

Finance and Budget Committee

Thursday 29th November 2012 a.m.

Proposal to approve the adoption of the Scotland Excel Framework for the Supply and Delivery of Groceries and Provisions and to appoint a single supplier to said Framework for the period 3 January 2013 – 30 April 2016

Item number	8.1
Report number	
Wards	All

Links

Coalition pledges	Not applicable
Council outcomes	Not applicable
Single Outcome Agreement	Not applicable

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Summary

The City of Edinburgh Council signified its intention to sign up to a framework arranged by Scotland Excel in May 2012 and has undertaken Mini-competitions with three of the recommended suppliers for non-core Groceries and Provisions products, and the results of this together with prices achieved by Scotland Excel for core products will deliver cost reductions.

Recommendations

It is recommended that the Finance and Budget Committee approve the adoption of the Scotland Excel Framework for the Supply and Delivery of Groceries and Provisions and the appointment of Batleys to the Scotland Excel Framework as the exclusive supplier to the City of Edinburgh Council.

Measures of success

With the current background of increasing food inflation, it is a measure of the success of this procurement exercise and keen competition that savings of 13.25% have been achieved.

Financial impact

The City of Edinburgh Council currently spends £737,000 per annum with 3663 for Groceries and Provisions – this will reduce to £639,000, a reduction of £98,000 per annum.

Equalities impact

There are no direct equalities impacts arising from this report.

Sustainability impact

- There is a slight positive sustainability impact in that the recommended supplier is based in Leith, therefore, a lower carbon footprint would be incurred through shorter delivery journeys.

Consultation and engagement

Scotland Excel staff were consulted during this procurement exercise

Background reading / external references

None

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1. Background

- 1.1 The current arrangement for the supply of Groceries and Provisions to Schools, City of Edinburgh Council Care Homes and Corporate buildings, is in collaboration with the NHS Procurement Organisation and is due to expire on 31 March 2013.
- 1.2 However, this is a single supplier framework which leaves the Council a hostage to food inflation and/or poor service. In 2011, Scotland Excel proposed developing a multi-supplier framework that would generate competition and keep suppliers sharp in the knowledge that Councils might change supplier in the event of unacceptable service or price rises, and this is what the City of Edinburgh Council agreed to.

2. Main report

- 2.1 The Scotland Excel Framework came into being in May this year, but due to various delays in obtaining realistic non-core requirements agreed by the City of Edinburgh Council Operational staff, it is only now that we are in a position to move forward with this Framework.
- 2.2 At the beginning of October 2012, the non-core requirements with details of annual volumes were put out to mini-competition using the Quick Quote process on Public Contracts Scotland's website to the three suppliers that had been recommended by Scotland Excel.
- 2.3 The results of this mini-competition were then compared and added to the results of the core requirements that had been obtained by Scotland Excel. The results were that Batleys and Bid 2 were cheapest for 2 categories each, therefore the cheapest option would have been to split the contract, however, effectively this would double the administrative burden and the delivery traffic into schools and therefore be detrimental to our carbon footprint. There is however, an overall winner, Batleys. The results are tabulated as follows:

Supplier	Batleys	Bid 2	Bid 3	Existing Contract
Lot 1	£176,756	£183,348	£198,296	£185,034
(Dairy)				
Lot 2	£320,247	£317,777	£390,301	£359,589
(Ambient)				
Lot 3	£91,967	£88,596	£106,269	£118,351
(Confectionery)				
Non-Core	£50,402	£52,479	£56,034	£74,071
Total	£639,372	£642,200	£750,900	£737,045
Savings/Cost	£97,673	£94,845	-£13,855	
Percentage change	13.25%	12.87%	-1.88%	

3. Recommendations

- 3.1 Three suppliers were invited to bid in the mini-competition, and the prices ranged from an increase in cost of 1.88% submitted by Bid 3, to a saving of 13.25% submitted by Batley's, a locally-based food supplier.
- 3.2 The Finance and Budget Committee is invited to approve the recommendation to adopt the Scotland Excel Framework and appoint Batleys to the framework for the City of Edinburgh Council Groceries and Provisions requirements for the next 40 months at an estimated cost of £2.130m and an approximate saving of £327k

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