



Report of Civil Engineering Manager (Flood Programme)

Report to Report to Chief Officer (Highways and Transportation)

Date: 19 November 2019

Subject: Approval to tender for Highways and Transportation Cost Consultancy Services

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary

1. Main issues

- The Council faces significant challenges to deliver the unprecedented levels of civil engineering infrastructure that the city has committed to build in the next decade. A shortage in the appropriate resources is considered amongst the highest of risks to the authority in successfully achieving the associated economic growth, and confidence of inward investment that this securely funded programme will bring over the next decade.
- The governance of the decentralised government funding through the West Yorkshire Transport Fund, the Leeds Public Transport Investment Programme and the Housing Infrastructure Fund to name a few all need to be accountable and be subject to scrutiny through audit. This being the case, cost consultancy services are paramount and are currently provided to Highways and Transportation through the Partnership Contract with WSP. This partnership is now coming to an end and to ensure best value for money for the Council, it is proposed to tender replacement cost consultancy services through West Yorkshire Combined Authorities (WYCA) Specialist Professional Services Dynamic Purchasing System (DPS).
- The new contract will appoint a single consultancy with expertise in providing cost management services and with the ability to offer agile and reactive working arrangements to support the delivery of the Highways and Transportation Capital Programme.

- This report seeks authority to tender Highways and Transportation Cost Consultancy Services Contract through the WYCA Specialist Professional Services DPS.

2. Best Council Plan Implications

- The vision for Leeds is to be the best city in the UK: one that is compassionate and caring with a strong economy, which tackles poverty and reduces inequalities. A key element of the Leeds Inclusive Growth Strategy is supporting people, place and productivity through the provision of 21st century infrastructure. In line with the Council's Best Council Plan, a key objective of the £600m of civil engineering infrastructure programme of works will be to make communities more resilient, support the further growth and regeneration of the Leeds economy, and protect key transportation infrastructure and the high quality public services it supports.

3. Resource Implications

- This procurement will provide additional resource within Highways and Transportation by offering access to flexible cost management expertise to support the delivery of the capital programme.
- This commission will also offer the opportunity to support training and mentoring of in-house quantity surveyor apprentices.

Recommendations

The Head of Civil Engineering (City Development) is asked to give authority:

- i) to tender the Highways and Transportation Cost Consultancy Services Contract through the WYCA Specialist Professional Services Dynamic Purchasing System; and
- ii) to approve the tender evaluation procedure of quality 50% and price 50%.

1. Purpose of this report

- 1.1 This report seeks authority to tender the Highways and Transportation Cost Consultancy Contract to provide cost management services for Leeds City Council.

2. Background information

- 2.1 Over the past 16 years, the Highways and Transportation Service has worked alongside WSP in a strategic partnership to assist in the delivery of the Highways and Transportation function. This partnership contract ended on 31st August 2018 and any ongoing commissions are now coming to an end.
- 2.2 Due to the significant increase in the capital programme and associated workload, the partnership provision has been retendered as two separate contracts. The first contract is to appoint a single consultant to assist in the delivery of the Council's core services by providing resource to assist in undertaking the day-to-day function of the Service. The second contract is a consultant framework which will share out work packages of more significant elements of the programme of infrastructure schemes between three consultants.
- 2.3 Moving forward, this will mean that at least three, and possibly four consultants will be working with Highways and Transportation to deliver the day-to-day and major infrastructure programme of works.
- 2.4 It is evident that some clear cost management standards and protocols need to be established so that reporting and accountability can be presented in a consistent and independent manner.
- 2.5 Some provision has been made within the consultancy framework contract for third party cost consultancy provision but it is also important that separate specialist cost management is provided in-house for the commercial management of the newly appointed consultants and also ongoing schemes such as ELOR and some of the major infrastructure being delivered through the SCAPE framework.

3. Main issues

- 3.1 Cost consultancy services are currently provided to Highways and Transportation through a Partnership Contract with WSP which has now ended. To ensure best value for money for the Council, it is proposed to tender replacement cost consultancy services through West Yorkshire Combined Authorities (WYCA) Specialist Professional Services Dynamic Purchasing System (DPS). Lot 7 of which is for works associated with Quantity Surveying and Audit.
- 3.2 The new contract will appoint a single consultancy with expertise in providing independent cost management services and with the ability to offer agile and reactive working arrangements to support the delivery of the Highways and Transportation Capital Programme.
- 3.3 It is expected that the contract will use the NEC3 Professional Services conditions of contract with main option E (cost reimbursable). The preferred bidder will then be identified through a tender assessment based on quality and price (50/50).
- 3.4 An expression of interest (EOI) has been issued to identify the number of organisations likely to be interested in tendering for the commission. Responses are expected 22/11/19. If more than eight tenderers confirm they wish to tender, a pre-selection process will be undertaken where those expressing an interest to tender

will be invited to answer pre-selection questions. These will be evaluated with the six highest scoring submissions being selected to tender.

4. Corporate considerations

4.1 Consultation and engagement

4.1.1 Whilst the Council may have existing contracts in place to provide professional services, the requirements of this service are a niche market requiring the successful consultant to be contractually astute and commercially aware of modern construction contracts – namely the NEC contract and also understand the intricacies of the SCAPE framework. The WYCA Specialist Professional Services DPS has a specific lot which addresses these requirements and it is therefore proposed to use this procurement route.

4.2 Equality and diversity / cohesion and integration

4.2.1 There are no equality and diversity, cohesion and integration issues arising from this procurement.

4.3 Council policies and the Best Council Plan

4.3.1 The objective of the £600m of civil engineering infrastructure programme of works supports many of the priorities and outcomes sought in the Best Council Plan (BCP) and the Inclusive Growth Agenda as outlined below:

- (i) Good Growth – support the sustainable growth of the Leeds economy through safeguarding jobs in the area protected by infrastructure works.
- (ii) Health & Wellbeing – many of the infrastructure projects include a high proportion of landscaped areas and provision of pedestrian and cycling facilities along with proposals such as outdoor exercise equipment
- (iii) Sustainable Infrastructure – improving the efficiency of vehicular journeys and reducing traffic noise and air pollution whilst sustainable drainage systems used also provide ecological benefits.
- (iv) Child-Friendly City – providing social value through projects such as work experience, community tree planting days involving primary schools.
- (v) Age-Friendly Leeds – implementing projects which are fully disability discrimination act (DDA) compliant ensuring.
- (vi) Housing – facilitating the delivery of new housing.
- (vii) Resilient Communities – adopting an approach to engagement to vanguard community ownership and their association with projects.

Climate Emergency

4.3.2 There are no direct implications on Climate Emergency as a result of this procurement.

4.4 Resources, procurement and value for money

- 4.4.1 The H&T Service acknowledges the lack of in-house commercial and cost management expertise. This procurement will provide additional resource within Highways and Transportation by offering access to flexible cost management expertise to support the delivery of the capital programme. In the medium to longer term workforce planning this commission will also offer the opportunity to support training and mentoring of in-house quantity surveyor apprentices.
- 4.4.2 The total estimated cost of the Cost Consultancy Services contract is £175,000 per annum over the course of six years to be incurred on capital schemes as funding is allocated.

4.5 Legal implications, access to information, and call-in

- 4.5.1 There are no specific legal implications arising from this report. All activities relating to this procurement are being executed in accordance with the Public Procurement Regulations 2015 and the LCC Contract Procedure Rules.

4.6 Risk management

- 4.6.1 The proposed contract is to provide consultancy expertise in cost management services with the ability to offer agile and reactive working arrangements to support the City Council.
- 4.6.2 The cost management services associated with this commission will provide an independent assurance and audit role to supplement the Council's governance protocols.

5. Conclusions

- 5.1 Tendering the proposed cost management services contract will provide an option for an independent assurance and audit role to supplement the Council's governance protocols in the delivering of the significant investment in civil engineering infrastructure.

6. Recommendations

- 6.1 The Head of Civil Engineering (City Development) is asked to give authority:
- i) to tender Highways and Transportation Cost Consultancy Services Contract through the WYCA Specialist Professional Services Dynamic Purchasing System; and
 - ii) to approve the tender evaluation procedure of quality 50% and price 50%.

7. Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.