

Scotland Excel

To: Executive Sub Committee

On: 13 October 2017

**Report
by
Director Scotland Excel**

Tender: Supply and Delivery of Bottled Gas

Schedule: 08/17

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 and delivery of bottled gas 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 bottled gas and bulk gas requirements. The products covered within the framework will include industrial, food and beverage, medical and balloon gas. The framework was advertised at £8 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 (CUIG) steering group endorsed the inclusion of six lots as summarised in Table 1. Estimated percentage of spend per lot is based on historical spend data however actually purchasing patterns may differ depending on council requirements.

Lot Number	Lot Name	Estimated %age of Spend
Lot 1	MIG	16%
Lot 2	Burning (Gas Welding)	16%
Lot 3	Heating	18%
Lot 4	Bulk	16%
Lot 5	Bulk Heating	18%
Lot 6	Miscellaneous Gases	16%

Table 1: Lotting Structure

The lotting structure recognises the importance of councils being able to purchase bottled gas products and gas in bulk form whilst allowing access for a range of suppliers to bid.

During the initial framework information request process for Scotland Excel Operational Supplies and Services frameworks, 75% of respondents indicated that they require this service within the first two years of small value contract activity.

3. Procurement Process

A Prior Information Notice (PIN) was published on 11 May 2017 which resulted in expressions of interest from 10 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.

Within the commercial section, bidders were invited to offer for a basket of goods on a lot-by-lot basis.

4. Report on Offers Received

The tender document was downloaded by 10 organisations, with 5 tender responses received.

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

Scotland Excel recognised, through feedback from the commercial UIG (CUIG) steering group that the local authorities required a robust collaborative framework to support their requirements for Bottled Gas.

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 six lots as outlined in Appendix 2.

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

6. Benefits

Savings

The projected savings per council were based on an average basket of goods tendered against the most competitive basket of goods tendered.

The projected average saving across all councils for Lots 3 and 5 is 15%. Given that lots 3 and 5 have a forecast spend of 36% of overall contract value, this leads to a forecast combined saving of 5%, or £100,000 based on anticipated spend levels.

As only a single compliant bid was received for the remaining lots this method of calculating savings could not be applied. However, it is expected that the pricing for these lots will be at least cost neutral and may show a small saving.

There is also a resource saving associated with Operational Supplies and Services frameworks for Councils.

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

Price Stability

Within all lots, the three recommended 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 the Consumer Price Index (CPI) 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 sponsorship and donations to community events.

Fair Work Practices

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

Other Benefits

This framework will provide reasonable delivery of Bottled Gas to Highland Council, Orkney Islands Council and Shetland Islands Council. An ability for the suppliers who are being awarded a place on the framework to subcontract to smaller local businesses has also been built in to the Terms and Conditions for this framework.

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 and delivery of bottled gas 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
Air Products Public Limited Company	Large	Crew	1,2,3,4 & 6
Calor Gas Limited	Large	Warwick	3 & 5
Flogas Britain Limited	Large	Leicester	3 & 5

Appendix 2 - Scoring and Recommendations

(Asterisk (*) denotes recommended supplier)

Lot 1 - MIG	
Tenderer	Score
Air Products Public Limited Company *	89.05

Lot 2 - Burning (Gas Welding)	
Tenderer	Score
Air Products Public Limited Company*	89.05

Lot 3 - Heating	
Tenderer	Score
Calor Gas Limited*	95.25
Flogas Britain Limited*	66.71
Air Products Public Limited Company*	61.9

Lot 4 - Bulk	
Tenderer	Score
Air Products Public Limited Company*	89.05

Lot 5 - Bulk Heating	
Tenderer	Score
Calor Gas Limited*	95.25
Flogas Britain Limited*	89.06

Lot 6 - Miscellaneous Gases	
Tenderer	Score
Air Products Public Limited Company*	89.05