

## Scotland Excel Executive Sub Committee

**To:** Executive Sub Committee

**On:** 17 June 2016

### Report by Director

**Tender:** Street lighting – bulk renewal of luminaires

**Schedule:** 10/13

**Period:** 1 July 2016 until 30 June 2018 with an option to extend for up to a further 24 months

#### 1. Introduction and Background

In 2014 Scotland Excel initiated a new framework for the supply of street lighting materials which incorporated energy efficient LED street lights to support Scottish councils plans to convert many hundreds of thousands of Scotland's traditional street lights to new energy efficient street lights.

Since then, Scottish councils have carried out pilot projects and many have now committed to major programmes to convert many hundreds of thousands of Scotland's traditional street lights to new energy efficient street lights.

These programmes have accelerated as the capital cost of purchasing LED luminaires has reduced and the technology available has further improved efficiency as such, it is possible to save over 50% of the operating cost of a traditional street light by converting it to an LED luminaire.

Although many councils have direct labour organisations who would ordinarily carry out this work, the scope and scale of the conversion plans mean that many councils will require to contract out some, or all, of the conversion process to specialist contractors. Through continued work with the street lighting community amongst councils, Scotland Excel identified a need to support this with a complementary framework which would allow the councils to efficiently appoint contractors to assist with their conversion programmes.

This proposed arrangement is for a new collaborative framework agreement for the provision of contractors to renew traditional street lighting luminaires with energy efficient LED luminaires.

This framework will facilitate the efficient appointment of suitably qualified contractors to ensure that councils are able to deliver the benefits that energy

efficient lighting can provide in terms of energy, carbon reduction and maintenance savings.

## **2. Scope, Participation and Spend**

The framework will cover all of the works necessary to renew traditional street lighting luminaires. This may include additional or ancillary enabling works, for example, removing existing column brackets or adding a column extension to accommodate the new lighting units.

It is likely that most councils will provide the materials to complete the works to the contractors on a free issue basis. This is the intention of most councils in Scotland and helps them to ensure that the equipment installed is compliant with national and local legislation as well as local polices and working practices of the operatives who will provide future maintenance. However, councils may include elements of material supply in call-off contract if this provides the most advantageous method of completing a specific project.

Scotland Excel had considered the possibility of creating a larger all-encompassing lighting installation, maintenance and testing framework. However, consultation with councils concluded that the strategy should be tailored to focus on the bulk renewal of traditional luminaires with LED luminaires to best support councils' immediate needs, and deliver the maximum benefit in the short term.

The main cost drivers for this type of contract have traditionally been transportation to site, the availability of local labour and the different local methods which councils employ to carry out the works. A strategy was devised to standardise the works required across Scotland by having an all encompassing rate for all of the works required which accommodates local variation without changing the price, but to allow tenderers to bid on a council by council basis. This allowed national contractors to standardise rates across council areas, where possible, based on the aggregation of demand or the same work description, but also for local suppliers to provide their best offer where they could use their resources most effectively.

Of the thirty-two Scottish councils:

- Glasgow City Council has indicated that they will not participate
- North Lanarkshire Council, Scottish Borders Council, Fife Council, West Dunbartonshire and Dumfries and Galloway Council have indicated that they are unlikely to participate

Although the councils listed above have current arrangements in place to complete the scope of works for this framework, they were included as listed potential purchasers in the Contract Notice for this framework and may access it on the contracted terms. This ensures that if any council's existing service arrangements change in the next few years they would still have the opportunity to utilise this framework.

Based on both council spend on the street lighting materials framework and with forecasts supplied by councils and to facilitate growth and the potential for accelerated LED replacement programmes, the framework was advertised at a value of £20 million over the four year period (£5m per annum).

### **3. Procurement Process**

In order to develop the technical specification and procurement strategy, a User Intelligence Group (UIG) was formed with participation from council officers. The UIG included both procurement and technical officers, with the majority of technical officers also being members of the Society of Chief Officers of Transportation in Scotland's (SCOTS) street lighting group

The Scotland Excel framework was advertised on the Official Journal of the European Union (OJEU) and the Public Contracts Scotland (PCS) portal on the 29 March 2016 under the Public Scotland Regulations 2012 using an open tender process.

The procurement process followed a two stage tendering procedure. At the first stage, tender responses were assessed against financial capability, technical/professional capability and business probity requirements. Bidders were required to pass this stage to be considered for award. At the second stage of the process, the offers were evaluated against 20% Technical and 80% Commercial criteria.

Within the technical section, bidders were required to evidence their knowledge and experience by responding to questions covering the following areas:

- Servicing the framework
- Added value
- Community benefits.

Within the commercial section, bidders were invited to offer on a geographic council by council basis and their offers were evaluated as such.

### **4. Report on Offers Received**

The tender document was downloaded by 67 organisations, with 15 tender responses received. A summary of the offers received is provided in Appendix 2.

The technical evaluation was carried out by the technical panel members consisting of street lighting professionals from member Councils and was facilitated by Scotland Excel.

In particular, the technical panel members evaluated all of the proposals to meet the technical requirements set out in the tender document and reached consensus on the technical scoring attributed to each offer.

The commercial evaluation was carried out by Scotland Excel based on the methodology defined in the tender documents.

Based on the criteria and scoring methodology, as set out in the tender documents, a full evaluation of the offers received was completed. Appendix 3 confirms the scores achieved by each bidder.

## **5. Recommendations**

Based on the evaluation undertaken, and in line with the criteria and weightings set out above and in the published tender documents, it is recommended that a multi supplier framework agreement is awarded to 13 suppliers as outlined in Appendix 3.

It is important that the number and size of recommended suppliers is sufficient to ensure that councils will be able to issue sizable work packages with confidence and that there would be sufficient capacity in place. It is for this reason that despite some lower overall scoring in more remote geographical locations, Gordon Electrical Ltd, J Plant Hire and Power 1 Electrical Contractors Ltd are recommended for award for the identified Council areas.

The 13 recommended suppliers offer best value and represent a mix of small, medium and large organizations for member councils. The range of suppliers recommended also provides a competitive offering for all participating councils as well as sufficient geographical coverage and capacity.

## **6. Benefits**

### **Savings**

As this framework is for a new service that has not previously been collaboratively procured by councils and the specific services provided by this framework is traditionally included in overall maintenance charges for street lighting assets, the majority of councils do not have easily identifiable rates to individually benchmark each council. Also, this framework is set up for volumes of work in excess of current replacement programmes, making a like for like comparison not appropriate.

Therefore benchmarking potential savings on the framework was assessed against recently tendered open market rates for a similar service procured by a central belt council that included the same service elements.

The result of this benchmarking is listed in Appendix 1. The projected average saving is estimated at 27.45%, and based on anticipated annual replacement volumes equates to an estimated total saving of approximately £0.35 to £0.4 million per annum.

## **Price Stability**

Tenderers were required to provide fixed price offers for the first twelve months of the framework. Beyond this the main cost driver for this framework will be labour and transport. In order to protect councils against future cost rises in these areas, It is a condition of the framework that any price increase applications, after the twelve month fixed price period, will be considered on a case by case basis, and limited to the change in the Consumer Price Index (CPI). Given the recent historical trends in the CPI, it is not anticipated that any significant change to prices will occur throughout the lifetime of the framework.

## **Sustainable Procurement Benefits**

This framework has been designed primarily for those councils' directly financing and free-issuing materials to suppliers to install. This has two main sustainable benefits in that:

- By facilitating geographical bids it may result in potentially less traveling mileage for engineers, which will in turn help lessen the environmental impact of the framework with a reduced overall carbon footprint
- The labour cost of replacing a luminaire is roughly 10-20% of the cost of buying the luminaire. Were suppliers required to supply the materials for the contract this would present a disproportionate financial barrier to financing the contract, especially for SMEs which may also require further security to be put in place for any work in progress.

In addition, sustainable procurement benefits include:

- Reduced expenditure on energy costs
- Reductions in carbon emissions due to the higher energy efficiency of LED luminaires.
- Replacing traditional lamps with LED lanterns will result in operational efficiencies through reduction in travel and material costs because LED lanterns have a 12 year warranty lifespan
- Suppliers are required to dispose of all waste equipment in accordance with the WEEE regulations.

## **Community Benefits**

Community benefits were a scored element of the tendering exercise. Tenderers were required to select a range of benefits they were prepared to offer directly relating to ranges of anticipated expenditure. Several recommended suppliers scored maximum points for community benefits in the tender and covered various areas considered as additional benefits of the framework. It should be noted that there is a commitment that several apprenticeships would be created through the lifetime of this framework. Community benefits offered by recommended suppliers will be monitored through the life of the framework.

In addition to apprenticeships, community benefits offered by Tenderers include:

- Employability workshop
- Improving education-training sessions
- Work experience
- Sponsorships or local donations
- Additional recruitment

### **Fair work practices including living wage**

All the recommended suppliers have committed to fair working practices with over 98% of their employees being paid at least the living wage. Tenderers were also required to provide details of their commitment to paying the national living wage. The recommended suppliers pay the living wage to all their staff with the exception of a small number of first and second year level apprentices whose rates of pay are dictated by the Scottish Joint Industry Board and Scottish Electrical Charitable Trust.

### **Other Benefits**

The tender contained a section where tenderers could propose added value services that they could offer. Some of these relate to additional cost savings that may be achieved if the council makes specific arrangements for carrying out the work in a particular way.

Added value services offered by recommended suppliers include:

- Providing daily comprehensive electronic information from operatives handheld devices on the number of luminaires replaced which will allow councils to update their electricity supply inventory with the minimum of manual data entry
- Providing technical assistance to councils with lighting design

To ensure that energy bill savings are realised. Scotland Excel intend to carry out Post Tender Negotiation on a number of the other benefits which have been offered by tenderers and consult with councils on the possible implementation of some of these to gain any additional benefit from the contract.

## **7. Contract Mobilisation and Management**

Each participating supplier will be invited to a mobilisation meeting to enable Scotland Excel to outline the operation of the framework, roles and responsibilities, management information requirements and community benefits commitments.

A mobilisation pack containing all required details to launch and engage in procurement activities within the framework will be issued to both suppliers and participating members prior to the framework start date. The call-off terms and conditions for the framework are based on the standardised New Engineering Contract, 3<sup>rd</sup> Edition. However, as some councils have not yet adopted those terms and conditions, Scotland Excel plans to host a number of mobilisation workshops, dependent on need and demand, sessions for councils to ensure that officers who are

not familiar with the NEC3 form of contract understand how to use the framework effectively.

In accordance with Scotland Excel's established contract and supplier management programme, this framework has been classified as a level 2 arrangement in terms of both risk and spend requiring annual supplier and user group reviews as appropriate.

Scotland Excel will conduct supplier reviews as a minimum on an annual basis and meet with the UIG on a regular basis throughout the lifetime of the framework to ensure that the works delivered under the framework continue to meet councils' needs and identify any required "roadmap" developments.

## **8. Summary**

This framework for bulk renewal of luminaires is intended to support councils in their LED conversion programmes and complement the existing street lighting materials framework which councils are utilising extensively to purchase LED luminaires. The framework aims to maximise collaboration, promote added value and deliver best value. A range of benefits can be reported to councils over the life of the framework in relation to savings, innovation and community benefits.

The framework also seeks to ensure that councils realise savings from reduced energy consumption as quickly as possible. The framework can aid councils to achieve their programmes of works by providing supplementary suppliers to any existing in house arrangements.

The Executive Sub Committee is requested to approve the recommendation to award this framework agreement to the tenderers as detailed in Appendix 3.



## Appendix 1 – Council participation and Benchmarking

Council	Participate in Contract	Participation Entry Date	Est. Annual Spend	Source of Spend Data	% Est. Forecast Savings	Est. Annual Savings	Basis of savings calculation
Aberdeen City Council	Yes	01/07/2016	£96,193	Lantern Replacement Estimate (50% of total lanterns	39.9%	£38,381	Council confirmed current pricing
Aberdeenshire Council	Yes	01/07/2016	£130,766	Lantern Replacement Estimate (50% of total lanterns	39.9%	£52,175	Council confirmed current pricing
Angus Council	Yes	01/07/2016	£65,843	Lantern Replacement Estimate (50% of total lanterns	29.3%	£19,288	Benchmarked against recent tendered
Argyll & Bute Council	Yes	01/07/2016	£43,338	Lantern Replacement Estimate (50% of total lanterns	56.3%	£24,382	Council confirmed current pricing
City of Edinburgh Council	Yes	01/07/2016	£215,206	Lantern Replacement Estimate (50% of total lanterns	-66.6%	-£143,322	Council confirmed current pricing
Clackmannanshire Council	Yes	01/07/2016	£26,501	Lantern Replacement Estimate (50% of total lanterns	29.3%	£7,763	Benchmarked against recent tendered
Comhairle nan Eilean Siar	Yes	01/07/2016	£20,314	Lantern Replacement Estimate (50% of total lanterns	29.3%	£5,951	Benchmarked against recent tendered
Dumfries & Galloway Council	No	N/A		N/A	29.3%	N/A	N/A
Dumfries City Council	Yes	01/07/2016	£73,331	Lantern Replacement Estimate (50% of total lanterns	29.3%	£21,482	Benchmarked against recent tendered
East Ayrshire Council	Yes	01/07/2016	£63,556	Lantern Replacement Estimate (50% of total lanterns	29.3%	£18,618	Benchmarked against recent tendered
East Dunbartonshire Council	Yes	01/07/2016	£54,757	Lantern Replacement Estimate (50% of total lanterns	29.3%	£16,041	Benchmarked against recent tendered
East Lothian Council	Yes	01/07/2016	£53,985	Lantern Replacement Estimate (50% of total lanterns	29.1%	£15,702	Council confirmed current pricing
East Renfrewshire Council	Yes	01/07/2016	£44,480	Lantern Replacement Estimate (50% of total lanterns	29.8%	£13,241	Council confirmed current pricing
Falkirk Council	Yes	01/07/2016	£79,041	Lantern Replacement Estimate (50% of total lanterns	23.7%	£18,719	Council confirmed current pricing
Fife Council	No	N/A		N/A	29.3%	N/A	N/A
Glasgow City Council	No	N/A		N/A	29.3%	N/A	N/A
Highland Council	Yes	01/07/2016	£165,275	Lantern Replacement Estimate (50% of total lanterns	29.3%	£48,416	Benchmarked against recent tendered
Inverclyde Council	Yes	01/07/2016	£37,824	Lantern Replacement Estimate (50% of total lanterns	27.2%	£10,270	Council confirmed current pricing
Midlothian Council	Yes	01/07/2016	£54,015	Lantern Replacement Estimate (50% of total lanterns	29.3%	£15,823	Benchmarked against recent tendered
North Ayrshire Council	Yes	01/07/2016	£69,094	Lantern Replacement Estimate (50% of total lanterns	29.3%	£20,240	Benchmarked against recent tendered
North Lanarkshire Council	No	N/A	£181,508	N/A	29.3%	N/A	N/A
Orkney Islands Council	Yes	01/07/2016	£9,144	Lantern Replacement Estimate (50% of total lanterns	29.3%	£2,679	Benchmarked against recent tendered
Perth & Kinross Council	Yes	01/07/2016	£75,669	Lantern Replacement Estimate (50% of total lanterns	29.3%	£22,167	Benchmarked against recent tendered
Renfrewshire Council	Yes	01/07/2016	£92,743	Lantern Replacement Estimate (50% of total lanterns	29.3%	£27,168	Council confirmed current pricing
Scottish Borders Council	No	N/A		N/A	11.8%	N/A	N/A
Shetland Islands Council	Yes	01/07/2016	£11,942	Lantern Replacement Estimate (50% of total lanterns	29.3%	£3,498	Benchmarked against recent tendered
South Ayrshire Council	Yes	01/07/2016	£59,887	Lantern Replacement Estimate (50% of total lanterns	29.3%	£17,543	Benchmarked against recent tendered
South Lanarkshire Council	Yes	01/07/2016	£177,755	Lantern Replacement Estimate (50% of total lanterns	24.8%	£44,133	Council confirmed current pricing
Stirling Council	Yes	01/07/2016	£44,131	Lantern Replacement Estimate (50% of total lanterns	29.3%	£12,928	Benchmarked against recent tendered
Tayside Contracts	No	N/A	£0	N/A		N/A	N/A
The Moray Council	Yes	01/07/2016	£52,422	Lantern Replacement Estimate (50% of total lanterns	54.2%	£28,418	Council confirmed current pricing
West Dunbartonshire Council	No	N/A	£50,033	N/A		N/A	N/A
West Lothian Council	Yes	01/07/2016	£139,847	Lantern Replacement Estimate (50% of total lanterns	29.3%	£40,967	Benchmarked against recent tendered
<b>Totals</b>			<b>£2,188,599</b>			<b>£402,671</b>	



Appendix 2 – SME Status

TENDERER	SME STATUS	LOCATION
ALAN MEARNS ELECTRICAL LTD	SMALL	OYNE, ABERDEEN
AMEY LG LIMITED	LARGE	OXFORD ENGLAND
BAM NUTTALL LIMITED	LARGE	SURREY, ENGLAND
CENTREGREAT LTD	MEDIUM	BRIDGEND WALES
GORDON ELECTRICAL LIMITED	SMALL	DUNBLANE ,TAYSIDE
GREYSTONE SERVICES (SCOTLAND) LIMITED	MEDIUM	EAST KILBRIDE, EAST RENFREWSHIRE
IMTECH TRAFFIC & INFRA UK LTD	LARGE	BASINGSTOKE, ENGLAND
J PLANT HIRE	SMALL	LOCHGILPHEAD, ARGYLL AND BUTE
JONES LIGHTING LTD	MEDIUM	LEYLAND, ENGLAND
LIGHTWAYS (CONTRACTORS) LIMITED	MEDIUM	LARBERT, FALKIRK
NEIL CAMPBELL ELECTRICAL CONTRACTORS LTD	SMALL	BENBECULA HIGHLANDS & ISLANDS
POWER 1 ELECTRICAL CONTRACTORS LIMITED	MEDIUM	PAISLEY, RENFREWSHIRE
SPIE LIMITED	LARGE	GLASGOW
SSE CONTRACTING LIMITED	LARGE	READING, ENGLAND
T & N GILMARTIN (CONTRACTORS) LTD	MEDIUM	CUPAR, TAYSIDE



### Appendix 3 – Recommended Suppliers

624083	475460	614392	506660	567379	630613	499068	627729	632932	469295	490387	617980	630107	583475	469988
ALAN MEARNS ELECTRICAL LTD	AMEY LG Ltd	BAM NUTTALL	Centregreat Ltd	Gordon Electrical Limited	Greystone Services (Scotland) Limited	Dyniig	J Plant hire	Jones Lighting Ltd	Lightways Contractors Ltd	Neil Campbell Electrical Contractors Ltd	Power 1 Electrical Contractors Ltd	SPIE	SSE Enterprise Contracting (SSEEC)	T & N Gilmartin (Contractors) Ltd
Aberdeen City Council	41.24	10.58	36.06	48.79	-95.12						53.84	43.73	98.00	42.78
Aberdeenshire Council	41.25		36.21	54.02	-95.05						53.34	31.39	98.00	37.11
Angus Council	40.89	16.13	58.52	36.25	-74.18				59.71		51.85	30.73	98.00	57.47
Argyll & Bute Council		8.84	36.25	51.65	-94.16		-12.25		59.71		51.85	54.07	98.00	3.08
City of Edinburgh	40.89	30.64	58.52	36.25	-30.00			81.70	68.03		81.69	54.07	98.00	52.03
Clackmannanshire Council	40.89	30.64	36.25	77.39	-30.00			68.03	68.03		81.69	54.07	98.00	57.47
Comhairle nan Eilean Siar			-113.93	-19.72	-150.21						23.65		98.00	
Dumfries & Galloway Council		58.52	36.25	51.65	-30.00			81.70	81.70		51.85	54.07	98.00	13.96
Dumfries City Council	40.89	16.13	58.52	77.39	-74.18			81.70	59.71		51.85	54.07	98.00	68.35
East Ayrshire Council		23.38	58.52	77.39	-30.00			81.70	81.70		81.69	54.07	98.00	30.28
East Dunbartonshire	40.89	30.64	68.40	46.95	-30.00			81.70	68.03		81.69	54.07	98.00	46.59
East Lothian Council	42.35	25.87	58.81	46.65	-25.89			81.70	68.03		83.55	56.37	98.00	49.43
East Renfrewshire Council		30.64	68.40	46.95	-30.00			81.70	68.03		81.69	54.07	98.00	41.15
Falkirk Council	40.89	30.64	68.40	46.95	-30.00			81.70	68.03		81.69	54.07	98.00	52.03
Fife Council	40.19	26.56	58.57	47.19	-74.36			81.70	66.21		80.50	54.07	98.00	67.72
Glasgow City Council	40.89	30.64	68.40	46.95	-30.00			81.70	68.03		81.69	54.07	98.00	
Highland Council	40.89		-49.33	51.65	-94.16						23.65		98.00	
Inverclyde Council		33.60	68.64	47.14	-31.30				67.12		81.00	53.01	98.00	35.49
Midlothian Council	40.89	30.64	58.52	36.25	-30.00			81.70	68.03		81.69	54.07	98.00	46.59
North Ayrshire Council		23.38	58.52	57.65	-30.00			81.70	68.03		81.69	54.07	98.00	30.28
North Lanarkshire Council	40.89	68.40	68.40	46.95	-30.00			81.70	68.03		81.69	54.07	98.00	24.84
Orkney Islands Council			-177.71	-19.72	-150.21						-6.06		98.00	
Perth & Kinross Council	40.89	23.38	58.52	46.95	-30.00			81.70	68.03		81.69	48.24	98.00	52.03
Renfrewshire Council		30.64	68.40	57.65	-30.00			81.70	68.03		81.69	54.07	98.00	41.15
Scottish Borders Council		58.52	58.52	36.25	-74.18						51.85	54.07	98.00	30.28
Shetland Islands Council			-177.71	-19.72	-150.21						-6.06		98.00	
South Ayrshire Council		16.13	58.52	57.65	-30.00			81.70	68.03		81.69	42.41	98.00	24.84
South Lanarkshire Council	40.89	30.64	68.40	46.95	-30.00			81.70	68.03		81.69	54.07	98.00	41.15
Stirling Council	40.89	30.64	58.52	46.95	-30.00			81.70	68.03		81.69	54.07	98.00	41.15
The Moray Council	40.89		-49.33	51.65	-94.16						51.85	30.73	98.00	
West Dunbartonshire		30.64	68.40	46.95	-30.00			81.70	68.03		81.69	54.07	98.00	35.71
West Lothian Council	40.89	30.64	68.40	46.95	-30.00			81.70	68.03		81.69	54.07	98.00	52.03
Recommend Non-Award														

### Commercial + Technical Scores