

# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved? ☒ Yes ☐ No

Ref: LR

Date: 22 May 2024

## Contract Award for Supply & Distribution of Groceries and Provisions 2024 – 2026

**From** Lyall Rennie (Chief Officer, Community Operations)

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### Executive Summary

The Committee is asked to approve the award of a contract for Supply & Distribution of Groceries and Provisions 2024 – 2026 (the 'Agreement') to Brake Bros Limited.

The Agreement is for an initial period of 13 months anticipated to commence on 08 June 2024 until 30 June 2025. The council reserves the right to extend the Agreement for additional periods up to a maximum of a further 12 months until 30 June 2026.

The maximum value of the Agreement for its entire potential duration is Six Million Pounds Sterling (£6,000,000) exclusive of VAT.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Approves the award of the Agreement to Brake Bros Limited at the maximum value of Six Million Pounds Sterling (£6,000,000) exclusive of VAT.

### The Plan for North Lanarkshire

**Priority** Improve the health and wellbeing of our communities

**Ambition Statement** (22) Facilitate a North Lanarkshire wide approach to asset rationalisation, including with communities and partners

**Programme of Work** Brighter Futures

## **1. Background**

- 1.1 The council is required to purchase a wide range of ambient, chilled / dairy and confectionery groceries and provisions to enable the delivery of school meals, catering options etc.
- 1.2 Based on recent financial data, the council historically spends on average circa £2.25m annually for these requirements. Although purchased throughout the council, Facility Support Services are by far the biggest spend area making up circa 75% of the councils total spend.
- 1.3 As has been well publicised, the cost of food and drink products has risen sharply over the past two years. The institute of Grocery Distribution predicts that food and drink markets are moving towards recovery in 2025 however prices will remain much higher than what they were immediately after the Covid pandemic.
- 1.4 Historically, the councils grocery and provision have been procured via arrangements implemented by Scotland Excel with their current arrangement due to expire on 30 April 2024. However, in January 2024, Scotland Excel advised all participating authorities that their new framework would not be procured in time and Scotland Excel are extending their current arrangement by 12 months until 30 April 2025 in line with the appropriate procurement regulations.
- 1.5 The council's current arrangement for groceries and provisions is due to expire in early June 2024 and the original plan was to migrate to the new Scotland Excel arrangement that was due to commence on 01 May 2024. However, with this no longer being viable, the council is now required to procure a new contract to supersede the existing arrangement when it expires to enable appropriate contractual coverage.
- 1.6 In future, and following the expiry of this potential Agreement, it is the councils view to again migrate requirements to the new Scotland Excel framework. Accordingly, this Agreement includes appropriate timescales and extension periods to enable a review of the new Scotland Excel framework once implemented, a review of internal approaches, and the potential undertaking of a competitive mini-competition via the new Scotland Excel framework to enable continued contract coverage from 2025 /2026 onwards.

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## **2. Report**

- 2.1 A group of technical and procurement representatives was formed to develop and agree the procurement strategy for the Agreement to enable the council to achieve maximum benefit for the requirements.
- 2.2 The initial estimated value of the Agreement dictated that the procurement procedure be undertaken in accordance with the Public Contracts (Scotland) Regulations 2015.
- 2.3 The procurement procedure was undertaken as a "Direct Award" from the Scotland Excel framework agreement for Groceries and Provisions (1219) (the "Framework")
- 2.4 Following the justification detailed and appraised within the associated contract strategy document, the Direct Award procedure was considered to demonstrate Best Value as detailed below:
  - enabling a continuous, consistent and well established approach to the supply of the councils groceries and provisions;
  - minimal service disruption to a key requirement within the council and any potential "cost to change" should another supplier be selected to perform the requirements of the Agreement;
  - utilising a well-established route to market via the Framework;

- Brake Bros Limited being ranked first on the three lots required to be utilised via the Framework;
- Brake Bros Limited providing a:
  - 4% discount against their core item rates should they be appointed to all three of the identified lots;
  - 25% discount against non-core items that are not part of the Framework; and
  - 2.25% annual rebate for all spend the council makes should they be appointed to all three of the identified lots;
- Brake Bros Limited having a large distribution warehouse in North Lanarkshire therefore protecting local jobs / opportunities; and
- Commitment by Brake Bros Limited to provide a further 0.70% rebate for the sole use of delivering a range of community benefits specific to North Lanarkshire.

It should be noted that as well as requirements being procured via the Framework, Brakes Bros Limited deliver cooked meats and frozen goods through two separate contracts procured via separate Scotland Excel frameworks. Accordingly, Brakes Bros Limited shall deliver the requirements of all three contracts in the one delivery where appropriate. This approach therefore reduces:

- traffic in school playgrounds;
- carbon emissions; and
- invoice / P2P transactional costs therefore creating a process efficiency.

2.5 The tender received from Brake Bros Limited underwent appropriate appraisal to ensure it was complete / compliant with the council's requirements and demonstrated best value.

2.6 Further details of the procurement procedure is provided in Appendix 1 and the SME status and location of the tenderer is located within Appendix 2.

### **Financial / Budget Consideration**

2.7 The pre-tender wholelife budget for the Agreement was set as Six Million Pounds Sterling (£6,000,000) exclusive of VAT.

2.8 This Agreement is set with a maximum value to enable contingency against any future price rises with the council offering no guarantee or obligation that the Agreement's budget be spent throughout its lifecycle.

2.9 The majority of costs associated with delivery of the Agreement will mainly be contained within the revenue budget for Facility Support Services albeit some of the costs will be offset via payments received for school meals.

### **Price Stability**

2.10 Given the ongoing volatile nature of the food markets, an increase in item costs cannot be ruled out throughout the duration of the Agreement. In the event of any price changes, these will be applied as directed by Scotland Excel in line with the terms and conditions applied within the Framework.

### **Community Benefits**

2.11 The council is committed to maximising the delivery of community benefits. The procurement included a community benefit requirement, this approach is designed to deliver local community benefits where possible.

- 2.12 Within their tender, Brake Bros Limited committed to provide a further 0.70% rebate of annual sales for the sole use of delivering a range of community benefits specific to North Lanarkshire.
- 2.13 Accordingly, Facility Support Services will engage with appropriate internal service areas to enable the delivery of community benefits throughout the Agreements term when the rebate is received.

### **Fair Work First**

- 2.14 The Fair Work First initiative was not implemented until after the Framework commenced. However, as part of the tender process for the Framework, Scotland Excel assessed areas such as how tenderer's will commit to fair work practices and confirmation that staff in Scotland are paid a minimum of the real living wage or higher.

### **Contract Management**

- 2.15 Officers from Facility Support Services will be responsible for managing the Agreement which will be undertaken in accordance with the contract and supplier management conditions applied within the Agreement.

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## **3. Measures of success**

The Agreement will deliver the following outcomes;

- 3.1 Best Value has been considered to be demonstrated as outlined above in section 2.4.
- 3.2 the appointment of a supplier who has the experience and capability to provide the requirements in an efficient form of arrangement;
- 3.3 conclusion of a procurement procedure that is compliant with procurement legislation and internal procedures; and,
- 3.4 delivery of a range of Community Benefits in the form of a rebate provided direct to the council to apply accordingly.

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## **4. Supporting documents**

Appendix 1	Summary of Procurement Process
Appendix 2	SME Status and Location of All Tenderers

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**Lyall Rennie**  
**Chief Officer (Community Operations)**

**5. Impacts ( <http://connect/report-template-guidance> )**

<b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?  Generally increased costs for reasons indicated in sections 1.3 and 2.8 above which impacts on the councils food cost. This shall be continually monitored and associate budgets reserves should be available to provide comfort should market costs increase further. Additionally, as above food inflation is being monitored closely. FSS have a working group to look at both costs and meal uptake. Marketing can be done to promote uptake of free and paid school meals to both parents and pupils. The higher the uptake the lower the food cost based on economies of scale. The contents of the menu and recipes can be reviewed.
<b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.4 Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.5 Data protection impact</b> Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> Yes <input type="checkbox"/> No <input type="checkbox"/>

<p><b>5.6</b></p>	<p><b>Technology / Digital impact</b></p> <p>Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?</p> <p>Yes     <input type="checkbox"/>                      No             <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?</p> <p>Yes     <input type="checkbox"/>                      No             <input type="checkbox"/></p>
<p><b>5.7</b></p>	<p><b>Environmental / Carbon impact</b></p> <p>Does the report / project / practice contain information that has an impact on any environmental or carbon matters?</p> <p>Yes     <input checked="" type="checkbox"/>                      No             <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>Scotland Excel included a number of sustainability related method statements within the tender including:</p> <ul style="list-style-type: none"> <li>• Carbon dioxide (CO2) emissions, food miles &amp; route planning</li> <li>• Recycling cradle to cradle - This is the name given to describe products that have been designed so that every element or material used in its construction can be either recycled, reused, composted or consumed. The aim of recycling Cradle to Cradle products are essentially waste-free.</li> </ul>
<p><b>5.8</b></p>	<p><b>Communications impact</b></p> <p>Does the report contain any information that has an impact on the council's communications activities?</p> <p>Yes     <input type="checkbox"/>                      No             <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p>
<p><b>5.9</b></p>	<p><b>Risk impact</b></p> <p>Is there a risk impact?</p> <p>Yes     <input type="checkbox"/>                      No             <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?</p>
<p><b>5.10</b></p>	<p><b>Armed Forces Covenant Duty</b></p> <p>Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?</p> <p>Yes     <input type="checkbox"/>                      No             <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.</p>

**5.11 Children's rights and wellbeing impact**

Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

Yes ☒ No ☐

If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).

Free school meals is a statutory service therefore the provision of this Agreement shall contribute towards Children's Rights and Wellbeing.

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Yes ☐ No ☒

## Appendix 1 – Summary of Procurement Process

<b>CPT Contract Reference Allocated:</b>	NLC-
<b>Procurement Procedure Utilised:</b>	Direct Award From Framework Agreement
<b>Governing Legislation / Regulations:</b>	Public Contracts (Scotland) Regulations 2015
<b>Date Contract Strategy Approved:</b>	04 March 2024
<b>Framework Owner:</b>	Scotland Excel
<b>Framework Title:</b>	Groceries and Provisions
<b>Framework Reference Number:</b>	1219
<b>Lot Reference / Title:</b>	Lot 1: Supply & Distribution of Dairy & Chilled Products Lot 2: Supply & Distribution of Dried Goods and Ambient Products Lot 3: Supply & Distribution of Crisps, Confectionery, Soft Drinks and Water
<b>Date ITT Published:</b>	14 March 2024
<b>Tender Platform Utilised:</b>	PCS-Tender (PCST)
<b>Tender Return Deadline:</b>	12 Noon, 19 March 2024
<b>Number of Tenders Received:</b>	1
<b>Tenders from SME's:</b>	0
<b>Tenders from NLC Based Tenderers:</b>	1
<b>Tenders from Supported Businesses:</b>	0
<b>Number of Recommended Tenderers:</b>	1
<b>Assessment Team:</b>	Officers from Facility Support Services and the Corporate Procurement Team
<b>Anticipated Start Date of the Agreement:</b>	08 June 2024
<b>Total Agreement Period (Months):</b>	25 (13 + 6 + 6)
<b>Awarded Value of the Agreement:</b>	£6,000,000



## Appendix 2 – SME Status and location of all Tenderers

Name of Tenderer	Size of Tendering Organisation (Micro, Small, Medium or Large)	Location (Local Authority / Council Area)
Brake Bros Limited	Large	Kent <sup>1</sup>

<sup>1</sup> Although Brake Bros Limited are registered in Kent, their distribution centre for the majority of Scotland is located in a prominent position within North Lanarkshire