



REPORT TITLE: Highways Major Project Framework Contract

Cabinet Date	22 nd September 2021
Cabinet Member	Councillor Vernon Smith
Key Decision	Yes
Purpose of Report	To seek Cabinet approval for the Executive Director of Economy, Environment & Infrastructure to be authorised to procure a highways framework agreement for a term of four years with an estimated value of £60 million over its term. The proposed framework agreement will be set up under two lots; one for Highways Schemes and the other for Structures and Geotechnical Schemes.
Recommendations	<p>That Cabinet delegates authority to the Executive Director of Economy, Environment & Infrastructure (in consultation with the Cabinet Member for Highways and Flood) to:</p> <ol style="list-style-type: none">1. Conduct a competitive procurement process in respect of a four year Framework Agreement for the supply of highway construction services required by the council in relation to Highways Major Projects. Such framework agreement shall comprise two lots; one for Highways Schemes and the other for Structures and Geotechnical Schemes. No more than eight preferred tenderers shall be appointed to each lot. Preferred tenderers will be selected based on quality, financial and social value criteria.2. Appoint each of the preferred tenderers to the relevant Lot under such Framework Agreement.
Reasons for recommendations	The proposed decision would enable the Council to engage suppliers through the procurement mechanisms above for the purpose of securing Framework Contractors. This will allow best value for money and best opportunity to meet the timescales set out in funding contributions for the delivery of Major Projects. The proposed decision would also allow the Council the best opportunity to deliver objectives linked to Council Strategy and the Local Transport Plan, providing the infrastructure needed to support sustainable growth; delivering major active travel schemes and helping businesses grow and thrive through investment in the public highway.

Resource Implications	<p>The estimated value of the Highways Major Projects allocated through both Lots of the Framework Contract over four years is £60million. Potential suppliers will be advised of indicative project values of between £0.5million and £10million.</p> <p>The Framework Contracts will be managed within the existing Major Projects Teams within Highways Commissioning over the four year term. There are no additional in-house resource requirements in addition to those already in place for the procurement of Major Projects. The Framework contract will reduce the volume of work required to assess 'selection criteria' (company information, financial accounts, insurances, H&S etc) on multiple occasions generating a cost saving.</p> <p>The procurement of the proposed Framework Agreement will require support from the Strategic Procurement Team alongside the County's current Professional Service Provider. The costs of setting up the proposed Framework Agreement will be offset quickly in the life of the Framework with the reductions in selection criteria as outlined above. Any initial costs from setting up the Highways Major Projects Framework Agreement will be borne by existing highways budgets.</p>
Background Documents	<ul style="list-style-type: none"> • Council Strategy 2021-2022 https://www.gloucestershire.gov.uk/media/2083042/gcc_3071-council-strategy-2021_22_final.pdf • Gloucestershire's adopted Local Transport Plan http://www.gloucestershire.gov.uk/ltp3
Statutory Authority	<p>Highways Act 1980</p> <p>Traffic Management Act 2004</p> <p>Local Transport Act 2008</p> <p>Growth and Infrastructure Act 2013</p> <p>Infrastructure Act 2015</p>
Divisional Councillor(s)	<p>N/A</p>
Officer	<p>Any representations should be sent to:</p> <p>Name: Kath Haworth, Head of Highway Authority</p> <p>Email: Kathryn.Haworth@gloucestershire.gov.uk</p> <p>Tel: 01452 328792</p>
Timeline	<p>Preparation of Contract Documents – August 2021</p> <p>Contract Award – December 2021</p>

Background

1. The County has established a strong track record in delivering Major Projects and in recent years has significantly grown the in-house capability to deliver a range of projects (Figure 1 below), including; large junction improvements, cycle and walking infrastructure schemes, structures and geotechnical schemes and trunk road and motorway junction upgrades. This has resulted in growing the number of council staff working on these projects from one in 2014, to over fifteen today.

Scheme Name	Approx. Total Scheme Value	Delivery Period	Contractor
C&G and Walls Roundabouts	£3.1 million	2014/15	Hewlett Construction Ltd
Elmbridge Court Roundabout	£6.4 million	2015/16	Alun Griffiths
Horsley Hill Landslip	£0.55 million	2017	John Graham Construction
Berkeley Bridges	£2.5 million	2017	Dyer and Butler
Gloucester Bus Station Highway Works	£0.5 million	2017/18	Britannia Construction
A40 Over Roundabout	£2.35 million	2018	Alun Griffiths
Arle Court Bus Lane	£1.3million	2018	Alun Griffiths
Metz Way/Abbeymead Avenue	£1.5million	2018/2019	NMCN
A4173 Pitchcombe Junction	£0.64 million	2019	Knights Brown
Lydney Cycle Improvements	£1 million	2019	Alun Griffiths
A38 Cross Keys Roundabout	£3.85 million	2019	Alun Griffiths
A419 Highway Improvements	£4.4 million	2018/2019	Knights Brown
A38 Canal Bridges	£4.5 million	2020	Alun Griffiths
West Cheltenham Transport Improvement Scheme	£22 million	2020/2021 / 2022	Knights Brown and Alun Griffiths
West Cheltenham Walking and Cycling Improvements	£1.6 million	2021/2022	Alun Griffiths
A46 Coopers Hill	£1.2 million	2021	Walters UK Ltd

Figure 1: Major Projects Delivered Since 2014

2. The projects delivered by the Major Projects Team are closely aligned with the objectives in the Council Strategy and Local Transport Plan that support providing the infrastructure needed to support sustainable growth; delivering major active travel schemes and helping businesses grow and thrive through investment in the public highway. In the next four years this will include the delivery of a continuous cycle spine extending through the heart of the County, alongside capacity improvements on the Gloucester South-West Bypass which have constrained growth and development in the City and development of the Arle Court Park and Interchange enhancing sustainable and active travel.
3. The long standing procurement route for these Major Projects has been to use the NEC 3 or 4 Engineering and Construction Contract predominantly using a lump sum payment method, minimising risk exposure and budget certainty to the Council. Each

scheme is a key decision and under the Council's constitution requires a Cabinet Paper to be drafted ahead of procuring a construction contract.

4. The tender programme generally comprises of a supplier engagement event followed by an open tender process utilising the Procontract portal with a minimum tender period of six weeks. Tenders are assessed based on submissions meeting a quality threshold with compliant tenders assessed on price.
5. In many cases strict funding conditions require GCC to be in contract early or risk losing contributions to the project. In such cases procurement deadlines are squeezed, impacting on tenderers ability to submit tenders.

Framework Agreement

6. A framework agreement is a commonly used mechanism for awarding call-off contracts to multiple suppliers, thereby establishing a long term relationship to deliver works as a council approved supplier. The Council has a range of works to be completed by a group of contractors in every service section across the authority. It is recognised as an effective method to procure works on a dynamic basis, responding to opportunities in a competitive market. A framework contract offers a quick route to market, but does not commit the Council to enter into contracts or deliver a defined volume of work.

Framework Contract Benefits

7. Increasingly contractors that have worked on the County Councils Major Projects have expressed a desire to establish longer lasting relationships with the County Council that would allow all parties to meet their objectives whilst maintaining the excellent value and quality that is currently being achieved.
8. A highways framework contract would reduce the programme durations required for entering into contract, whilst still maintaining the same quality requirements the Council has become accustomed to. A Framework Contract would reduce the cost of procurement by minimising the volume of work required to assess selection criteria.
9. A Framework Agreement would further encourage partnering principles generating long term relationships based on trust rather than short term financial gain.
10. The proposed Framework Agreement will be partly assessed on social value, will include environmental assessment criteria and would present the opportunity to foster local supplier relationships.
11. The proposed Framework Agreement will also be available for use by our fellow local authorities in Gloucestershire, the City, Borough and Districts, thus being able to demonstrate a collaborative relationship between each Authority.

Key Points

12. The proposed Framework Agreement will provide significant programme benefits over current procurement routes without compromising on the County's quality requirements.

The cost of preparing the proposed Framework Agreement will ultimately save costs by reducing the volume of work required to assess selection criteria.

13. The reduction in programme timescales will support the County Council's aims of entering into contracts that allow third party funding to be fully secured, thereby reducing the risk to the authority
14. The duration of the Framework will be four years with an expected value of £60million over the term.

Finance/Resources

15. Pre-committed internal resource from Strategic Procurement and Major Projects will predominantly be utilised to prepare the Framework Contract therefore minimising costs. Our professional services provider will provide modest resource to support this preparation work which will be secured from pre-existing Highways budgets.
16. The cost benefit of procuring under a framework contract will reduce the cost of contract procurement costs ensuring the framework contract saves money

Options

17. The options for Cabinet are as follows:
 - Option A: To authorise the Executive Director of Economy, Environment & Infrastructure to procure a Highways Framework Agreement as set out in this report's recommendations to allow further competitions with pre-qualified suppliers; or
 - Option B: To decline to authorise such recommendation and procure all opportunities individually. In the absence of the proposed Highways Major Project Framework Agreement, the council would continue to use an open tender process which would result in increased timescales and costs for bid preparation and assessment.

Risks

18. Risk that the new Frameworks are not delivered on time, - this is being actively managed with a Project Scope document and programme drawn up and will be monitored at regular procurement workshops
19. Insufficient interest in a Highways Major Projects Framework,- We have had early dialog with a range of potential contractors and will be holding supplier engagement events prior to going to the market.
20. Internal resources need to be made available for preparing and evaluating the procurement(s) - Project Plan drawn up and resources identified to allow for time to be set aside.

21. Cabinet delays or non-approval will delay procurement timeline and result in delays to the procurement of the Frameworks with detrimental effects on start and end dates.

Financial implications

22. Funding for the procurement of a Highways Major Projects Framework will be secured from pre-existing highways budgets.
23. The Highways Major Projects Framework is expected to result in cost savings from reducing the volume of tender preparation and evaluation on future procurement exercises.

Climate change implications

Carbon Emissions Implications? ~~Negative~~ / Neutral / ~~Positive~~
Vulnerable to climate change? ~~Yes~~ / No / ~~Maybe~~

24. The delivery of a proposed Highways Major Projects Framework Contract would support the Councils 2050 Vision by including environmental assessment criteria in the evaluation of the tenders giving confidence that providers will carefully consider climate change and the environment when delivering highway construction works.

Equality implications

Has an Equalities Impact Assessment (EIA) been completed? ~~Yes~~ / No

25. Due regard has been considered and there is no envisaged impact on any of the protected groups, potential providers will be asked to demonstrate compliance with section 149 of the Equality Act 2010. Each individual highway scheme will have its own individual equalities impact assessment on a case by case basis.

Data Protection Impact Assessment (DPIA) implications

26. No personal data will be collected or shared as part of the Framework Procurement exercise.

Social value implications

27. The Highways Major Projects Framework will in part be assessed against social values including employment measures, supporting people into work, apprenticeships and training and community initiatives.

Consultation feedback

28. Engagement has taken place across the business to understand current requirements, and feedback obtained from both current customers and contractors.

Officer recommendations

29. That Cabinet approve the recommendations as set out in this report.

Performance management/follow-up

30. The Frameworks will be managed in line with the Council's contract management procedures. A full category review is considered in 2 years from the start of the new Framework to assess performance, contract management and market feedback. This will inform the options appraisal and recommendations for the future.