

Finance and Resources Committee

10.00am, Thursday, 7 October 2021

Contract Award Recommendation Report – Supply of Natural Stone Paving and Road Products

Executive/routine	Routine
Wards	All
Council Commitments	15, 16, 17 & 27

1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
 - 1.1.1 Approve the award of a Framework Agreement for:
 - 1.1.1.1 Lot 1 - Supply of Caithness Stone to A&D Sutherland Ltd;
 - 1.1.1.2 Lot 2 - Supply of Hard Sandstone to Tradstocks Ltd;
 - 1.1.1.3 Lot 3 - Supply of Granite to Tradstocks Ltd; and
 - Lot 4 - the Recycling of existing Whinstone and supply of new Whinstone to Tradstocks Ltd; and
 - 1.1.2 Note that the Framework Agreement duration is two years, with two optional 12-month extension periods, with a total maximum anticipated contract value of £2,400,000 (across all Lots).

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Executive Director of Place

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Contract Award Recommendation Report – Supply of Natural Stone Paving and Road Products

2. Executive Summary

- 2.1 Following a tendering exercise, this report seeks approval from Finance and Resources Committee for the award of a multi-lot Framework Agreement for the supply of natural stone paving and road products. The total maximum anticipated contract value (for the full contract period including extensions, for all Lots) is £2,400,000.

3. Background

- 3.1 The City of Edinburgh Council has a recurring requirement for natural stone paving and similar stone products. These products are required to support major capital works and ongoing routine revenue maintenance work. The new Framework Agreement will also support active travel and public realm enhancement projects within the UNESCO World Heritage site.
- 3.2 In order to supply the aforementioned requirement, a multi-lot Framework Agreement is proposed for the supply of a range of natural stone products.
- 3.3 To comply with World Heritage site requirements and the guidance within the Edinburgh Design Document, it was specified that the stone supplied must match existing materials as far as possible, possessing similar colouring and weathering properties.
- 3.4 The new Framework Agreement will streamline the approach to procuring and recycling stone materials and includes the provision of material storage, whereby stone will be quarried and stored for up to six weeks at the recommended supplier's premises prior to delivery directly to site, thus dovetailing with on-site project start dates and activities.

4. Main report

- 4.1 On 2 July 2021, Commercial and Procurement Services (CPS) published a Contract Notice on the Public Contracts Scotland (PCS) portal, with a tender submission deadline of 2 August 2021.
- 4.2 In order to identify the most economically advantageous tender, submissions were assessed on the basis of:
- 4.2.1 Lots 1 to 3 - 70% Cost and 30% Quality; and
- 4.2.2 Lot 4 - 60% Cost and 40% Quality.
- 4.3 These cost / quality ratios were applied because the specification was sufficiently detailed in terms of product mandatory quality/standards, therefore a higher emphasis on quality was not considered necessary. A greater emphasis on quality was applied in Lot 4 considering the recycling service element.
- 4.4 A summary of the tender and evaluation process is attached at Appendix 1 of this report and the table below shows the weighted scores awarded to each tender following evaluation:

Lot	Tenderer	Cost	Quality	Total	Ranking
Lot 1	A&D Sutherland Ltd	70.00	15.75	85.75	1
	Company 2	51.98	11.63	63.61	2
Lot 2	Tradstocks Ltd	70.00	11.63	81.63	n/a
Lot 3	Tradstocks Ltd	70.00	11.63	81.63	n/a
Lot 4	Tradstocks Ltd	60.00	16.50	76.50	n/a

- 4.5 With regards to Lots 2, 3 and 4; although only one bid was received, the tenders were deemed to offer value for money (demonstrated by a comparison against the prices historically paid by the Council for these products and knowledge of the current market).

5. Next Steps

- 5.1 Subject to approval, the Framework Agreement will commence on 1 November 2021 and will assist the Council in continuing to deliver capital projects and maintenance works as outlined in section 3.1 of this report.
- 5.2 The Contracts and Grants Management team (CAGM) and the appointed Contract Manager will ensure that effective contract management is delivered throughout the Framework Agreement lifecycle. A Contract Management and Handover Report, detailing the necessary steps and measures, will be produced and agreed. It is

envisaged that proactive contract management (to include robust monitoring of management information, key performance indicators and budget tracking) will assist in the delivery of an effective and efficient service for the Council throughout the duration of the Framework Agreement.

6. Financial impact

- 6.1 Although the Framework Agreement has a total maximum anticipated value of £2,400,000 (for the full contract period including extensions, across all Lots), it is envisaged that actual spend will be much lower, as, in practice, construction contractors often supply stone products as part of their works under the Council's Transport Infrastructure Framework Agreement. However, this maximum value estimate will permit sufficient flexibility to cater for the volume, type and scope of works to be potentially undertaken during the contract period. The majority of spend utilising this Framework Agreement will be met from the capital budget, with a very small amount assigned against the revenue budget to facilitate ongoing maintenance provision.
- 6.2 In Lot 1 the recommended contractor's bid represents an estimated total saving of 19% against an average of Lot 1 tendered costs. During the contract period the Contract Manager will be responsible for tracking "actual" savings, which will be dependent on contract usage.
- 6.3 For the purposes of the tender evaluation process, estimated volumes were provided within the tender documentation. Tendered prices were then applied to the estimated volumes to establish an estimated total cost for each tender.
- 6.4 Tenderers were advised that the volumes provided were estimates only and not a guarantee of actual volumes, as volumes will vary depending on the location and nature of any works.
- 6.5 To mitigate against market volatility tendered prices will be fixed for the first two years of the Framework Agreement and any subsequent price increase requests will be considered on an annual basis, restricted to increases in relevant price indices i.e. price indices which, in the reasonable opinion of the Council, relate to the cost of provision and/or manufacturing of the products supplied.
- 6.6 The new material storage provision will reduce the cost and risk associated with the Council having to store and subsequently deliver material to site and is in-line with the Council's Depot Rationalisation Strategy.
- 6.7 The costs associated with procuring the proposed Framework Agreement are estimated to be between £10,000 and £20,000.

7. Stakeholder / Community Impact

- 7.1 As the products being procured are of the same specification as those already in circulation, no contract specific stakeholder engagement or co-production was undertaken.
- 7.2 There are no negative impacts on carbon, adaption to climate change or sustainable development arising directly from this report. Likewise, it is not envisaged that the Framework Agreement will:
- 7.1.1 Impact on the community; or
 - 7.1.2 Have any health and safety, governance, compliance or regulatory implications.
- 7.3 The recycling provision within Lot 4 will allow recovered stone to be refurbished and reused thus generating savings on material costs whilst fully supporting the Council's sustainability commitment.
- 7.4 The award of this Framework Agreement will contribute to the realisation of Council Commitment numbers 15 (to "protect Edinburgh World Heritage Status and make sure developments maintain the vibrancy of our city in terms of placemaking, design and diversity of use"), 16 (to "Invest £100m in roads and pavements over the next 5 years. This will include road and pavement maintenance, installing more pedestrian crossings, increasing the number of dropped kerbs and dedicate safer foot and cycle paths as well as introducing more pedestrian zones"), 17 (to "guarantee 10% of the transport budget on improving cycling in the city") and 27 (to "tackle pavement parking and reduce street clutter to improve accessibility").
- 7.5 The recommended suppliers have committed to provide community benefits. Examples of community benefits offered include quarry site visits for school pupils and participation in schools' career fayres. Community benefit delivery will be monitored throughout the life of the Framework Agreement.
- 7.6 The recommended suppliers have confirmed that they intend pay workers (including any agency or sub-contractor workers) the Real Living Wage.
- 7.7 The procurement process followed is compliant with all relevant regulations as well as the Council's Contract Standing Orders. The risk of legal challenge relating to this procurement has therefore been minimised.

8. Background reading/external references

- 8.1 None.

9. Appendices

- 9.1 Appendix 1 – Summary of Tendering and Tender Evaluation Processes.

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Supply of Natural Stone Paving and Road Products Ref: CT2800 Lot 1 - Supply of Caithness Stone Lot 2 - Supply of Hard Sandstone Lot 3 - Supply of Granite Lot 4 - Recycling of existing Whinstone and supply of new Whinstone	
Contract period (including any extensions)	1 November 2021 to 31 October 2023 with two optional 12-month extensions (2 + 1 + 1)	
Maximum Anticipated Contract Value (including any extensions)	£2,400,000	
Procurement Route Chosen	Open procedure procurement process advertised on the PCS portal.	
Tenders Returned	Lot 1	2
	Lot 2	1
	Lot 3	1
	Lot 4	1
Recommended Suppliers	Lot 1	A&D Sutherland Ltd
	Lot 2	Tradstocks Ltd
	Lot 3	Tradstocks Ltd
	Lot 4	Tradstocks Ltd
Cost / Quality Ratio Lots 1 to 3	Cost 70%	Quality 30%
Cost / Quality Ratio Rationale Lots 1 to 3	This cost / quality ratio was applied because the specification was sufficiently detailed in terms of product mandatory quality/standards, therefore a higher emphasis on quality was not considered necessary.	
Evaluation Criteria and Weightings Lots 1 to 3	Quality Criteria	Weighting
	1. Delivery of the Contract	25%
	2. Complaints Procedure	15%
	3. Meeting KPIs & Targets	15%

	4. Quality Assurance	10%
	5. The Environment	10%
	6. Health & Safety	10%
	7. Business Continuity	5%
	8. Fair Work Practices	5%
	9. Community Benefits	5%
Cost / Quality Ratio Lot 4	Cost 60%	Quality 40%
Cost / Quality Ratio Rationale Lot 4	This cost / quality ratio was applied because the specification was sufficiently detailed in terms of product mandatory quality/standards, therefore a higher emphasis on quality was not considered necessary. A greater emphasis on quality was applied in this Lot considering the recycling service element.	
Evaluation Criteria and Weightings Lot 4	Quality Criteria	Weighting
	1. Delivery of the Contract	20%
	2. Recycling of Stone Products	15%
	3. Meeting KPIs & Targets	10%
	4. Quality Assurance	10%
	5. The Environment	10%
	6. Health & Safety	10%
	7. Complaints Procedure	10%
	8. Business Continuity	5%
	9. Fair Work Practices	5%
	10. Community Benefits	5%
Evaluation Team	Three officers from the Transport Contracts and Design team	