



Subway Modernisation: Programme Support Office Managed Service – Award of Contract

Committee Strategy and Programmes

Date of meeting 30 August 2019

Date of report 12 August 2019

Report by Director of Subway

1. Object of report

To recommend for approval the award of a contract in support of Subway Modernisation delivery for the provision of a Programme Support Office Managed Service (PSOMS) to Turner & Townsend Project Management Ltd.

2. Background

2.1 Requirement summary

The Subway Modernisation programme is the most significant investment and improvement programme to be undertaken in the Subway within the last 40 years. The programme was scoped for delivery under five workstreams:

- New Ticketing System;
- Stations and accessibility improvements;
- Renewal and Upgrade of Existing Infrastructure & Depot Facilities;
- New Rolling Stock, Signalling and Automated Control Systems;
- Organisational Change and Employee Relations (including Operational Readiness)

To effectively manage the programme of activity, to date, SPT resources have been supported by a Programme Support Office (PSO) which has comprised of individual short term specialist service contracts or agency and consultancy secondments to provide the necessary contract administration, risk management, project controls and programming support. This approach has allowed SPT to manage the numerous contracts and projects completed and ongoing to date. However, maintaining the necessary skills and support to meet the needs of the project and programme activity, has required separate sourcing and procurement exercises for each specialist discipline and service to meet the support need as it has arisen, which has added an additional time burden and complexity to SPT's overall management and delivery of the modernisation programme.

As Members will be aware, the New Rolling Stock & Control Systems Manufacturing & Supply Agreement (MSA) was awarded to the ANSTA JV under a bespoke form of contract in 2016. The MSA has now entered into the construction and installation phase and MSA contract management has required ever increasing effort and specialist support to manage progress and deal with arising contractual issues and risks. This is not unexpected on a contract of this nature and complexity.

Acknowledging this and the known level of activity planned across the complex programme, the resource effort to manage, challenge and report on all the physical progress, issues, risk, contractual and governance requirements, is now such that there is a need to reinforce and enhance the PSO arrangements and have this efficiently contracted as a Managed Service (PSOMS) for the remaining programme duration. This is particularly important as the migration to the new systems and train fleet is the highest risk of modernisation programme to date.

Project and Programme Management will still be led and delivered by SPT project management staff. Operational Readiness activity similarly will be led and delivered by the department heads and their teams within Subway. The PSOMS is required to ensure the SPT teams are sufficiently supported and advised by key specialist resources to ensure: adequate challenge, consistency of approach, quality of information, robust forecasting and, where required, direct and/or lead on specific management approaches, contract matters and delivery strategies. The PSOMS will replace the existing secondment and service contracts currently in place to provide a singular coordinated service to SPT. The PSOMS will also augment the SPT project and contract management capability and availability to meet the demands of the programme.

2.2 Aims and objectives

The overall aims and objectives of the PSOMS contract are:

- To ensure SPT can robustly manage, challenge and accurately monitor progress of major asset and transformational change within Subway
- To ensure contract administration and management on the MSA contract (and others) is robust and well informed with issues, risks, claims and disputes addressed in accordance with the contract, SPT process, procedures and governance
- To ensure requisite depth and breadth of specialist professional expertise are available or can be easily accessed during the remaining delivery of the modernisation programme
- To allow development and continual improvements in the quality and efficiency of SPT project management process, procedure and in-house resource capability

and

- To provide a singular coordinated specialist service provision to SPT, in place of the existing individual service contracts and secondments for the different expertise areas required.

3. Outline of proposals

3.1 Scope of services

SPT invited consultants to tender for a contract to provide a Programme Support Office as a managed service (PSOMS) with specialist expertise in:

- Project Controls Management
- Commercial and Contract Administration
- Construction and Manufacturing Contract Specialism Support (Claims and Dispute)
- Risk Analysis and Management
- Programme Analysis and Reporting

The tender also included the option of call off support for Project Management, Document Controls Management and Health, Safety, Quality & Environment (HSQE) skills sets.

The managed service is intended to ensure that the appropriate levels of qualified, experienced and competent resources are available throughout the duration of the programme and as required by workload and arising issues but the structuring and deployment should be as efficient as possible. Co-location of the core PSO team with the SPT project management team was stated as a requirement. It was also required that the specialist resources provided under the managed service will also support and assist with developing the existing SPT resources working within the PSO, to ensure there is a legacy of upskilling left within SPT from the contract.

3.2 Tender assessment process

The tender was issued via the SPT Design Technical and Professional Services (DTPS) Framework as a mini competition against Lot 14 (Project Office Support).

The invitation to tender was issued as an NEC Professional Services Contract with Main Option E, which is a time reimbursable form of contract. This form of contract was selected given the potential varying nature of the resource requirement for the duration of the contract.

The tender assessment and award was based on the most economically advantageous tender against a 60:40 quality:cost split. Quality was given a higher rating as the experience and expertise of the specialist resources and a team structure providing efficient and expert delivery were key requirements. Cost assessment was based on an issued theoretical cost model where SPT estimated time inputs and tenderers were to allocate the rates of their proposed team.

The tender quality submission required tenderers to respond to a set of questions to prove their experience and professional expertise and fully explain their delivery plans and methodology proposals in order to provide a level of confidence in their understanding of the brief. The questions also allowed tenderers to identify where they considered the risk lay within the commission and where they could add real benefit and value to SPT.

Four tender submissions were received. The evaluation results are as follows:

Supplier Name	Quality Score	Price Score	Total Quality + Price
Turner & Townsend Project Management Ltd	60	40	100
WSP UK Ltd	36	29	65
AECOM Ltd	44	20	64
SNC Lavalin Ltd	26	24	50

4. Conclusion

The submission by Turner & Townsend Project Management Ltd was assessed to be the most economically advantageous tender taking account of both quality and price as outlined in the tendering criteria. The Turner & Townsend Project Management Ltd submission provided a clear and detailed explanation of how they would deliver with a highly skilled professional team structure that was appropriate and adequately but efficiently resourced. Their bid also provided the lowest cost for the scope of service.

5. Further information

Given the nature of the service requirement, that will need to vary and react to workload and issues as they arise, the reimbursable form of contract was chosen. As such a defined 'fixed price' contract value is not derived via the tendering process.

The tender cost model was based on SPT best case estimate of time requirements for the core specialist functions requested within the tender. Tenderers were requested to populate the model with their framework charge rates and expected utilisation of individuals within their proposed team structure. Tenderers were also requested to confirm uplifts or discounts against the submitted rates during a five-year contract duration. Five years was considered in the tender to align with the overarching modernisation timetable to full benefit realisation and also include a time risk allowance. This tender model was to be used to provide a reasonable budget baseline for an annual cost model for the core service.

Based on the successful tenderer's commercial bid and SPT's own forecasts, it is estimated that a baseline per annum budget cost for the core service provision should be set at £430,000 per annum.

The tender cost model did not include any allowances for call off of the other optional service areas requested in the tender given the ad-hoc and likely variable nature of any call off. An allowance of £150,000 per annum for other specialist service call off to address arising issues and particular risks may also be required throughout the duration of the contract.

Actual spend may not be evenly distributed across all years, with higher demand expected in the early years of the contract. The reimbursable nature of the contract allows flexibility on drawing down on the actual effort required throughout its duration. Effective management will be in place to ensure that draw down and call offs against the contract are delivered efficiently and as required.

6. Committee action

It is recommended that the Committee approve the award of a contract to Turner & Townsend Project Management Ltd to provide a Programme Support Office Managed Service with a contract budget of up to £580,000 per annum for up to a five-year award period.

7. Consequences

Policy consequences	<i>None identified.</i>
Legal consequences	<i>The award of the contract is to be made as a call off against the SPT Design Technical and Professional Services Framework.</i>
Financial consequences	<i>The contract costs are accounted for within the forecasting for the Subway Modernisation capital budget.</i>
Personnel consequences	<i>None identified.</i>
Equalities consequences	<i>None identified.</i>
Risk consequences	<i>This contract will allow SPT to continue to actively and robustly manage the risk of the once in a generation Subway Modernisation investment.</i>

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