

Scotland Excel

To: Executive Sub Committee

On: 13 October 2017

**Report
by
Director Scotland Excel**

Tender: Supply, Installation and Maintenance of Commercial Laundry Equipment

Schedule: 09/17

Period: 6 November 2017 until 5 November 2019 with an option to extend annually until 5 November 2021

1. Introduction and Background

This framework has been developed by the Operational Supplies and Services Team with a “lighter touch” approach with key stakeholders which has resulted in shorter procurement cycles and a more flexible approach to stakeholder engagement. This delivers the aims of the team by reducing resource pressure on councils, consolidating demand and provides new collaborative procurement opportunities.

This recommendation is for the award of a new framework for the supply, installation and maintenance of commercial laundry equipment which will operate from 6 November 2017 to 5 November 2019 with the option to extend for up to two 1 year periods until 5 November 2021.

This framework will provide councils with a mechanism to purchase laundry equipment, including installation, and services such as preventative maintenance and ad-hoc repairs. The framework was advertised at a value of £4.4 million for the four year period.

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 commercial user intelligence group steering group (CUIG-SG) endorsed the inclusion of two lots as summarised in Table 1.

| Lot Number | Lot Description |
|------------|--|
| 1 | Supply and Delivery (including installation and commissioning) of Commercial Laundry Equipment |
| 2 | Repairs and Maintenance of Commercial Laundry Equipment |

Table 1: Lotting Structure

The lotting structure recognises the importance of councils being able to purchase new equipment and maintenance services, whilst also enabling them to service current laundry equipment that they have in their estate.

The Scotland Excel Operational Supplies and Services Team engaged with the councils to request requirements and anticipated timescales for tenders. Of all responses received, 75% of respondents confirmed they wanted the Operational Supplies and Services Team to tender this opportunity in the first two years of the team being in place.

3. Procurement Process

A Prior Information Notice (PIN) was published on 11 May 2017 which resulted in expressions of interest from 17 organisations. A number of supplier engagement meetings were held with suppliers to understand the current marketplace, inform the supply base of Scotland Excel's intentions and to generate interest from SME's.

As the CUIG-SG endorsed a 'lighter-touch' approach to this opportunity, a more flexible approach to stakeholder engagement was taken.

As a matter of best practice and to ensure that the framework aligned with councils requirements, a program of consultation with councils was conducted to understand their current purchasing habits and future requirements that could be covered by this framework.

This information was used to generate the specifications, selection and award criteria.

To ensure maximum competition, an open tender process was followed to establish the framework. The tender was advertised on the Official Journal of the European Union and the Public Contracts Scotland portal on 10 August 2017. The tender process was conducted using the Public Contracts Scotland Tender system (PCS-T).

The procurement process followed a two stage tendering procedure. Stage one, Qualification was conducted using the European Single Procurement Document (ESPD). Within the ESPD tenderers are required to answer a number of exclusionary questions along with questions on insurance, financial standing, quality management, health and safety and environmental management.

At the second stage of the process, the offers were evaluated against the following criteria and weightings for all lots:

Commercial 80%

Technical 20%

Within the technical section for both lots, bidders were required to complete scored questions and method statement to evidence their knowledge and experience by responding to technical questions including servicing the framework requirements, supply chain sustainability issues, community benefits and fair work practices.

Bidders were able to submit commercial offers on a lot-by-lot basis. Within the commercial section for Lot 1, bidders were invited to offer for a basket of goods. Within Lot 2, bidders were invited to offer for a basket of services and a discount for manufacturer replacement parts.

4. Report on Offers Received

The tender document was downloaded by 18 organisations, with 3 tender responses received. After review, approximately half of the organisations that downloaded the tender do not currently operate in the laundry market.

A summary of all offers received and their SME status is provided in Appendix 1.

Based on the criteria and scoring methodology set out in the tender document, a full evaluation of the compliant offers received was completed. Appendix 2 confirms the scoring achieved by each bidder.

5. Recommendations

Based on the evaluation undertaken in line with the criteria and weightings set out above, it is recommended that a multi supplier framework agreement is awarded to 3 suppliers across the two lots as outlined in Appendix 2.

The 3 recommended suppliers are a mix of large and small organisations which provide the choice, scope and broad range of products and services required by councils as well as representing best value and providing geographical coverage.

6. Benefits

Savings

The savings were based on an average basket of goods tendered against the most competitive basket of goods (excluding supplementary add-ons) tendered for Lot 1. Scotland Excel anticipates that the majority of spend through the framework will be through Lot 1 due to the high value of the products available through this lot.

The projected average saving across all councils is 13% which equates to an estimated total saving of approximately £130,000 per annum, based on current spend forecasts.

Savings that can be achieved will depend on council's purchasing habits and the mix of products and services that councils require.

Price Stability

Within all lots all bidders have agreed with the special conditions of framework which states suppliers to hold the prices firm for the first 12 months of the contract.

After the initial 12 month period, suppliers may submit a price increase on an annual basis. Any price increase will not exceed the rate of CPI (Consumer Price Index) increase in the preceding 12 months.

Sustainable Procurement Benefits

Community Benefits

Bidders were asked to detail community benefit initiatives that they would commit to deliver during the life of the framework.

Community benefits received as part of the tender submissions included employability events and training sessions to council apprentices, sponsorship of local sports teams and community events, recruitment of apprentices and full time employees.

Fair Work Practices

For information, bidders were also asked to confirm their approach to fair work practices and the Scottish Living Wage. Of the 3 recommended suppliers, all pay the Scottish Living Wage or above to all employees (except volunteers, apprentices and interns).

Other Benefits

The framework will provide councils with a clear pricing and delivery charge structure, simplifying the purchase process and ensuring Best Value is achieved. In addition, the recommended suppliers include one small Scottish supplier, supporting the Scottish economy.

The framework also provides councils with the flexibility to combine their purchase and service requirements, further streamlining the procurement process.

Finally, this new framework supports councils by reducing workload and the resource pressure at councils, allowing council procurement teams to focus on other priorities whilst still providing best value for these requirements.

7. Contract Mobilisation and Management

Each supplier will be invited to a mobilisation meeting to outline the operation of the framework, roles and responsibilities, management information requirements and community benefits commitments. Both suppliers and participating members will be issued with a mobilisation pack containing all required details to launch the framework.

In accordance with Scotland Excel's established contract and supplier management programme, this framework has been classified as a level 3 arrangement in terms of both risk and spend requiring annual supplier and user group reviews as appropriate.

8. Summary

This framework for supply, installation, maintenance of commercial laundry equipment aims to maximise collaboration, promote added value and deliver best value. A range of benefits can be reported in relation to savings, price stability, sustainability and community benefits.

The Executive Sub Committee is requested to approve the recommendation to award this framework agreement.

Appendix 1 - SME Status

| Tenderers | SME Status | Location | Lots Tendered |
|----------------------|-------------------|-----------------|----------------------|
| JLA Limited | Large | West Yorkshire | 1 & 2 |
| MAG Equipment Ltd | Small | West Yorkshire | 1 |
| Thain Commercial Ltd | Small | Lanarkshire | 1 & 2 |

Appendix 2 - Scoring and Recommendations

(Asterisk (*) denotes recommended supplier)

| Lot 1 - Supply and Delivery (including installation and commissioning) of Commercial Laundry Equipment | |
|---|--------------|
| Tenderer | Score |
| MAG Equipment Ltd* | 87.75 |
| JLA Limited* | 83.69 |
| Thain Commercial Ltd* | 76.28 |

| Lot 2 - Repairs and Maintenance of Commercial Laundry Equipment | |
|--|--------------|
| Tenderer | Score |
| JLA Limited* | 94.50 |
| Thain Commercial Ltd* | 62.79 |