

To: Finance, Resources and Customer Services Policy Board

On: 5 September 2018

Report by: Chief Executive and Project Director – City Deal

Heading: Glasgow Airport Investment Area (GAIA) Project
Multi-Disciplinary Services, Roads and Bridges Contract (including Site Supervision Services)

1. **Summary**

- 1.1 The purpose of this paper is to seek the approval of the Finance, Resources and Customer Services Policy Board to take up the Site Supervision Services option included within the contract scope for the Glasgow Airport Investment Area Lead Consultancy – Multi Disciplinary Services, Roads and Bridges Contract awarded on 27th October 2015.
 - 1.2 The recommendation to take up this option in the contract is made in accordance with the Council's Standing Orders relating to Contracts for above Threshold Services Contracts and follows an assessment of best value including regulation 72 of the Public Contracts (Scotland) Regulations 2015.
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2. **Recommendations**

It is recommended that the Finance, Resources and Customer Services Policy Board:

- 2.1 authorise the City Deal – Project Director to take up the option within the contract, awarded on 27th October 2015, with Sweco Limited (formerly Grontmij Ltd) for Site Supervision Services (Part H) as included in the scope for the Glasgow Airport Investment Area Lead Consultancy – Multi Disciplinary Services, Roads and Bridges Contract.
 - 2.2 note the value of Site Supervision Services is expected to be £885,300.00 exclusive of VAT.
 - 2.3 note that the updated fee forecast to conclusion of Parts A-H of the Glasgow Airport Investment Area Lead Consultancy – Multi Disciplinary Services, Roads and Bridges Contract, is £4,480,000 exclusive of VAT and that it can be accommodated within the existing City Deal infrastructure funding package.
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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 Glasgow and The Clyde Valley (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 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 whilst creating thousands of new jobs.
- 3.3 AMIDS will be home to two new national innovation centres; the National Manufacturing Institute for Scotland (NMIS) and a Medicines Manufacturing Innovation Centre (MMIC) which will be the catalyst for the development of Scotland's advanced manufacturing and life sciences sectors, providing support for businesses of all sizes and connecting all of Scotland's engineering universities and colleges.
- 3.4 The Contract Authorisation Report for the Glasgow Airport Investment Area Lead Consultancy Commission – Multi Disciplinary Services, Roads and Bridges Contract (Ref: RC1505_4060(ITT_9194),

submitted to the Procurement Sub Committee Board on 16th September 2015 noted that site supervision services had been included as an optional element within the contract conditions and may be instructed at the Council's discretion.

3.5 The estimated cost for site supervision services (Part H), as advised in that report, was £860,000 exclusive of VAT. This was based on tendered rates for key staff categories and a Council estimate of the number of hours, technical disciplines and grades of staff that were likely to be required to deliver Site Supervision Services for any construction Contract.

3.6 In accordance with the Contract financial monitoring procedures, in August 2018, Sweco submitted an updated fee forecast, which in anticipation of the design and construction works for the GAIA project commencing in early 2019, included an updated estimate for the optional site supervision services.

3.7 The updated estimate for site supervision services (Part H) is £885,300.00 exclusive of VAT. Although marginally higher than the original 2015 forecast, this updated estimate takes account of;

- An extended construction contract period (50 weeks to 78 weeks) – following on from industry feedback at a January 2017 market engagement event.
- Inflationary increase in key staff rates, in line with the Consumer Price Index and in accordance with the Conditions of Contract.
- A revised site supervision team structure, based on the actual Construction Contract requirements,

In recommending the take-up of the option for site supervision services, the Council has taken the view that while tendering for these services could result in marginally lower tendered rates, this benefit is outweighed by;

- the costs to the Council of undertaking an additional procurement exercise for site supervision services
- the potential for increased costs during the construction contract due to a lack of staff continuity and the loss of experienced staff with extensive knowledge of the project.

- 3.8 The Head of Policy and Commissioning (HOPAC), following briefing from the City Deal team, agreed that the recommendation to take up the option for site supervision services represents best value for the Council with consideration to Regulation 72 of the Public Contracts (Scotland) Regulations 2015 and the Council's Standing Orders relating to Contracts.
- 3.9 The estimated fee forecast noted in paragraph 2.3 for completion of the Contract is higher than the original estimated value of £2,500,000 exclusive of VAT approved in the paper submitted to Procurement Sub Committee Board on 16th September 2015.
- 3.10 The Finance, Resources and Customer Services Policy Board is being asked to note the updated fee forecast in compliance with standing order 20.3 of the Council's Standing Orders relating to Contracts.
- 3.11 The reasons for the increase in the estimated cost for Part A-G include an uplift in staff rates in line with the Consumer Price Index (in accordance with the Conditions of Contract) and changes to the project scope, including but not limited to:
- additional work required following the announcement of the NMIS and MMIC developments, such as developing and implementing a strategy to accelerate and simplify utility network connections
 - surveys and sub-commissions (e.g. environmental surveys, utility surveys etc) originally not envisaged to form part of the scope
 - Redesign of elements of the proposed construction works, including revised planning and CPO documentation.
 - selection of the more resource intensive CPN procurement procedure (competitive procedure with negotiation) which although is expected to result in a more robust construction tender price, has required additional input from Sweco Limited
- 3.12 The recommendations in this report are made in compliance with standing orders 19,20 and 34 of the Council's Standing Orders relating to Contracts.

- 3.13 Since securing the Contract, Sweco Limited has voluntarily delivered the following community benefits over and above the contractual commitments made in the tender:

TRE03 - New Entrant - Graduate	Graduate	1
TST02 - Work Experience Placement (14 – 16 years)	Work experience 14-16 - 1 week structured	4
TST04 - Careers Event	Career Event	1
TST05 - Site Visit	Workplace Visit	1
TST06 - School Mentoring or Enterprise Programme	School Mentoring	1
SCD01 - Supply Chain Briefing with SME's	Supply Chain Briefings with SME's	1
Other Voluntary Community Benefit	Non Financial Support for a Community Project	3

- 3.14 Sweco Limited has confirmed they are committed to delivering additional voluntary community benefits to the Contract.

Implications of the Report

1. **Financial** – the cost for the site supervision services and the main commission will be contained within the existing City Deal Infrastructure funding package.
2. **HR & Organisational Development** – No TUPE implications have arisen or are anticipated as a result of this recommendation. Consideration was given to resourcing site supervision services inhouse but existing resources were found to be insufficient.
3. **Community/Council Planning** –

- Reshaping our place, our economy and our future – this recommendation will support the Council in managing the delivery of the design and construction works for the Glasgow Airport Investment Area (GAIA) which are enabling the development of NMIS and MMIC and AMIDS.

4. **Legal** – The recommendation in this report has been made with consideration to the Council's Standing Orders relating to Contracts and the Public Contracts (Scotland) Regulations 2015 regulation 72.
5. **Property/Assets** – No Property/ Assets implications have arisen or are anticipated.
6. **Information Technology** -No Information Technology implications have arisen or are anticipated.
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 because they are for noting only. 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** – Sweco Limited's health and safety credentials were evaluated by Corporate Health and Safety and met the Council's minimum requirements regarding health and safety.
9. **Procurement** –The procurement procedures outlined within this report ensure that the Council meets its statutory requirements in respect of the EU regulatory requirements, the Council's Standing Orders relating to Contracts and the Council's Financial Regulations.
10. **Risk** – Sweco Limited's insurances have been reviewed and continue to comply with the minimum requirements of the Contract.
11. **Privacy Impact** - No Data Protection Impact Assessment (DPIA) is required for this contract, as it does not involve the use of personal and/or sensitive personal information held by the Council or involve new technologies or other ways of processing personal data.

12. **Cosla Policy Position** – No Cosla Policy Position implications have arisen or are anticipated.
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List of Background Papers

- (a) Background Paper 1: Contract Authorisation Report – Glasgow Airport Investment Area Lead Consultancy Commission Multi Disciplinary Services, Roads and Bridges

The foregoing background papers will be retained within Chief Executive Service for inspection by the public for the prescribed period of four years from the date of the meeting. The contact officer within the service is (Rebecca Park, Assistant Category Manager – City Deal, 0141 618 5346)

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