

Finance and Resources Committee

10am, Thursday, 24 September 2015

Liberton High School Extension – Award of Contract

Item number	7.23
Report number	
Executive/routine	Executive
Wards	Liberton/Gilmerton

Executive summary

This report seeks the approval of the Committee to award the contract for the construction of the extension to Liberton High School sports hall to Ashwood Scotland Limited for the contract sum of £2,157,068.58 following a competitive tender process to identify the most economically advantageous tenderer.

Links

Coalition pledges	P03
Council outcomes	C01 and C02
Single Outcome Agreement	S03

Liberton High School Extension – Award of Contract

Recommendations

- 1.1 Approve the award of the contract for the construction of the extension to Liberton High School sports hall to Ashwood Scotland Limited for the contract sum of £2,157,068.58

Background

- 2.1 On [26 June 2014](#) Council approved the demolition of the existing gym block at Liberton High School and the provision of replacement physical education (PE) facilities through extending the separate building within which the other PE facilities at the school are currently provided.
- 2.2 On [21 August 2014](#) Council approved gross capital expenditure of up to £2.5m to provide the replacement PE facilities; welcomed the significant funding contribution of two-thirds of the gross capital expenditure up to a maximum contribution of £1,666,667 which Scottish Government has offered towards the cost of providing the facilities and approved that the balance of funding required of up to £833,333 be met from the additional General Capital Grant identified for 2015/16.
- 2.3 Council also requested a report investigating funding and delivery options for both phases (to include a second phase relating to additional PE accommodation which might be required at the school in the future), including possible options for dual delivery. On [30 September 2014](#) the Finance and Resources Committee approved that the original proposal be progressed as there was no necessity to deliver any additional PE facilities and the cost of doing so would be significant.
- 2.4 Detailed designs have been developed for the new extension for which planning permission was granted on 17 December 2014.
- 2.5 Following the completion of an initial pre qualification process, an Invitation to Tender was issued to five contractors on 19 May 2015. The tender review and evaluation period was concluded on 21 August 2015.
- 2.6 The purpose of this report is to seek the approval of the Committee to award the contract for the construction of the extension to Liberton High School sports hall to Ashwood Scotland Limited for the contract sum of £2,157,068.58.

Main report

- 3.1 The City of Edinburgh Council wishes to appoint a suitably qualified and experienced contractor to act as principal contractor for the extension of Liberton High School sports hall.
- 3.2 Commercial and Procurement Services conducted the tender and evaluation process in accordance with Council Standing Orders and Public Procurement (Scotland) 2012 Regulations.
- 3.3 Commercial and Procurement Services, in conjunction with the Building Programmes Team, undertook a full tender exercise by placing a contract notice on the Public Contracts Scotland Portal as a two stage procedure on 9 March 2015.
- 3.4 Twenty seven organisations noted their interest in the contract and were able to download the Pre Qualification Questionnaire (PQQ) documentation attached to the Notice. Eleven organisations submitted PQQs.
- 3.5 The aim of the PQQ evaluation process was to allow the Council to identify suitably qualified and experienced bidders to be invited to tender by considering their financial stability, technical capability, capacity and compliance with certain mandatory criteria. As a result of the PQQ process five bidders were selected to be invited to tender.
- 3.6 In the invitation to tender it was stated that the contract would be awarded on the basis of the most economically advantageous tender with 20% of the overall score being given to quality and 80% given to price. This ratio, and the bias towards cost, was determined due to the requirement to deliver high quality and allow suitable evaluation of the contractor's processes and procedures with a particular focus on community benefits.
- 3.7 The five bidders selected at the PQQ stage were then invited to bid with the tender documentation being issued to them on 19 May 2015; the tenders were returned on 30 June 2015. Four organisations submitted tenders.
- 3.8 The four tender submissions received were evaluated individually by the three members of the evaluation team to determine a score for quality. In accordance with the agreed ratio the weighted maximum score for quality was 20. Seven evaluation criteria areas were identified, each having different weightings and being scored between 0 and 10 in accordance with the evaluation criteria scoring definitions which had been included in the tender instructions issued to the bidders. Further details of the procurement process, including the members of the evaluation team and the seven quality evaluation criteria and their respective weightings, are provided in Appendix 1.
- 3.9 On completion of the individual evaluation process a consensus meeting was held which was attended by the members of the evaluation team and the contract administrator from Commercial and Procurement Services. Individual evaluation criteria scores were reviewed and debated and a consensus score

reached for each bidder. The appropriate weighting was then applied to each of the individual evaluation criteria to arrive at a final quality score.

- 3.10 A threshold of 50% of the total available marks for quality was set to ensure that any bidder failing to provide a satisfactory response to the published evaluation criteria identified within the tender documentation would not be considered further and would not have their pricing bid opened.
- 3.11 Following completion of the quality analysis as all bidders had achieved the minimum threshold score of 50% for quality, their pricing bids were opened and subjected to a cost analysis. These were evaluated by the external cost consultants, Gardiner and Theobald Ltd, via an assessment of the priced bill of quantities which formed part of the tender returns.
- 3.12 Following completion of the cost analysis, it was identified that a value engineering exercise would be required as all pricing bids exceeded the construction budget. An addendum identifying some minor amendments to specification was issued to the four bidders on 31 July 2015 with a return date of 14 August 2015.
- 3.13 The value engineering exercise successfully reduced pricing bids to an acceptable level and the cost analysis was completed. The lowest priced tender was awarded the maximum score of 80 for price. All other bids were then scored on a pro-rata basis against this lowest bid i.e. for each of the other bids the lowest bid price was divided by that bid price and multiplied by the maximum score of 80.
- 3.14 The quality scores were then combined with the scores from the cost analysis to derive an overall score for each bidder out of a maximum of 100. The results are detailed in the table below.

Bidder	Quality Score	Price Score	Total Score
Ashwood Scotland Ltd	14.70	80.00	94.70
Bidder 2	15.10	75.16	90.26
Bidder 3	13.10	73.34	86.44
Bidder 4	14.50	69.86	84.36

- 3.15 The bidder with the highest overall score which represents the most economically advantageous tender is Ashwood Scotland Limited who provided satisfactory responses to all elements of the award criteria and met all mandatory criteria for insurance levels, trade qualifications, financial stability and business probity.
- 3.16 It is therefore recommended that the contract for the construction of the new Liberton High School sports hall extension be awarded to Ashwood Scotland Limited for the contract sum of £2,157,068.58.

Measures of success

- 4.1 Delivery of the new extension to Liberton High School Sports Hall on time, within budget and to the necessary quality.

Financial impact

- 5.1 The approved budget for the project is £2.5 million and the recommended contract value can be accommodated within this budget.
- 5.2 The costs associated with procuring this contract are estimated to be between £10,001 and £20,000.

Risk, policy, compliance and governance impact

- 6.1 There are no negative risk, policy, compliance and governance impacts arising from this report.

Equalities impact

- 7.1 There are no negative equality or human rights impacts arising from this report.

Sustainability impact

- 8.1 The Council has a Community Benefits in Procurement Programme and, as part of the evaluation process, Ashwood Scotland Limited has committed to the following community benefits:
- Local Community Engagement: Liberton High School is in the process of further constructing their mountain bike trail for use by the school and local community. There is a team consisting of corporate volunteers, teachers and pupils currently working to finish this trail. Ashwood Scotland Limited has agreed to support the completion of this by undertaking works and providing free materials required to complete.
 - Two work experience placements for a minimum of five days for Liberton High School pupils from S3-S6, including looked after or supported children.
 - Support and engagement for appropriate Curriculum for Excellence classes including talks on Health & Safety in construction, promotion of women in construction, etc.
 - Meeting with the school representatives to discuss further opportunities for Community Benefits and Engagement.
- 8.2 It is also a requirement that Ashwood Scotland Limited ensures the use of sustainable timber based on the Council's timber monitoring sheet.

Consultation and engagement

- 9.1 Extensive consultation and engagement has been undertaken with the staff, Parent Council, neighbours and Community Council throughout the process.
- 9.2 During the construction period, in order to ensure that the neighbours on the east side of the site in particular are kept fully apprised of progress and that any disruption to them is minimised, the contractor has been given special duties within the contract for liaison as follows:
- Project newsletter to neighbours every two weeks.
 - Contractor to hold neighbourhood meetings at start, middle and end of contract.
 - Community liaison officer to be appointed to the project to manage communication and deal with any neighbours' issues.

Background reading/external references

There have been three previous reports on this matter; to Council on [26 June 2014](#) and [21 August 2014](#) and to the Finance & Resources Committee on [30 September 2014](#).

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Links

Coalition pledges	P3 - Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools.
Council outcomes	C01 - Our children have the best start in life, are able to make and sustain relationships and are ready to succeed. C02 - Our children and young people are successful learners, confident individuals and responsible citizens making a positive contribution to their communities.
Single Outcome Agreement	S03 - Edinburgh's children and young people enjoy their childhood and fulfil their potential.
Appendices	Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Principal contractor for the new Liberton High School sports hall extension
Contract period	Period of construction
Contract value	£2,157,068.58
Standing Orders observed	2.4 Requirement to advertise 5.1.b Selection of the most economically advantageous tender
Portal used to advertise	www.publiccontractsscotland.co.uk
EU Procedure chosen	Restricted
Invitations to tender issued	Five
Tenders returned	Four
Tenders fully compliant	Four
Recommended supplier	Ashwood Scotland Limited
Primary criterion	Most economically advantageous tender to have met the qualitative and technical specification of the client department
Evaluation criteria and weightings	<u>Quality Weightings</u> <ol style="list-style-type: none"> 1. Project Delivery Team - 25% 2. Programme and Narrative – 20% 3. Management Plan and Communications – 15% 4. Risk Register – 10% 5. Community Benefits and Engagement – 15% 6. Sustainability Development – 5% 7. Health & Safety – 10%
Evaluation Team	Project Manager Major Works, Services for Communities, CEC Architectural Manager, Services for Communities, CEC Quantity Surveyor, Gardiner & Theobald CDM Co-Ordinator, Services for Communities – scored Health & Safety only