

To: Finance, Resources and Customer Services Policy Board

On: 27 March 2019

Report by: Chief Executive

Heading: Contract Award: Design and construction works for the Glasgow Airport Investment Area (GAIA) Project (RC/OC/348/18)

1. **Summary**

- 1.1 The purpose of this report is to seek the approval of the Finance Resources and Customer Services Policy Board to award a Contract for the design and construction works for the Glasgow Airport Investment Area (GAIA) Project to Wills Bros Civil Engineering Limited.
 - 1.2 The recommendation to award the contract follows a procurement procedure conducted in accordance with the Competitive Procedure with Negotiation of the Public Contracts (Scotland) Regulations 2015 and the Council's Standing Orders relating to Contracts.
-

2. **Recommendations**

- 2.1 It is recommended that the Finance, Resources and Customer Services Policy Board:
 - (a) authorise the Head of Corporate Governance to award a Contract for the design and construction works for the Glasgow Airport Investment Area (GAIA) Project to Wills Bros Civil Engineering Limited subject to approval of the GAIA Full Business Case by the Glasgow City Region

Chief Executives Group meeting on 28 March 2019, the provision of a Performance Bond and the provision of a Parent Company Guarantee (PCG) as required by the tender documentation;

- (b) authorise the award of the Contract for the total of the Prices at £21,024,195.94 excluding VAT;
- (c) authorise the approved contract value up to £26,367,000 excluding VAT which includes for quantified risk and contingency; and
- (d) note that the contract period is anticipated to be 84 weeks with the *starting date* anticipated to be in June 2019 with the *completion date* anticipated to be in December 2020. Actual dates to be confirmed within the formal contract to be issued.

3. Background

- 3.1 The Glasgow City Region City Deal is an agreement between the UK Government, Scottish Government and eight member local authorities across the Glasgow City Region (including Renfrewshire Council). The overall aim of the City Deal is to support an increase in the economy within this area by delivery of key projects, three of which are within the Renfrewshire area (Clyde Waterfront and Renfrew Riverside (CWRR), Glasgow Airport Investment Area (GAIA) and Airport Access Project (AAP)).
- 3.2 The design and construction contract for the GAIA project comprises environmental and infrastructure works which were split into core and supplementary elements in the Contract.
- 3.3 The works to be undertaken in the awarded contract include, but are not limited to:
 - Realignment and upgrading of the existing Abbotsinch Road
 - Improvements to the Abbotsinch Road / A8 Greenock Road / A8 Inchinnan Road junction and the existing Arran Avenue / Abbotsinch Road roundabout
 - High quality landscaping of new roads and cycleways
 - New drainage of roads and cycleways using the principles of Sustainable Urban Drainage Systems
 - A new bridge spanning the White Cart River from Wright Street to an approach road off Arran Avenue
 - Widening of existing footway to provide a shared cycleway on the west side of the existing Abbotsinch Road between Sanderling Road & Arran Avenue

- Black Cart Cycleway - new shared cycleway, providing an off-road cycle link between Abbotsinch Road and the A8 Greenock Road and a new cycle and pedestrian bridge crossing the Black Cart Water
- Diversion of existing utility infrastructure and the construction of new utility infrastructure in order to facilitate servicing of the GAIA development site.

- 3.4 The GAIA project has facilitated and will be at the centre of the new Advanced Manufacturing Innovation District Scotland (AMIDS) - the only one of its kind in Scotland. AMIDS will be an internationally recognised centre for innovation, research and advanced manufacturing that supports and reinvigorates Scotland's manufacturing capabilities across all manufacturing sectors and has the potential to help create thousands of new jobs for Renfrewshire.
- 3.5 AMIDS will be home to two new national innovation centres; the National Manufacturing Institute Scotland (NMIS) and the UK's Medicines Manufacturing Innovation Centre (MMIC), which together will be the catalyst for the development of Scotland's advanced manufacturing and life sciences sectors respectively, providing support for businesses of all sizes and connecting all of Scotland's engineering universities and colleges.
- 3.6 The contract was tendered as an above EU Threshold Works Contract in accordance with the Competitive Procedure with Negotiation (CPN) under the Public Contracts (Scotland) Regulations 2015 and the Council's Standing Orders relating to Contracts.
- 3.7 A contract notice for this Contract was dispatched via the Public Contracts Scotland advertising portal with the notice published by the Official Journal of the European Union (OJEU) on 08 September 2017. The invitation to participate documentation (ITP) was available for downloading from the Public Contracts Scotland – Tender portal from the 07 September 2017, the date the contract notice was published on Public Contract Scotland.
- 3.8 During the ITP stage (Selection Stage), forty-two (42) organisations expressed an interest in the Contract. By the closing date set for submission, 12 noon on 5 October 2017, nine (9) Candidates had submitted a request to participate (RTP).
- 3.9 The RTPs were evaluated against a pre-determined set of criteria in the form of the European Single Procurement Document (ESPD) by representatives from the Council's Corporate Procurement Unit and all

nine (9) Candidates satisfied the Council's minimum requirements within the ESPD selection criteria.

- 3.10 As part of the selection process, and to reduce the number of otherwise qualified Candidates, in accordance with the Public Contracts (Scotland) Regulations 2015 Regulation 66, Candidates had to respond to six (6) questions relating to previous experience, technical capacity and capability with projects similar in nature, scope and scale to the design and construction works for the GAIA project.
- 3.11 A panel of representatives from the Renfrewshire Council's City Deal project team, assessed the nine (9) Candidates responses to the six (6) questions and the six (6) highest scoring Candidates were selected to proceed to the initial invitation to tender stage. The contract notice indicated the Council's intention was to invite a minimum of five (5) and a maximum of five (5) Candidates to the Award Stage, however it also reserved the right to invite more than five (5) and due to the narrow margin between the 5th and 6th ranked Candidates, the Council elected to invite the top six (6) Candidates to participate in the initial invitation to tender stage.
- 3.12 The questions asked at RTP stage were robust and ensured that the Candidates shortlisted for initial invitation to tender (ITT) were suitably experienced, technically competent and had demonstrated that they were capable of delivering design and construction works contracts of similar scope and scale to GAIA.
- 3.13 The selection score for each Candidate within the RTP stage is noted below:

Candidate	Selection (100%)	Ranking
Morgan Sindall Construction Infrastructure Ltd	73.50%	1st
Wills Bros Civil Engineering Limited	69.00%	2nd
Interserve Construction Limited	67.00%	3rd
Galliford Try Infrastructure Limited t/a Morrison Construction	64.50%	4th
Balfour Beatty Construction Ltd (an agent of Balfour Beatty Group Ltd)	62.50%	5th
Robertson Construction Group Limited	62.00%	6th
R J McLeod (Contractors) Ltd	60.00%	7th
Roadbridge Farrans JV	57.50%	8th
John Graham Construction Limited t/a GRAHAM Construction	55.00%	9th

- 3.14 The initial invitation to tender (ITT) was made available for downloading by the six (6) shortlisted Candidates via the Public Contracts Scotland - Tender portal on 12 March 2018. By the closing date and time of 12 noon on 13 July 2018, five (5) Candidates (then Tenderers) each submitted an initial tender.
- 3.15 The five (5) initial tenders received were assessed against the published Award Criteria based on an overall weighting of 90% Price and 10% Quality by a suitably qualified evaluation panel which included members of the City Deal project team, Corporate Procurement Unit and representatives from Sweco Limited, the appointed lead consultant for the GAIA project.
- 3.16 The emphasis was placed on the price element of the Award Criteria to ensure the Council secured best value for the delivery of these works taking into account that a robust assessment of the Candidates capabilities had already been undertaken at RTP stage.
- 3.17 The Tenderers proposals relating to the following areas were assessed as part of the quality element of the Award Criteria:
- Project Management/ Delivery Team
 - Carbon Reduction Initiatives
 - Traffic Management/ minimising disruption methodology
 - BIM Methodology
 - Stakeholder Engagement/ Management plan
 - Community Benefits Delivery
 - Fair Working Practices
- 3.18 The scores relative to the Award Criteria for each Tenderer at the initial tender stage are noted below:

Tenderer	Technical Score	Price Score	Total Score	Ranking
Wills Bros Civil Engineering Limited	6.65%	90.00%	96.65%	1
Balfour Beatty Construction Ltd (an agent of Balfour Beatty Group Ltd)	7.35%	85.85%	93.20%	2
Galliford Try Infrastructure Limited t/a Morrison Construction	6.41%	75.66%	82.07%	3
Morgan Sindall Infrastructure Limited	8.08%	66.08%	74.16%	4
Robertson Construction Group Limited	6.20%	67.33%	73.53%	5

- 3.19 The evaluation of initial tenders identified that the submission by Wills Bros Civil Engineering Limited was the most economically advantageous initial tender.
- 3.20 In the contract notice, the Council reserved the right to award the Contract following the initial tender stage or conduct successive stages of negotiation and retender with one or more tenderers to improve tenders with consideration to:
- the characteristics, reduction or removal of one or more supplementary elements of the works,
 - the characteristics of core elements,
 - or any other characteristics of the Contract not minimum requirements
- 3.21 The Council elected to invite the five (5) Tenderers compliant at initial tender stage to negotiation meetings in October 2018 and of the five (5) Tenderers, four (4) Tenderers accepted the Council's invitation to negotiate and one (1) Tenderer withdrew from the process.
- 3.22 The negotiation phase was conducted in accordance with Public Contracts (Scotland) Regulations 2015 (Regulation 30) and the Council ended the phase on 29 November 2019.
- 3.23 Subsequent to that negotiation, the Council issued a Final ITT via the Public Contract Scotland – Tender portal on 5 December 2018, inviting the remaining four (4) Tenderers to submit a final tender. By the final tender submission deadline of 12 noon on 8 February 2019, three (3) Tenderers had submitted a final tender and one (1) Tenderer had withdrawn from the process.
- 3.24 The three (3) final tenders received were assessed against the published Award Criteria by a suitably experienced panel. In accordance with the tender documentation, Tenderers had the option to either submit revised responses to the quality criteria or hold to their initial tender proposals. Each Tenderer chose to submit updated responses and the scores relative to the Award Criteria are detailed in the table below:

Tenderer	Technical Score	Price Score	Total Score	Ranking
Wills Bros Civil Engineering Limited	6.68%	90.00%	96.68%	1
Balfour Beatty Construction Ltd (an agent	8.65%	84.97%	93.62%	2

of Balfour Beatty Group Ltd)				
Morgan Sindall Infrastructure Limited	8.40%	78.31%	86.71%	3

- 3.25 The evaluation of final tenders identified that the submission by Wills Bros Civil Engineering Limited was the most economically advantageous tender.
- 3.26 The total contract value of £26,367,000 includes an allowance for currently identifiable quantified risks and an additional contingency for currently unquantifiable or unidentified risks, which together total £5,342,804.
- 3.27 The Quantified Risk Assessment (QRA) (£3,342,804) has been compiled to identify and quantify risks that could potentially lead to delay and increased cost, including:
- changes to scope as a consequence of changing statutory and, or key stakeholder requirements;
 - changes to scope as a consequence of the availability of new / updated information;
 - encountering previously unknown utilities; and
 - later than anticipated entry to land / servitudes
- 3.28 The additional contingency allowance (£2,000,000), is to allow for currently unquantifiable (or currently unknown) risks, potentially including;
- increase in land costs once final valuations are agreed;
 - increase in utility diversion costs once final invoices received; and
 - compensation events that may arise and impact on the contract as a result of the construction contracts for NMIS and MMIC running concurrently with the GAIA construction works.
- 3.29 The NMIS and MMIC contracts have yet to be finalised and there is a clear need to ensure that NMIS and MMIC are delivered to programme and that the GAIA construction works are integrated with the NMIS and MMIC works to avoid delay to their operational ready date. As well as opportunities for cost sharing which will be explored once all of the construction contracts are awarded, there is undoubtedly a high risk of programme changes given the need for 3 contractors to work in such close proximity with overlapping site boundaries.

- 3.30 The Contract allows for a 5 % retention which will be released in stages until completion of the Contractor's obligations under the Contract.
- 3.31 Community Benefits were requested as part of the procurement process and Wills Bros Civil Engineering Limited have committed to delivering the following Community Benefits for the Glasgow City Region as part of the Contract:

Community Benefit Outcomes/ Activity	No. of Outcome/ Activity
New Entrant - City Deal Priority Group (TRE01)	2
New Entrant - no relevant experience (TRE02)	4
New Entrant - Graduate (TRE03)	5
New Entrant - Apprenticeship (TRE04)	5
Completing Apprenticeship (TRE05)	4
Work Experience Placements (16 + years of age) (TST01)	2
Work Experience Placements (14-16 years of age) (TST02)	2
Career Event (TST04)	3
Site Visit (TST05)	1
School Mentoring or Enterprise Programme (TST06)	1
S/NVQ (Or equivalent) for Apprentices (VTQ01)	5
S/NVQ (or equivalent) for new entrants (VTQ02)	4
S/NVQ (or equivalent) for Graduates (VTQ03)	5
S/NVQ (or equivalent) for existing employee (VTQ04)	5
Vocational Certification (VTQ05)	4
Supply chain briefing with SMEs including Micro-Businesses (SCD01)	1
Business Mentoring for an SME (SCD02)	2
Financial Support for a community project (CCE01)	1
Non-financial support for a community project (CCE02)	2

Implications of the Report

1. **Financial** – the requirements in the Contract will be funded through the City Deal funding package for the GAIA project as set out in the Full Business Case.

Wills Bros Civil Engineering Limited's financial standing was assessed by the Corporate Procurement Unit at RTP stage and confirmed as part of the final tender assessment by finance officers of the Council. Wills Bros Civil Engineering Limited satisfy the Council's minimum requirements for financial and economic standing with the provision of a Parent Company Guarantee (PCG) from Wills Bros Limited. Contract Award will be subject to provision of the PCG and a Performance Bond.

2. **HR & Organisational Development** - none.

3. **Community/Council Planning –**

- *Our Renfrewshire is fair* - Tenderers were assessed within Award Criteria regarding their approach to ensuring fair working practices throughout their organisation and supply chain i.e. payment of the living wage, training and development opportunities etc.
- *Our Renfrewshire is thriving* – The AMIDS development will facilitate new development opportunities and business growth, improving educational and health opportunities for people within the local communities as well as aiding employees to access these major existing and new employment centres.
- *Our Renfrewshire is well* - The new safer walking and cycling infrastructure will help encourage active travel by children and young people, as well as adults.
- *Reshaping our place, our economy and our future* - The completed GAIA infrastructure will provide connectivity and access to new and existing jobs for people in our communities. The GAIA project will provide the enabling infrastructure for NMIS, MMIC and AMIDS. During the project construction period hundreds of new jobs will be created and as a result of new business creation it is estimated that thousands of additional new permanent jobs will be created.
- *Tackling inequality, ensuring opportunities for all* – the City Deal's successful labour market programmes have targeted hard to reach citizens.
- *Creating a sustainable Renfrewshire for all to enjoy* - The completed infrastructure will include segregated provision for walking and cycling. It will also enable improved public transport links.
- *Working together to improve outcomes* - Officers are working closely with Scottish Government and Scottish Enterprise and other partners to take forward the delivery of NMIS which will anchor the AMIDS development.

4. **Legal** - The procurement of this Contract was conducted in accordance with the Competitive Procedure with Negotiation of the Public Contracts Scotland Regulations 2015, the Council's Standing orders Relating to Contracts and the Council's Financial Regulations.

5. **Property/Assets** – creation of new infrastructure assets for the Council and enhancement in value and developability of land owned by the Council.

6. **Information Technology** – none
7. **Equality & Human Rights**
 - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – Wills Bros Civil Engineering Limited's health and safety credentials were evaluated and meet the Council's minimum requirements regarding health and safety.
9. **Procurement** –The procurement procedures outlined within this report shall ensure the Council meets its statutory obligations in respect of the Public Contracts Scotland Regulations 2015, the Council's Standing orders Relating to Contracts and the Council's Financial Regulations.
10. **Risk** - Project specific and Programme level risk registers have been established. These will be kept under regular review and reported to the Council's internal City Deal Programme Board.

Wills Bros Civil Engineering Limited's insurances have been assessed and it is confirmed that they have met the minimum requirements regarding insurable risk or have committed to obtain the required levels of insurance prior to award of the contract.
11. **Privacy Impact** - none
12. **Cosla Policy Position** – not applicable.

List of Background Papers

None

Author: Rebecca Park, Assistant Category Manager – City Deal, 0141 618 5346, rebecca.park@renfrewshire.gov.uk