

Bank SCU ICE Process  
LUL-STN-0008798-RPT-002486-

# Lessons Learnt Report

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## Document History

Revision	Date	Summary of changes
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## 1 **Executive Summary**

A lessons learnt workshop was held on the 15<sup>th</sup> November 2012 with the Bank Station Capacity Upgrade (SCU) Project team on the Innovative Contractor Engagement (ICE) process. The session was designed to assess the project progress to date focusing specifically on key lessons learnt for the ICE process which has been implemented for the first time in London Underground. The team reviewed the project under the phases completed to date:

- Bidder Briefing / Launch Day
- Dialogue Phase
- Request to Proceed
- Invitation to Tender
- Stakeholders

Overall the team considered the ICE process to have been a success with lessons learnt both from aspects that went well and those that could be improved in future. The project encountered a number of key challenges, captured below:

- First time use of the procurement process ICE with tight deadlines
- A change to the Multidisciplinary Consultancy support in March 2012, immediately after completion of the RIBA D Lite design and prior to the dialogue.
- Changes in key personnel
- The Olympics period and the subsequent diversion of resources
- Increased scrutiny following the InterCity West Coast franchise challenge to the tender process

The team captured a number of key lessons learnt (36) which are captured at the end of each section of this report.

## 2 List of Recommendations

### **Bidder Briefing / Launch**

- Allow for additional / dedicated resources to prepare
- Plan and carry out a dress rehearsal
- Schedule in regular breaks on the bidder day
- Select a suitable venue with good catering to reflect the professional image of LUL.
- Start the day with a scene setter

### **Internal Governance**

- Allow time in the programme for multiple iterations of the governance production
- Use the confidentiality agreement for all parties from the outset
- Take cognisance of the potential data storage requirements and security settings to select the most appropriate document management system to avoid a need to change mid way through the project

### **Change of Management Design Consultants**

- Future projects selecting the ICE form of contract should look to secure the entire client team, external advisors and stakeholders early on.

### **Pre qualification**

- Run an Industry Day prior to the OJEU notice to allow potential bidders to learn more about the project and the process. Schedule in sufficient breaks for interested parties to network and form potential alliances.
- Shortlist only four bidders to participate in the ICE process
- Allow for payment of bidder costs dependent on the size/ complexity of the job
- Design a matrix to map out project design stages vs time required to carry out ICE to consider: complexity of project requirements; constraints; stakeholder management; information agreement / confidentiality requirements and business case requirements

### **Dialogue Phase**

- Prepare a directory / library of documentation and hold briefings with bidders to identify where key information is held.
- Consider providing limited documentation to facilitate ease of understanding the key issues.
- Hold briefing days on key topics to direct the bidders
- Assign deputy managers to continue managing the non core team and provide a weekly update to the whole team
- Ensure the right people are included in the dialogue phase e.g. Operations.
- Carry out familiarisation sessions on the Business Case with LUL and bidders
- Make the importance of the Business case and PED modelling (if appropriate to the project context) more explicit to the bidders.
- Use of independent observers to safeguard the integrity of the ICE process. Consider using external observers (although this could have an impact on the confidentiality of the process).
- Consider development of standard responses to respond to similar RFIs

### **Requests to Proceed**

- Consider scoring the bidders on behaviours / ease of understanding the provided documentation
- Allow for an additional meeting post response to RTPs
- Allow sufficient time to transition from RTP to ITT

### **Invitation to Tender**

- Collect ITT contractual information earlier / or allow sufficient time
- Challenge the form of contract to be selected
- Enforce the weekly workplan look ahead throughout

### **Scoring Scheme**

- Understand mechanics of the business case earlier / hold business case awareness sessions
- Develop an assessors pack as to what constitutes a “good response” to the ITT
- Fully stress test the scoring system to ensure it will select the best proposal that meets the client requirements.
- Set up an IPRT ( independent project review team ) to provide another level of assurance re: potential challenges to the process
- Obtain buy in from the Business early on as to what they want to purchase in a project – product vs. Method etc.

### **Stakeholders**

- Develop a process for internal stakeholder management / roles and responsibilities / escalation of issues specific to ICE.
- Identify and involve key external stakeholder early in the stage e.g. planning authorities.
- Requirement for a Senior Champion for the project
- Set up an ICE steering group to manage stakeholders and pre position the project in advance of Boards
- Identify senior stakeholders earlier to evaluate bidder proposals ( RTPs)

### 3 **Project scope**

London Underground's Bank station is located in the heart of the City of London's financial district. As the main gateway to the City for employees and visitors, the station is of strategic importance to the UK's economy. Bank station is also a strategic network interchange served by six underground lines; the Northern, Central, Waterloo & City, and the District and Circle at Monument, (which is part of the same station complex), and the Docklands Light Railway (DLR), for which Bank is the major central London terminus.

The station has been developed in a piecemeal manner from 1884 onwards as additional lines have been built, reaching its present form in 1991 when the DLR extension opened. Most of the platforms are at very deep level (i.e. 30m to 40m depth), and, therefore, are dependent upon escalators or lifts for passenger access and egress. The station has three ticket halls, ten platforms, 15 escalators, six lifts and two 300ft long moving walkways.

Bank station was designed and built in expectation of passenger levels far less than those currently using the station. It is now the fourth busiest interchange station on the Underground network. To mitigate the need to implement severe station control measures to cater for the forecasted increase in congestion there is a need to upgrade capacity at the station. The objectives of the Bank Station Capacity Upgrade project are:

- To increase the capacity at Bank station, principally to the Northern line and DLR areas as well as the associated interchange routes;
- To provide step-free route(s) to the Northern line platforms from street and DLR levels, and an accepted means of escape for Persons with Reduced Mobility;
- To provide compliant emergency fire and evacuation protection measures for Northern line/DLR passengers.

#### 3.1 **The Innovative Contractor Engagement Process (ICE)**

The ICE process is an IIPAG supported approach and an "Infrastructure UK" model project that seeks to maximise market value through Innovation in the Supply Chain.

LUL are using the new ICE procurement process for the first time with this project. This process aims to improve relationships with the contractor market and get the benefits of early contractor involvement while developing major design and build contracts.

The process has been designed to enable bidders to propose and discuss innovative ideas that identify and deliver significant cost, risk, programme and other benefits for the Project [wording extracted from the Invitation to Participate document]

This innovation will be commercially confidential to each bidder so they are able to fully derive the value and competitive advantage of their innovation through the procurement process.

It is a process that has engaged the market with core requirements not a specified scheme. It is a model that looks to reward the supply chain's innovation for maximising TfL business case benefits within an affordable benefit and cost cap.

An OJEU Notice was issued on 22 November 2011. This included the statement that the contract award would be based on the most economically advantageous tender in terms of the criteria as stated in the Invitation To Tender (ITT).

The project started the ICE process in April 2012 with four construction consortia signing an 'Information Agreement' (the vehicle to secure a confidential process and to register and value the innovation developed by the bidders). This was followed by the dialogue phase which commenced in May 2012, with independent observers present at all meetings.

The four bidders have proactively engaged with the process culminating in the submission on 22 August 2012 of their Request to Proceed documents, which captured their ideas. The project team have reviewed the innovative and unique ideas submitted and fed back to bidders in October. The tender documentation was formally issued on 14 November. The award of the contract is programmed for July 2013 and the project is pursuing an NEC3 ECC Option C target cost contract.

There has been a positive response by all four bidders to the ICE process. This has been confirmed in letters to the independent observers who requested feedback. If current progress is maintained, there is a reasonable level of confidence that the Bank SCU can be delivered within target cost and current programme milestones.

LUL has set the supply chain a target of 15% additional value through, cost savings, improved benefits and reduction of dis-benefits (blockade). The supply chain innovation will be scored, evaluated and any contract awarded will be on the solution that best meets the requirements and is within the specified benefit and cost caps. These caps are set at an Estimated Final Cost (EFC) cost of no more than £625m, Capacity Enhancement of Fruin Level C and Journey Time benefits of up to £32.2m per annum.

The bid considered to be the most economically advantageous tender will be awarded on a 'Value for money' calculation of Benefit/Cost equals a value rating. The bids are then ranked to provide value for money scores. The weightings to be used in the assessment are approximately 70% for the end product provided and 30% for the method of delivering the product. The weightings are included in Appendix 1 of this report. Should the evaluation not result in a clear and unambiguous preferred bid, the right to run a Best and Final Offer (BAFO) process has been reserved.

As part of the due diligence and to mitigate strategic bidding, LUL will make 'blind' and independent estimates of the costs of each proposal and review of the risks of each proposal. This will include an internal and an external cost estimate.

### **3.2 Project Timescales:**

Overall the Project team kept to the ICE schedule as planned at the outset. This was in spite of resource constraints over the Olympic and Paralympic Periods, when most Project team members were out of the office for a number of days.

The schedule was reviewed and updated on a weekly basis, at the Weekly Work Plan Meeting, with key team members. The dialogue phase continued beyond its planned completion date, however, this was expected, and did not impact upon the schedule completion date.

The key project timescales are included below:

Activity Name	Start	Finish
OJEU Advertise	18-Nov-11	19-Dec-11
Draft Pre- Qual. (in 6wks)	28-Nov-11	11-Jan-12
Pre-Qual Sent out to Potential Suppliers	10-Jan-12	20-Feb-12
Complete Final Drafting of the ITP Requirements Statement	06-Feb-12	19-Apr-12
Pre-Qual Scored & Selection of Bidders for ITP	28-Feb-12	10-Apr-12
Meet bidders	02-Apr-12	04-Apr-12
Notify selected bidders	10-Apr-12	
Finalise PQQ Recommendation Paper		10-Apr-12
Bidders Review DRAFT Information Agreement	30-Apr-12	11-May-12
Receive Signed Information Agreements Bidders		11-May-12
Prepare Presentation Material (incl. technical material)	06-Feb-12	16-Apr-12
Complete Invitations, Accommodation and Catering Arrangements	06-Mar-12	13-Apr-12
Dry Run Presentations ( <i>activity did not happen</i> )	17-Apr-12	18-Apr-12
Kick off ICE Procurement - Bidders Briefing Day	20-Apr-12	20-Apr-12
LUL Issue Bidders with ITP (as DRAFT Document for Comment)	20-Apr-12	
Technical Dialogue - Stage 1 (4 months)	23-Apr-12	12-Oct-12
Commence Technical Dialogue	23-Apr-12	
Risk Meetings with Bidders	25-Jun-12	28-Jun-12
Pre-RTP Meetings	07-Aug-12	13-Aug-12
Bidders Submit Request to Proceed Statement (deadline)		22-Aug-12
LUL Review Stage 1 Technical Reports (RTP Review Period)	23-Aug-12	30-Aug-12
RTP Review workshops	24-Aug-12	31-Aug-12
Formal responses	10-Sep-12	01-Oct-12
Post-RTP Meetings	03-Sep-12	06-Sep-12
Final Commercial Meetings	17-Sep-12	17-Sep-12
<b>ITT</b>		
SCU Prepare Evaluation Scoring and Rating	02-Apr-12	19-Oct-12
Develop Scoring & Weighting	02-Apr-12	13-Apr-12
ITT Strategy	02-Aug-12	02-Aug-12
Draft of Contract Strategy and Scoring and Evaluation Criteria	06-Aug-12	13-Sep-12
Contract Strategy and Scoring and Evaluation criteria approval ( <i>planned date of 05-Oct-2012</i> )	05-Oct-12	04-Dec-12
SCU Prepare Tender Documents	07-May-12	14-Oct-12
Prepare Working Draft of ITT	07-May-12	26-Oct-12
Works Information Development	22-Jun-12	26-Oct-12
Final Legal Check	29-Oct-12	09-Nov-12
Share Final Approved ITT with Bidders	29-Oct-12	09-Nov-12
Minor Amendments ( Version 4 ) ITT	08-Nov-12	13-Nov-12
Formal Issue of ITT ( <i>planned date of 22-Oct-12</i> )	14-Nov-12	
SCU Tender Period	14-Nov-12	11-Feb-13
Tender Works - Stage 2 (12 wks, incl Christmas & New Year)	14-Nov-12	11-Feb-13
Tender Stage 2 Responses Received		11-Feb-13



## 4 **Workshop Overview**

The workshop was designed to capture the key lessons learnt which could be employed by future projects that have selected the ICE approach to procurement and to gather more generic lessons learnt as to how the project team can learn from their experiences to date.

### 4.1 **Methodology**

The team were asked to consider the project in terms of the phases below and identify what they considered to be the key lessons learnt for the project, both in terms of positive and negative experiences.

#### **Set up / Bidder day**

- Pre qualification
- Agreement to ITP documentation
- Internal governance
- Bidder Day

#### **Dialogue Phase:**

- Balance between client vs bidder leading the dialogue
- Rules of Engagement
- Business case, PED Modelling
- RFIs
- Wider team impact

#### **Request to Proceed (RTPs):**

- Did we ask for the right information to be included?
- Review period and response to bidders

#### **Invitation to Tender (ITT):**

- Development of documentation
- Review process
- Scoring scheme
- Contract type selection

#### **Stakeholders:**

- Level of engagement of stakeholders during the 'whole' process?
  - TfL/RUB Directors and Board members
  - IIPAG
  - DLR
  - External

## 5 Bidder Briefing / Launch Day

The Bidder Briefing day was held in April 2002 to present to the four selected bidders (from a total of five). The purpose of the day was to provide all the bidders with a brief history of the project to date, an overview of the Bank Station area with highlighted conservation areas and to give guidance. The bidders were issued with a suite of 175 background documents on the scheme and guided by the LUL team to focus initially on 6 key documents.

Overall it was considered that the bidder day had been a success and was an important starting point to the ICE process which positively portrayed the Bank SCU project and LUL; however the start of the briefing day reflected the omission of a dress rehearsal and was disjointed. The team agreed that the right people had conveyed the right message but, in retrospect, it had taken considerable time to agree what this message should have been prior to the bidder day. The time required to prepare for the bidder day had been underestimated and this combined with insufficient resources / resources not fully committed to the project had been an issue for the team.

The day benefited greatly from numerous breaks (although this was not by design) in allowing the attendees the opportunity to ask further questions and the LUL team to refine their presentation as required. It was felt that choice of venue (Institute of Civil Engineering) and catering had enhanced the experience. The provision of a scene setter on the bidder day was considered to have been a success and should be used in future by means of a fixed introduction to the day.

### Key Actions for Future

- Allow for additional / dedicated resources to prepare the day fully
- Plan and carry out a dress rehearsal
- Schedule in regular breaks on the bidder day
- Select a suitable venue with breakout areas and good catering to reflect the professional image of LUL.
- Start the day with a scene setter

### 5.1 Internal Governance

The governance worked well throughout the ICE phase with revisions during the process to allow for additional resources. The governance focused mainly on the early stages of ICE at the expense of how the project would transition from ICE to the ITT phase. This was mainly due to the use of the innovative procurement route which had not been used by LUL previously but meant the transition phase had not been fully considered and therefore lacked some direction.

The team observed that whilst an allowance had been made in the programme for drafting and approving internal governance (the Project Execution Plan for Procurement), the requirement for multiple iterations to secure full stakeholder buy in had not been allowed for. Subsequently sign off of the governance was delayed although this did not delay the commencement of the dialogue stage.

The confidentiality agreement was considered to have worked well throughout the process and had been set out well from the outset.

### Key actions for Future projects

- Allow time in the programme for multiple iterations of the governance production
- Include details of the transition from the ICE phase to ITT in the Project Execution Plan for Procurement
- Use the confidentiality agreement for all parties from the outset

## 5.1.1 Document Management System

At the time of the ICE process launch, the project team were transitioning from SharePoint to Livelink for storage of all documentation in line with corporate requirements. It was subsequently discovered that Livelink did not allow external access for the bidders which meant the information was then re-migrated back to SharePoint. This caused problems for the team in familiarising themselves with new software and was time consuming to transfer all the documents over.

SharePoint worked well as a document management system

### Key actions

- Take cognisance of the potential data storage requirements and security settings to select the most appropriate document management system to avoid a need to change mid way through the project

## 5.2 Change of Management Design Consultants

Mott MacDonald had been working with the LUL project team to design the scheme in two phases from RIBA B to C and RIBA C+ to RIBA D Lite. This was considered by all to be a successful and productive working relationship. Following the launch of the ICE process it became apparent that one of the joint ventures that had shown an interest in bidding for the work had engaged Mott MacDonald as a partner which would have caused a conflict of interest. The LUL team took action to identify and ring fence a core team which could continue to work exclusively on the LUL side and this approach was signed off internally by the commercial team. Subsequent to this sign off at project level, and the continuing engagement of Mott MacDonald, the business, conscious of a need to take a risk averse approach with the first time use of the ICE process, decided that this would not be sufficient to maintain confidentiality and therefore a Multi Disciplinary Consultancy (MDC) which had not expressed any interest in participating in the bidding, Hyder, were engaged at short notice to take over. Both LUL and Hyder acknowledged that it was both not at an ideal stage of the project for such a change nor was the assimilation of project knowledge as easy as it could have been. A significant amount of the technical queries that were submitted related to engineering and without a team that had full knowledge of the project, the burden fell to the LUL engineering team to try and respond to all RFIs (28% of the 353 RFIs in total) with little technical support.

The team acknowledged that the decision to change the engineering support was the correct one, however at such a late stage in the process the impact was extensive and created significantly more pressure for the LUL team.

### Key actions

- Future projects selecting the ICE form of contract should look to secure the entire client team, external advisors and stakeholders early on and understand any potential conflicts of interest early on.

### 5.3 Pre qualification

Only five bidders responded to the OJEU notice which was considered a disappointing response. The paucity of expressions of interest was ascribed to a combination of market conditions, the OJEU process itself and reticence to engage with LUL as a client. It was noted that other LUL projects had recently suffered a similar lack of interest.

The team felt that the decision to select only four bidders to be progressed in the ICE process was both the appropriate number of bidders and that the decision was clearly communicated to the market. The team thought that any more than four bidders and the dialogue phase would have been prolonged, any less than four and there would have been insufficient competition generated, however it should be noted that this was the appropriate number given the level of response.

The Bank SCU project made a contribution to bid costs for costs incurred by bidders in the dialogue phase and to develop their RTPs (£200k). This approach, which differs to LUL's traditional approach to tendering, was seen as positive and was fully supported by IIPAG. The bidder costs, set at £200k, were deemed to have been adequate to allow some key pieces of work to have been carried out e.g. transport planners (to carry out Legion modelling) and architects which strengthened the dialogue phase and bidder returns to demonstrate the viability of their proposals.

A lengthy debate was held over to what stage the design should have been progressed to before embarking on the ICE process. The base scheme had been developed up to RIBA D "Lite"<sup>1</sup> at the point that the ICE process was commenced. Opinions varied as to whether it would have been advantageous to have developed the design up to RIBA B only to allow bidders more flexibility in developing their potential solutions and, if such an approach were taken, how much more time should be allowed for the dialogue and RTP phase. The team felt that there were a number of factors to be considered when selecting the optimum juncture to commence the ICE process.

The most beneficial stage at which the bidders should engage with stakeholders in the RTP and dialogue phase was discussed, too early on and it could damage the relations with stakeholders however too late and it could disadvantage the bidders in not understanding their requirements.

The appropriate balance would need to be considered when deciding what stage of design should be issued to the bidders.

#### Key Actions

- Run an Industry Day prior to the OJEU notice to allow potential bidders to learn more about the project and the process. Schedule in sufficient breaks for interested parties to network and form potential alliances.
- Shortlist only four bidders to participate in the ICE process
- Allow for payment of bidder costs dependent on the size/ complexity of the job
- Design a matrix to map out project design stages vs time required to carry out ICE to consider: complexity of project requirements; constraints; stakeholder management; information agreement / confidentiality requirements and business case requirements

- <sup>1</sup> Lite – the design was progressed to a Concept equivalent stage (RIBA D). All the CDSs were formally accepted by the Asset Engineers and DRAACT, which was the equivalent ( or better) that a full concept submission.

## 6 Dialogue Phase

The Dialogue Phase commenced in May 2012 and was planned to last for 4 months. Independent observers, from LUL, were present at all of the meetings<sup>2</sup>. Bidders could request meetings via technical queries with LUL on specific topics and the LUL team had identified representatives for six key areas: Commercial; TWAO & Property; Sponsor; Modelling & Business Case Assistant; Engineering; Senior Project Manager and Tunnelling which could be called upon by the bidders to discuss specific concerns / queries. The number of requests for meetings (54 in total) varied greatly between the bidders as it became apparent that some of the bidders did not fully understand the process for requesting meetings.

The Dialogue Phase extended beyond the planned RTP phase due to an underestimation of the time required to respond to technical queries, which in turn could have been due to the volume (c. 2000 documents) of information provided to the bidders. The effect of this was that the LUL team spent all of their time responding to queries and were unable to carry out their day jobs. The bidders were provided with all documentation information that LUL had produced on the project, which was seen as positive, in that it fostered an open and honest environment. Conversely it was observed that for some bidders the quantity of documentation swamped them and it therefore took them longer to sift through and identify the key issues.

In a similar vein, the review team felt that they had remained neutral in their responses to the bidders in the dialogue meetings and therefore had not influenced anyone bidder in any particular direction beyond the scene setters at the first dialogue meetings in May. This was confirmed by feedback from the Independent Observers.

The ICE process necessitated a core, confidentiality bound team, and at a later stage a wider core team, to avoid any bidder innovation being shared with other bidders and this structure was well maintained but resulted in divisions in the LUL project team. Those who were in the core team were fully focused on the dialogue phase and as such struggled to manage non core team staff and carry out business as usual activities. Those who were not in the original core team felt a sense of frustration in being aware that they were being asked to carry out works relating to some of the options without knowing the full context. It was acknowledged that this dynamic could have been managed better to mitigate the issues encountered.

Overall the workshop attendees felt the right people had been selected for the core team but that there should have been an Operational representative within the core team from the start of the dialogue stage.

The Business Case proved a challenge to fully understand for both the LUL team and the bidders in terms of its components and the implications for bidder selection. It was felt that the opportunity to fully exploit Whole Life Cost benefits was not fully realised. The team felt however that the spent time in testing the business case and how it would influence the bidder evaluation, resulted in a greater depth of understanding amongst the team of the project, its requirements and the business drivers and what it was seeking from the 15% value it was asking for.

The RFI process that evolved through the ICE process worked well and was significantly more detailed than originally planned. The team felt that there had been a lot of commonality in the RFIs being raised and that the responses to these could have been better managed to avoid duplication of effort. There were 353 RFIs in total on the project with the average response time for the RFIs being 18 days. An RFI report has been compiled: [LUSTN-0008798-RPT-008001]

<sup>2</sup>John Downes, Brian McGinnity, Robert Benn (LUL)

### **Key actions for future projects**

- Prepare a directory / library of documentation and hold briefings with bidders to identify where key information is held.
- Consider providing limited documentation to facilitate ease of understanding the key issues.
- Hold briefing days on key topics to direct the bidders
- Assign deputy managers to continue managing the non core team and provide a weekly update to the whole team
- Ensure the right people are included within the core team e.g. Operations.
- Carry out familiarisation sessions on the Business Case with LUL and bidders
- Make the importance of the Business case and PED modelling (if appropriate to the project context) more explicit to the bidders.
- Use of independent observers to safeguard the integrity of the ICE process. Consider using external observers (although this could have an impact on the confidentiality of the process).
- Consider development of standard responses to respond to similar RFIs

## **7 Requests to Proceed**

The content / depth of the RTPs that were submitted varied greatly from bidder to bidder which it was felt was due to both the decision to not score the responses and allow the bidders the sufficient freedom to present back their RTP's in their own format and structure. The RTPs were qualitatively evaluated using a traffic light system, covering technical, programme and project requirements, to be able to provide feedback to the bidders for areas that required further development / should be discounted. This was considered a useful tool which provided the LUL team with a technical summary of the proposals submitted by the bidders.

At this stage the core team was widened to include more of the LUL project team. The involvement of this wider core team at this stage was considered helpful in providing a neutral point of view on the RTPs.

The time required to transition from the RTPs to ITT was underestimated and subsequently overran. This was in part due to external stakeholder management and a lack of focus early on in the development of the ITT documentation.

### **Key actions for future projects**

- Consider further the implications of scoring the bidders during the dialogue stage
- Allow for additional meetings post response to RTPs
- Allow sufficient time to transition from RTP to ITT

## **8 Invitation to Tender**

The production of the ITT documentation was started early, but there was a lack of focus on producing the documents and as the dialogue phase took longer for the core team, there were insufficient resources to devote to this task. The ITT phase was programmed to overlap with the dialogue phase however the ICE process and RTP submissions meant that elements of the ITT had to be constrained/de-constrained to allow/dis-allow the bidders to bid their preferred proposals and therefore the drafting of the ITT could only start efficiently after the ICE phase.



The suspension of the weekly look ahead happened due to time constraints on key resources from the technical dialogue overrunning however it was felt that this absence of bringing the team together to plan the week ahead resulted in the ITT not being driven as much as was required.

Discussions over the most appropriate contract strategy, (NEC Option A or Option C), were protracted. The team felt however that these discussions had allowed them to fully explore the benefits of one contract over the other and this gave greater confidence that the most appropriate contract had been selected (Option C).

As with the contract selection, the ICE process had, by its very nature, facilitated challenges to all aspects of the RIBA D Lite scheme which in turn had served to validate the scheme / business case/ modelling etc.

The Works Information required significantly more tailoring to the project specifics than the team first appreciated. Time spent at this stage to ensure the wording was correct will pay off once the contract is signed and will effectively shape how the project will be run. The team were slow to grasp this, in part due to resource issues and the distractions of other tasks within the ICE process however once the team appreciated the importance of this activity, the production of the information became more focused.

## Key future actions

- Collect ITT contractual information earlier / or allow sufficient time
- Challenge the form of contract to be selected
- Enforce the weekly workplan look ahead throughout
- Commence generic, non specific ITT documents early

## 8.1 Scoring Scheme

Following the completion of commercial dialogue with the bidders, the team produced a contract strategy and scoring & evaluation methodology that sought to minimise, as much as was reasonably practical, strategic pricing from the market, thereby focusing on the best value/quality.

The Bank project devoted significant time and effort to developing and finessing the system by which the tender returns would be evaluated. The evaluation scheme that was arrived at had 3 sections: 2. Mandatory Questions (financial, organisational, HSQE, Value for Money), 3. Core Requirements as below:

- CR1 - Capacity Enhancement;
- CR2 - Reduction in Journey Times;
- CR3 - Disruption during construction;
- CR4 - Step Free Access;
- CR5 - Fire and Evacuation Plan;
- CR6 - Time;
- CR7: Value for Money

And 4. Management of Risks and Opportunities:

- RO1 - Risk Management and *Employer's* Risks;
- RO2 - Transport and Works Act Order;

RO3 - Design and Construction;

RO4 – Opportunities.

In addition, the ITT asked bidders to notify if and to what extent their prequalification questionnaire responses had changed.

The team worked to define what these criteria would look like in a bid and how they could be assessed. This qualitative assessment was designed to allow the bidders to demonstrate how they had understood the core requirements and how they proposed to manage risk (both LUL and bidder) across the life of the project. The inclusion of the Risk and Opportunities criterion differs from standard LUL practice in tender evaluation and reflects the Bank SCU desire to build effective risk management into the delivery of the project.

In order to design the ITT scoring scheme the team had to reach agreement as to how they would prioritise the requirements of the scheme (Step Free Access, Journey Time etc) and how much relative importance was placed on how the project was delivered (method/journey) vs what the project delivered (product/destination). The team spent considerable time discussing these questions and testing the award criteria to ensure it would deliver the right balance between quality and price.

In the context of the InterCity West Coast franchise competition, the team and the business was extremely conscious of developing award criteria that complied with the necessary procurement requirements. In addressing these concerns, this extended the governance sign off period to allow full consideration of the award criteria by IIPAG, External Expert, Director briefings, and RUB. The team felt that this attention was positive in helping the team arrive at the right conclusion

The award criteria were finally signed off in December 2012 (2 months beyond the planned date) due to concerns being expressed by IIPAG over the weighting of the criteria. IIPAG considered the weighting criteria gave too much importance to minimising the operational impact of closures versus the finished product. The team considered that the weightings for the criteria were anchored to TfL's business case methodology, including the incentivisation to reduce or eliminate the closure. In this way, the Bank team can robustly demonstrate that the business case, the competition evaluation, and the TWA Order application are consistent with each other. RUB considered and approved the award criteria that approved the balance between investment outcomes and operational impacts put forward by the Project team.

Sharing the scoring scheme with the bidders early on was considered to have been positive and clearly sets out the need for the project/business to understand "What it wants to buy" from the market.

### Key Future actions

- Understand mechanics of the business case earlier / hold business case awareness sessions
- Clearly set out for the project "What it wants to buy" and share this with the bidders early in the dialogue stage
- Develop an assessors pack as to what constitutes a "good response" to the ITT
- Fully stress test the scoring system to ensure it will select the proposal that meets the client requirements and that all models used are validated.
- Set up an IPRT ( independent project review team ) to provide another level of assurance re: potential challenges to the process



- Obtain buy in from the Business early on as to what they want to purchase in a project – product vs. method etc.

## **9 Stakeholders**

The ICE process had multiple stakeholders, both internal and external that required careful consideration and management to smooth the process. In tandem with the discussions with the bidders, key property stakeholder meetings were being carried out in preparation for the TWAO.

Due to the nature of the ICE process, requiring strict confidentiality it was, at times, difficult to keep stakeholders updated with the progress that had been made without referencing the bids. This need to maintain confidentiality / risk averse approach became an issue prior to key meetings / boards where there may have been insufficient pre positioning of the issues / requirements. This in turn served to delay decisions or result in additional, supporting information being requested.

On the last day of the RTP dialogue phase, the external stakeholders (City of London Corporation's Civil and Highway Engineers) had been requested to participate in the discussions. The involvement of these stakeholders, who are effectively the planning authority for the scheme, was deemed invaluable but it was suggested that earlier consultation would have given even greater insight, subject to the confidentiality constraints.

The Sponsor's team were the most under resourced during the Dialogue Stage. They answered the Modelling and Business Case RFIs, totalling 24.8% of all RFIs. 85.3% of the modelling questions were overdue; these were based on Legion and usually required a longer period than 10 days to respond. On occasion, the process stalled from not having a Sponsor permanently based in the office for daily updates. Consequently, when they were in the office, their time was sought after by many people.

### **Key Future actions**

- Develop a process for internal stakeholder management / roles and responsibilities / escalation of issues specific to ICE.
- Identify and involve key external stakeholder early in the stage e.g. planning authorities.
- Requirement for a Senior Champion for the project
- Set up an ICE steering group to manage stakeholders and pre position the project in advance of Boards
- Identify senior stakeholders earlier to evaluate bidder proposals ( RTPs)

## 10 Workshop Attendees

<b>Name</b>	<b>Role</b>
Ariella Levine	Project Sponsor
Billy Kavanagh	Enabling Works Manager
Bob Townroe	HSE Manager
Clive Appleyard	Engineering Manager
Josh Mills	Graduate Placement (TfL Surface)t
Mark Elliott	Senior Commercial Manager
Nigel Hayward	Engineering Manager
Olu Morgan	Governance Manager
Simon Addyman	Programme Manager
Steve Fleming	Senior Commercial Manager
Tom Mays	Project Controls Manage
Viki James	TWA and Property Manager

## Glossary of Terms

<b>Abbreviation</b>	<b>Term</b>
DLR	Docklands Light Railway
ITT	Invitation to Tender
IIPAG	Independent Investment Programme Advisory Group
OJEU	Official Journal of the European Union
NEC	New Engineering Contract
RTP	Request to Proceed
RFI	Request for Information
RUB	Rail and Underground Board

# Transport for London London Underground Limited

## Appendix 1

Benefit Weighting used in value analysis

The 100% Benefit weightings split - 70% Product & 30% Method - as follows :-

Product	
Capacity Enhancement	17.0%
Reduction of Journey Times	17.0%
Design & Construction Layout & Approach	15.0%
Step Free Access	10.0%
Fire and Evacuation Plan	10.0%
<b>Subtotal Product</b>	<b>69.0%</b>
Method	
LUL Project Business Case risk reduction	2.5%
Transport and Works Act Order	5.0%
Disruption during construction	12.5%
Time DfT Milestone	2.5%
Design to Cost	2.5%
Opportunities	6.0%
<b>Subtotal Method</b>	<b>31.0%</b>
<b>Total</b>	<b>100%</b>

Description of proposed evaluation methodology

## VfM Analysis

For model evaluation purposes, assume all 4 bidders submit varied schemes, of varied quality, but at the same price, which is a 2.5% reduction (£610m) from the LU Base Case (£625m)

Benefit Weightings:

Product	Benefit Weighting	Dummy Tender Scores (out of 10) - Based on ICE Dialogue					Price, P	Base Case £ 625,000	Bidder 1 £ 610,000	Bidder 2 £ 610,000	Bidder 3 £ 610,000	Bidder 4 £ 550,000
		1	2	3	4	5						
Capacity Enhancement	17.0%	5	5	3	7	6	CR1	8.50	7.65	5.10	11.90	9.35
Reduction of Journey Times	17.0%	5	4	4	7	5	CR2	8.50	5.95	6.80	11.05	8.50
Design & Construction	15.0%	5	1	4	7	5	RO3	7.50	1.50	5.25	10.50	7.50
Step Free Access	10.0%	5	3	2	3	3	CR4	5.00	3.00	1.50	3.00	3.00
Fire and Evacuation Plan	10.0%	5	4	3	5	4	CR5	5.00	4.00	3.00	5.00	4.00
<b>Subtotal Product</b>	<b>69.0%</b>	<b>25</b>	<b>16</b>	<b>15</b>	<b>29</b>	<b>23</b>	<b>Product</b>	<b>34.50</b>	<b>22.10</b>	<b>21.65</b>	<b>41.45</b>	<b>32.35</b>
Method												
LUL Project Business Case	2.5%	5	5	4	5	6	RO1	1.25	1.25	0.88	1.25	1.50
Transport and Works Act Order	5.0%	5	8	3	5	4	RO2	2.50	4.00	1.50	2.50	2.00
Disruption during construction	12.5%	5	8	5	6	5	CR3	6.25	9.38	5.63	6.88	6.25
Time	2.5%	5	2	6	5	4	CR6	1.25	0.50	1.50	1.25	1.00
Design to Cost	2.5%	5	5	5	5	4	CR7	1.25	1.25	1.25	1.25	1.00
Opportunities	6.0%	5	4	7	6	7	RO4	3.00	2.40	4.20	3.60	4.20
<b>Subtotal Method</b>	<b>31.0%</b>	<b>30</b>	<b>32</b>	<b>29</b>	<b>32</b>	<b>30</b>	<b>Method</b>	<b>15.50</b>	<b>18.78</b>	<b>14.95</b>	<b>16.73</b>	<b>15.95</b>
<b>Total</b>	<b>100%</b>	<b>55</b>	<b>48</b>	<b>44</b>	<b>60</b>	<b>53</b>	<b>total, Q</b>	<b>50.00</b>	<b>40.88</b>	<b>36.60</b>	<b>58.18</b>	<b>48.30</b>

For model evaluation purposes, the "Price Equivalent" shows the price that the Base Case & Bidders 1, 2 and 4 would need to bid in order to provide an equivalent 'value for money'. i.e. If a bidder were to bid the Base Case at £524m at 50 quality points, this would be an equivalent VfM for 58.18 quality points at £610m.

However, this would be accepting a strategically bid low price in exchange for the dis-benefit of the 5 month blockade and the latest possible realisation of congestion relief and revenue benefits.

The best bid will maximise benefits (within a cap) through supply chain innovation at the most competitive market Price (within a cap) and within the DfT milestone of Dec 2021. (see slide 6)

Product rank	2	3	4	1	2
Method rank	4	1	5	2	3
<b>Total rank</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>1</b>	<b>3</b>
Value					
Rating	8.00	6.70	6.00	9.54	8.78
VR rank	3	4	5	1	2
<b>VFM</b>	<b>83.88%</b>	<b>70.26%</b>	<b>62.91%</b>	<b>100.00%</b>	<b>92.08%</b>
<b>Price Equivalent</b>	<b>£ 524,280</b>	<b>£ 428,599</b>	<b>£ 383,773</b>	<b>£ 610,000</b>	<b>£ 506,455</b>

Different scenarios can be run by entering different "Prices" within the green shaded boxes, or different "Benefit" scores within the blue shaded boxes.