

Finance and Resources Committee

10am, Thursday, 29 September 2016

Award of Contract for the Supply and Delivery of Aluminium Street Lighting Columns

Item number	7.10
Report number	
Executive/routine	Executive
Wards	All

Executive summary

This report seeks the approval of the Finance and Resources Committee to award the contract for the supply and delivery of aluminium street lighting columns to Mallatite Limited following a mini-competition utilising the Scotland Excel Street Lighting Materials Framework (Lot 5 – Aluminium Columns and Poles).

The term of the contract is two years, with the option to extend for a further 12 month period.

Over the three year duration, the contract has been estimated at £1.2m. This will be dependent on use.

Links

Coalition Pledges	P44
Council Priorities	
Single Outcome Agreement	SO4

Award of Contract for the Supply and Delivery of Aluminium Street Lighting Columns

1. Recommendations

- 1.1 It is recommended that the Committee approves the award of contract for the supply and delivery of aluminium street lighting columns to Mallatite Limited for a duration of two years, with the option to extend for an additional 12 months.

2. Background

- 2.1 The City of Edinburgh Council requires aluminium street lighting columns to support the Council's Capital Investment in Street Lighting.
- 2.2 With the exception of decorative and hinged columns, the vast majority of new street lighting columns in Edinburgh are manufactured from aluminium, which is selected for its durability and sustainability properties.
- 2.3 Scotland Excel Street Lighting Materials Framework (Lot 5) offers access to an established framework for aluminium columns and poles. Through utilisation of the framework, the Council benefits from reduced administration, staff resource and the ability to create a contract where standard terms and conditions are in place and Procurement Regulations adhered to.

3. Main report

- 3.1 This contract is for the supply and delivery of aluminium street lighting columns to the City of Edinburgh Council.
- 3.2 Commercial and Procurement Services conducted a mini competition for the supply and delivery of aluminium street lighting columns, utilising the Scotland Excel Street Lighting Framework (Lot 5 – Aluminium Columns and Poles).
- 3.3 There are four suppliers on Lot 5 of the Scotland Excel Framework – John MacLean & Sons Electrical (Dingwall) Limited, Mallatite Limited, Marwood Electrical Company Limited and The Aluminium Lighting Company Limited - all of which were invited to submit a bid. Each supplier's quality score out of 20% was carried forward from the initial evaluation of this framework agreement, with the remaining 80% being allocated to price within the mini-competition executed by the Council.

3.4 The mini-competition was published using Public Contracts Scotland on 18 April 2016 with a closing date of 8 June 2016. All four suppliers submitted a bid with the successful supplier being Mallatite Limited.

3.5 The scores were as follows:

	Quality	Price	Total
Mallatite Ltd	6.75	80	86.75
Supplier B	12.58	62	74.58
Supplier C	11.92	62	73.92
Supplier D	12.20	59	71.20

3.6 The pricing schedule was based on an indicative list of goods and quantities. Prices are fixed for the initial contract term of two years. If the extension period is to be utilised, a decision regarding price shall be undertaken three to six months prior to expiry of the initial contract term, referencing Aluminium Price Indices as evidence to any change in prices.

3.7 The contract will be for an initial period of two years. It is anticipated that the date of commencement will be 1 November 2016 and run until 31 October 2018, with an option to extend for a further 12 month period until 31 October 2019.

4. Measures of success

4.1 The major benefit associated with this contract is that the Council will be able to replace street lighting columns which have been identified through structural testing as requiring to be replaced.

5. Financial impact

5.1 The report outlines total capital expenditure plans of £1.2m. If this expenditure were to be funded fully by borrowing, the overall loan charges associated with this expenditure, over a 20 year period, would be a principal amount of £1.2m and interest of £0.780m, resulting in a total cost of £1.980m, based on a loans fund interest rate of 5.2%. The annual loan charges would be £0.099m.

5.2 It should be noted that the Council's Capital Investment Programme is funded through a combination of General Capital Grant from the Scottish Government, developers and third party contributions, capital receipts and borrowing. The borrowing required is carried out in line with the Council's approved Treasury Management Strategy and is provided for on an overall programme basis rather than for individual capital projects. Following instruction from Members, notional loan charge estimates have been provided above, which it should be noted are based on the assumption of borrowing in full for this capital project.

- 5.3 As the capital expenditure outlined in this report forms part of the approved capital investment programme, provision for funding it will be met from the revenue loan charges budget earmarked to meet overall capital investment programme borrowing costs.
- 5.4 The costs associated with procuring this contract are estimated at between £20,001 and £35,000.

6. Risk, policy, compliance and governance impact

- 6.1 A Street Lighting representative will be responsible for the contract management, and will monitor the performance of the contract throughout the term.

7. Equalities impact

- 7.1 There is no relationship to the public sector general equality duty to the matters described in this report and no direct equalities impact arising from this report.

8. Sustainability impact

- 8.1 The ongoing replacement of steel lighting columns, with aluminium lighting columns, reduces maintenance costs due to the increased lifespan of aluminium (twice the life of steel) and lower maintenance requirements.
- 8.2 Aluminium was selected as the preferred material due to its high strength to weight ratio and forming methods which aid design flexibility; long, low-maintenance service life; attractive and durable finishes; and ultimately the certainty that at the end of the columns useful life the aluminium will be recycled.

9. Consultation and engagement

- 9.1 Over a period of two years the suppliers on the Scotland Excel Framework (Lot 5) fed into the development of the specification of the required column. This period of co-production provided the Council with valuable technical input, ensuring the column met the requirements set out and also allowed the Council to ensure that all the suppliers on the framework were able to provide the required column.

10. Background reading/external references

None.

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11. Links

Coalition Pledges	P44 – Prioritise keeping our streets clean and attractive
Council Priorities	
Single Outcome Agreement	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
Appendices	Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Contract for the supply and delivery of aluminium street lighting columns
Contract period	1 November until 31 October 2018 with an optional extension to 31 October 2019
Estimated contract value	£1.2m over 3 years
Governing UK Regulation	Public Contracts (Scotland) Regulations 2015
EC Procedure chosen	Mini-competitions under the Scotland Excel Framework for Street Lighting Materials.
Standing Orders observed	2.4 EU Principles been applied 2.7 Commercial and Procurement Manager provided resource to undertake tendering 3.2 Director has responsibility for all Contracts tendered and let by their Directorate 5.1 (b) Tenders evaluated on basis of most economically advantageous criteria
Tenders returned	4
Tenders fully compliant	4
No. of recommended suppliers	1
Primary criterion	Most Economically Advantageous offer
Secondary criteria	Price - 80%
	Quality - Carried from SXL Framework 20%
Evaluation Team	Mini-Competition - Street Lighting Team, City of Edinburgh Council