

# Finance and Resources Committee

10.00am, Tuesday, 7 November 2017

## Transport Infrastructure Framework – Award under Delegated Authority

Item number	7.16
Report number	
Executive/routine	Executive
Wards	All
Council Commitments	<a href="#">16, 19</a>

### Executive Summary

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This report seeks the approval of the Committee to delegate authority to the Executive Director of Place to award a multi-lot framework agreement to the most economically advantageous organisations identified following a competitive tendering process, in order to achieve a contract start date of 3 January 2018.

The framework consists of eight lots for an undefined programme of capital works to support the City of Edinburgh Council (the Council) in delivering its carriageway and footway construction, maintenance and repair programmes.

Delegated authority is being sought to ensure that the framework can be awarded in December. Any delay is likely to impact the Council's capital programme and reduce the Council's ability to deliver maintenance schemes.

## Transport Infrastructure Framework – Award under Delegated Authority

### 1. Recommendations

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- 1.1 It is recommended that the Finance and Resources Committee:
  - 1.1.1 delegates authority to the Executive Director of Place to award the framework to the most economically advantageous organisations identified following a competitive tendering process;
  - 1.1.2 notes that the contract value is estimated to be between £40 - £60m over four years;
  - 1.1.3 notes the contract values are reflective of historical spend on these services over the previous four financial years, and that the scope of works may fluctuate subject to budget allocation and funding approvals; and
  - 1.1.4 notes that these awards will be reported to Finance and Resources Committee under the half yearly procurement report for Awards of Contract.

### 2. Background

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- 2.1 The Council's Transport Design and Delivery and Localities teams are responsible for the construction and maintenance of the city's road network. Works are designed and managed by these teams and the works are carried out through a mix of Edinburgh Road Services and external contractors.
- 2.2 At present, the Council is utilising its own framework to deliver services from external contractors.
- 2.3 The Service Area and Commercial and Procurement Services (CPS) have undertaken a review of the current arrangements with the aim of improving the running of the framework including the amalgamation of some lots and the addition of new lots.
- 2.4 Key Performance Indicators (KPIs) and Terms and Conditions have also been reviewed to improve contract management.

- 2.5 On the [10 August 2017](#), Transport and Environment Committee approved the Roads Improvement Plan. Part of the plan incorporates the assessment of contract delivery options to improve our capital investment in our roads and transport infrastructure. In particular this includes market testing to assess the viability of procuring a prime contractor. The interim procurement of the Transport Infrastructure Framework allows this assessment to take place whilst also ensuring that we have effective mechanisms in place to deliver transport infrastructure projects.

### 3. Main report

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- 3.1 The Council wishes to appoint a number of suitably qualified and experienced contractors to carry out an undefined programme of construction, maintenance and repairs of its road network. The tender and evaluation process is being conducted in accordance with Council Contract Standing Orders and Public Contracts (Scotland) Regulations 2015.
- 3.2 On 1 May 2017, the Council undertook a full tender exercise by placing a contract notice on the Public Contracts Scotland Portal as a two-stage process.
- 3.3 The lots advertised were:
- a. Lot 1 Carriageway, Footway and Cycleway Construction and Redesign (including public realm and paved areas)
  - b. Lot 2 Major Carriageway and Footway Maintenance (Schemes greater than approximately £150,000 value)
  - c. Lot 3 Minor Carriageway and Footway Maintenance (Schemes up to approximately £150,000 value)
  - d. Lot 4 Surface Treatments
  - e. Lot 5 Carriageway and Footway Patching, Resurfacing and Associated Works
  - f. Lot 6 Installation/Removal of Road Markings - Provision of Daily Squad
  - g. Lot 7 Street Lighting Works
  - h. Lot 8 Maintenance of Surface Water Drainage Systems and Associated Works
- 3.4 Bidders were invited to complete the European Single Procurement Document on 1 May 2017 with deadline for submission on 31 May 2017.
- 3.5 The selection process was to allow the Council to identify suitably qualified and experienced bidders to be invited to tender. The organisations selected at this stage were then invited to bid on 19 October 2017 and tenders will be returned on 1 December 2017.
- 3.6 Tender submissions will be evaluated by a technical evaluation panel. The evaluation placed an emphasis on quality, as well as price, with the aim of selecting the most economically advantageous tenders for each of the eight lots. A cost quality ratio of 70% cost and 30% quality will be applied to all lots.

- 3.7 Following completion of the quality analysis, tender submissions are subject to a cost analysis. The cost analysis establishes the full price of tenders considering responses to the Schedule of Rates provided in the tender package. The lowest priced bid is allocated the 70% cost ratio. All other bids are scored on a pro rata basis against the lowest bid.
- 3.8 The quality scores are then combined with the scores from the cost analysis to derive an overall score for each bidder out of a maximum of 100.
- 3.9 Evaluation is expected to be completed by 6 December 2017.
- 3.10 The previous framework expired on 20 October 2017. A number of schemes were tendered through the existing framework and awarded before the end of the contract. Other schemes are being designed so that they can be tendered immediately once the new framework is awarded.
- 3.11 Due to the expiry of the previous framework and the Finance and Resources Committee dates, delegated authority is sought to ensure a contract is in place by 3 January 2018.
- 3.11 When the outcome of the procurement process is reached, a procurement report will be submitted to the Executive Director of Place for approval.

#### **4. Measures of success**

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- 4.1 The success of the framework will be measured by Key Performance Indicators (KPIs).
- 4.2 KPIs will ensure that strict contract management and performance monitoring is maintained for all maintenance and improvement works carried out on behalf of the Council. KPIs will measure:
- Commercial Compliance.
  - Health and Safety (HSE) Compliance.
  - Technical/Quality – Defects.
  - Programming.

#### **5. Financial impact**

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- 5.1 The estimated contract value of each of the lots is reflective of historical spend for these services over the previous four financial years. Contract spend will be monitored on an ongoing basis.
- 5.2 It is estimated financial efficiencies will be delivered through the new framework of circa £1m over the contract duration through rationalising the number of suppliers, consolidating spend and promoting contract compliance. The Council will use mini competitions to drive additional value.

- 5.3 It is recognised, by the Service Area, that Contract Management resource will be required to manage this framework and comply with reporting requirements, monitor and manage the performance of the framework contractors and to ensure contract compliance and best practice is utilised for each mini competition.
- 5.4 Transport Infrastructure and Localities already have a framework management system in place, with each lot having a dedicated lot manager to support project managers and an overall framework manager.
- 5.5 The costs associated with procuring this contract are estimated at £20,001 - £35,000.

## **6. Risk, policy, compliance and governance impact**

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- 6.1 The risk of not approving the framework could be the Council failing to comply with Contract Standing Orders, Public Contracts (Scotland) Regulations 2015 and the delivery of services, as current contracts have expired. This could result in the Council not being able to meet its agreed council commitments and statutory duties.
- 6.2 Not approving the framework could lead to a reduction in customer satisfaction, possible negative publicity and damage to the Council's reputation.

## **7. Equalities impact**

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- 7.1 The proposals and recommendations described in this report could contribute to the public sector general equality duty to advance equality of opportunity. An Equality and Rights Impact Assessment (ERIA) has been completed for the Transport Infrastructure Framework and no equalities or right impacts have been identified in relation to this report.
- 7.2 An ERIA is completed prior to budget allocation for the capital programme.

## **8. Sustainability impact**

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- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below.
- The proposals in this report will increase carbon emissions because it will encourage people to travel however this impact will be addressed by the delivery of active travel schemes through the framework.
  - The proposals in this report will increase the city's resilience to climate change impacts because the framework will allow for the delivery of improvements to existing drainage systems and the construction of SUDS thus preparing and building resilience to climate change impacts such that Edinburgh is seen by potential investors as a safe place to do business.

- The proposals in this report will help achieve a sustainable Edinburgh because they will enhance the Council's ability to meet the needs of people in local communities, promote personal wellbeing, social inclusion and cohesion and will strengthen interaction between local communities and Council.

### **Environmental Benefits**

- 8.2 The contractors must procure timber from legal and well managed forests, which are certified under third party schemes and comply with the criteria set in the UK Government Timber Procurement Policy.
- 8.3 Contractors are required to carry out their works in a way that has no or minimal pollution, ecological and environmental impacts

### **Community Benefits**

- 8.4 The Council will operate a Community Benefits Points system (CBP) for all direct awards and mini competitions for this framework.
- 8.5 The points system will apply when work packages are awarded to a contractor for the duration of the framework, and contractors will be required to deliver Community Benefits such as carrying out a workshop in a school or community centre in Edinburgh linked to curriculum for excellence or sponsorship of a local organisation based on points accrued annually or by mutual consent. Delivery may be expected up to two years after the expiry of the framework.
- 8.5 A list of the community benefits is contained in Appendix 2.

## **9. Consultation and engagement**

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- 9.1 Engagement was carried out with Transport Infrastructure, Localities and CPS.
- 9.2 Lessons learned workshops took place with users of the previous framework and anonymous surveys were sent to framework users and contractors. This consultation allowed us to identify areas of the previous framework that worked well and what areas required improvement.
- 9.3 Other Councils were contacted and asked about their procurement models, further engagement took place with Glasgow City Council as they operate a similar multi lot framework.

## **10. Background reading/external references**

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None.

**Paul Lawrence**

Executive Director of Place

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## **11. Appendices**

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Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Appendix 2 – Community Benefits List.

## Appendix 1: Summary of Tendering and Tender Evaluation Processes

Contract	Transport Infrastructure Framework
Contract period (including any extensions)	2+1+1
Framework value	Estimated at £40m - £60m
EU Procedure chosen	Restricted
Invitations to tender issued	56
Tenders returned	Not known at present
Recommended supplier	Not known at present
Primary criterion	Most economically advantageous tender to have met the qualitative and technical specification of the client department
Evaluation criteria and weightings	<p>30% Quality, 70% Price</p> <p>Health and Safety - 25%</p> <p>Quality – 20%</p> <p>Delivery of The Contract – 10%</p> <p>Approach -10%</p> <p>Meeting Key Performance Indicators &amp; Targets - 10%</p> <p>Multi Lot/Multi Work Package Management – 5%</p> <p>Business Continuity – 5%</p> <p>The Environment &amp; Sustainability – 5%</p> <p>Community Benefits – 5%</p> <p>Fair Work Practises – 5%</p>
Evaluation Teams	Evaluation Team will consist of suitably qualified Council Officers including Engineers, Senior Engineers, Professional Officers and Transport Managers

## Appendix 2 Community Benefits Relative Points Redemption Value

The Council operates a Community Benefits Points system (CBP) for all direct awards and mini competitions under this framework. The following points system will apply when Providers are admitted to the framework. Providers will be required to deliver Community Benefits during the year the points are accrued or the year following that unless otherwise agreed in advance by the Council.

All Community Benefits must be agreed with The City of Edinburgh Councils Representative.

Table 1 Community Benefits and Relative Points System

The table below indicates the Community Benefit Points (CBP). Points will be awarded in relation to the value of works awarded through each mini competition or direct award.

Annual Value of Contract	CBP (Points)
Up to £5,000	1
£5,001 to £10,000	2
£10,001 to £15,000	3
£15,001 to £20,000	4
£20,001 to £25,000	5
£25,001 to £50,000	10
£50,001 to £100,000	20
£100,001 to £150,000	30
£150,001 to £200,000	40
£200,001 to £250,000	50
£250,001 to £350,000	70
£350,001 to £500,000	100
£500,001 to £750,000	150
£750,001 to £1,000,000	200
£1,000,001 to £1,500,000	300
£1,500,001 to £2,000,000	400

## Table 2 – Community Benefits

The tables below show the Community Benefits that will be delivered and their points value.

### Improving Education

<b>Title</b>	<b>CBP (Points)</b>
2 School or college site visits per year or participating in schools or college careers days	5
Carry out a workshop in a School or Community Centre in Edinburgh linked to curriculum for excellence	5
Work placement for a minimum of 5 days for an S3 or S4 pupil in an Edinburgh School either in Construction or Office based. Arranged through the Employability & Skills Team at CEC	5
Work experience of a minimum of 5 days for unemployed person (not necessarily young person).	5
Supported Training/work experience for people with disabilities, looked after children, young carers or other disadvantaged groups	10
Construction Curriculum Support Activities: Individual or Group Engagement	5 per occurrence
Donating tools and materials to local schools	5 (per £200 value)
Providing construction safety education to school children on its own or as part of a wider safety education session	5 per occurrence

### Improving Employability

<b>Title</b>	<b>Credits</b>
Work Placement for a supported person for a minimum of 5 days and supply PPE	10
Extended work placement for a minimum of 15 days for a school pupil at an Edinburgh School and supply PPE	10
Provide one-to-one mentoring to a young person from Edinburgh – one hour per month for 12 months	15
Training for existing workforce	20
Promotion of job opportunities through local agencies	10

Promotion of Women in Construction through specific sponsored events or workshops including events in schools, colleges or universities.	50
Working with external training providers to highlight career opportunities and run training and skills courses.	100
Supported employment for people with disabilities or other disadvantaged groups and supply PPE	150

### Supply Chain

<b>Title</b>	<b>Credits</b>
Offering Small and Medium Enterprises and Voluntary Sector organisations opportunities to provide goods and/or services	30
Promotion from supply chain to suppliers, subcontractors on the use of SME's, Social Enterprises, Supported Businesses, Third Sector Organisations	20
Provide training or mentoring for staff in the supply chain	50
SME's – advice on how to tender / "Joint Ventures" to tender for sections of work	100
Offer sub-contracting opportunities in an open transparent way, to local SME's holding promotional events in the local area	150

### Community

<b>Title</b>	<b>Credits</b>
The staff of suppliers undertaking volunteering within communities	10 per occurrence
Community consultation, engagement and strengthening community relations	20
Area tidy-up campaigns.	15
Community enhancement - resources provided for community facilities (e.g. playgrounds, habitat enhancements, environmental improvements) and initiatives (e.g. energy efficiency)	15 per £500 in value
Sponsorship of local organisations, i.e. breakfast club, youth group, football team	15 per £500 in value

Sponsoring local community events including festivals, 10k fun runs, family fun days out etc.	15 per £500 in value
Suppliers using community venues for meetings or functions or other uses	5
<p>Back to School Bank</p> <p>A charity which aims is to provide a School Uniform for children who need help getting a new school uniform as a result of poverty in Edinburgh</p>	5 to 100
<p>Sponsorship of Edinburgh Leisure's Positive Destinations Project. Positive Destinations helps groups of young people learn new skills for the job market. It uses the capacity of sport to transform lives, increase motivation, encourage learning and support personal development.</p> <p>The project is targeted at young people Not in Employment, Education or Training (NEET) and aims to give young people an invaluable insight and experience in the sport and leisure industry. It will also help to instil each young person with work-based skills and work place values which are vital when moving into future employment.</p> <p><a href="http://www.edinburghleisure.co.uk/positive-destinations">www.edinburghleisure.co.uk/positive-destinations</a>.</p>	5 to 100