

# Finance and Resources Committee

10.00am, Thursday, 23 May 2019

## Award of Framework Agreement – Supply and Distribution of Fresh Fruit, Fresh Vegetables, Bakery Products and Eggs

Executive/routine  
Wards  
Council Commitments

### 1. Recommendations

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1.1 That Committee:

- 1.1.1 Approves the award of a single supplier Framework Agreement to George Carruthers & Sons Limited for the Supply and Distribution of Fresh Fruit, Fresh Vegetables, Bakery Products and Eggs from 1 July 2019 until 30 June 2022 with the option to extend for a further 12 months to 30 June 2023.

**Stephen S. Moir**

Executive Director of Resources

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# Report

## Award of Framework Agreement – Supply and Distribution of Fresh Fruit, Fresh Vegetables, Bakery Products and Eggs

### 2. Executive Summary

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- 2.1 This report seeks approval to award a single supplier Framework Agreement to George Carruthers & Sons Limited for the supply and distribution of Fresh Fruit, Fresh Vegetables, Bakery Products and Eggs. The Framework Agreement will be for a period of three years with the option to extend for one further year.
- 2.2 The total estimated Framework Agreement value over the four-year period is £2.6m and the estimated savings are 15.23% - £115,251 per annum (£461,004 over the potential 48 months of the arrangement).

### 3. Background

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- 3.1 The Council has a recurring requirement for the provision of Fresh Fruit, Fresh Vegetables, Bakery Products and Eggs to schools, Health & Social Care establishments (including day centres and care homes) and staff restaurants as required. This Framework Agreement will support the duties established by the Schools (Health, Promotion and Nutrition) (Scotland) Act 2007 and the standards set out by the Nutritional Requirements for Food and Drink in Schools (Scotland) Regulations 2008.
- 3.2 The Council's aim is to increase the proportion of fresh food that is served in these establishments by using quality fresh ingredients in the preparation of food. Nutritionally balanced meals will assist in encouraging people to make healthier choices and in turn hopefully help to reduce obesity, heart disease and diabetes. In addition, food products must comply with nationally recognised Saffron Nutrition Analysis Software so that meals served meet the statutory regulations and codes of practice referring to accurate labelling, supply and delivery of foods. It is therefore important that the new supplier committed to providing pertinent information relating to nutritional value and allergens.
- 3.3 Current arrangements were previously procured by Scottish Borders Council who acted as the lead authority for all Lothian Authorities. However, following the proposed expiry of the existing contract, the Authorities decided to procure their own supply principally due to their different geographical requirements. This report

seeks approval of the procurement of Edinburgh contract supply for the next three to four years.

## 4. Main report

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- 4.1 Market research was conducted by meeting with potential suppliers including both the incumbent and prospective new suppliers. During these meetings, ability to meet delivery targets, market trends, community benefits and sustainability were discussed as well as products required.
- 4.2 The Framework Agreement was advertised on the Official Journal of the European Union (OJEU) and the Public Contracts Scotland (PCS) portal, on 26 September 2018, for the time period set out in the Public Contracts (Scotland) Regulations 2015.
- 4.3 The procurement process followed an open tendering procedure to ensure maximum competition. Stage one, Qualification, was conducted using the European Single Procurement Document (ESPD). Within the ESPD, suppliers were measured against a set of pass/fail criteria relating to essential characteristics and capabilities that they must adhere to in order to participate in the next stage of the tender process.
- 4.4 At the second stage of the process the bids were evaluated against the following award criteria and weightings: -
- |            |     |
|------------|-----|
| Quality    | 40% |
| Commercial | 60% |
- 4.5 Within the quality section, suppliers were required to evidence their knowledge and experience by responding to method statements which covered areas including: servicing the contract, dealing with complaints, community benefits, sustainability and the management of non-core spend. Suppliers had to meet a minimum quality threshold of 50% and were also assessed in terms of any additional fixed pricing periods offered.
- 4.6 Following completion of the quality analysis, the suppliers' bids were subjected to cost analysis and had to submit pricing for a minimum of 80% of all items for their bid to be considered.
- 4.7 Within the commercial section, suppliers were invited to bid for a net delivered price for each of the core products used by the Council.
- 4.8 Suppliers were evaluated for cost and quality by separate panels from Procurement and the Service Areas and a summary of the Tendering and Tender Evaluation Processes is included in Appendix 1.
- 4.9 Two compliant bids were received with George Carruthers and Sons Limited providing the most economically advantageous tender.

- 4.10 A key objective for the Framework Agreement was to increase the flexibility of the Council's requirement for locally sourced products. The suppliers were asked to define the Country of Origin for each product for information purposes only. Whilst this information was not commercially evaluated, the Council will aim to purchase locally sourced products where possible.

## **5. Next Steps**

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- 5.1 Contract award documentation will be prepared and issued for Contract start date of 1 July 2019.
- 5.2 In line with The Procurement (Scotland) Regulations 2016, the Council will issue an award notice on Public Contracts Scotland with onward notice to OJEU.

## **6. Financial impact**

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- 6.1 George Carruthers and Sons Limited have agreed to fix their pricing for the full term of the contract. This will make contract management easier and provide financial stability for the Council.
- 6.2 It was agreed to have a ratio of 60/40 for price/quality to encourage competition but not at the expense of maintaining confidence in a high quality of service delivery.
- 6.3 It is anticipated that the Council's requirements for these goods is likely to increase over the next two to three years due to rising school rolls together with the Scottish Government's pledge (A Nation With Ambition) to increase the provision of free early learning and childcare to 1140 hours per year by 2020 which will include a lunch service. This will impact on the fruit and vegetable requirement as some nursery settings are opting for more vegetarian based dishes but will be funded through additional revenue by the Scottish Government.
- 6.5 A benchmarking exercise was conducted on the basket of goods contained within the pricing schedule comparing current prices paid against those of the recommended supplier. The result of this benchmarking demonstrates savings of 15.23% - £115,251 per annum based on current spend forecasts over the potential 48 months of the Contract.
- 6.6 The costs associated with procuring this Contract are estimated to be £10,001 - £20,000.

## **7. Stakeholder/Community Impact**

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- 7.1 The equalities team were engaged and have advised that no Integrated Impact Assessment (IIA) is needed as no impact on the Council's specific public sector equality duties have been identified. There will be negligible impact to the economy

as the new appointed supplier intends to source local fruit and vegetables wherever possible with the aim of maximising this provision. The Framework Agreement has a clear measurable scale for assessing the volumes of Scottish produce provided to our premises on an ongoing basis.

- 7.2 George Carruthers and Sons Limited are committed to factoring sustainable processes into their daily activities by reducing their energy, water and fuel consumption. Route planning is essential to reducing fuel miles and they use “Isaac” software to plan their delivery routes. The Council will work with them on this to increase efficiency wherever possible. They are also committed to minimal packaging for delivery and operate an uplift scheme, thereby ensuring that all packaging waste is fully reused or recycled.
- 7.3 The Edible Edinburgh Food Policies have been considered as part of the Council’s procurement strategy. It will be the way in which this contract is used, and control of that use by Council staff through considered product selection, which 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 & nutritionally balanced school meals.
- 7.4 The products offered are also sufficient to meet the complex and diverse dietary requirements of Health & Social Care client group and the recommendations in the National Guidelines on Eating Well for Older People.

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

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[http://www.edinburgh.gov.uk/download/meetings/id/58035/item\\_715 -  
\\_edible\\_edinburgh - a sustainable food city - progress report](http://www.edinburgh.gov.uk/download/meetings/id/58035/item_715_-_edible_edinburgh_-_a_sustainable_food_city_-_progress_report)

[http://www.edinburgh.gov.uk/download/meetings/id/55614/item\\_719 -  
\\_school meals update](http://www.edinburgh.gov.uk/download/meetings/id/55614/item_719_-_school_meals_update)

<https://www.soilassociation.org/media/12814/ffs-003-report.pdf>

## 9. Appendices

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

<b>Contract</b>	<b>CT2472</b>	
Contract Period	3 years with the option to extend by a 12 month period.	
Estimated Total Contract Value (including extensions)	£2,600,000	
Procurement Route Chosen	Open	
Tenders Returned	3	
Price / Quality Split	<b>Quality 40</b>	<b>Price 60</b>
	<b>Criteria</b>	<b>Weighting (%)</b>
Evaluation Criterion and Weightings	Delivery of the Contract	20%
	Operational Requirements	15%
	Meeting Key Performance Indicators and Targets	10%
	Complaints Procedure	5%
	The Environment	15%
	Supply Chain	15%
	Community Benefits	5%
	Business Continuity	10%
	Fair Work Practices	5%
	Zero Hours Contracts & the Living Wage	Information only
	Ability to Transact	Information only
Evaluation Team	Officers from Property & Facilities Management and Edinburgh Health & Social Care Partnership	