

Finance and Resources Committee

10am, Thursday, 27 November 2014

Adoption of the Scotland Excel Framework Contract for the Supply and Distribution of Meats (Fresh, Prepared and Cooked) incorporating Fresh Fish on behalf of the City of Edinburgh Council from 1 November 2014 to 31 October 2016, with an option to extend for up to two one year periods until 31 October 2018

Item number 7.24
Report number
Executive/routine
Wards

Executive summary

This report seeks approval from the Finance and Resources Committee to adopt the Framework Contract for the Supply and Distribution of Meats (Fresh, Prepared and Cooked) incorporating Fresh Fish arranged by Scotland Excel, Centre of Procurement Expertise for Scotland's local government sector.

The Current framework expires on 31 October 2014. Following User Intelligence Group (UIG) discussions with Scotland Excel and based on the high level of satisfaction with the current framework, participating Councils agreed that a second generation framework should be established. The new framework will operate from 1 November 2014 to 31 October 2016 with the option to extend for up to two one year periods until 31 October 2018. The estimated contract value including the 2 x 1 year options is £2,248,440.

The recommendations of this report contribute to fulfilling the Council's commitment to the Edible Edinburgh Sustainable Food City Plan.

Links

Coalition pledges [P30](#)
Council outcomes [CO26](#)
Single Outcome Agreement [SO1](#)

Adoption of the Scotland Excel Framework Contract for Supply and Distribution of Meats (Fresh, Prepared and Cooked) incorporating Fresh Fish on behalf of the City of Edinburgh Council.

Recommendations

- 1.1 The Finance and Resources Committee is invited to approve the recommendation to adopt the Scotland Excel Framework for the City of Edinburgh Council for the Supply & Distribution of Meats (Fresh, Prepared and Cooked) incorporating Fresh Fish.

Background

- 2.1 The Council's current arrangement for the Supply & Distribution of Meats (Fresh, Prepared and Cooked) incorporating Fresh Fish is due to expire on 31 October 2014.
- 2.2 In June 2014 the Council agreed to endorse the Edible Edinburgh Sustainable Food City plan, to play a key role in implementing the plan and to directly progress actions where required.
- 2.3 One of the six key aims of the plan is to ensure sustainable procurement – 'To develop a thriving local food economy based on public and private sector businesses procuring more sustainable food.'
- 2.4 A sub group of Edible Edinburgh was established in 2012 to progress public sector leadership in sustainable food procurement and catering in the City. The Edinburgh Food for Life Partnership (EFFLP) involves the City of Edinburgh Council, NHS Lothian and the University of Edinburgh investigating new opportunities for public sector procurement and applying the Food for Life Catering Mark framework within their respective procurement and catering operations.

- 2.5 The City of Edinburgh Council is currently undertaking a phased roll out of the Food for Life Catering Mark framework with the aim of attaining the bronze standard Catering Mark Award for all city schools and care homes by early 2015. Accreditation for the award is dependent upon meeting a set of criteria which includes freshly preparing food on site, serving food which meets or exceeds UK animal welfare standards and championing local produced and producers.
- 2.6 The Council's procurement team has worked directly with the EFLP and with suppliers over the past two years to develop procurement and tendering systems which allow the sourcing of produce which meets the Food for Life standards.
- 2.7 The proposed replacement Scotland Excel framework incorporates such produce and represents a tangible example of action taken by the Council to fulfil commitments to both the EFLP and to the wider Edible Edinburgh Sustainable Food city Plan.
- 2.8

Main report

- 3.1 A User Intelligence Group (UIG) consisting of procurement and technical representatives from the participating councils was established to develop a procurement strategy to best meet user requirements. Quality Meats Scotland, the National Farmers Union Scotland and the Soil Association were also consulted in the development of the tender.
- 3.2 Achieving full geographic coverage for this commodity has historically proved challenging. As a result, three tenderer information sessions to promote this opportunity and demonstrate the PCS tendering system were held. These sessions were advertised via the Public Contract Scotland website and Quality Meats Scotland also sent a notification to all their members to alert them to the new opportunity. The UIG were also notified about the sessions in order for them to inform any of their local suppliers about the framework. The sessions were held across Scotland in the evenings in an effort to encourage local butchers and fishmongers to attend after their shops closed.
- 3.3 The framework was advertised in the Official Journal of the European Union and the Public Contracts Scotland portal on 2 May 2014. The tender process was conducted using the Public Contracts Scotland Tender (PCS-Tender) system.
- 3.4 To ensure that the contract was awarded to the most capable tenderers, the UIG agreed that the Open Procedure for tendering should be used, consisting of a two stage tendering process. At the first stage, tenderers were assessed on financial capability, technical/professional capability, supplier self audits and business probity. Product specifications for all three lots were also included within stage one with tenderers having to comply with the specifications detailed in the tender. Tenderers were required to pass stage one for their offer to be evaluated.

- 3.5 The product specifications incorporated local produce was written following advice from Quality Meat Scotland to ensure the availability of Scotch meat and a robust supply chain.
- 3.6 A total of seventeen suppliers accessed the tender documents, of which eight submitted a bid before the closing date and time. However, only two suppliers submitted a bid for the City of Edinburgh Council geographical lot.
- 3.7 At the second stage of the process, the offers were evaluated against the following criteria and weightings:
- Technical 20%
 - Commercial 80%
- 3.8 Tenderers were invited to bid on the following basis:
- A net delivered price for all 98 core products used by councils. (These products account for approximately 80% of the overall spend);
 - A fixed discount from list price for delivered non-core products which account for the remaining 20% of the overall spend; and
 - Fixed pricing for core and non-core products for a minimum period of 12 months.
- 3.9 In the case of the City of Edinburgh Council, core products represent only 55% of the total annual spend of £562,110.
- 3.10 Tenderers also had the ability to offer variant pricing for individual geographic lots, due to the varying distribution requirements of each council.
- 3.11 Each lot was further broken down into geographical zones, largely aligned to local authority boundaries. In total 37 geographic regions were agreed. The tender confirmed that a single supplier would be appointed to each of the regions for each of the lots.
- 3.12 Of the 2 suppliers that bid for the Council's business, only 1, Campbell Prime Meats Ltd, the incumbent supplier was appointed to the Framework.

Measures of success

- 4.1 Taking into account the relentless inflation in food prices, it is a measure of the success of this procurement exercise has resulted in a saving of 3.6%

Financial impact

- 5.1 Based on their individual current estimated quantities of core and non-core products (where applicable) purchased, Scotland Excel conducted

benchmarking exercises for each council comparing current prices paid against those of the recommended suppliers. Based on the benchmarking, savings ranging from -4.4% to 23.3% are estimated, with the level of saving largely dependent on the menus adopted by each council and the suppliers tendering for each council. In the City of Edinburgh's case the overall saving is approximately £20,150 or (3.6%) per annum across the 3 Lots.

- 5.2 The overall savings are based on the estimated spend levels that were provided at the contract development stage. Any change in future buying patterns, for example increased numbers of councils seeking Food for Life accreditation will impact on the savings delivered.
- 5.3 All pricing, both core and non-core, will be fixed for 12 months from framework commencement, and any requests for price increases will be considered in accordance with the defined Scotland Excel process and evaluated against a range of market analysis indices including the Agricultural Price Index (API).
- 5.4 The costs associated with procuring this contract are estimated at up to £10,000.

Risk, policy, compliance and governance impact

- 6.1 As part of the evaluation process, Renfrewshire Council's Environmental Services assessed the supplier self audit documentation for all recommended suppliers which all passed. In addition to these checks, Environmental Services have carried out vendor audits prior to the framework start date to ensure that they complied with the relevant legislation and have robust processes in place for managing a contract of this nature.
- 6.2 In accordance with Scotland Excel's established Contract Supplier Management (CSM) programme, in terms of risk and spend, this framework is classified as level 1 (high risk). As such on a quarterly basis Scotland Excel will collect, analyse and review detailed supplier management information and will monitor the community benefits associated with this framework.
- 6.3 Standard management information will be collated in accordance with that described in the tender documentation. Achievement of key performance indicators as provided in the tender, such as number of environmentally sourced products, will be finalised and agreed at contract award. These will be a driver to ensure that the required service is monitored, maintained and where possible improved during the framework period. This data will form the foundation of ongoing contract and supplier management.

Equalities impact

- 7.1 There are no direct equalities impacts arising from this report.

Sustainability impact

- 8.1 This framework contract included scored elements related to sustainability. The origin of products was captured through the tender process and will be tracked during the life of the framework through quarterly management information returns.
- 8.2 Tenderers were invited to offer solutions to assist councils in increasing their recycling level which was embraced by many of the suppliers. Some solutions offered included composting projects within schools, with the compost bins supplied by the supplier to increase the amount of fruit and vegetable food waste that is recycled; reduction of pack sizes in rural schools to minimise waste and offer free rolls of biodegradable compost bags annually to encourage the recycling of food waste.
- 8.3 Suppliers were also asked to demonstrate how they sourced and traced their products in the supply chain and how this would be monitored throughout the lifetime of the framework and about their ability to offer / source PGI (Protected Geographical Indication) or PDO (Protected Designation of Origin) products e.g. Stornoway Black Pudding.
- 8.4 Further sustainability benefits are likely to be captured through the life of the framework through planned core product reviews. These reviews may further increase the number of PGI and PDO products, as well as increase the number of products with accreditations by associations such as the Marine Stewardship Council (fish) and Red Tractor (meats).
- 8.5 Tenderers were invited to commit to specific community benefits through the framework. This was embraced by many of the suppliers and a wide range of benefits were offered across the supply base with some of the potential benefits offered were;
- Work experience and apprenticeships;
 - Training and development for schools and colleges with regard healthy eating within the context of the Health Promoting Schools and Hungry for Success initiatives;
 - Abattoir / Farm visits – experience from “Gate to Plate”;
 - Donating food to national food charities and local food banks;
 - Support for Burns Night, St Andrews Day, Christmas and Easter; and
 - Sponsorship of local community projects and charities.
- 8.6 Suppliers will be required as part of their quarterly management information submissions to provide information on any community benefits that they have delivered through this framework.

Consultation and engagement

- 9.1 A Council representative attended all the Scotland Excel UIG meetings, and was influential in ensuring that all the other Council's distribution costs were not aggregated into the selling price, thus ensuring that the Council obtained better value for money.

Background reading/external references

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Links

Coalition pledges	P30 – Maintain a good financial position
Council outcomes	CO26 – Engage with stakeholders and work in partnership to improve services
Single Outcome Agreement	SO1 – Edinburgh's economy delivers increased investment, jobs and opportunities for all
Appendices	Annex 1 Tendering Process summary

Annex 1 Summary of Tendering and Tender Evaluation Processes

Contract	Framework Contract for Supply & Distribution of Meats (Fresh, Prepared & Cooked) incorporating Fresh Fish
Contract period	1 November 2014 to 31 October 2016 (with an optional 3 rd and 4 th year)
Estimated contract value	£2,248,440 (including 3 rd and 4 th year)
Governing UK Regulation	Public Contracts (Scotland) Regulations 2012
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.
Tenders returned	2
Tenders fully compliant	1
No. of recommended suppliers	1
Primary criterion	Most economically advantageous offer
Secondary criteria	Price
	Degree of compliance with Conditions of Contract
	Financial Stability
	Quality
	Service
	Contract Management
Evaluation Team	Scotland Excel and selected Local Authorities