

# Finance and Resources Committee

10.00am, Thursday, 23 February 2017

## Edinburgh Tram Extension and Leith Programme – Award of Contracts under Delegated Authority

Item number	7.15
Report number	
Executive/routine	Executive
Wards	11 – City Centre and Leith

### Executive Summary

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In [December 2015](#), Full Council agreed to commence a number of activities to progress the development of a tram extension to Newhaven in Leith. The activities included the establishment of a project team including Legal, Technical and Project and Commercial Management advisors who would support the Council in completing the activities and reporting back to Committee in summer 2017 on the progress and next steps.

This report details the procurement processes undertaken and the outcome of the process which led to the appointments of Ashurt LLP as Legal Advisors, Atkins Ltd as Technical Advisors and Turner and Townsend as Project and Commercial Management advisors for contract sums of £111,872, £449,710 and £617,705 respectively.

### Links

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Coalition Pledges	<a href="#">P18, P19, P45, P46, P50</a>
Council Priorities	<a href="#">CP04, CP08, CP11</a>
Single Outcome Agreement	<a href="#">SO1</a>

## Edinburgh Tram Extension and Leith Programme – Award of Contracts under Delegated Authority

### 1. Recommendations

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- 1.1 It is recommended that the Committee:
  - 1.1.1 Notes the outcome of the procurement process for Technical Advisor for the Edinburgh Tram Extension and subsequent award to Atkins Ltd for a contract award value of £449,710.
  - 1.1.2 Notes the outcome of the procurement process for Project and Commercial Manager for the Edinburgh Tram Extension and subsequent award to Turner and Townsend Ltd for a contract award value of £617,705.
  - 1.1.3 Notes the outcome of the procurement process for Legal Advisor for the Edinburgh Tram Extension and subsequent award to Ashurt LLP for a contract award value of £118,872.
  - 1.1.4 Notes that the award of these contracts was undertaken by the Chief Executive, under the Council's Scheme of Delegation, in consultation with the Convenor and Vice Convenor of the Finance and Resources Committee.

### 2. Background

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- 2.1 On 10 December 2015, Full Council agreed to the commencement of a range of activities to support the development of a tram extension to Newhaven including:
  - 2.1.1 Establishing project governance and project team (including Legal, Technical, Project and Commercial Management advisors);
  - 2.1.2 Developing options in relation to funding, building on the work done in the Outline Business Case;
  - 2.1.3 Carrying out a review of all existing 3rd Party Agreements;
  - 2.1.4 Reviewing Tram Phase 1 contract documentation including technical and prior approvals;
  - 2.1.5 Developing specifications and carrying out preliminary Site Investigations;
  - 2.1.6 Commencing Phase 4 of the Leith Programme incorporating any Leith Walk footway tram enabling works;

- 2.1.7 Completing the draft ITT for the main tram works including development and completion of the Works Information;
- 2.1.8 Completing the PQQ for tram enabling works and prepare all documentation in readiness for the main tram works PQQ; and
- 2.1.9 Completing designs and specifications for Leith Programme Phase 5 incorporating any Leith Walk footway tram enabling works.
- 2.2 The December 2015 report also identified a requirement for external consultancy support to complete the activities. The resources must also be particularly skilled and experienced in similar roles due to the complexity and high quality outputs desired.
- 2.3 Consequently, the Project Board granted approval for Commercial and Procurement Services, in consultation with the Edinburgh Tram Extension Project Team, to commence the procurement of organisations to undertake Project and Commercial Management Services, Technical Advisory Services and Legal Advisory Services.

### **3. Main report**

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- 3.1 Commercial and Procurement Services (CPS) in conjunction with the Edinburgh Tram Extension Project Team, commenced the procurement strategy for the appointment of Project and Commercial Management Services, Technical Advisory Services and Legal Advisory Services in April 2016.
- 3.2 A range of options for the most suitable route to market was assessed including issuing to the open market on Public Contracts Scotland, utilising in-house frameworks and national frameworks.
- 3.3 The available routes to market were individually assessed based on desired appointment timescales, capacity and capability of providers, cost, experience and technical ability.
- 3.4 Following assessment of the most appropriate route to market, a clear and defined specification and tender documentation was issued to the selected providers.
- 3.5 The tender documentation consisted of terms of reference (specification), award criteria and a pricing schedule. The pricing schedules sought lump sum costs for a range of specified activities and hourly rates for additional services.
- 3.6 The evaluation process was weighted towards quality with the following being the most appropriate ratios:
  - 3.6.1 Project and Commercial Manager - 70% quality and 30% cost;
  - 3.6.2 Technical Advisor - 70% quality and 30% cost; and
  - 3.6.3 Legal Advisor - 80% quality and 20% cost.

This is in recognition of the importance of the appointment of highly skilled and experienced organisation with the necessary expertise in light rail projects.

- 3.7 Following tender returns, submissions received were evaluated individually by the members of the evaluation team to determine a score for quality. Further details of the procurement process for each process, including the members of the evaluation team and the evaluation criteria and their respective weightings, are provided in Appendix 1.
- 3.8 On completion of the individual evaluation process a consensus meeting was held 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.
- 3.9 A threshold of 60% 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 requested within the tender documentation would not be considered further and would not have their pricing bid opened.
- 3.10 Following completion of the quality analysis, those organisations who achieved the minimum threshold score of 60% for quality their pricing bids were opened and subject to a cost analysis.
- 3.11 The lowest priced tender for each process was awarded the maximum score 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.
- 3.12 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 for each process are detailed in the table below.

### **3.13 Project and Commercial Manager**

A mini competition utilising the Scotland Excel Technical Engineering and Consultancy Framework was undertaken resulting in one bid being received from the market. 10 organisations were invited to tender.

A range of reasons were identified for lack of interest with bidders citing other work commitments and a preference to tender for the Technical Advisor contract.

The scores achieved following the evaluation were:

<b>Bidder</b>	<b>Quality Score</b>	<b>Price Score</b>	<b>Total Score</b>
Turner and Townsend Ltd	66.00	30.00	96.00

### 3.14 Technical Advisor

A mini competition utilising the Scotland Excel Technical Engineering and Consultancy Framework was undertaken resulting in five bids being received from the market. 11 organisations were invited to tender.

The scores achieved following the evaluation are set out in the table below. While Atkins scored fourth overall for quality, their quality submission was assessed as being 'good' and 'very good' in all aspects of the award criteria and passed the minimum quality threshold. The scores achieved following the evaluation were:

Bidder	Quality Score	Price Score	Total Score
Atkins Ltd	44.45	30.00	74.45
Bidder 2	51.45	21.31	72.76
Bidder 3	46.55	18.67	65.22
Bidder 4	48.30	16.76	65.06
Bidder 5	37.45	0.00	37.45

*"0.0" score for price due to failed quality threshold*

### 3.15 Legal Advisor

A mini competition utilising the Crown Commercial Services for Legal Services was undertaken resulting in two bids being received from the market. Three organisations were invited to tender with one organisation withdrawing from the process due to a potential conflict of interest.

The scores achieved following the evaluation were:

Bidder	Quality Score	Price Score	Total Score
Ashurt LLP	65.60	20.00	85.60
Bidder 2	40.00	0.00	40.00

*"0.0" score for price due to failed quality threshold*

- 3.16 The highest scoring bidder for each mini competition was recommended for appointment at the Edinburgh Tram Extension and Leith Programme Board which is chaired by the Executive Director of Place.
- 3.17 Following Board approval, consultation with the Convenor and Vice Convenor took place for approval before contract award.

- 3.18 The contracts are currently in progress and the outcomes and outputs of the activities are anticipated to be reported to Finance and Resources Committee in summer 2017.

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

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- 4.1 The findings of the draft OBC indicate that that an economic case for extending the current tram line would accrue positive benefits to the City. These were set out in the report to Council in December 2015.
- 4.2 Awarding the contracts set out in this paper will allow the Council to successfully complete the Stage 1 activities identified in the December 2015 report and ensure the programme to report back to Council in summer 2017 can be maintained.
- 4.3 The purpose of considering Edinburgh Tram extensions is to support the overall level of economic growth of Edinburgh through enhancing the viability and attractiveness of major housing and employment sites identified in the Local Development Plans. The tram extensions can help support a level of economic activity (jobs, development, and housing) at a greater level than would otherwise be the case.

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

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- 5.1 The cost of the advisory contracts set out herein can be accommodated within the £3.25 million budget set aside by Council in December 2015 for Stage 1 activities.
- 5.2 The cost associated with procuring these services is estimated at £10,001 - £20,000.

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

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- 6.1 The information noted in this report was approved in consultation with the Convenor and Vice Convenor under the Scheme of Delegation following approval at by the Chief Executive and Edinburgh Tram Extension Programme Board.
- 6.2 Commercial and Procurement Services conducted the tender and evaluation process in accordance with Council Standing Orders, Public Procurement (Scotland) 2012 Regulations and EU Procurement Directives.

#### **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: (i) advance equality of opportunity. There is no distinct relevance in respect of the general duties to; (ii) eliminate unlawful discrimination, harassment and victimisation, or; (iii) foster good relations.

- 7.2 An Equalities and Rights Impact Assessment has been prepared and is available as background reference. There are no direct negative equalities or human rights impacts anticipated.

## **8. Sustainability impact**

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- 8.1 The proposed work packages will be undertaken in consideration of the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties. This aligns with the requirements of the Local Transport Strategy. The potential to extend the tram network aligns with, and is cognisant of, the requirement to reduce carbon emissions and the need to travel. In doing so, this will promote a shift to more sustainable modes of transport that will bring reduced carbon dioxide and nitrogen oxide emissions.
- 8.2 The promotion of a high capacity, high quality public transport system aligns with the LTS and draft Local Development Plan and will help achieve a sustainable Edinburgh, as both documents' actions include improving the extent of the public transport offered in Edinburgh, thus enhancing social inclusion and equality of opportunity.
- 8.3 The proposals to integrate with the St James Quarter redevelopment and Leith Programme initiatives aim to improve facilities for cyclists and pedestrians, thus promoting personal wellbeing.

## **9. Consultation and engagement**

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- 9.1 In accordance with the approval granted by Council in December 2015, the Convenor and Vice Convenor of the Finance & Resource Committee were consulted with prior to the award of any contracts.

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

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None.

**Paul Lawrence**

Executive Director of Place

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## 11. Links

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<b>Coalition Pledges</b>	<b>P18</b> – Complete the Tram in accordance with current plans. <b>P19</b> – Keep Lothian Buses in public hands and encourage the improvement of routes and times. <b>P45</b> – Spend five per cent of the transport budget on provision for cyclists. <b>P46</b> – Consult with a view to extending current 20mph zones. <b>P50</b> – Meet greenhouse gas targets, including the national target of a 42 per cent reduction by 2020.
<b>Council Priorities</b>	<b>CP04</b> – Safe and empowered communities <b>CP08</b> – A vibrant, sustainable local economy <b>CP11</b> – An accessible connected city
<b>Single Outcome Agreement</b>	<b>SO1</b> – Edinburgh’s Economy Delivers increased investment, jobs and opportunities for all.
<b>Appendices</b>	<b>Appendix 1</b> – Summary of Tendering and Tender Evaluation Processes.



## Appendix1 – Summary of Tendering and Tender Evaluation Processes.

Contract	Project and Commercial Manager
Contract Value	£617,705
Standing Orders Observed	4.1, 4.2, 5.1, 5.3, 8.1
Portal used to advertise	Public Contracts Scotland
EU Procedure Chosen	Mini Competition under Scotland Excel Technical Engineering and Consultancy Framework
Invitations to tender issued	10
Tenders returned	1
Tenders fully compliant	1
Recommended suppliers	Turner and Townsend Ltd
Primary criterion	Most economically advantageous tender (MEAT)
Evaluation criteria and weightings and reasons for this approach	<p>70% Quality, 30% Price</p> <p>Project Team – 35%</p> <p>Understanding of the Requirement and Proposed Methodology – 30%</p> <p>Experience – 35%</p>
Evaluation Team	<p>Senior Response Officer for Edinburgh Trams</p> <p>Senior Professional Officer</p> <p>Senior Professional Officer</p>

Contract	Technical Advisor
Contract Value	£449,710
Standing Orders Observed	4.1, 4.2, 5.1, 5.3, 8.1
Portal used to advertise	Public Contracts Scotland
EU Procedure Chosen	Mini Competition under Scotland Excel Technical Engineering and Consultancy Framework
Invitations to tender issued	11
Tenders returned	5
Tenders fully compliant	5
Recommended suppliers	Atkins Ltd
Primary criterion	Most economically advantageous tender (MEAT)
Evaluation criteria and weightings and reasons for this approach	70% Quality, 30% Price Project Team – 35% Understanding of the Requirement and Proposed Methodology – 30% Experience – 35%
Evaluation Team	Senior Response Officer for Edinburgh Tram Extension Senior Professional Officer Senior Professional Officer

Contract	Legal Advisor
Contract Value	£111,872
Standing Orders Observed	4.1, 4.2, 5.1, 5.3, 8.1
Portal used to advertise	Public Contracts Scotland
EU Procedure Chosen	Mini Competition under Crown Commercial Services Legal Services Framework
Invitations to tender issued	3
Tenders returned	2
Tenders fully compliant	2
Recommended suppliers	Ashurt LLP
Primary criterion	Most economically advantageous tender (MEAT)
Evaluation criteria and weightings and reasons for this approach	80% Quality, 20% Price Project Team – 40% Understanding of the Requirement and Proposed Methodology – 60%
Evaluation Team	Head of Service – Legal, Risk & Compliance Senior Response Officer for Edinburgh Tram Extension Principal Solicitor