



Framework for Rail and Trackwork Supply

Committee Strategy & Programmes

Date of meeting 20 November 2020

Date of report 29 October 2020

Report by Director of Subway

1. Object of report

The object of this report is to recommend the award of an eight year framework for supply of rail and trackwork.

2. Background

2.1 Requirement summary

The integrity of the Subway track infrastructure is vital and in order to ensure consistent availability of the system for safe operation, there is an on-going requirement to maintain, repair and/or replace sections of running rail, check rail, conductor rail, and trackwork, specifically Switches and Crossings (S&C).

Rail and S&C replacement requirements arise primarily as a result of expected metal loss incurred through corrosion and wear, as identified through inspection. These are perpetual factors resulting from vehicle loading and the external environment in the tunnels and operational yard. It is therefore essential to ensure that replacement activities are planned and executed with due consideration of such time dependent degradation mechanisms, ensuring that the rail and S&C are always fit for service. Such an approach results in a typically predictable and prioritised rolling programme of replacement.

Prior to installation in the Subway, rail and S&C are stored in SPT's Broomloan Depot. Stockpile quantities are limited by the storage capacity available at the depot at a level well below typical rail supplier minimum production quantities. The rail profile used in the Subway (CEN 39E1 (BS80A)) is used at only a few sites in the UK.

2.2 Aims and objectives

The overall aims and objectives in procuring a framework for supply of rail and trackwork (S&C) are:

- To ensure availability of quality supply of rail and S&C to meet replacement requirements over the next eight years;
- To maximise buying power and thereby seek to secure best value for SPT; and
- To provide flexibility to tailor order quantities to reflect demand as it might change year-on-year under changing factors, such as the Subway Modernisation programme.

3. Outline of proposals

3.1 Scope of supply

The tender was split into two lots, to maximise accessibility to the tender from suppliers. SPT invited suppliers to tender for one or both lots on an eight year framework for supply of rail (Lot 1) and supply of trackwork (Lot 2). There is no guaranteed spend under either lot; call-offs will be raised as required to reflect demand over the eight year term.

3.2 Collaborative framework for value

In defining a procurement strategy for this scope of supply, SPT sought an approach that would balance the stated aims and objectives with key considerations of: the limited storage capacity available at the Broomloan Depot; the desire to minimise exposure to charges associated with supplier storage of rail; and, the shortfall between SPT's typical rail quantity demand compared with typical supplier minimum production quantities. Following consultation with other passenger transport executives and public bodies, it was determined that SPT would let a collaborative framework that will facilitate pooling of demand by allowing other public bodies also to place call-off orders. This approach is expected to maximise buying power, reduce challenges with SPT call-off orders remaining below supplier minimum roll quantities and maximise value for money. There is no significant downside to SPT in this arrangement and no additional contractual liability within the framework for SPT.

For Lot 1, SPT defined a mandatory requirement for all suppliers to be able to supply rail of the profiles and grade used for running rail and check rail within the Subway. The framework will also allow call-offs to be raised for other grades and profiles of rail within the supplier's capabilities, for example, as might be required by other public bodies. Similarly, for Lot 2 requirements are defined for S&C to meet SPT's specification.

3.3 Tender assessment process

This Invitation to Tender (ITT) was issued by SPT as an open Official Journal of the European Union (OJEU) tender procured in accordance with the Utilities Contracts (Scotland) Regulations 2016.

Five tenders were returned for Lot 1, four of which met the minimum requirements for bidders in the European Single Procurement Document (ESPD). One tender was returned for Lot 2, which met the minimum requirements for bidders in the ESPD.

The compliant tenders were evaluated against pre-determined award criteria defined in the tender documents in order to determine the Most Economically Advantageous Tender (MEAT). For the purpose of evaluation, weightings were: 70% price and 30% quality. As the contract is a framework, to facilitate commercial evaluation, for each lot tenderers were required to provide prices based on a typical/expected call-off order. For Lot 1 (supply of rail), tenderers were also required to submit prices for a range of order volumes. The tender quality submission required tenderers to detail their capabilities, to outline their proposed quality control procedures and management processes, and to outline how they would fulfil a typical/expected call-off order.

The evaluation results for Lot 1 (supply of rail) are:

Supplier Name	Quality Score	Price Score	Total Price + Quality
British Steel Limited	30	70	100
voestalpine Rail Technology GmbH	25	51	76
ArcelorMittal Commercial UK Limited	10	57	67
France Rail Industry	23	33	56

When assessed against the tender award criteria, the tender from British Steel Limited was deemed to be the most advantageous submission for Lot 1. Within its tender submission British Steel detailed how quality of supplied rail would be rigorously controlled and assured. The British Steel submission demonstrated how orders of anticipated volumes would be fulfilled and how it would be able to provide flexibility to accommodate changing requirements, whilst ensuring expeditious delivery to meet demand.

For Lot 2 (supply of trackwork) the only tender submission received was from Trackwork Limited. The submission was reviewed against the evaluation criteria and found to fulfil all requirements. In particular, within its tender submission Trackwork Limited detailed the processes to be employed in order to ensure the quality of supplied trackwork. The submission also recommended approaches that could be adopted in order to ensure optimisation of lead times. Review of the commercial submission with respect to historical spend by SPT confirmed that the tender was competitive in terms of value for money.

Based on historical demand and supplier submitted rates, approximate spend in year one by SPT is expected to be £110,000 on rail (Lot 1) and £45,000 on trackwork (Lot 2). For subsequent years, variation in spend is expected as a result of agreed indexation and adjustment of supply volumes to reflect demand.

4. Conclusion

The submission by British Steel Limited was assessed to be the most economically advantageous tenders for Lot 1 taking account of both quality and price as outlined in the tendering criteria. The submission by Trackwork Limited for Lot 2 was found to fulfil quality and price requirements.

5. Further information

A standstill period will be observed. The OJEU Award notice will be issued following award of contract.

6. Committee action

It is recommended that the Committee approves award of an eight year framework to British Steel Limited for supply of rail (Lot 1) and to Trackwork Limited for supply of trackwork (Lot 2) with estimated total SPT spend of up to £2,000,000 (excl. VAT).

7. Consequences

Policy consequences	<i>None identified.</i>
Legal consequences	<i>Contract will be awarded subject to the conditions of contract contained within SPT's ITT. Award of the contract is subject to satisfaction of the requirements of the mandatory standstill period for EU advertised public sector contracts.</i>
Financial consequences	<i>The call-off costs for rail supply (Lot 1) will be accommodated within the capital budget, under project 10375 "Tunnel & Infrastructure Works". This project is funded from the Subway Infrastructure Fund (General Fund – Earmarked Reserve).</i> <i>The call-off costs for trackwork supply (Lot 2) will be accommodated within the revenue budget each financial year.</i>
Personnel consequences	<i>None identified.</i>
Equalities consequences	<i>None identified.</i>
Risk consequences	<i>This is a critical supply for the on-going operation of the Glasgow Subway.</i>

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