This is not a call for tenders or a pre-qualification exercise. It is a market sounding exercise to provide advance information of requirements and open a dialogue with the supply chain. The results will be used to inform our procurement specification and strategy.

“The University of Sheffield is one of the largest organisations in the sector and it is important that we play a leading role in carbon reduction within both the University and wider Higher Education Sector”
Keith Lilley, Director of Estates and Facilities Management

“This market sounding exercise provides a platform to enable the supply chain to inform and shape the procurement strategy, design and specification of a new vending service concessions contract for the University of Sheffield and wider buyers group and shape new approaches for the Higher Education Sector and beyond.”
Steph Holmes, Head of Procurement

INNOCAT is a European collaboration between public and private buyers who wish to procure eco-innovative catering products and services. This project is one of several tenders that will be launched.

“Our goal at Johnson Matthey is to grow our business, and sustainability is a key element of our growth strategy. We believe that the resource efficient, environmentally responsible manufacturing of products that deliver sustainability benefits for our customers provides commercial advantage for the group.”
Dr Jonathan Frost OBE, Director, Johnson Matthey Fuel Cells

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INTRODUCTION
The University will be retendering the contract for the delivery of a vending concessions service for students, staff and visitors in 2015. The University is using this opportunity to fundamentally re-think its vending requirements, stimulate eco-innovation and explore alternative methods of service delivery.

This Market Sounding exercise presents the University's requirements to the market and invites suppliers involved in all aspects of the automated vending supply chain to respond and inform the forthcoming procurement exercise.

CONTEXT AND WIDER MARKET
The University has joined forces with Johnson Matthey Fuel Cells as part of a European Project INNOCAT, several other UK Universities and Colleges, Sheffield Students Union, signatories to the Down to Zero Towards Zero Carbon Catering Procurement Compact and INNOCAT partners and Associates to form a Buyers Group to present their requirement for Low Carbon Vending Services.

The University of Sheffield, as the lead procurer, will work with suppliers to set a new standard for Low Carbon Vending Services. The tender will be a public contract with the contracted solution being accessible to the organisations participating in the Buyers Group.

MARKET SOUNDING AND CONSULTATION
In March 2014, the University published a Prior Information Notice (PIN) in the Official Journal of the European Union on behalf of the Buyers Group to provide advance notice and launch a period of market sounding and consultation in advance of the formal tender process.

We are requesting feedback from all parts of the supply chain regarding the requirement, the capability and the capacity of the market to offer a solution.

We are interested in information and innovation that could:
- Contribute to achieving improvements in one or more aspects of the requirement
- Contribute to a total solution
- Provide a total solution
- Deliver incremental improvements or a step change in the short, medium and long term.

Influence the future procurement specification and strategy and express interest in future tenders by returning the Market Sounding Response form.

The Response Form can be found at: www.sheffield.ac.uk/procurement/suppliers-information/vendingservices

Please respond by 12:00 noon, 5th September 2014.

If you would like more information or clarification please email your query to vendingservices@sheffield.ac.uk

With 17,000 universities in the world, higher education is a global enterprise operating collaboratively through the exchange of ideas, students and staff. These connections and the positions of universities in societies mean that higher education has considerable purchasing power and has the potential to drive global change.

Together the University, Students Union and JMFC operate 75 vending machines 24/7 for a population of over 30,000 customers.
INNOVATION IN VENDING SERVICE

The University has undertaken a review of current vending provision and has identified that it needs to modernise its vending service to ensure that it is fit for the future in terms of environmental impact, energy efficiency, whole life cost and quality of service to users.

In advance of launching this market sounding the University and Johnson Matthey consulted with the users of their vending services and with the wider buyers group to determine an Outcome Based Requirement.

The conclusion was that the University and wider buyers group needs to procure a vending service that is low carbon, environmentally sustainable which demonstrates whole life cost savings and delivers a sound commercial opportunity for both the provider and the University.

"Simply put – we want to stop buying carbon and greenhouse gases and are looking to suppliers to demonstrate how they are acting and innovating to reduce carbon in the operation, production, management and maintenance of vending services and in the associated supply chain"

Steph Holmes, Head of Procurement

"Having spent considerable sums of money on refurbishing buildings of the University, we would prefer to install more aesthetically pleasing vending machines than the current offering"

Andrew Wood, Assistant Director of Finance
ENVIRONMENTAL SUSTAINABILITY AND CARBON MANAGEMENT

In the UK, students are aware of sustainability and want this to be reflected in their institution, their studies and their overall experience. A series of surveys, funded by the Higher Education Academy (HEA) and carried out by the National Union of Students (NUS), has found that around 85 per cent of first-year students think universities should actively promote sustainable development, and around 60 per cent want to learn more about it.

Universities are making a substantial contribution toward sustainable development through their teaching and research, through their business operations and through their influence on communities, staff and students. Lord Stern of the London School of Economics summed up the breadth of their role in his forward to the 2009 update of our ‘Sustainable development in higher education’ document:

‘Our vision is for universities to be widely recognised as leaders in society’s efforts to achieve sustainability – through the skills and attitudes that students gain and put into practice, through research and knowledge exchange, and through their own business management.’

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The World Resources Institute developed a classification of emission sources around three ‘scopes’:

1. ‘Scope 1’ emissions are direct emissions that occur from sources owned or controlled by the organisation, for example emissions from combustion in owned or controlled boilers/furnaces/vehicles;
2. ‘Scope 2’ accounts for emissions from the generation of purchased electricity consumed by the organisation;
3. ‘Scope 3’ covers all other indirect emissions that are a consequence of the activities of the organisation - for example, commuting and procurement.

DRIVERS FOR CARBON REDUCTION

There are multiple drivers for the University to take an active approach to carbon reduction.

Legislative
- EU Energy Performance of Buildings Directive – the University must comply with the requirements of this legislation, which includes the certification of all major buildings.
- Carbon Reduction Commitment (CRC) – the University’s participation in this emissions trading scheme will require us to purchase credits to cover our annual carbon emissions. This has significant financial and reputational impacts.
- Building Regulations – the requirements under Part L of the Building Regs have recently been tightened and further changes and improvements are planned.

Financial
- Energy costs – the University spends over £60m per year providing its buildings with power, heat and water. Utility costs are volatile and an upward trend in future years is likely.
- Climate Change Levy (CCL) – this tax on energy use cost the University £56,000 in 2009-10. We avoid additional costs of £300,000 with our commitment to procuring green electricity and by connecting to the energy from waste district heating scheme.

Environmental
- Climate change – the release of carbon dioxide and other greenhouse gases is widely believed to be a major contributor towards changes in the climate. As a leading academic institution it is important that the University reduces its own impacts, and contributes to the development of low-carbon technologies.
- Acute health impacts – the presence of pollutants such as indoor air pollution can have a significant impact on human health.
- Water use – the University uses large amounts of water, both for consumption and for the replenishment of reservoirs. The problem of water shortage is expected to become increasingly severe in the coming years.
- Biodiversity – the loss of biodiversity has been linked to the over-exploitation of natural resources and the degradation of ecosystems.

Strategic
- In its Strategic Plan the University commits to “manage and reduce our carbon emissions” under the 2010-15 Strategic Plan and a Key Performance Indicator that seeks to achieve a reduction in absolute emissions is identified.
- Image and reputation - the University is a high profile institution that is increasingly required to publish our environmental performance both locally and nationally. Managing our environmental impact – and being seen to do so – will raise the University’s profile and improve its image.
- Student recruitment – environmental issues are becoming increasingly important in student recruitment. A UCAS survey in 2011 revealed that for 45% of those intending to study education, social sciences, architecture and building and planning “a good track record on sustainable development was important or very important in choosing where to study”.

1 “Student attitudes towards and skills for sustainable development” can be found on the Higher Education Academy web-site at www.heacademy.ac.uk/resources/detail/sustainability/2013_student_skills_final_report
2 From Forward to ‘Sustainable development in higher education’ (HEFCE 2009/03), available at www.hrfac.ac.uk/plan/year/2009/200903/
It is clear that some parts of the Vending supply chain are making efforts in terms of carbon reduction and sustainability. We would like to encourage further progress on this by enabling suppliers to distinguish their offering on these features rather than on price.

There are 3.7 million vending machines in Europe, run by 10,000 companies, many of which are SMEs and family businesses. Vending across Europe has a turnover of 12 billion euros annually. (source: European Vending Association [www.vending-europe.eu])

The high energy consumption of vending machines is well recognised and there has been some improvement in the energy consumption of vending machines over the last few years. However, vending machines are still energy hungry and ever increasing energy prices bring all energy consumption into focus. For example the University, JMU and the Student Union currently pay for the energy to power vending machines while other organisations are already passing these costs to the supplier, creating an incentive for energy efficiency.

In addition to energy consumption, vending services have other carbon and environmental impacts such as packaging, recycling, and transport. Initial research has already shown that new technologies that reduce energy consumption and reduce carbon impact are available (for example vending miser, smart logistics) and customer demand could increase their uptake as well as stimulate further innovation.

INNOCAT aims to bring together a group of public and private buyers to publish a series of tenders for eco-innovative catering products, services and solutions. The aim is to help encourage eco-innovation in the catering sector by providing a sizeable launch market for new solutions.

www.sustainable-catering.eu/home/
Deliver a positive income stream for the client based on whole-lifecycle costs

Vending machines are energy hungry and with increasing costs of energy have attracted attention as an area where step change improvements are needed. In many cases it is the client that pays for the energy consumed by the vending machines and although in some business models these energy costs are offset by the client receiving a percentage of revenue, the net gain by the client is reducing as the cost of energy rises.

We are therefore requiring that future vending services demonstrate a net positive income once energy and other costs are taken into account. We are looking for progressive improvements in energy efficiency to reduce energy costs to deliver a win-win to supplier and client.

MARKET CONSULTATION WORKSHOP

Following the Market Sounding and analysis of responses a market consultation workshop and site visit will be held in October 2014. The date and location of the workshop is to be confirmed.

This workshop will be an opportunity for suppliers from all parts of the supply chain to find out more about the University and Buyers Group, their requirements and contribute to discussions regarding the finalisation of the specification and the procurement strategy. At the workshop and throughout the market sounding and consultation we will engage with the supply chain as a whole in order to understand the appetite, capacity, and capability of the supply chain to meet our procurement requirements.

PROCUREMENT APPROACH

The Forward Commitment Procurement (FCP) approach is being used. FCP was developed and adopted to support and enable innovation in the supply chain and manage the risk of innovation for customers and suppliers.

The pre-procurement Market Sounding and Consultation will enable the University and Buyers Group to refine and develop an outcome based requirement and to develop a pro-innovation procurement strategy.

The specification and strategy will be informed by the market engagement responses and will adopt FCP recommended practice, for example:

- Use of outcome based specifications
  - The requirement and the ultimate tender specification are presented in terms of outcomes that the University wishes to deliver through the contract. This gives suppliers the freedom to offer innovative approaches.
- Use of Competitive Dialogue
- Whole life cost and best value evaluation
- Seeking progressive improvements over the life of the contract
- Helping suppliers to help us
- Enabling suppliers to distinguish their offering on factors other than price.

INDICATIVE PROCUREMENT TIMELINE

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<thead>
<tr>
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<td>Market Sounding Workshop</td>
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<td>Procurement Strategy</td>
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<td>Tender Launch Date/ Pre-Qualification Questionnaire</td>
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<td>Invitation to Participate in Dialogue</td>
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<td>Competitive Dialogue Ends</td>
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</tr>
<tr>
<td>Contracts Placed</td>
<td>January/February 2016</td>
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</tbody>
</table>
Annex 1

By signing this low carbon procurement compact the University has joined with other customers in the public and private sector to state their commitment to procuring ever lower-carbon solutions to meet our requirements, and to incorporate procurement standards that will enable the University to move towards zero carbon vending.

Towards Zero Carbon Catering Compact

“We, the signatories of this Procurement Compact, share a common commitment to a step change reduction in the carbon emissions resulting from our catering activities over the next five years. While it is clear that catering companies and their customers have taken major strides to reduce the environmental impact of their catering operations, the focus has predominately been on sustainability and waste as opposed to low or zero carbon. While welcome, these are not sufficient to meet our “towards zero carbon” aspirations. To achieve this we will need to buy progressively lower-carbon catering goods and services; including the procurement of foods, their transportation and distribution, the methods and equipment involved in food preparation, through to the management of food waste.

This drive “towards zero carbon” will be reflected in the way we evaluate all future catering tenders. For example, we will incorporate progressively tighter standards in our Requests for Quotes and Tenders, and we will be selecting suppliers on the basis of their ability to deliver solutions that offer the lowest carbon impact while meeting all of our normal standards and costs.

The publication of this Procurement Compact launches a period of consultation with the supply chain; we are calling on the catering supply chain to propose ways in which they can deliver ever lower-carbon solutions to meet our requirements, and propose standards that will generate a move towards zero carbon catering over the next five years. It is our intention to engage the supply chain in a dialogue regarding this requirement and to work with the catering supply chain to help them differentiate their product offerings with innovative, low-carbon solutions. We are committed to actively pursuing a move to progressively lower-carbon catering goods and services that meet operational needs and whole life cost criteria and will make any necessary adjustments to procurement processes as and when progressively tighter carbon standards in future catering procurements. Requests for Quotes and Tenders, and include within the evaluation of supply chain offerings the extent to which they meet the “towards zero carbon” requirement.”

The University of Sheffield

With almost 25,000 of the brightest students from around 120 countries, learning alongside over 1,200 of the best academics from across the globe, the University of Sheffield is one of the world’s leading universities. A member of the UK’s prestigious Russell Group of leading research-led institutions, Sheffield offers world-class teaching and research excellence across a wide range of disciplines. Unified by the power of discovery and understanding, staff and students at the university are committed to finding new ways to transform the world we live in.

In 2011 it was named University of the Year in the Times Higher Education Awards and in the last decade has won four Queen’s Anniversary Prizes in recognition of the outstanding contribution to the United Kingdom’s intellectual, economic, cultural and social life.

Sheffield has five Nobel Prize winners among former staff and students and its alumni go on to hold positions of great responsibility and influence all over the world, making significant contributions in their chosen fields. Global research partners and clients include Boeing, Rolls-Royce, Unilever, AstraZeneca, Glaxo SmithKline and Siemens, as well as many UK and overseas government agencies and charitable foundations.

For further information, please visit www.sheffield.ac.uk

Johnson Matthey Fuel Cells

Johnson Matthey Fuel Cells is a world leader in the production of components for fuel cells. The business is headquartered at Lydiard Fields in Swindon where it employs over 130 people.

Fuel cell power sources offer zero or low carbon emissions, lower fuel bills and are non-polluting. Fuel cells generate power by directly combining a fuel (usually hydrogen) and oxygen from the air to produce electricity, heat and water. They use an electrochemical process to produce a direct current, without combustion and without moving parts. A fuel cell can therefore generate power cleanly, quietly and efficiently near to its point of use. In principle, fuel cells could be used to power any device that requires electrical energy to function.

Johnson Matthey Fuel Cells is a subsidiary of Johnson Matthey Plc, a UK headquartered FTSE 100 speciality chemicals company. Johnson Matthey is a world leader in environmental technologies. Its products reduce emissions, improve efficiencies and address pressing environmental and social concerns in their own right or in the way they are used by customers. Sustainability is a key element of Johnson Matthey’s strategy for growth, who believe that that the resource efficient, environmentally responsible manufacturing of products that deliver sustainability benefits for our customers can leverage commercial advantage for the group.

Johnson Matthey has received external recognition across many aspects of its business, including:

- The prestigious Queen’s Award more than ten times in recognition of commitment to innovation and excellence.
- The 2012 Award for Best Annual Report in the FTSE 100 in the ICSA Hermes Transparency in Governance Awards.

The sole responsibility for the content of this publication lies with the authors. It does not necessarily reflect the opinion of the European Commission. In the event of any conflict between the information contained herein and the official version of this document, the official version shall prevail.

The Students’ Union

Sheffield Students’ Union exists to provide support, representation, facilities, services, entertainment and activities to students studying at the University of Sheffield.

It has been rated the best Students’ Union in the UK in the Times Higher Education’s Student Experience Survey for the past 3 years running. It has also been awarded Gold in the national Student’s Union Evaluation Initiative scheme – one of only two students’ unions to have been so.

The organisation is run by students, with eight Students’ Union Officers elected annually to direct it and represent its students. The Students’ Union offers the opportunity for students to get involved and make their issues and suggestions heard – a collective voice for 24,000 people.

Sheffield Students’ Union employs approximately 800 staff, around 200 of whom have permanent and full-time contracts. Students make up 56% of the total workforce but 79% of the casual staff employed. The gender profile is currently 51% Female / 49% Male.

It boasts a fantastic, modern building featuring cafes, shops, bars, an advice centre and an activities & sports zone where students can join over 300 sports clubs and societies. Inside, every evening has something different on offer; from club nights to film screenings, live music, theatrical performances and talks.

The Students’ Union is accessible even when the building is closed through this website as well as Facebook, Twitter and YouTube.

Project consultants:

JERA Consulting – Practical Pathways to Innovation – Gaynor.Whyles@jeracconsulting.com

Supported by