

Finance and Resources Committee

10.00am, Thursday, 28 September 2017

Adoption of the Scotland Excel Framework Agreement for the Supply and Distribution of Frozen Foods

Item number	7.5
Report number	
Executive/routine	
Wards	
Council Commitments	

Executive Summary

This report seeks approval of the Finance and Resources Committee to adopt and implement the Scotland Excel Framework Agreement for the Supply and Distribution of Frozen Foods. The framework consists of three lots, of which the City of Edinburgh Council will adopt two.

The value of Council usage between the two lots is estimated to be up to £4m over the term of the framework from September 2017 to 30 June 2019, with the option to extend for up to 24 months, at 12 month intervals, until 30 June 2021.

Adoption of the Scotland Excel Framework Agreement for the Supply and Distribution of Frozen Foods

1. Recommendations

1.1 That Committee

- 1.1.1 Approves the adoption and implementation of Lot 2 (distribution) and Lot 3 (supply and distribution) of the Scotland Excel Framework for Supply and Distribution of Frozen Foods, from 28 September 2017 to 30 June 2019, with the option to extend until 30 June 2021.

2. Background

- 2.1 The Council has utilised the previous Scotland Excel Framework for Frozen Food from 1 June 2013 to 30 June 2017, and subsequently extended by Scotland Excel to October 2017. The extension was to allow a period of implementation of the new Framework to be operational from September 2017.
- 2.2 The framework has been utilised widely by the Council for the Supply and Distribution of Frozen Foods and delivered by Brakes Bros Ltd.

3. Main report

- 3.1 The Council is seeking to appoint a suitable supplier to provide Frozen Food required for a range of meals across Council facilities.
- 3.2 The tender and evaluation process was conducted in accordance with Council Contract Standing Orders, Public Contracts (Scotland) Regulations 2015.
- 3.3 A Prior Information Notice (PIN) was published for this tender on 22 September 2016. Scotland Excel undertook a full tender exercise by placing a contract notice on the Public Contracts Scotland and Official Journal of the European Union on 1 March 2017.
- 3.4 The lots advertised were;
 - Lot 1 – Supply Only;
 - Lot 2 – Distribution; and
 - Lot 3 – Supply and Distribution.

- 3.5 The procurement process followed a two-stage tendering procedure. Stage one (qualification) was conducted using the European Single Procurement Document (ESPD). Stage two tender submissions were evaluated by a technical evaluation panel against the following criteria and weightings. A technical ratio of 14% and a commercial ratio of 86% was applied to Lot one. A technical ratio of 19% and a commercial ratio of 81% was applied to Lots two, and a technical ratio of 19% and commercial 80% for price with 1% for price stability on Lot three. The Price: Quality ratios were recommended due to frozen food being deemed to be low cost and low supply risk. Consequently, Scotland Excel sought to drive the best commercial value from contract.
- 3.6 Suppliers were offered the opportunity to bid for geographical areas of Scotland. Brakes were the only supplier able to provide for the Edinburgh area and as such were awarded the contract. Despite being the only supplier substantial savings are still expected to be made.

Council	Supplier	Lot 2 (Distribution)		Lot 3 (Supply and Distribution)	
		Technical (Out of 19)	Commercial (Out of 81)	Technical (Out of 19)	Commercial (Out of 81)
City of Edinburgh Council					
	Brake Bros Ltd	17.75	81	17.75	80

- 3.7 The following Lots will be called off from Brake Bros Ltd based on the results noted in the table listed above. Product lists will be subject to further review to provide comprehensive cover;
- Lot 2 – Distribution; and
 - Lot 3 – Supply and Distribution.

4. Measures of success

- 4.1 The success of the framework will be measured by Key Performance Indicators (KPIs) which will be monitored and tracked by Scotland Excel and framework users.
- 4.2 KPIs within the framework will ensure that strict contract management and performance are continually monitored for all maintenance and improvement works carried out on behalf of the Council. KPIs will measure:
- On-time deliveries
 - Unfulfilled deliveries
 - Substitution deliveries
 - Complaints resolution

- Supplier engagement; and
 - General enquiries
- 4.3 There will be ongoing monitoring of the framework throughout its lifetime through a User Intelligence Group (UIG). The UIG will be convened on a regular basis and will be attended and contributed to by the City of Edinburgh Council's Catering Manager and Catering Team Leaders.

5. Financial impact

- 5.1 The estimated contract value of £4m is reflective of historical supplies under lots two and three. Contract spend across the two lots will be monitored throughout the year.
- 5.2 The costs associated with procuring this contract are estimated to be up to £10,000.
- 5.3 Pricing is fixed on all lots for the first six months of the contract. All price increases require a 60-day notice period as per terms and conditions.
- 5.4 Based on Scotland Excel figures it is anticipated that the Council will secure a saving of 3.3% on total spend on this contract equating to £132,000 over the full term based on previous spend on the preceding framework.

6. Risk, policy, compliance and governance impact

- 6.1 The Scotland Excel procurement strategy includes a robust and comprehensive assessment of all associated risk factors with mitigating actions.
- 6.2 Awarding this framework will ensure compliance with the Councils Contract Standing Orders, European procurement rules, coalition pledges, our statutory duties and continued delivery of the service.
- 6.3 The Edible Edinburgh Food Policies have been considered as part of the Council's procurement strategy. Careful product selection by Council staff will help to promote health and well-being through:
- Provision of locally sourced food where possible;
 - Compliance with Food for Life Scotland
 - Compliance with Scottish Government nutritional standards; and
 - Production of healthy and nutritionally balanced school meals
- 6.4 The contract will be managed by the City of Edinburgh Council's Catering Manager who will regularly review the impact of the framework. Quarterly supplier meetings will be held to ensure conformance.

7. Equalities impact

- 7.1 The procurement process excludes any bidders where a complaint had been upheld after investigation by the Equality and Human Rights commission or its predecessors and a failure to take remedial action.
- 7.2 The statements contained within paragraph 8.3 demonstrate an enhancement of rights for a range of groups under the Equalities Act 2010.

8. Sustainability impact

- 8.1 Scotland Excel incorporated a number of sustainability aspects, including supply chain sustainability.
- 8.2 With regards to their environmental impact, bidders detailed food waste initiatives, how they intend to reduce and recycle packaging and any sustainable food sources to be used.
- 8.3 Bidders were asked to detail any community benefit initiatives (in line with the Scottish Government's National Outcomes) that they would commit to deliver during the lifetime of the framework. Suppliers have offered to deliver a number of community benefits throughout Scotland including; Work experience and traineeships, Interview assistance and feedback, Donations to local foodbanks, Sponsorship for local sports and activities, School visits to discuss health and wellbeing and food and handling hygiene.
- 8.4 The supplier confirmed living wage is paid to employees.

9. Consultation and engagement

- 9.1 In developing the new framework Scotland Excel held a number of User Intelligence Groups (UIG) which comprised members from participating Councils, the City of Edinburgh Council was represented by two officers from Commercial and Procurement Services.

10. Background reading/external references

- 10.1 N/A

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11. Appendices

Appendix 1 – Summary of Tendering and Tender Evaluation Process

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Framework Contract for Supply & Distribution of Frozen Foods – let by Scotland Excel
SXL Framework period	1 July 2017 until 30 June 2021
Estimated contract value	£4,000,000
Governing UK Regulation	Public Contracts (Scotland) Regulations 2015
EC Procedure chosen	Open
Standing Orders observed	2.4 EU Principles been applied 2.7 Commercial and Procurement Manager provided resource to undertake tendering 3.2 Director has responsibility for all Contracts tendered and let by their Directorate 5.1 (b) Tenders evaluated on basis of most economically advantageous criteria 8.1 Procurement process conducted electronically via Public Contracts Scotland Tender (PCST)
Secondary criteria (Set by Scotland Excel)	Lot 1: Technical: 14% Commercial: 86%
	Lot 2 and Lot 3: Technical: 19% Commercial: 81%
Tenders returned	12
Tenders fully compliant	11 (Total for Scotland; 1 Tender for City of Edinburgh Council)
No. of recommended suppliers	1
Primary criterion	Most Economically Advantageous Tender (MEAT)
Evaluation Team	Scotland Excel & Procurement and/or Technical Representatives from participating Councils
Procurement Costs	<£10,000