

# Finance and Resources Committee

10am Thursday 4 June 2015

## Adoption of the Scotland Excel Framework for Janitorial Products from 5 June 2015 until 28 February 2018 with an option to extend for one further year

Item number	7.15
Report number	
Executive/routine	Executive
Wards	All

### Executive summary

This report seeks approval from the Finances and Resources Committee to adopt the Framework Contract for the supply and distribution of janitorial products. Scotland Excel leads on this collaborative procurement, and 29 Councils agreed to participate including the City of Edinburgh Council.

The current framework expired on 28 February 2015. Following User Intelligence Group (UIG) discussions, 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 March 2015 to 28 February 2018 with an option to extend for a further year. The new framework has been renamed Janitorial Products to establish a clear difference for customers from the Washroom Solutions framework. This framework covers a wide range of janitorial products, the significant spend items are black bags, paper towels and washing detergents. The estimated contract value, including the option to extend for a further year, is £ 4.9 million.

Coalition pledges	<a href="#">P30</a>
Council outcomes	<a href="#">CO1</a>
Single Outcome Agreement	<a href="#">S04</a>

## Adoption of the Scotland Excel Framework for Janitorial Products

### Recommendations

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- 1.1 It is recommended that Committee approves the adoption of the Scotland Excel led Framework Agreement, for the supply and distribution of Janitorial Products, from 4 June 2015 - 28 February 2018, with an optional 12 month extension. The three suppliers awarded a place on the framework are:
- Alliance Disposables;
  - Instock Disposables; and
  - Unico.

### Background

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- 2.1 The current framework for hygiene solutions (as it was previously known) expired on the 28 February 2015.
- 2.2 There was a delay in Scotland Excel awarding this framework contract, which has resulted in a delay in reporting to Committee.
- 2.3 This report covers the outcome from the tender for the replacement hygiene solutions framework, covering the period 1 March 2015 to 28 February 2018, with an option to extend for up to one year. The new framework has been renamed Janitorial Products to establish a clear difference for customers from the Washroom Solutions framework. The framework covers a wide range of janitorial products. The significant spend items are black bin bags, paper towels and washing detergents.

### Main report

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- 3.1 As part of the strategy development for this framework it was agreed to split the contract into three distinct product group areas within one lot:
- Janitorial Products;
  - Paper Products; and
  - Chemical Products.

Additionally each group has two sections:

- Highest Value spend range to include products that have demonstrated expenditure in excess of £20k per annum; and

- Mid Value spend range to include products that have demonstrated spend in excess of £5k per annum.
- 3.2 A User Intelligence Group (UIG) comprising procurement and operational representatives from the participating councils was established to develop a procurement strategy to best meet user requirements.
  - 3.3 To ensure that the framework is awarded to the most capable suppliers, the UIG agreed that an open procedure for tendering should be used, consisting of a 2 stage tendering process. At the first stage, bidders were assessed on financial capability, technical / professional capacity and business probity. Bidders were required to pass this stage in order for their offer to be evaluated.
  - 3.4 At the second stage of the process, the offers were evaluated against the following criteria and weightings:
 

Quality	20%
Price	80%
  - 3.5 Tenderers were required to supply prices for 90% of all products listed in all Highest Value spend range, in order to submit a compliant offer. Offers would be rejected that did not meet this requirement.
  - 3.6 Tenderers were required to supply prices for 65% of all products listed in all Mid Value spend range, in order to submit a compliant offer. Offers would be rejected that did not meet this requirement.
  - 3.7 There was improvement to the specification for the Higher Value products for the first time. For example, the specification for bin bags has a reference to the Cleaning and Hygiene Supplier Association (CHSA) Accreditation Scheme or equivalent, which ensures that customers are getting quality products.
  - 3.8 The framework was advertised in the Official Journal of the European Union and the Public Contracts Scotland portal. The tender process was conducted using the Public Contracts Scotland tender system (PCS-Tender).
  - 3.9 51 suppliers expressed an interest in the framework, with 16 suppliers responding.
  - 3.10 Based on the criteria and methodology set out in the tender document, a full evaluation of the remaining offers received was completed. Scoring achieved by each tenderer is detailed overleaf:

SUPPLIER	COMMERCIAL SCORE 80%	TECHNICAL SCORE 20%	TOTAL SCORE 100%
** Unico Ltd	80.00	16.75	96.75
** Instock Disposables	79.77	16.25	96.02
** Alliance	77.10	15.38	92.47
Supplier 4	76.09	9.88	85.97
Supplier 5	73.76	11.88	85.64
Supplier 6	70.86	12.88	83.73
Supplier 7	65.45	16.25	81.70
Supplier 8	66.05	15.13	81.18
Supplier 9	59.95	15.63	75.57
Supplier 10	62.75	12.13	74.87
Supplier 11	66.01	8.63	74.63
Supplier 12	60.59	10.25	70.84
Supplier 13	53.04	14.50	67.54
Supplier 14	61.26	4.00	65.26
Supplier 15	60.22	4.00	64.22
Supplier 16	46.76	8.88	55.63

3.11 Based on the evaluation undertaken in accordance with the criteria and weightings set out above, it is recommended that framework agreements are awarded to 3 suppliers (the 3 successful tenderers were on the previous framework):

- Alliance Disposables;
- Instock Disposables; and
- Unico.

## Measures of success

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- 4.1 By working closely with the service areas and analysing product mix, brand utilised and supplier choice, a 10% cost reduction may be achieved.

## Financial impact

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- 5.1 Scotland Excel conducted individual benchmarking exercises for each council using a spend profile of the most popular products purchased in a full year. This had been previously agreed with the councils.

If there are no changes to the product mix an estimated annual saving of 3% is forecast, however, if changes are made to the way products are purchased savings of 10% per annum could be achieved (as shown in Appendix 2).

- 5.2 European Regulation No. 1272/2008, EU Chemical Classification, Labelling and Packaging Regulation (CLP), is due to be implemented from 1 June 2015 and requires companies to classify and label both substances and mixtures according to CLP Regulation. This will affect prices, as the supply base will pass on the costs involved in implementing this Regulation.
- 5.3 All suppliers pricing will be fixed for 12 months from contract commencement.
- 5.4 The costs associated with procuring this contract are estimated up to £10,000.

## Risk, policy, compliance and governance impact

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- 6.1 Implementation risks will be managed by the Corporate Facilities Management Team.

## Equalities impact

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- 7.1 The Equality and Rights Impact Assessment has identified no impact on the Council's specific public sector equality duties.

## Sustainability impact

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- 8.1 The Council will work with the suppliers to deliver Community Benefits on this contract.
- 8.2 Tenderers offered to assist councils to look at the ways to reduce their waste through improved products and processes during the life of this framework.
- 8.3 Tenderers will, on request will be required to submit a detailed chemical analysis and any relevant efficiency / evaluation / in use / soil / microbiological test results.

## Consultation and engagement

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- 9.1 Scotland Excel has engaged with Council's in order to specify requirements. Commercial and Procurement Services has been working with service areas in order to ensure the Council's requirements are covered.

## Background reading / external references

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None

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## Links

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<b>Coalition pledges</b>	P30 - Continue to maintain a sound financial position including long-term financial planning.
<b>Council outcomes</b>	CO1 - Our children have the best start in life, are able to make and sustain relationships and are ready to succeed.
<b>Single Outcome Agreement</b>	SO4 - Edinburgh's communities are safer and have improved physical and social fabric.
<b>Appendices</b>	Appendix 1 Summary of Tendering Process. Appendix 2 Participation, Spend and Savings Summary.

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

Contract	Framework Contract for Supply of Janitorial Products
Contract period	1 March 2015 to 28 February 2018 (with an optional 1 year)
Estimated contract value	£2,248,440 (including 3 <sup>rd</sup> and 4 <sup>th</sup> year)
Governing UK Regulation	Public Contracts (Scotland) Regulations 2012
EC Procedure chosen	Open
Standing Orders observed	<p>2.4 EU Principles been applied</p> <p>2.7 Commercial and Procurement Manager provided resource to undertake tendering</p> <p>3.2 Director has responsibility for all Contracts tendered and let by their Directorate</p> <p>5.1 (b) Tenders evaluated on basis of most economically advantageous criteria</p> <p>8.1 Procurement process conducted electronically via Public Contracts Scotland.</p>
Tenders returned	16
Tenders fully compliant	16
No. of recommended suppliers	3
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 LAs
Procurement Costs	<£10,000

## Participation, Spend and Savings Summary

## Appendix 2

### Supply and Delivery of Janitorial Products 14-14

Council	Participate in contract	Participation entry date	Est annual spend	Source of spend data	% forecast savings	Est annual savings	Basis of savings calculation
Aberdeen City Council	Yes	02-Mar-15	£359,327	Management Information	8.00%	£28,746.16	Benchmarked against spend
Aberdeenshire Council	Yes	02-Mar-15	£495,252	Management Information	10.41%	£51,535.39	Benchmarked against spend
Angus Council	Yes	02-Mar-15	£134,628	Management Information	3.66%	£4,927.38	Benchmarked against spend
Argyll & Bute Council	Yes	02-Mar-15	£144,748	Management Information	12.85%	£18,601.94	Benchmarked against spend
City of Edinburgh Council	Yes	02-Mar-15	£1,107,941	Management Information	10.00%	£110,794.10	Benchmarked against spend
Clackmannanshire Council	Yes	02-Mar-15	£83,694	Management Information	22.75%	£19,036.78	Benchmarked against spend
Comhairle nan Eilean Siar	Yes	02-Mar-15	£91,463	Management Information	8.71%	£7,966.64	Benchmarked against spend
Dumfries & Galloway Council	Yes	02-Mar-15	£348,935	Management Information	26.04%	£90,872.23	Benchmarked against spend
Dundee City Council	Yes	02-Mar-15	£142,401	Management Information	3.66%	£5,211.88	Benchmarked against spend
East Ayrshire Council	Yes	02-Mar-15	£199,236	Management Information	15.37%	£30,621.28	Benchmarked against spend
East Dunbartonshire Council	Yes	02-Mar-15	£197,410	Management Information	4.95%	£9,768.35	Benchmarked against spend
East Lothian Council	Yes	02-Mar-15	£218,950	Management Information	6.00%	£13,137.00	Benchmarked against spend
East Renfrewshire Council	Yes	02-Mar-15	£200,037	Management Information	14.77%	£29,552.86	Benchmarked against spend
Falkirk Council	Yes	02-Mar-15	£320,048	Management Information	21.55%	£68,985.23	Benchmarked against spend
Fife Council	Yes	02-Mar-15	£720,010	Management Information	0.38%	£2,736	Benchmarked against spend
Inverclyde Council	Yes	02-Mar-15	£114,037	Management Information	14.64%	£16,695.34	Benchmarked against spend
Midlothian Council	Yes	02-Mar-15	£297,283	Management Information	10.17%	£30,233.14	Benchmarked against spend
North Ayrshire Council	Yes	02-Mar-15	£223,603	Management Information	8.74%	£19,541.41	Benchmarked against spend
North Lanarkshire Council	Yes	02-Mar-15	£700,634	Management Information	17.71%	£124,110.98	Benchmarked against spend
Orkney Council	Yes	02-Mar-15		Management Information			
Perth & Kinross Council	Yes	02-Mar-15	£191,074	Management Information	3.66%	£6,993.31	Benchmarked against spend
Renfrewshire Council	Yes	02-Mar-15	£350,226	Management Information	17.56%	£61,501.20	Benchmarked against spend
Scottish Borders Council	Yes	02-Mar-15	£222,947	Management Information	8.00%	£17,835.76	Benchmarked against spend
South Ayrshire Council	Yes	02-Mar-15	£190,455	Management Information	11.82%	£22,511.14	Benchmarked against spend
South Lanarkshire Council	Yes	02-Mar-15	£664,249	Management Information	16.42%	£109,100.12	Benchmarked against spend
Tayside Contracts	Yes	02-Mar-15	£433,350	Management Information	3.66%	£15,860.61	Benchmarked against spend
The Moray Council	Yes	02-Mar-15	£128,450	Management Information	8.01%	£10,291.54	Benchmarked against spend
West Dunbartonshire Council	Yes	02-Mar-15	£294,208	Management Information	18.82%	£55,383.67	Benchmarked against spend
West Lothian Council	Yes	02-Mar-15	£476,543	Management Information	12.28%	£58,511.32	Benchmarked against spend
			£9,051,139		3.00%	£271,658.40	