



This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to update the Board on Crossrail Limited's (CRL) progress in the evaluation of tenders for the new Crossrail Rolling Stock and Depot (RSD).
- 1.2 A paper is included on Part 2 of the agenda, which contains exempt supplementary information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.
- 1.3 At its meeting on 23 January 2014, the Finance and Policy Committee considered a similar paper and supported the recommendations to the Board.

2 Recommendation

- 2.1 **The Board is requested to note the paper and agree the recommendations as described in the paper on part 2 of the agenda.**

3 Background

- 3.1 Crossrail will require construction of new rolling stock and a dedicated depot. The RSD contract will provide that new rolling stock, a depot and stabling facilities at Old Oak Common, and the associated maintenance and support services to enable the delivery of Crossrail train operating services.
- 3.2 The Crossrail Project Development Agreement (PDA), which was signed in December 2008 as part of the suite of core project agreements, obliged CRL to develop, and obtain, Sponsors' approval for the procurement strategy for the new Crossrail rolling stock fleet and the depot at Old Oak Common (the Crossrail RSD Procurement Strategy).
- 3.3 The Crossrail RSD Procurement Strategy was originally reviewed by the Finance and Policy Committee on 16 September 2010, and was subsequently approved by the Board on 22 September 2010, providing Project Authority for the Crossrail RSD Project.
- 3.4 On 1 February 2012, the Committee authorised the Commissioner to agree with the Department for Transport (DfT) certain changes to the RSD financing strategy. These changes were subsequently reflected in a revised Crossrail RSD

Procurement Strategy, following the announcement on 1 March 2013 that the financing strategy for the Crossrail RSD was to change from a PFI financing structure to a wholly publicly funded approach.

4 Introduction

- 4.1 The Crossrail RSD Procurement Strategy sets out the arrangements through which the procurement will be managed and the contract executed. In accordance with the PDA, the procurement is being managed exclusively by CRL with oversight from the CRL Board.
- 4.2 In order to allow the Board to consider the recommendations as described in the paper on part 2, this paper seeks to demonstrate that CRL is following:
- (a) a procurement process that has been designed to deliver a best value outcome; and
 - (b) a detailed procurement process, which has been independently validated by an expert panel, and which has a strong focus on technical competence to ensure that the appointed contractors are those who are best placed to undertake this scope of work.

5 The Procurement Process

- 5.1 Key Crossrail RSD procurement milestones are:

OJEU Contract Notice published	December 2010
Invitation to Negotiate issued	February 2012
Change in financing strategy announced	March 2013
Revised Invitation to Negotiate issued	April 2013
Tenders received	August 2013
Contract Award	No later than April 2014
First Trains Accepted	April 2017
Last Train Accepted	December 2018

- 5.2 There were originally five bidders who prequalified for the RSD procurement: Alstom, Bombardier, Construcciones y Auxiliar de Ferrocarriles (CAF), Siemens and Hitachi. Alstom withdrew from the competition prior to the first Invitation to Negotiate (ITN) being issued and Siemens withdrew in July 2013.

Tender Evaluation

- 5.3 The tender evaluation criteria and requirements for each stage are clearly set out in the Information for Tenderers (IFT). The most economically advantageous tender will be that which passes stage 1 and stage 2 and achieves the highest "Total Commercial Score" at stage 3. A summary of the requirements of each stage is set out below:

(a) Stage 1: General review and mandatory requirements

The IFT describes the following general requirements which must be met by bidders in order to progress to stage 2 of the evaluation:

- (i) Completeness and compliance: to ensure that tenders reflect the full scope of work and submission requirements;
- (ii) Qualifications: to ensure the number and materiality of any qualifications to the Agreement are acceptable;
- (iii) Mandatory Requirements: to ensure that key technical, commercial and capacity¹ requirements have been met without which the tender would not be acceptable.

(b) Stage 2: Technical and deliverability evaluation

There are two technical and seven deliverability criteria listed in the IFT: Train Works and Depot Works (Technical and Deliverability), Services, Health and Safety, Environment, Responsible Procurement and Quality and Compliance Assurance (Deliverability).

Each criterion includes two or more sub-criteria and components. Bidders are required to pass minimum threshold scores for each criteria, sub-criteria and component in order to progress to stage 3 of the evaluation. Any tender which does not meet the minimum threshold stipulated for stage 2 will be subsequently rejected and not evaluated at stage 3.

(c) Stage 3: Commercial evaluation and negotiations

The ranking of the bidders is determined by the Total Commercial Score of each proposal, which includes two elements: contractual compliance (35 per cent weighted) and Net Present Value (NPV) (65 per cent weighted).

For illustrative purposes only, a worked example of the calculation of Total Commercial Scores is provided in Table 1. The NPVs and contractual compliance scores used in the following example do not reflect any historic or anticipated results. This example was included in the IFT, with a full explanation of how the scores are determined.

Table 1: Illustrative example of total Commercial Score Calculation

Bidder	NPV			Contractual Compliance		Total Commercial Score and Rank
	£millions	Score	Weighted Score x0.65	Score	Weighted Score x0.35	
A	500	100	65.00	70	24.50	89.50 (1)
B	550	90	58.50	85	29.75	88.25 (2)
C	650	70	45.50	65	22.75	68.25 (4)
D	700	60	39.00	91	31.85	70.75 (3)

The tender achieving the lowest NPV is awarded 100 points with other tenders awarded an NPV score in accordance with a formula defined in the IFT. The Contractual Compliance Score is the aggregate of the score achieve in each of the sub-criteria described in the IFT.

¹ Capacity in train terms refers to train performance and journey time requirements and in depot terms is the requirement for a minimum 33 stabling slots at the OOC Depot.

Tender Evaluation – Management and Assurance

- 5.4 CRL is managing the evaluation of tenders in accordance with the ITN and Tender Opening and Evaluation Plan (TOEP). The process is designed to ensure that the tender evaluation:
- (a) complies with CRL’s procurement protocols, systems and procedures;
 - (b) is planned and communicated to all stakeholders; and
 - (c) is transparent, treats all bidders equally and in a non discriminatory manner and complies with all applicable regulations.
- 5.5 The Evaluation Model that is being used for this procurement was developed by CRL in conjunction with its advisors. The Evaluation Model has been verified by an independent audit.
- 5.6 The TOEP incorporates the use of CRL’s standard procurement tools and adopts CRL’s standard procurement protocols. Development and oversight of the TOEP is being provided by an RSD panel which is chaired by CRL’s Commercial Director and also consists of CRL’s Procurement Director, Legal Director and Operations Director. The RSD Panel meets on a weekly basis to review progress with the evaluation and to provide assurance that all activities remain in accordance with the TOEP. Additional oversight is also being provided by the Crossrail Procurement Expert Panel which meets on a quarterly basis and has had a role in providing assurance to CRL throughout the entirety of its procurement phase. The CRL Board reviews progress with the procurement on a four weekly basis.
- 5.7 Internal Audit carried out an assurance review of the RSD procurement which reported, on 24 January 2013, that the arrangements were “appropriate and effective”. That review built on a Crossrail Procurement Process audit from 2012.

List of Appendices to this Report

A paper on Part 2 of the agenda contains exempt supplemental information.

List of Background Papers:

Crossrail RSD Procurement Strategy
Invitation for Tenderers

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