

# Finance and Resources Committee

10.00am, Tuesday, 20 June 2023

## Contract Award – Framework Agreement for the Hire of Operated Plant for Road Operations

Executive/routine Wards Council Commitments	Routine
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### 1. Recommendations

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- 1.1 It is recommended that the Finance and Resources Committee approves:
  - 1.1.1 The award of a multi-lot Framework Agreement for the Hire of Operated Plant;
  - 1.1.2 The appointment of eight contractors to service the Framework Agreement, namely: ANW Transport Ltd; Fraser Dunlop Ltd; Hermiston Plant Hire Ltd; Jarvie Plant Group Ltd; John McGeady Ltd; Markon Ltd; NWH Group Ltd; and Robert McCarroll Ltd; and
  - 1.1.3 The commencement of the Framework Agreement on 3 July 2023 for a period of two years with the option to extend for an additional two 12-month periods, undertaken at the sole discretion of the Council, at a maximum estimated total value of £2,400,000 (£600,000 per annum) for all Lots.

**Paul Lawrence**

Executive Director of Place

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# Report

## Contract Award – Framework Agreement for the Hire of Operated Plant for Road Operations

### 2. Executive Summary

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- 2.1 This report requests approval to award a Framework Agreement (Framework) for the Hire of Operated Plant for the use of Road Operations, to commence on 3 July 2023 for a period of two years with the option to extend for an additional two 12-month periods. This is a recurrent requirement and is necessary to replace the existing Framework.
- 2.2 Over the four-year period the total Framework value is estimated at £2,400,000 (£600,000 per annum) for all Lots, however it should be noted that this value is the maximum estimated spend; actual spend will depend on demand for the Framework services which will fluctuate.
- 2.3 This Framework provides essential specialist support to the Council's in-house Road Operations, ensuring that road maintenance functions and civils work is efficiently and effectively delivered.

### 3. Background

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- 3.1 Road Operations have an ongoing requirement for the hire of a range of operated plant to support the delivery of the Council's road maintenance functions.
- 3.2 The Framework encompasses the provision of a range of plant, with operators, which will be used by Road Operations as and when additional plant and operators are required to supplement existing Council resources.
- 3.3 The Framework contains 12 lots as follows, although (as explained in section 3.4) below it is intended that Lot 8 will be abandoned:

Lot	Summary Description
Lot 1 - Road Planers	Hire of 1.0 Metre Road Planer with Operator
Lot 2 - Road Sweepers	Hire of 18,000kg Road Sweeper with Operator

Lot 3 - Non Insulated Road Lorries	Hire of 32t Non-insulated Lorry with Operator
Lot 4 - Insulated Road Lorries	Hire of 32t Insulated Lorry with Operator
Lot 5 - Non insulated Road Lorries with Clamshell Bucket	Hire of 32t Non-insulated Lorry with clamshell bucket with Operator
Lot 6 - 7.5t Gritter Vehicles	Hire of 7.5t Gritter Vehicles with Operator; carrying capacity 3 cubic metres
Lot 7 - 18t Gritter Vehicles	Hire of 18t Gritter Vehicles with Operator; carrying capacity 6 cubic metres
Lot 8 - 26t Gritter Vehicles	Hire of 26t Gritter Vehicles with Operator; carrying capacity 9 cubic metres
Lot 9 - Hi-Ab Cranes	Hire of: A. Rigid Crane with Operator (26000kg) - flatbed with Operator B. Artic Crane with Operator (32000kg) - flatbed with Operator
Lot 10 - Low Loaders	Hire of Low Loader with Operator
Lot 11 - Road Finishers	Hire of: A. 3.5m Paver with Operator B. 5m Paver with Operator
Lot 12 - Plane & Disposal of Road Construction Materials	Full Plane and Disposal Service Provision (including hire of plant, provision of plant operator(s) and disposal of road construction materials)

- 3.4 Lots 6, 7 and 8 of the Framework are for the provision of on-call gritters for contingency purposes in cases of extreme weather. However, it is intended that Lot 8 will be abandoned as no tenders were received.
- 3.5 The Framework also includes a new Lot (Lot 12) for the provision of a Plane and Road Material Disposal Service for use when Road Operations identifies the presence of coal tar during service provision. In these instances, a certified and licenced contractor is required to dispose of the hazardous material safely and legally.
- 3.6 The specification was robust and comprehensive in terms of the Council's requirements and expectations of contractors to ensure that the supplementary

services provided under the Framework will seamlessly augment existing Council operations.

## 4. Main report

- 4.1 In conjunction with Road Operations, Commercial and Procurement Services (CPS) undertook an open tender exercise.
- 4.2 On 2 March 2023, CPS published a Contract Notice on the Public Contracts Scotland (PCS) portal, with a tender submission deadline of 11 April 2023.
- 4.3 In order to identify the most economically advantageous tenders for each Lot, submissions were assessed on the basis of 40% Quality and 60% Cost.
- 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 tenderer following evaluation:

Lot	Tenderer	Cost (60%)	Quality (40%)	Total	Ranking
1	Hermiston Plant Hire Ltd	60	29	89	1
	John McGeady Ltd	50.77	38	88.77	2
	Markon Ltd	43.48	40	83.48	3
2	John McGeady Ltd	60	38	98	1
	Hermiston Plant Hire Ltd	50.01	37	87.01	2
	Markon Ltd	40.16	40	80.16	3
	NWH Group Ltd	39.50	40	79.50	4
	ANW Transport Ltd	41.69	30	71.69	5
3	John McGeady Ltd	60	38	98	1
	Markon Ltd	44.36	40	84.36	2
	NWH Group Ltd	40.53	40	80.53	3
	ANW Transport Ltd	41.86	30	71.86	4
4	John McGeady Ltd	60	38	98	1
	ANW Transport Ltd	38.57	30	68.57	2

5	NWH Group Ltd	60	40	100	1
6	ANW Transport Ltd	60	22	82	1
7	ANW Transport Ltd	60	26	86	1
	NWH Group Ltd	40.63	40	80.63	2
8	No bids received/Lot abandoned				N/A
9	Jarvie Plant Group Ltd	60	35	95	1
	Fraser Dunlop Ltd	58.17	33	91.17	2
10	John McGeady Ltd	58.28	38	96.28	1
	ANW Transport Ltd	60	30	90	2
	Robert McCarroll Ltd	45.68	30	75.68	3
	Fraser Dunlop Ltd	41.55	33	74.55	4
	Jarvie Plant Group Ltd	43.40	31	74.40	5
11	Hermiston Plant Hire Ltd	60	37	97	1
	John McGeady Ltd	54.03	38	92.03	2
	Robert McCarroll Ltd	32.42	34	66.42	3
12	Hermiston Plant Hire Ltd	60	37	97	1
	Markon Ltd	51.11	40	91.11	2
	John McGeady Ltd	52.74	38	90.74	3

4.5 Tenderers are aware that the hire periods and plant/vehicles unit numbers specified are estimates only, that admission to the Framework will not guarantee some or any work and that the Framework will be utilised at the Council's sole discretion.

## 5. Next Steps

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5.1 Subject to approval, the Framework will commence on 3 July 2023, allowing the Council to meet its obligations in regard to the provision of road services throughout the City of Edinburgh.

- 5.2 The Contracts and Grants Management team (CAGM) will engage with the Road Operations Contract Manager to ensure that effective contract management is applied throughout the Framework lifecycle.

## **6. Financial impact**

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- 6.1 To calculate the value of the new Framework tendered rates were applied to the specified hire periods (based on historic/estimated future requirements).
- 6.2 The total maximum value of the Framework (for the full contract period including optional extensions) is estimated at £2,400,000 (including a 2.5% contingency uplift to allow for the potential variation in Framework usage, such as additional related ad-hoc hires, which may occur during the contract period).
- 6.3 To calculate the cost implications of the new Framework (cost reduction/increase), a “like for like” cost comparison was undertaken comparing tendered rates to historic rates.
- 6.4 The new Framework constitutes a cost increase of 22%. However, it should be noted that the previous Framework was fixed price and put in place in 2019; and a period of unprecedented global market volatility followed in the interim period.
- 6.5 Purchasing the plant and vehicle concerned, as opposed to hiring it, and employing the required in-house operators, would cost (approximately) an additional £969,000 over the maximum four year contract period.
- 6.6 The prices quoted by the recommended tenderers will be fixed for the initial 24-month contract period. Thereafter price increase applications will be considered at the point of contract extension, subject to the Road Operations Contract Manager’s approval.
- 6.7 Spend under the Framework will be fully funded from the Road Operation’s third-party budgets.
- 6.8 The costs associated with procuring the proposed Framework is estimated to be between £10,000 and £20,000.

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

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- 7.1 The Policy and Insight team agreed that an Integrated Impact Assessment (IIA) was not required considering that the contracted service is Council facing and unlikely to impact on any protected groups/individuals or community groups.
- 7.2 Tenderers appointed to the Framework as a result of this procurement process will be required to comply with the equalities related obligations laid down in the Council’s Terms and Conditions.
- 7.3 All recommended Tenderers have robust Sustainability, Health and Safety policies and will adhere to the Council on-site management systems when working on behalf of the Council.

- 7.4 It was specified that the plant/vehicles supplied shall be generally, no older than 5 years old and comply with the minimum emissions standards for Edinburgh's Low Emission Zone (LEZ) as required.
- 7.5 A Community Benefits Points System will apply to this Framework whereby the contractor will accrue points based on spend levels. Annually the Council and the Contractors shall agree how the community benefits points will be spent.
- 7.6 The delivery of community benefits will be monitored by the Road Operations Contract Manager, and the contractors will be required to report to the Council on community benefits delivery.
- 7.7 All recommended contractors have confirmed that they intend to pay workers (including any agency or sub-contractor workers) the Real Living Wage.
- 7.8 There are no negative impacts on carbon, adaption to climate change and sustainable development arising directly from this report.
- 7.9 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**

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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

<b>Contract</b>	Hire of Operated Plant for Road Operations Ref: CT2904	
<b>Contract period (including any extensions)</b>	3 July 2023 for a period of two years to 2 July 2025, with the option to extend for an additional two 12-month periods, to 2 July 2026 or 2 July 2027 (2 + 1 + 1)	
<b>Maximum Value of all Lots (full contract period including extensions)</b>	£2,400,000	
<b>Procurement Route Chosen</b>	Open Procedure	
<b>Compliant Tenders Returned per Lot</b>	Lot 1	3
	Lot 2	5
	Lot 3	4
	Lot 4	2
	Lot 5	1
	Lot 6	1
	Lot 7	2
	Lot 8	0
	Lot 9	2
	Lot 10	5
	Lot 11	3
	Lot 12	3
<b>Price / Quality Ratio for all Lots</b>	Price 60%	Quality 40%
<b>Price / Quality Ratio Rationale</b>	Ratio reflects the requirement for the delivery of a quality service at the most economical price.	
<b>Evaluation Criteria and Weightings</b>		
<b>Selection Criteria</b>	<b>Weighting</b>	
Financial Standing	pass/fail	



Insurance	pass/fail
Expertise & Capacity	pass/fail
Health & Safety Policy	pass/fail
<b>Award Criteria</b>	<b>Weighting</b>
Plant/Vehicle & Operator Offered	40%
Plant/Vehicle Breakdown Response & Replacement Policy & Operator Replacement Contingency	20%
Hire Lead Time & Delivery/Collection Methodology	10%
Contract Management	10%
Sustainability	10%
Fair Work Practices	10%
<b>Evaluation Team</b>	Three officers from Road Operations