

# Finance and Resources Committee

10.00am, Friday, 6 December 2019

## Award of Contract – Project and Commercial Management Support for Granton Waterfront

Executive/Routine                      Executive  
Wards  
Council Commitments

### 1. Recommendations

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- 1.1. It is recommended that the Finance and Resources Committee:
  - 1.1.1 approves the award of contract to Arcadis Consulting UK Limited under the Scotland (SXL) Engineering and Technical Consultancy Framework to provide Project and Commercial Management Support to the Council's in-house delivery team for the regeneration of Granton Waterfront; and
  - 1.1.2 notes the evaluation of the procurement was based on a series of day rates for key roles which may be required to deliver the Outline Business Case (OBC) and the amount will not exceed the £604,658 notional cost identified through the procurement process.

**Paul Lawrence**

Executive Director of Place

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# Finance and Resources Committee

## Award of Contract – Project and Commercial Management Support for Granton Waterfront

### 2. Executive Summary

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- 2.1 The Council have an ambitious place-based approach to regeneration in Granton Waterfront and are committed to creating a strong multi-disciplinary in-house team which will be supported where required by specialist expertise and additional project and commercial management capacity and capability.
- 2.2 A high-level Project Delivery Plan (PDP) and prospectus setting out the Granton vision, strategy, funding requirement and approach to development of OBC is being developed for consideration by Policy and Sustainability Committee in 2020. Programme management support for the development of the PDP has been provided by Turner Townsend under the Scotland (SXL) Engineering and Technical Consultancy Services Framework. This appointment has now concluded.
- 2.3 This report seeks approval to award the contract for additional Project and Commercial Management Services to support the Council's in-house team to deliver the regeneration of Granton Waterfront, to Arcadis Consulting UK Limited. The award is split into three key stages:
  - 2.3.1 OBC;
  - 2.3.2 business case (BC); and
  - 2.3.3 procurement and delivery.
- 2.4 The value to take the programme through the initial stage to produce an OBC is £214,013. This sum is based on an expected number of day rates to bring in the additional expertise and services required to complete the OBC. As work on the OBC progresses, this may fluctuate depending on the requirements of the consultant. On completion of each stage, the Council retains the option to review the scope or terminate services. It is estimated that it will take around 12 months to complete the initial stages to produce the OBC.
- 2.5 On satisfactory completion of the OBC, a report will be presented to a future committee requesting approval to extend the Contract in line with Contract Standing Orders for the BC.

### 3. Background

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- 3.1 Granton Waterfront is identified as a Strategic Development Area in the adopted Edinburgh Local Development Plan (LDP).
- 3.2 Edinburgh Waterfront, of which Granton is part, is one of seven strategic sites prioritised for delivery as part of the Edinburgh and South-East Scotland City Region Deal.
- 3.3 The Council currently owns around 50 Hectares of developable land at Granton Waterfront, providing an opportunity alongside key partners to take a lead role in the regeneration of a vibrant new coastal quarter, keeping the community and placemaking at the heart of future redevelopment.
- 3.4 In September 2018, the Council appointed Collective Architecture to lead a multi-disciplinary team to prepare a Development Framework for Granton Waterfront. This work is nearing completion.
- 3.5 At its meeting on 14 May 2019, [Corporate Policy and Strategy Committee](#) received an update on the delivery of Granton Waterfront which highlighted the intention to progress an OBC alongside delivery of early action projects over the next 12-18 months. This included a commitment to look at the viability of a tram connection to Granton.
- 3.6 On 23 May 2019, [Finance and Resources](#) agreed to award a short-term extension to extend the initial appointment of Turner Townsend under the Scotland (SXL) Engineering and Technical Consultancy Services Framework to provide programme and project management capability to support the delivery of Granton Waterfront to the end of October 2019. This appointment provided interim Project Director Support to the project team, Programme Management Office (PMO) support and preparation of a PDP. On 25 October 2019, [Policy and Sustainability Committee](#) agreed in principle to allocate £2.15m of the currently available City Strategic Investment Fund (CSIF) to support delivery of the Council's strategic regeneration priorities for which Granton is one, final approval to allocate these funds will be sought from City of Edinburgh Council on 21 November 2019.

### 4. Main report

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- 4.1 Transformation of former industrial land at Granton Waterfront into a vibrant new coastal quarter will enhance social, physical and economic benefits not only at a local level but at a city and regional level. Regeneration of this area will bring over £1 billion public and private investment and the creation of thousands of employment and training opportunities over the next 10-15 years.
- 4.2 The Development Framework setting out the vision and key principles to guide future development in Granton Waterfront is nearing completion and will be presented for approval to Planning Committee late in 2019/20. Land within Council ownership will provide over 3,000 homes, a primary school, healthcare facility,

retail, culture and other business space alongside high quality public realm and a new coastal city park.

- 4.3 A high-level PDP and prospectus setting out the Granton vision, strategy, funding requirement and approach to development of OBC is being developed for consideration by Policy and Sustainability Committee in 2020. Programme management support for the development of the PDP has been provided by Turner Townsend under the Scotland (SXL) Engineering and Technical Consultancy Services Framework. This appointment has now concluded.
- 4.4 In 2020 a Council Programme Director will be recruited to lead a multi-disciplinary team responsible for developing the OBC and taking forward the delivery of Granton regeneration. The Programme Director will be responsible for ensuring that the local community, stakeholders and elected members continue to be fully engaged in the development of proposals for Granton.
- 4.5 It is anticipated that work in developing an OBC will take around 12 months and require further surveys and technical due diligence, alongside design development, funding and procurement options and market engagement. During that time the in-house team will require to draw on specialist expertise and additional project management resources. External consultancy support is also required to ensure that momentum is retained in taking forward work on funding strategy whilst recruitment is undertaken to posts within the team.
- 4.6 A mini competition utilising Lot 7 of the Scotland (SXL) Engineering and Technical Consultancy Services Framework has been undertaken to enable the programme to move through the next key stages of, OBC, BC and Procurement and delivery. The Council retains the right to review the scope or terminate services at completion of each key stage to align with in-house resources.
- 4.7 The mini competition was published on Public Contracts Scotland on 10 July with 6 tenders received by the due date. Tenders were evaluated on a price/quality ratio of 30/70 to encourage competition but not at the expense of high quality of service delivery.
- 4.8 All six tenders were received, compliant and evaluated in accordance with the quality criteria set out in the invitation to tender. The criteria is provided in Appendix 1.
- 4.9 The compliant tenders were evaluated in accordance with the scoring criteria. The appropriate weightings were applied to each of the individual evaluation criteria to arrive at a final quality score out of 70%.
- 4.10 The pricing submissions for each tender were opened and checked for compliance and accuracy and allocated 30% for price.
- 4.11 The quality score was then combined with the score from the price evaluation to derive an overall score for the six bidders out of a maximum of 100%.
- 4.12 The scores achieved by the bidders is identified below:

Bidder	Quality Score	Price Score	Total Score
Bidder 1	45.85	30.00	75.85
Bidder 2	42.00	25.55	67.55
Bidder 3	42.00	25.27	67.27
Bidder 4	45.15	20.47	65.62
Bidder 5	42.00	23.06	65.06
Bidder 6	40.95	20.03	60.98

- 4.13 Arcadis Consulting UK was the top bidder with a total score of 75.85, therefore this report recommends their appointment for this commission.
- 4.14 Arcadis Consulting UK have identified a team to provide a full range of project management and professional inputs with experience from many of the UK's largest projects to deliver a broad scope of service to support Council officers to produce the OBC, BC and support programme delivery on completion of the BC.
- 4.15 An international consultancy with a strong local presence, Arcadis has global expertise in buildings, infrastructure, water and the environment. Arcadis has its own strategic research team and is at the forefront of research into future trends including mobility and zero carbon.
- 4.16 With Arcadis, the Council also has the opportunity to benefit from world leading capabilities in new technologies including City Analytics and Parametric Design Modelling for Offsite Manufacture to quickly assess viability to address affordability issues and unlock the full economic potential of Granton Waterfront towards better placemaking and inclusive growth.
- 4.17 Arcadis will bring additional and complimentary expertise to a strong in-house team to drive forward this ambitious programme of regeneration.

## 5. Next Steps

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- 5.1 A recruitment process will commence to appoint a Programme Director to recruit and lead a multi-disciplinary team responsible for developing the OBC for Granton.
- 5.2 A start date of January 2020 aligned to the completion of the existing interim Project Management support provided by Turner Townsend will be agreed with Arcadis Consulting UK Ltd and contract award documentation issued to commence appointment to support the Council's project team
- 5.3 In line with The Public Contracts (Scotland) Regulations 2015, the Council will issue an award notice on Public Contracts Scotland.

- 5.4 On satisfactory completion of the first two stages to produce the BC, and as appropriate, a report will be presented to a future committee requesting approval to extend the Contract in line with Contract Standing Orders for the Procurement and Delivery phase.

## **6. Financial impact**

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- 6.1 The value of work to produce the OBC for Granton Waterfront is based on a notional value of £604,658. It is anticipated that this work will be carried out by a mix of in-house staff and external consultancy.
- 6.2 On 25 October 2019, Policy and Sustainability Committee agreed, in principle, that £2,150,000 of the current available balance of CSIF will be set aside to support the Council's strategic regeneration priorities; including regeneration of Granton Waterfront. This is subject to approval by City of Edinburgh Council on 21 November 2019.
- 6.3 The in-house and consultancy costs associated with delivery of the OBC will be funded from a combination of HRA funding and CSIF and will not exceed the notional value.
- 6.4 This project will attract over £1 billion public and private sector investment into an area of north Edinburgh which currently suffers from piecemeal development due to market failure to deliver on previous masterplans and high levels of inequality, enhancing economic, social and environmental outcomes both at a local, city and regional level.
- 6.5 The costs of procuring this contract is estimated at up to £10,000.

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

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- 7.1 Significant consultation has taken place over the last 12 months with partners and the local community on developing the Framework to guide future development in Granton Waterfront.
- 7.2 The development of the OBC and BC which will include a funding and procurement strategy for Granton will help ensure that development proceeds in alignment with the vision and development framework.
- 7.3 Arcadis have committed to undertaking community benefits in relation to this commission and will work with the Project Team and will use the Council's community benefits portal Cenefits to identify opportunities which will support the local community.
- 7.4 All Arcadis employees proposed for this commission are paid in excess of the National Living Wage.

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

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8.1 N/A.

## **9. Appendices**

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9.1 Appendix 1 – Summary of Tendering and Evaluation Process.

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

<b>Contract</b>	Project and Commercial Management Support for Granton Waterfront	
Notional contract value	£604,658	
Procurement Route chosen	Mini Competition	
Tenders returned	6	
Name of Recommended Consultant	Arcadis Consulting UK Limited	
Price / Quality ratio	30/70	
	<b>Price</b>	<b>30%</b>
	<b>Quality</b> Project Team – 30% Approach – 15% Team Experience – 40% Interview – 15%	<b>70%</b>
Evaluation Team	Development and Regeneration Manager Investments Senior Manager Housing Construction Project Manager Senior Accountant	