

Finance and Resources Committee

10.00am, Thursday, 28 September 2017

Systems Integration Feasibility for the Edinburgh Tram Extension – Award under Urgency Provisions

Item number 7.9

Report number

Executive/routine

Wards

Council Commitments

Executive Summary

In consultation with the Convenor and Vice Convenor of the Finance and Resources Committee and in line with the Council's Contract Standing Orders and the Scheme of Delegation, the Council has awarded a Contract to Siemens Ltd for the maximum value of £150,000 to provide professional services to support the Council in formalising the approach to the procurement of the Systems Installation and Integration as part of the Edinburgh Tram Extension Project.

Systems Integration Feasibility for the Edinburgh Tram Extension – Award under Urgency Provisions

1. Recommendations

It is recommended that the Finance and Resources Committee notes the following:

- 1.1 The Convenor and Vice Convenor of the Finance and Resources Committee provided Delegated Authority to the Executive Director of Place to award a contract to Siemens for a maximum value of £150,000 under the Urgency Provisions as detailed in the Contract Standing Orders.
- 1.2 In the event that Stage 2 of project development is not approved by Council on 21 September 2017 all work will cease with Siemens and the Council would only be liable for expenditure incurred up to that date.

2. Background

- 2.1 On [4 September 2017](#), Transport and Environment Committee approved in principle the progression of the Edinburgh Tram Extension Contract activities into Phase 2 of the procurement and design process. Further approval to continue will also be sought from full Council on 21 September 2017.
- 2.2 One of the key progression activities is for the Council to formalise the approach to the procurement of the Systems Installation and Integration works.
- 2.3 To meet the programme commitment, the Council is required to progress several activities with the incumbent supplier Siemens Ltd to ensure adequate analysis is undertaken before finalising its contracting strategy.
- 2.4 On 12 September 2017, the Convenor and Vice Convenor approved the award of a Contract to Siemens Ltd under a Professional Services Contract for the progression of activities to formalise their approach to the procurement of the Systems Installation and Integration in relation to the Edinburgh Tram Extension Contract.
- 2.5 Siemens Ltd was the Systems Contractor for the construction of the Edinburgh Tram system between the Airport and York Place Edinburgh Tram Phase 1 and is responsible for the maintenance of the existing systems in place along the current route. There is currently no performance related issues or disputes with Siemens Ltd.

3. Main report

- 3.1 Tram system owners face a common problem when extending their tram networks: how to procure the tram control and communication systems for the new route. The problem arises from the fact that many of these systems are of a proprietary nature, and thus can only be extended by the original equipment manufacturer. Due to these potential issues, the project team carried out an options appraisal to identify the most appropriate route to market for the Systems Contract.
- 3.2 It has been established that the preferred route to market is for the systems elements of the scope to be procured under a separate contract with the existing systems supplier (Siemens). This approach is assessed as providing the Council better value for money than to remove and replace the existing system and contract with a new provider.
- 3.3 To allow the Main Contractor to contract directly with Siemens, the Council must agree with Siemens a competitive market price. The activities required to facilitate this are set out below. The output of this exercise will be an interim Target Price based on a detailed risk, programme and constraints review which will be included in the Main Works Contract to allow the bidders to appoint Siemens as their sub-contractor.
- 3.4 The scope of services which Siemens will carry out under this commission is detailed below:
- Scope review and definition agreement including review of technical specifications and interface schedules
 - Programme review and agreement of key dates, durations etc. for each element of the systems work and how this will interface with the main civils Design and Build works including considering key dates for the main contract
 - Risk apportionment and management of risk transfer to develop contract conditions in relation to System Installation and Integration
 - Identify how the Main Contractor and Siemens will operate contractually under the Main Contract including Siemens Target Cost
 - Assessment of prelim requirements and constraints including programme, meeting attendance, reporting requirements, design requirements, assurance requirements, testing and commissioning
- 3.5 These services were awarded under the Council's Urgency Provisions to ensure that the Council can meet its commitment to completing the Stage 2 Procurement process by Autumn 2018 as these activities are considered critical to the programme.
- 3.6 If the Council decision on 21 September 2017 is for the Outline Business Case for the Edinburgh Tram Extension to not be progressed, the Council will cease contractual arrangements with Siemens immediately under this commission and will therefore have expended only the proportionate costs for services delivered until that date.

4. Measures of success

- 4.1 The output of this commission will be an in depth review and analysis to support the Council in finalising the Contracting Strategy for the Edinburgh Tram Extension.

5. Financial impact

- 5.1 The costs in relation to this commission have been identified as a maximum cost of £150,000. A fixed cost cannot be obtained as the services are largely based on a notional expectation of resources Siemens Ltd will be required to provide to fulfil the scope.
- 5.2 These costs will be contained within the Edinburgh Tram Extension and Leith Programme Stage 1 activities approved by Council in December 2015.

6. Risk, policy, compliance and governance impact

- 6.1 The Recommendations in this report comply with the Council's Contract Standing Orders, Appointment of Consultants Guidance and the Scheme of Delegation.

7. Equalities impact

- 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 as part of the wider Edinburgh Tram Extension and Leith Programme and is available as background reference. There are no direct negative equalities or human rights impacts anticipated

8. Sustainability impact

- 8.1 The recommendations in this report are directly related to the Edinburgh Tram Extension Project which is identified as having the following sustainability impact:
- The project 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 expand 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.

- 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.
- 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

- 9.1 The Edinburgh Tram Extension, which this Contract forms part of, has been subject to full engagement and consultation with Capital Coalition, Opposition Groups, Transport for Edinburgh, Edinburgh Trams, Lothian Buses as well as between relevant services within the Council.

10. Background reading/external references

Not applicable

Paul Lawrence

Executive Director of Place