Item 3

16th June 2022

Glasgow City Council

Contracts and Property Committee

Report by Director of Legal and Administration

Contact: Maureen Fitzpatrick Ext: 76406

The Supply and Delivery of Pasteurised Milk

Tender Reference :- GCC005520CPU

Purpose of Report:

To submit details of the tenders received for supply and delivery of pasteurised milk and recommend acceptance of the most economically advantageous tender as detailed in this report.

Recommendations:

The Contracts and Property Committee is requested to approve the award of a contract for the supply and delivery of pasteurised milk to the supplier listed below.

Muller UK & Ireland Group LLP t/a Muller Milk & Ingredients
Companies House Number: OC384928

Ward No(s): Xxxxxxxx Citywide: ✓

Local member(s) advised: Yes ☐ No ☐✓ consulted: Yes ☐ No ☐✓

1 Background and Tender

1.1 Glasgow City Council's ("the Council's") annual budget for the supply and delivery of pasteurised milk is £1,000,000.

1.2 The contract will be utilised at 363 current locations throughout Glasgow including schools, care homes and leisure centres. Over a 12-month duration 3,231,823 189ml milk cartons were purchased for use at schools (697,142 whole milk and 2,534,681 semi skimmed milk). This makes up the largest requirement within the current contract. The remaining volumes of milk of 312,465 are made up of 1 pint, 1 litre, 2 litres, 3 litres, pergals and cream used across Council services including Education, catering services provided by Catering and Facilities Management (CFM), Health and Social Care Partnership (HSCP) to utilise within homes for the elderly and Glasgow Life sites.

1.3 A commodity team consisting of stakeholders from CFM and the Corporate Procurement Unit (CPU) was formed to develop the sourcing strategy and deliver a new Contract.

1.4 In line with the efficiency and effectiveness aim of the Council's Corporate Procurement and Commercial Improvement Strategy 2018-2022, located at https://www.glasgow.gov.uk/CHttpHandler.ashx?id=42092&p=0, (which promotes consideration of National and Collaborative Frameworks), it was agreed that a mini-competition process from Scotland Excel's (SXL) Framework for the supply and delivery of milk (reference 0521), would be the most appropriate method to deliver this contract.

1.5 The period of the contract is for 2 years with an option to extend by a further 2 x 12 months periods. The contract will start on 1st July 2022.

1.6 The Contract will be utilised predominately by Education and CFM will monitor the supplier's day to day operational performance. Overall contract and supplier management will be undertaken by the CPU.

2 Evaluation

2.1 The 2 suppliers appointed to the SXL Framework and which had the capability and capacity to service the Council's requirements were invited to tender. 1 supplier withdrew during the tender period due to several reasons including market changes relating to price increases for all elements of the supply (product, electricity, fuel) since the SXL Framework had been awarded. In addition the supplier was unable to provide the highest demand product (189/200ml cartons for schools) due to shortages of cardboard.

2.2 The award evaluation was based on the following criteria and weightings:-

Lot	Price	Quality	Quality Sub Criteria
1	70%	30%	Operational Management Service Levels 10%

			Contract Mobilisation 4%
			Servicing the Contract 4%
			Shelf-Life 3%
			Supply Chain Traceability 2%
			CO2 Emissions, Food Miles and Route Planning 4%
			Environmental 3%

2.3 The evaluation scoring and value of the supplier which has been recommended for award is shown in the table below:-

Description	Supplier	Total Evaluation Score	Estimated Value (per annum)	Rank
Supply and Delivery of Pasteurised Milk	Muller UK & Ireland Group LLP t/a Muller Milk & Ingredients	98.20%	£932,094	1

2.4 No savings have been identified for this contract, this is due to increased costs in the milk markets for all items relating to the production of milk. The "farmgate price" (price of milk when it leaves the dairy) has increased by £0.13 pence per litre over the last 12 months and industry indicators show that this price is likely to continue increasing. This price considers all the costs affecting farmers. The main increases have been for feed (increase of 38%) and fertiliser (103%) while other increases include straw for bedding, electricity, and wage costs.

3 Policy and Resource Implications

Resource Implications:

Financial:

The estimated contract value is £932,094 per annum, £3,728,376 over the 4 years period of the contract (including the extension periods). This will be funded by the service areas revenue budget

This contract has resulted in an annual increase of £123,136 compared to 2019 pricing.

Please note the contract will be awarded on the recommended supplier's rates that have been submitted and not on the estimated contract value.

Legal:	The report raises no new legal issues. The Director of Legal and Administration will be responsible for concluding the contract.
Personnel:	No direct personnel implications.
Procurement:	Mini competition as detailed in section 1.4
Equality and Socio-Economic Impacts: *Does the proposal support the Council's Equality Outcomes 2021-25*	The Procurement Reform (Scotland) Act 2014 requires local authorities to comply with the sustainable procurement duty in all regulated contracts and specifically refers to "reducing inequality in the area" in the definition of "improving wellbeing" The Equality Outcomes were supported within the Framework by applying the undernoted evaluation criteria weightings / conditions: Fair Working Practices – were accounted for at the Framework level and evaluated at 3% Community Benefits – were accounted at Framework level and applied as Mandatory non-scored (90 community benefits points based on the contract spend threshold).
What are the potential equality impacts as a result of this report?	No impacts
Please highlight if the policy/proposal will help address socio economic disadvantage.	Fair Work Practices – the recommended supplier has advised of the following: The supplier pays the national living wage of £9.50 as a minimum, with several employees earning in excess of this rate. Ensures that working hours are not excessive and that remuneration is comparable in the industry. Provide access for all employees to the appropriate channels for effective voice, such as trade union recognition and employee forums, clearly communicating any changes to

	employees, recognised trade unions and employee forums in a timely fashion. Community Benefits – the recommended supplier has offered the following: • 1 x Career Event • 11 x Community Engagement – Financial Support (£1k) • 5 x Community Engagement – (5hrs)
Climate Impacts: *Does the proposal support any Climate Plan actions? Please specify:*	Yes
What are the potential climate impacts as a result of this proposal?	The recommended supplier has confirmed the following: • Reducing waste and has KPIs in place for every dairy and depot • All packaging is recyclable • Climate literacy training for staff
Will the proposal contribute to Glasgow's net zero carbon target?	The recommended supplier will contribute as follows: • Fleet is Euro 6 standard • Introducing electric vehicles • Promoting electric vehicle charging points
Privacy and Data Protection impacts:	No data protection impacts identified.

4 Recommendations

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