

12 AUGUST 2019

REPORT TITLE	<i>LED PHASE 2 PROJECT – CONTRACT AWARD AND APPOINTMENT OF SPECIALIST ADVISORS TO PROVIDE PROJECT MANAGEMENT SUPPORT</i>
REPORT OF	<i>MARK SMITH, INTERIM DIRECTOR HIGHWAYS & STREETSCENE</i>

REPORT SUMMARY

Further to the report to Cabinet on 16th July 2018 that gained approval for the funding and procurement strategy to deliver the LED Phase 2 Street Lighting project (Minute 9 refers), this report seeks approval to award the construction contract to the preferred tenderer as well as approval to appoint professional advisors to provide project management support.

In the absence of a Cabinet meeting during August and bearing in mind the urgent timescale for progressing with this contract award, it is proposed that this decision is made by the Leader of the Council.

The LED Phase 2 Street Lighting project directly supports the Wirral Plan Pledge to 'deliver transport and technology infrastructure fit for the future' and is a Key Decision affecting all Wards on the Forward Plan.

RECOMMENDATION/S

The Leader of the Council is requested to:

- (i) Approve the award of the LED Phase 2 construction contract in the tender sum of £9,290,896.23 to SSE Enterprise who scored 95.43% of the tender evaluation matrix as set out in section 4.0; and
- (ii) Approve the appointment of advisors, subject to completion of Contract Procedure Rules, to provide project management support up to a value of £370,000 as set out in section 5.0.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

Street lighting is an important element of the transport network because of the safety and confidence it brings to road users. Wirral Council is committed to improving the efficiency of its services and new LED technology enables the street lighting service to minimise future energy use and reduce carbon emissions. Investment in this highway infrastructure is required to ensure that the Council maintains a fit for purpose asset in accordance with nationally accepted asset management principles.

2.0 OTHER OPTIONS CONSIDERED

Do Nothing: this option has been rejected as street lighting assets are in poor condition due to lack of previous investment resulting in significant deterioration and subsequent high maintenance revenue spending. Lack of investment increases the Council's exposure to third party insurance claims as well as poor public perception regarding street lighting provision.

3.0 BACKGROUND INFORMATION

In 2015/16 the first phase of the conversion of over 7500 high energy using streetlights on our main roads from conventional sodium discharge lighting to LED lighting was completed. Over the last few years the cost of LED lighting has reduced, and it is now viable and demonstrates a positive business case to roll this technology out to the rest of the street lighting network.

On 16th July 2018 Cabinet approved over £10.4M investment to deliver the project to convert the remaining 27,000 units to LED as well as to replace over 9000 columns in poor condition (Minute 9 refers).

In May 2019 following advertisement under the European Union Official Journal (OJEU), companies were invited to express an interest in tendering for the work by completing a Supplier Questionnaire (SQ). The outcome of the SQ stage was that five companies were invited to tender.

4.0 CONTRACT AWARD – OUTCOME OF TENDER PROCESS

Four tenders had been submitted by the due date and following a formal tender evaluation process overseen by the Council's Procurement Service the result is as follows:

Tenderer:	Price (65% weighting):	Quality (20% weighting):	Social Value (15% weighting):	Total Score:
SSE Enterprise	65%	20%	10.43%	95.43%
Tender B	54.99%	16.43%	3.63%	75.05%
Tender C	44.35%	16.71%	5.29%	66.35%
Tender D	25.01%	15.00%	15%	55.01%

The tender submitted by SSE Enterprise Ltd, in the sum of £9,290,896.23 is a strong quality submission, that provides resources, equipment and plant to start on the desired date, together with high quality planning, along with performance indicators that met the Council's strategic objectives to deliver this project

SSE were the second highest scorer on the social value evaluations, scoring over 10% out of a maximum 15% available as part of the overall tender evaluation process. SSE have provided quantitative submissions against the Wirral-specific social value themes, outcomes and measures (Wirral TOMS) amounting to a theoretical value of £282,516, along with supporting qualitative statements on how this value will be delivered throughout the life of the contract. As part of the contract management process, social value will be prominent on the agenda of the pre-start meeting and all subsequent progress meetings, and we will ensure the supplier delivers social benefits relevant to Wirral. All social value benefits that are delivered will be retrospectively measured and reviewed on an ongoing basis to ensure the supplier meets and where possible exceeds, the value they claimed at tender stage.

The strong quality submission from SSE Enterprise combined with the tender sum for the works came within the Council's own valuation and the high social value score resulted in them having an overall evaluation score of 95%, some 20% higher than the next best score. Consequently the tender from SSE is the most economically advantageous and is recommended for acceptance.

5.0 PROJECT MANAGEMENT SUPPORT – APPOINTMENT OF SPECIALIST ADVISORS

Due to the scale of this project there is insufficient capacity from within existing staffing resources in the Highways & Streetscene Service to ensure it is effectively project managed and the Council's interests as Highway Authority and client are protected. As a result, approval is sought to procure external specialist support as follows:

Commercial contract management – estimated up to £200k value over full contract term

It is proposed to use the successful civil engineering advisory team from the forthcoming Commercial Management Service (CMS) 2019/20 Professional Services Term Specialist procurement exercise to project manage the Contract (acting as designated NEC3 ECC *Project Manager*) and deal with commercial matters on the Council's (Employer's) behalf. Work will be carried out on a time charge basis using competitive rates achieved via the procurement exercise.

Client project supervision – up to £170k value over contract term

Aside of directly project managing the Contract and dealing with commercial matters, experience from other authorities who have carried out similar projects of this scale and technical nature, indicates that there may be a significant amount of day-to-day supervision management required particularly in the earlier phases of the project. This work can involve dealing with enquiries and communication with residents, elected Members and other stakeholders as well as carrying out additional specialist quality checks to ensure the work undertaken by the contractor is carried out to the highest standards.

On this basis it is proposed to appoint specialist street lighting design advisory team Cencode Limited who have personnel that have knowledge and experience of working in the street lighting client team at Wirral. The team will be working to an agreed communications plan, to ensure we do have the ability to meet customers' expectations to deliver this project. This work will also be carried out on a time charge basis using benchmarked rates and following the Council's Contract Procedure Rules.

Subject to completion of Contract Procedure Rules, Cabinet approval is therefore sought to commit up to £370k in total on advisory / specialist support during the life of the project which bearing in mind the overall capital cost (in excess of £10M) is a reasonable sum for this purpose.

6.0 FINANCIAL IMPLICATIONS

As per the report to Cabinet in July 2018, the delivery of the project (construction contract and project management) will be resourced from a total £10.41M budget envelope as follows:

- £4.46M SALIX interest free loan
- £5.95M Council Capital

Anticipated financial savings from reduced energy costs are as follows:

- £200k – 2019/20
- £300k – 2020/21
- £200k – 2021/22

The SALIX funding (government interest free loan) will be paid back over a period of 5 years, based on a loan agreement with SALIX. The revenue impact (Minimum Revenue Provision) is determined by the estimated asset life and will be financed from the Treasury Management revenue budget. A full year's cost after all expenditure has been incurred will be in the region of £450,000. Therefore, the savings made from the more energy-efficient LED technology, will result in no additional revenue costs.

7.0 LEGAL IMPLICATIONS

The procurement exercise for the contract award has been carried out in accordance with the Council's Constitution (Contract Procedure Rules) and European Procurement Regulations.

8.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

ICT: No implications.

Staffing: additional project management support as outlined in section 5.0 will be required to supplement existing staffing resource to ensure the successful supervision and delivery of the project.

Assets: No implications.

9.0 RELEVANT RISKS

Project delivery risks will be managed via the additional project management support outlined in section 5.0.

10.0 ENGAGEMENT/CONSULTATION

There is no statutory consultation required as the project involves the replacement of existing street furniture on the highway.

11.0 EQUALITY IMPLICATIONS

There are no equality implications.

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APPENDICES

None.

BACKGROUND PAPERS

Further detailed information in relation to the tender process (commercially sensitive) is available from the report author. This includes, instructions for tendering, (which includes tender evaluation model), work and equipment specifications, and all the necessary clauses that are required in a NEC3 ECC option B contract.

SUBJECT HISTORY

Council Meeting	Date
Cabinet – Street Lighting Investment Programme	16 th July 2018