

# Finance and Resources Committee

10.00am, Thursday, 16 June 2022

## Roads and Transport Infrastructure Construction Framework – Award under Delegated Authority

Executive/routine Wards Council Commitments	Executive All <a href="#">15</a> , <a href="#">16</a> , <a href="#">17</a> , <a href="#">27</a>
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### 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 framework value is estimated to be between £80 - £102m 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.

**Paul Lawrence**

Executive Director of Place

Contact: David Wilson, Transport Contracts and Design Manager

E-mail: [david.wilson@edinburgh.gov.uk](mailto:david.wilson@edinburgh.gov.uk) | Tel: 0131 469 3912

## Roads and Transport Infrastructure Construction Framework – Award under Delegated Authority

### 2. Executive Summary

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- 2.1 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 no later than 30 August 2022 and to ensure continuity of service provision.
- 2.2 The framework consists of 14 lots for an undefined programme of capital works to support the City of Edinburgh Council (the Council) in delivering its roads and infrastructure construction, maintenance and repair programmes.
- 2.3 Delegated authority is being sought to ensure that the framework can be awarded as quickly as possible. Any delay is likely to impact the Council's capital programme and reduce the Council's ability to deliver maintenance schemes.

### 3. Background

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- 3.1 The Council's Roads and Infrastructure service 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 combination of the in-house Roads Operations team and external contractors.
- 3.2 At present the Council is utilising its own framework to deliver services from external contractors.
- 3.3 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.
- 3.4 Key Performance Indicators (KPIs) and Terms and Conditions have also been reviewed to improve contract management.

## 4. Main report

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- 4.1 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 are being conducted in accordance with Council Contract Standing Orders and Public Contracts (Scotland) Regulations 2015.
- 4.2 A Prior Information Notice to this effect was published on the Public Contracts Scotland Portal on 28 January 2022.
- 4.3 On 1 April 2022, the Council commenced a full tender exercise by placing a contract notice on the Public Contracts Scotland Portal.
- 4.4 The lots advertised were:
  - 4.4.1 Lot 1: Major Projects (Junction Improvements, Public Realm, Active Travel, Road Safety and Public Transport improvements)
  - 4.4.2 Lot 2: Major Carriageway and Footway Maintenance and Renewal (Scheme Value £250,000 - £2,000,000)
  - 4.4.3 Lot 3: Minor Carriageway and Footway Maintenance and Renewal (Scheme Value £50,000 - £250,000)
  - 4.4.4 Lot 4: Minor Works (Schemes up to £50,000 value)
  - 4.4.5 Lot 5: Surface Treatments
  - 4.4.6 Lot 6: Footways, Paved Areas, Hard Landscaping and Natural Stone Flags & Setts
  - 4.4.7 Lot 7: Carriageway and Footway Patching Works
  - 4.4.8 Lot 8: Maintenance of Surface Water Drainage Systems and Associated Works
  - 4.4.9 Lot 9: Street Lighting Installation Works
  - 4.4.10 Lot 10: Vehicle Restraint Systems
  - 4.4.11 Lot 11: Coring and Materials Testing
  - 4.4.12 Lot 12: Surveying
  - 4.4.13 Lot 13: Structures
  - 4.4.14 Lot 14: Road Markings
- 4.5 In order to attract the widest number of suppliers an open procedure procurement process was undertaken.

- 4.6 Tender submissions will be evaluated by a technical evaluation panel. The evaluation places an emphasis on quality, as well as price, with the aim of selecting the most economically advantageous tenders for each of the 14 lots. A cost quality ratio of 70% cost and 30% quality will be applied to all lots.
- 4.7 Following completion of the quality analysis, tender submissions will be 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.
- 4.8 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.
- 4.9 Evaluation is expected to be completed by 30 June 2022.
- 4.10 The current framework is due to expire on 29 August 2022.
- 4.11 When the outcome of the procurement process is reached, a procurement report will be submitted to the Executive Director of Place for approval.

## **5. Next Steps**

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- 5.1 The tender evaluation exercise will be completed and the successful tenderers for each Lot will be advised. There will then be the mandatory 10-day standstill period following which the individual contract will be awarded.

## **6. Financial impact**

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- 6.1 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.
- 6.2 The recent impact of inflation across the industry has resulted in increased costs to suppliers for labour, fuel, plant and materials to the extent that fewer suppliers have been tendering for projects through the existing framework. The new framework will give suppliers to opportunity to re-base their costs, providing confidence in service delivery going forward.
- 6.3 To reflect this volatility in the market the new framework incorporates an inflation mechanism that will tie rates to the consumer price index, recalculated annually in March.
- 6.4 Some financial efficiencies will be delivered through the new framework through the provision of the additional Lots designed to more closely reflect the scale of projects being delivered, encouraging the use of local SMEs, consolidating spend and promoting contract compliance.

- 6.5 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 followed for each package of work delivered through the framework.
- 6.6 The service area already has a framework management system in place, with each lot having a dedicated lot manager to support project managers, overseen by and an overall framework manager.
- 6.7 The costs associated with procuring this contract are estimated at £40,000 - £60,000.

## **7. Stakeholder/Community Impact**

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- 7.1 Projects delivered through this framework will be subject to stakeholder and community engagement throughout the design and development stage. The level of engagement will be dependent on the complexity of the project and its impact on the local community.
- 7.2 The proposals and recommendations described in this report could contribute to the public sector general equality duty to advance equality of opportunity. An Integrated Impact Assessment (IIA) has been completed for the Roads and Transport Infrastructure Construction Framework and no equalities or right impacts have been identified in relation to this report.
- 7.3 An IIA is completed prior to budget allocation for the capital programme.

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

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- 8.1 None.

## **9. Appendices**

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

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

Contract	Roads and Transport Infrastructure Construction Framework
Contract period (including any extensions)	4 years
Framework value	Estimated at £80m - £100m
EU Procedure chosen	Open
Register of interest noted	78
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>Approach -15%</p> <p>Delivery of The Contract – 10%</p> <p>Meeting Key Performance Indicators &amp; Targets - 10%</p> <p>Business Continuity – 5%</p> <p>Community Benefits – 5%</p> <p>Fair Work Practises – 5%</p> <p>Sustainability – 5%</p>
Evaluation Teams	Evaluation Teams will consist of suitably qualified Council Officers including Engineers, Senior Engineers and Transport Managers