

# Finance and Resources Committee

10.00am, Thursday, 23 February 2017

## Contract Award for the Supply of Domestic Furniture, Furnishings and White Goods

Item number	7.14
Report number	
Executive/routine	Executive
Wards	

### Executive Summary

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This report seeks approval to award a contract to The Furnishing Service (TFS) for the Supply, Distribution and Installation of Domestic Furniture and White Goods from 1 March 2017. This is a direct award under the national Scotland Excel framework which runs from 1 November 2016 until 31 October 2018 with an option to extend for up to two 12 month periods until 31 October 2020.

The estimated contract value is £4m over the 44 months.

### Links

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Coalition Pledges	<a href="#">P49</a>
Council Priorities	<a href="#">CP1</a> , <a href="#">CP2</a> , <a href="#">CP3</a> , <a href="#">CP4</a>
Single Outcome Agreement	<a href="#">SO2</a> , <a href="#">SO3</a> , <a href="#">SO4</a>

## Contract Award for the Supply of Domestic Furniture, Furnishings and White Goods

### 1. Recommendations

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- 1.1. That Committee approves the award of a contract to TFS for the Supply, Distribution and Installation of Domestic Furniture, Furnishings and White Goods from 1 March 2017 until 31 October 2018 with the Councils option to extend for up to two years.

### 2. Background

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- 2.1. The Scottish Welfare Fund (SWF) is fully funded by the Scottish Government and comprises of two funds.
- 2.2. The SWF provides a safety net for vulnerable people on low incomes through the provision of Community Care Grants and Crisis Grants.
- 2.3. The Community Care Grant is designed to enable service users to maintain a home by providing furniture, furnishings and white goods that they would otherwise be unable to afford.
- 2.4. The Crisis Grant is to provide assistance, to those meeting the criteria, in an emergency or because of disaster and can be used to cover essential expenditure, for example food or heating.

### 3. Main report

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- 3.1. The City of Edinburgh Council received £2.02m in 2016/17. This was divided into £1.36m for Community Care Grants and £660,000 for Crisis Grants. An additional £363,015 was made available in the budget for Community Care Grants due to under spend from 2015/16.
- 3.2. The funding for 2017/18 SWF is £2.18m which has yet to be divided over the two separate options. Any under spend from 2016/17 will be carried over and made available within the 2017/18 budget.
- 3.3. Scotland Excel have put in place a Framework Agreement for the Supply, Distribution and Installation of Domestic Furniture, Furnishings and White Goods on

behalf of member councils. Lot 1 of this Framework Agreement is to supply new domestic furniture.

- 3.4. Three suppliers submitted bids accessible to the Council.
- 3.5. This framework will provide Councils with a mechanism to procure a comprehensive range of domestic furniture and furnishings to enable people to live independently or to be supported in temporary accommodation via the SWF Community Care Grant.
- 3.6. This framework has been renewed from 1 November 2016 until 31 October 2020.
- 3.7. The renewal incorporates a number of enhancements to the current framework with the products having a higher specification where necessary.
- 3.8. As part of the strategy development, the User Intelligence Group (UIG) strategy was designed to more closely align with council requirements whilst also recognising the structure of the relevant market place.
- 3.9. Key objectives of the renewal are to:
  - ensure councils have sufficient competition and flexibility to effectively manage their requirements;
  - enhance product specifications to guarantee the ongoing supply of robust, safe and suitable goods; and
  - promote added value through community benefits and maximise opportunities for supported businesses.
- 3.10. The framework allows councils to adopt a 'one stop shop' approach to ensure urgent requirements are fulfilled and minimise any disruption to the daily lives of people receiving the goods. Bidders were required to submit a price for a minimum of 95% of the core list items including supply, delivery, installation and disposal service elements.
- 3.11. The UIG consisting of representatives from participating councils endorsed the procurement strategy on 9 December 2015.
- 3.12. A working group of technical council representatives was formed to review technical specifications and evaluate the tender. Product safety was identified as a priority area by the UIG; therefore Scotland Excel actively engaged with Trading Standards Officers from the West of Scotland Safety Group and employed an external safety consultant to ensure the framework provides safe products. The safety consultant focused on four key areas:
  - review of core list specification;
  - review of specification documents;
  - review of contract management processes; and
  - review of special conditions of contract.

- 3.13. As a result of this detailed review, the specification of a number of core products was improved to ensure the highest safety standards, this included for example, mandating that only fully qualified electricians may be used to install electric cookers.
- 3.14. Scotland Excel worked in partnership with Sustainable Procurement Limited to scope key sustainability elements, including the production of reuse domestic furniture specifications and development of supply chains, particularly in respect of supported businesses.
- 3.15. Two Prior Information Notices (PIN) were published for this tender on 26 October 2015 and 18 January 2016, with the second PIN specifically targeting reuse furniture suppliers and supported businesses. In total 21 supplier meetings were held and these meetings helped inform the procurement strategy. During these meetings elements such as specifications, ability to service, market trends, community benefits and sustainability were discussed. Scotland Excel also engaged with relevant sector representative bodies, including the Community Resource Network Scotland (CRNS) and the British Association for Supported Employment (BASE).
- 3.16. To ensure maximum competition, the UIG agreed that an open tender process should be followed to establish the renewal framework. This tender was advertised on the Official Journal of the European Union and the Public Contracts Scotland portal on 11 April 2015. The tender process was conducted using the Public Contracts Scotland Tender system (PCS-T).
- 3.17. The procurement process followed a two stage tendering procedure. At the first stage, tender 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 of the process, the offers were evaluated against the following criteria and weightings:

**Lot 1**

- Technical      30%
  - Commercial    70%
- 3.18. Within the technical section, bidders were required to evidence their knowledge and experience by responding to method statements covering service delivery, logistics and response, quality control, environmental, sustainability, community benefits and supported businesses.
  - 3.19. Within the commercial section the pricing was fixed for 24 months. Bidders were also assessed on additional fixed pricing and early settlement discounts and were invited to offer discounts for the supply of non-core items and sole supply.
  - 3.20. Based on the evaluation undertaken and in line with the criteria and weightings set out above, it was recommended that a multi supplier framework agreement was awarded to seven suppliers, with three able to service The City of Edinburgh Council as outlined in Appendix 2.

## 4. Measures of success

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- 4.1 Provision of a high quality responsive and cost effective service, which provides and installs a full range of household furnishings.
- 4.2 Service Users being able to maintain a home.

## 5. Financial impact

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- 5.1 The total estimated spend is £4m over the duration of the contract. Scotland Excel benchmarked the top volume spend items against the three suppliers that can service the City of Edinburgh Council. See below:

SUPPLIER	NEW LINE LEVEL VALUE £	INCREASED COST £	INCREASED COST %
The Furnishing Service	£1,315,334	£41,405	3.3%
Supplier 2	£1,343,069	£69,141	5.4%
Supplier 3	£1,425,790	£151,862	11.9%

- 5.2 The increased cost reflects the higher specification on items therefore like for like comparison is not applicable.
- 5.3 The spend is based upon a basket of goods and therefore will depend on actual products purchased.
- 5.4 The Furnishing Service has fixed their prices for 36 months from contract commencement with the others only guaranteeing pricing for 24 months.

## 6. Risk, policy, compliance and governance impact

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- 6.1 In accordance with Scotland Excel's established contract and supplier management programme, this framework has been classified as a level 1 arrangement in terms of both risk and spend, therefore requiring as a minimum, six monthly supplier meetings and the UIG will be convened on a regular basis throughout the framework period.
- 6.2 As part of regular contract management commitments to Living Wage, supported businesses and community benefits will all be managed and reported on a six monthly basis. Supplier performance will be regularly monitored and measured

against compliance to contract terms and conditions with a particular focus on products meeting specifications and customer service measures such as: delivery, number of complaints in proportion to number of transactions and compliance with price variance process.

## **7. Equalities impact**

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- 7.1 There are no equalities impacts expected to arise from this contract.

## **8. Sustainability impact**

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- 8.1 With the assistance of Sustainable Procurement Ltd, funded by Zero Waste Scotland and The Scottish Government, sustainability was embedded into all elements of this tender from the development of the specification to the evaluation of offers.
- 8.2 A sustainability method statement assessed suppliers in relation to their corporate approach to sustainability to maximise recycling, reuse and redistribution.
- 8.3 Bidders were also asked to detail community benefits initiative they would commit to deliver during the lifetime of the framework. A range of community benefits were offered by The Furnishing Service, for example:
- work experience to progress to full time employment when vacancies arise or if their business grows;
  - additional modern apprentices;
  - deliver an initial work experience programme targeting individuals who are furthest removed from the employment market;
  - a committed number of hours of work experience delivered across the various target groups, for each year of the contract;
  - school business talks, mock interviews, and support to young people with the compilation of CV's;
  - opportunity for further education students to undertake a six week paid internship in each year of the contract; and
  - commit to ensuring that SME's/Third Sector will be given the first opportunity to deliver all sub contract services and that Third Sector and SME's make up 98% of our supply chain by 31 October 2018.
- 8.4 These commitments will be reported through ongoing contract management returns to Scotland Excel. Results reported on community benefits will be disseminated to the City of Edinburgh Council on a six monthly basis.
- 8.5 As part of an innovative strategy to incorporate supported businesses into the supply base, bidders were scored on subcontracting commitments to supported

businesses. The recommended suppliers have committed to subcontracting opportunities to supported businesses, with some undertaking to actively look to increase commitments during the framework period.

- 8.6 Scotland Excel will work closely with awarded suppliers to encourage continued and increased adoption of these organisations into their supply chain throughout the life of the framework.
- 8.7 Bidders were asked to confirm their approach to fair work practices and Scottish living wage status. The Furnishing Service is a Living Wage accredited employer.
- 8.8 Scotland Excel includes monitoring Fair Work Practices and Living Wage within its contract and supplier management programme and will work with all awarded suppliers who have not yet secured accreditation by the Living Wage Foundation to encourage them to achieve this.

## **9. Consultation and engagement**

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- 9.1 Council representatives fed into feedback of the Scotland Excel's User Intelligence Groups meetings and also the mobilisation meeting to meet with the successful suppliers.

## **10. Background reading/external references**

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- 10.1 None.

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## 11. Links

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<b>Coalition Pledges</b>	P49 Continue to increase recycling levels across the city and reducing the proportion of waste going to landfill
<b>Council Priorities</b>	CP1 Children and young people fulfil their potential CP2 Improved health and wellbeing: reduced inequalities CP3 Right care, right place, right time CP4 Safe and empowered communities
<b>Single Outcome Agreement</b>	SO2 Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO3 Edinburgh's children and young people enjoy their childhood and fulfil their potential SO4 Edinburgh's communities are safer and have improved physical and social fabric
<b>Appendices</b>	Appendix 1 Tendering process Summary Appendix 2 Scoring of those suppliers able to service the City of Edinburgh Council



## Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Framework Contract for Supply & Distribution and Installation of Domestic Furnishings, Furniture and White Goods – let by Scotland Excel
SXL Framework period	1 November 2016 until 31 October 2018 with an option to extend for up to two 12 month periods until 31 October 2020
CEC Contract period	1 March 2017 until 31 October 2020
Estimated contract value	£4,000,000
Governing UK Regulation	Public Contracts (Scotland) Regulations 2012
EC Procedure chosen	Open
Standing Orders observed	<p>2.4 EU Principles been applied</p> <p>2.7 Commercial and Procurement Manager provided resource to undertake tendering</p> <p>3.2 Director has responsibility for all Contracts tendered and let by their Directorate</p> <p>5.1 (b) Tenders evaluated on basis of most economically advantageous criteria</p> <p>8.1 Procurement process conducted electronically via Public Contracts Scotland Tender (PCST)</p>
Framework Tenders returned that can service the City of Edinburgh Council	3
Framework Tenders fully compliant	3
No. of recommended suppliers	1
Primary criterion	Most Economically Advantageous offer
Secondary criteria	Price 70%

(Set by Scotland Excel)	Quality	30%
Evaluation Team	Scotland Excel & Procurement and/or Technical Representatives from participating Councils	
Procurement Costs	<£10,000	

## Appendix 2– Scoring of those suppliers able to service the City of Edinburgh Council

Lot 1: New Domestic Furniture			
Bidder	Technical Score	Commercial Score	Total Score
The Furnishing Service Limited	26.0	65.4	91.4
Supplier 2	26.4	63.2	89.6
Supplier 3	26.0	54.2	80.2