

COMMERCIALY LED SOLUTIONS DELIVER CERTAINTY OF OUTCOME FROM HIGHWAYS INVESTMENT



As part of the Scottish Government’s Transport Strategy to provide an efficient and integrated transport system, construction recently started on a new eight kilometre continuance of the M74 motorway. It will improve journey times and reduce traffic congestion on roads across Glasgow and South Lanarkshire. The new road will also form part of the regeneration of South and East Glasgow and the Clyde Gateway regeneration project.

The tendering process, which commenced in August 2006, was plunged into uncertainty when the two consortia invited to tender for the scheme’s construction contract decided to merge their offers. This left Transport Scotland without a competitive procurement environment. Faced with the prospect of potentially having to abandon procurement of the scheme, Transport Scotland appointed EC Harris to act as independent advisors.

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Creating solutions

Following a number of meetings with Transport Scotland and consultations with key project stakeholders, it became clear that a public sector cost comparator would provide the only means of independently market testing the value for money provided by the Joint Venture’s tender. EC Harris worked closely with Transport Scotland and the project stakeholders to develop the scope of the cost comparator and to ensure that the solution developed did not impact on

Case Study | M74 Completion

the project's critical path and would enable the procurement process to continue.

The M74 completion project is a technical, complex scheme involving river and rail crossings, contaminated land and compulsory land acquisitions. An experienced and skilled team of EC Harris highways sector experts and technical specialists, comprising commercial managers, engineers, risk managers and health and safety consultants was assembled. This team was supplemented by EC Harris' managed community of external suppliers to provide additional expertise where required.

The team worked for six months to develop a 'shadow bid' from first principles, with the final price being submitted to Transport Scotland in August 2007. The cost comparator was completely independent and the EC Harris team had no sight of the Joint Venture's commercially confidential price.

Adding value

The tendering process was concluded with the award of a £445 million contract to the Joint Venture on 5th March 2008. Work commenced in early May 2008 and is expected to last three years.

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Our rapid response to Transport Scotland's need, deploying a multi-skilled team, utilising robust and informed commercial and technical consultancy skills led to a timely solution, and also protected approximately £200 million of sunk cost on securing land and advanced works.

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