

Finance and Resources Committee

10.00am, Tuesday, 25 April 2023

Transportation of Food Containers

Routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
 - 1.1.1 Approve the award of the Framework Agreement for the Transportation of Food Containers to Sheridan Myers Management LLP;
 - 1.1.2 Approves the commencement of the Framework Agreement on 1 July 2023 for a period of three years with the option to extend for a further 12-month period, undertaken at the sole discretion of the Council, at an estimated total value of £1,786,884.54 (£446,721.15 per annum); and
 - 1.1.3 Additionally approves the extension of a waiver of contract standing orders to 1 July 2023 to allow for the new Framework Agreement to align with the academic year.

Paul Lawrence

Executive Director of Place

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Transportation of Food Containers

2. Executive Summary

- 2.1 This report requests the approval of Finance and Resources Committee to award a Framework Agreement for the Transportation of Food Containers to Sheridan Myers Management LLP. This is a recurring requirement and is necessary to replace the existing Framework Agreement.
- 2.2 This report additionally seeks approval for the extension of current agreement by a waiver of Contract Standing Orders (CSOs) to 1 July 2023 as the total value of the waiver including the extension is £360,000 and thus above the Delegated Authority limit. This will allow the new Framework Agreement to align with the academic year and the requirements of the schools.

3. Background

- 3.1 The Council has a statutory duty to provide a hot meal to children entitled to a free school meal. The Council intends to establish a Framework Agreement for the Transportation of Food Containers within the Edinburgh catchment area, to replace the current Framework Agreement which expires this year. The successful supplier will be required to collect containers from a finishing kitchen and deliver them to schools, nurseries, and lunch clubs within the city.
- 3.2 The current Framework Agreement for the Transportation of Food Containers expires in April 2023 and a new contract is required to fulfil statutory free meal provisions.
- 3.3 A waiver to bridge the gap between the expiry of the current Framework Agreement and the start of the new Framework Agreement was put in place in 2022. An extension of £120,000 (to the existing waiver of £240,000) to 1 July 2023 is required to allow for the new Framework Agreement to align with the academic year and the requirements of the schools, taking the total value up to £360,000 until 30 June 2023.
- 3.4 This new Framework Agreement will take into consideration changes in usage levels in line with growth of Universal Free School Meals and will consider environmental factors such as the introduction of the Low Emission Zone (LEZ) and the Edinburgh 2030 Climate Strategy.

4. Main report

- 4.1 In order to replace the existing Framework Agreement which expires in April 2023, Commercial and Procurement Services (CPS) in conjunction with the service area, conducted an Open Procedure Tender using the Public Contracts Scotland – Tender portal (PCS-T).
- 4.2 On 3 May 2022 a Prior Information Notice (PIN) was published on Public Contract Scotland (PCS) and 13 suppliers noted interest.
- 4.3 The Contract Notice and accompanying documents were published and made available for download on 12 January 2023 from PCS-Tender.
- 4.4 This tender was split into four geographical Lots to encourage Small and Medium Enterprises (SMEs) and independent transport providers to submit a tender. Lot 1 referred to the North East Locality, Lot 2 the South East Locality, Lot 3 the South West Locality and Lot 4 the North West Locality.
- 4.5 Tenderers were able to submit a bid for individual lots or multiple Lots. Tenderers were given the opportunity to provide a percentage discount if they were successful on multiple Lots.
- 4.6 The tender used the Single Procurement Document (SPD) to assess minimum standards on aspects such as financial probity and required insurances.
- 4.7 A cost quality ratio of 60:40 was applied to encourage competitive prices to be submitted, while emphasising the importance of a high-quality transport service adhering to Council standards. It was stipulated that the Council reserved the right to disqualify any tenderer that scored either a one or zero in any scored quality questions or if the pre-set quality threshold total of 60% was not met.
- 4.8 Three Tenders were submitted for this framework agreement. One Tender failed to achieve the pre-set threshold for the Quality score of 60%, and consequently was not taken forward to the Pricing evaluation.
- 4.9 A summary of the tender evaluation process is provided in Appendix 1.

5. Next Steps

- 5.1 Subject to approval by Finance and Resources Committee, the framework agreement will be awarded for the provision of the Transportation of Food Containers and the waiver to cover the interim period will be extended.
- 5.2 The new framework will commence on 1 July 2023 for a period of three years with the option to extend for a further 12 months, undertaken at the sole discretion of the Council.
- 5.3 A start date of 1 July 2023 has been selected to align with the academic year. This will ensure coverage for the school summer holidays but also allows sufficient time for a detailed implementation period for term time provision, which will ensure all the

key elements in the tender (such as advising schools of driver details) and any revisions required to routes can be addressed prior to the start date.

- 5.4 The Contract will be managed by Facilities Management Catering Services. The designated Contract Manager will be the Commercial Manager.

6. Financial impact

- 6.1 Usage levels are expected to increase from previous years due to growth in the provision of Universal Free School Meals. Usage is reviewed annually and adjusted accordingly as additional funding is received from the Scottish Government to cover demand.
- 6.2 As part of the pricing schedule, tenderers were asked to state the percentage discount they intend to offer if they were successful in their tender for more than one locality or Lot.
- 6.3 The tendered price by the successful bidder, Sheridan Myers Management LLP, was £510,538.44 per annum, or £2,042,153.76 for the full framework period. However, they did offer a 12.5% discount should they be successful on all four Lots. As they have been successful across all Lots, this discount can be applied to their pricing, which results in an estimated annual cost of £446,721.15, or £1,786,884.54 for the full duration. This indicates a saving in the region of £63,817.31 per annum against their non-discounted pricing will be achieved, or £255,269.22 across the total four year duration of the Framework Agreement.
- 6.4 Financial probity checks were undertaken by the Council's finance area and the recommended tenderer was deemed to be in a strong financial position with a healthy credit score.
- 6.5 To mitigate price risk as far as possible, prices will be fixed for the first year and the subsequent years will be linked to the Consumer Price Index (CPI) but will be capped at 5% to avoid unattainable price increases caused by market conditions.

7. Stakeholder/Community Impact

- 7.1 The provision of this service is imperative to provide free school meals to those entitled to it as this is a statutory requirement.
- 7.2 Due to the nature of this contract operating in a range of schools and nurseries, all drivers involved in providing this Contract are required to have undergone a Protection of Vulnerable Groups (PVG) check through Disclosure Scotland.
- 7.3 The successful tenderer is required to provide community benefits in line with the council guidance and points-based system. Tenderers submitted a response relating to their action plan of community benefits, and this will be monitored on an ongoing basis as part of contract management procedures by FMCS.

- 7.4 Sustainability and the environment were key considerations for this tender as the contract involves vehicle transportation within the city boundaries. The successful tenderer is required to meet minimum emissions standards as specified by the LEZ and be committed to increasing sustainability wherever possible, for example converting to alternative fuelled vehicles by 2030.
- 7.5 The service area engaged with schools and nurseries impacted by this service and the feedback received helped inform the tender documentation including the specification and pricing schedule.

8. Background reading/external references

- 8.1 2030 Climate Strategy and Implementation Plan - Policy and Sustainability Committee, [30 November 2021](#).
- 8.2 [Council Emissions Reduction Plan – final version](#) - Policy and Sustainability Committee, [30 November 2021](#).
- 8.3 [Business Plan Priorities 1](#)

9. Appendices

- 9.1 Appendix 1 – Summary of Tender Evaluation Process

Appendix 1 – Summary of Tender Evaluation Process

CT1054 – Transportation of Food Containers			
Contract Period	3 years starting from 1 st July 2023 with a further 1-year extension option.		
Contract Value (including extensions)	£1,786,884.54 (£446,721.15 per annum)		
Procurement Route Chosen	Open Procedure		
Tenders Returned	3		
Name of Recommended Suppliers	Sheridan Myers		
Cost / Quality Split	60:40 Cost:Quality Ratio		
Questions	Q1	Fleet and Route Management	20%
	Q2	Incidents and Reporting	15%
	Q3	Account Management	10%
	Q4	Performance Management	10%
	Q5	Training	5%
	Q6	Business Continuity	10%
	Q7	The Environment	10%
	Q8	Community Benefits	10%
	Q9	Fair Work Practices	10%
Evaluation Team	Kerry Elgey Christopher Ross Julie Donaldson		