procurement initiatives have been embedded in this framework.

Delivery of commitments made will be monitored throughout the lifetime of the framework.

Fair Work Practices including the Real Living Wage

Scotland Excel and it's 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 of the tender, bidders were assessed on how they will commit to fair work practices.

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.

Bidders were also asked to confirm their Real Living Wage status which is set out in Appendix 4. Two suppliers are an accredited Real Living Wage Employer, one is currently going through the process of becoming an accredited Living Wage Employer and commit to gaining accreditation over the initial two-year period of the Framework Contract. Three suppliers stated they are not an accredited Real Living Wage Employer but pay the Real Living Wage to all employees (except volunteers, apprentices and interns) and one is not an accredited Living Wage Employer but commit to gaining accreditation over the initial two year period of the Framework Contract.

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

Other

The framework will deliver a range of further benefits.

Through ongoing engagement with the British Association of Supported Employment (BASE) the lot 1 core list was developed to include a range of unscored additional supported business lines. Bidders were asked to confirm a price for these items, which was required to be sourced from a supported business, to establish supply chain relations. Of the recommended bidders, three have offered for these lines and members will have the option to procure these goods through this generation of the framework, with supported businesses operating as a second-tier supplier.

Several dual specification products, with a “standard” and “advanced” version, have been incorporated into the core list, so members can select the appropriate product for the environment in which the furniture is to be situated at the corresponding price bracket. This was delivered in partnership with an appointed safety expert, who also reviewed the specifications to ensure these were appropriate with amended standards following the UK’s exit from the EU.

Terms and conditions have also been revised in accordance with Brexit and enhanced to include new requirements on product recall, which was managed on several occasions in the current framework.

Finally, supplier engagement has resulted in offers from two new entrants, one an SME and one a micro business, offering additional competition and coverage in a specialised, niche-market.

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 monitor commitments given as part of the tender submission, for example, the Real living wage status and community benefits.

Mobilisation will be used to gain further insight on new supply chains that have been formed with supported businesses. All suppliers whose commercial offerings included items marked as to be sourced from supported businesses will be asked for further details. Stakeholder engagement with the British Association of Supported Employment (BASE) will continue.

In accordance with Scotland Excel's established contract and supplier management programme, in terms of risk and spend as detailed in Appendix 5, this framework is classified as class C. As such, it will require six monthly 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 to the pandemic, ensure continuity of service delivery and minimise the cost impacts for our members.

7. Summary

This third-generation framework for Domestic Furniture and Furnishings maximises collaboration and delivers best value in terms of price, quality and service.

A range of benefits have been delivered in relation to price stability, discounts, sustainable procurement commitments, enhanced specification and terms, growth of supported business through the supply chain and further competition with two new entrants to the framework. Every effort has been made to mitigate the impact of rising costs through the unprecedented market conditions outlined in this report and this will continue to be actively managed through the lifetime of the framework.

The Executive Sub Committee is requested to approve the recommendations to award this framework agreement to the suppliers as detailed in Appendix 3 (Scoring and Recommendations).

Appendix 1: Participation and Spend

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	01 May 2021	£1,077,016	Validated by Council	-2.8%	0.4%	4,738	Benchmarked current framework
Aberdeenshire Council	Yes	01 May 2021	£748,281	Validated by Council	-2.8%	-4.2%	-31,421	Benchmarked current framework
Angus Council	Yes	Framework start date	£328,075	Validated by Council	-2.8%	-0.5%	-1,589	Benchmarked current framework
Argyll & Bute Council	Yes	Framework start date	£56,114	Validated by Council	-2.8%	-2.5%	-1,391	Benchmarked current framework
City of Edinburgh Council	Yes	Framework start date	£2,927,880	Validated by Council	-2.8%	-4.7%	-137,268	Benchmarked current framework
Clackmannanshire Council	Yes	Framework start date	£256,115	Scotland Excel Management Information	-2.8%	-0.2%	-502	Benchmarked current framework
Comhairle nan Eilean Siar	Yes	Framework start date	£5,000	Validated by Council	-2.8%	-3.2%	-158	Average saving
Dumfries & Galloway Council	Yes	Framework start date	£738,774	Validated by Council	-2.8%	-5.1%	-37,875	Benchmarked current framework
Dundee City Council	Yes	Framework start date	£0	Validated by Council	-2.8%	-3.2%	0	Average saving
East Ayrshire Council	Yes	Framework start date	£613,986	Scotland Excel Management Information	-2.8%	-1.0%	-6,405	Benchmarked current framework
East Dunbartonshire Council	Yes	Framework start date	£402,236	Scotland Excel Management Information	-2.8%	-3.1%	-12,525	Benchmarked current framework
East Lothian Council	Yes	Framework start date	£426,621	Validated by Council	-2.8%	-4.4%	-18,645	Benchmarked current framework
East Renfrewshire Council	Yes	Framework start date	£310,672	Validated by Council	-2.8%	0.6%	1,724	Benchmarked current framework
Falkirk Council	Yes	Framework start date	£1,003,356	Validated by Council	-2.8%	-4.2%	-41,985	Benchmarked current framework
Fife Council	Yes	Framework start date	£2,088,861	Validated by Council	-2.8%	-5.3%	-110,288	Benchmarked current framework
Glasgow City Council	Yes	Framework start date	£26,373	Validated by Council	-2.8%	3.3%	866	Benchmarked current framework
Highland Council	Yes	Framework start date	£987,181	Scotland Excel Management Information	-2.8%	-4.9%	-48,391	Benchmarked current framework
Inverclyde Council	Yes	Framework start date	£65,413	Scotland Excel Management Information	-2.8%	-10.6%	-6,959	Benchmarked current framework
Midlothian Council	Yes	Framework start date	£271,452	Validated by Council	-2.8%	-9.2%	-25,059	Benchmarked current framework
Moray Council	Yes	Framework start date	£236,601	Validated by Council	-2.8%	0.1%	166	Benchmarked current framework
North Ayrshire Council	Yes	Framework start date	£1,287,091	Validated by Council	-2.8%	-4.5%	-58,562	Benchmarked current framework
North Lanarkshire Council	Yes	Framework start date	£2,284,261	Scotland Excel Management Information	-2.8%	-4.9%	-112,839	Benchmarked current framework
Orkney Islands Council	Yes	Framework start date	£0	Validated by Council	-2.8%	-3.2%	0	Average saving
Perth & Kinross Council	Yes	Framework start date	£552,816	Scotland Excel Management Information	-2.8%	-3.6%	-19,921	Benchmarked current framework
Renfrewshire Council	Yes	Framework start date	£1,101,921	Validated by Council	-2.8%	-5.6%	-61,603	Benchmarked current framework
Scottish Borders Council	Yes	Framework start date	£425,086	Validated by Council	-2.8%	-2.1%	-8,911	Benchmarked current framework
Shetland Islands Council	No	Framework start date	£0	Validated by Council	-2.8%	-3.2%	0	Average saving
South Ayrshire Council	Yes	Framework start date	£913,635	Validated by Council	-2.8%	-4.9%	-44,959	Benchmarked current framework
South Lanarkshire Council	Yes	Framework start date	£2,840,364	Validated by Council	-2.8%	1.9%	55,059	Benchmarked current framework
Stirling Council	Yes	Framework start date	£344,897	Validated by Council	-2.8%	-0.2%	-833	Benchmarked current framework
West Dunbartonshire Council	Yes	01 July 2022	£665,413	Validated by Council	-2.8%	-6.2%	-40,983	Benchmarked current framework
West Lothian Council	Yes	Framework start date	£1,265,092	Validated by Council	-2.8%	-0.6%	-7,321	Benchmarked current framework
Tayside Contracts	Yes	Framework start date	£0	Validated by Council	-2.8%	-3.2%	0	Average saving
Totals			£24,250,585			-3.2%	-773,839	
Associate Members	Yes	Framework start date	£445,182	Validated by Council	-2.8%	-1.3%	-5,787	Benchmarked current framework
Totals			£24,695,767			-3.2%	-779,626	

Appendix 2: Summary of Offers Received

Name of Tenderer	SME Status	Location	Lots Tendered
CF Services Limited	Small	Glasgow	1
Community Resources Network Scotland	Micro	Stirling	2
Gavhas Ltd	Micro	Glasgow	1
New Two Limited	Small	Glasgow	1
Oscorp Inverclyde Limited	Small	Port Glasgow	1
Spruce Carpets Ltd	Micro	Glasgow	2
The Furnishing Service Limited	Medium	Glasgow	1

Appendix 3: Scoring and Recommendations

Lot 1 New Furniture		
Bidder	Score	Awarded (Yes/No)
The Furnishing Service Limited	93.68	Yes
CF Services Limited	92.00	Yes
New Two Limited	89.11	Yes
Gavhas Ltd	63.45	Yes
Oscorp Inverclyde Limited	61.00	Yes

Lot 2 Reuse Furniture - Hard Furnishings		
Bidder	Score	Awarded (Yes/No)
Community Resources Network Scotland	95.00	Yes

Lot 2 Reuse Furniture - Soft Furnishings		
Bidder	Score	Awarded (Yes/No)
Community Resources Network Scotland	95.00	Yes

Lot 2 Reuse Furniture - White Goods		
Bidder	Score	Awarded (Yes/No)
Community Resources Network Scotland	95.00	Yes

Lot 2 Reuse Furniture -Flooring		
Bidder	Score	Awarded (Yes/No)
Spruce Carpets Ltd	62.50	Yes

Appendix 4: List of Suppliers with Real Living Wage Status at Point of Tender

Bidder	Accredited	Currently progressing through Real Living Wage accreditation process	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
CF Services Limited	YES					
Community Resources Network Scotland				YES		
Gavhas Ltd		YES				
New Two Limited				YES		
Oscorp Inverclyde Limited			YES			
Spruce Carpets Ltd				YES		
The Furnishing Service Limited	YES					

Appendix 5 – Segmentation classifications

2019 Domestic Furniture and Furnishings is classified as class C

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.