

REPORT TO: Executive Board Sub Committee
DATE: 20 March 2008
REPORTING OFFICER: Strategic Director - Environment
SUBJECT: Procurement of Bridge Maintenance Works
WARDS: Borough-wide

1.0 PURPOSE OF THE REPORT

- 1.1 To advise as regards plans to procure major bridge maintenance services over a minimum period of 4 years through the engagement of a single “partnering” contractor using a construction framework form of contract.

2.0 RECOMMENDATION: That

- (1) **Authority be given to the Operational Director Highways, Transportation and Logistics to invite tenders for delivery of major bridge maintenance works through the engagement of a single “partnering” contractor using a construction framework form of contract.**

3.0 SUPPORTING INFORMATION

- 3.1 Prior to 1998 LGR there had been significant underfunding of the maintenance of the Silver Jubilee Bridge and its adjacent structures. As a result, HBC recognised that there was a need to address this neglect as a matter of priority.
- 3.2 This culminated in the preparation of a 10-year maintenance strategy document, which identified, costed and programmed the structural maintenance activity necessary to bring the condition of the structures to a steady state of maintenance.
- 3.3 Prior to the introduction of the second Local Transport Plan (LTP2), the maintenance strategy for the complex was used to underpin and provide defensible reasoning for the annual bids made through LTP for Major Maintenance and Strengthening Schemes. This identified a total of £25.6m of work (at a 2003 cost base).
- 3.4 During compilation of LTP2, HBC received guidance that the new LTP rules meant that implementation of a 10-year programme of maintenance activity as a strategy would have to be through the Major Scheme Appraisal process. This is a highly procedural process for major transportation initiatives costing greater than £5m requiring consideration of many issues such as environmental impact, safety, economic benefit, accessibility and integration.

- 3.5 HBC engaged consultants Mott MacDonald to prepare a formal Major Scheme Bid for delivery of the 10-year maintenance strategy for the SJB Complex. The final draft was formally submitted to Department for Transport (DfT) on 08 March 2006.
- 3.6 The preferred option was for a 10-year funding programme delivered by partnership. It should be noted that although the level of work identified remained at the £25.6m in the Strategy document, by the time it had gone through the economic processes of the Bid (including application of Optimism Bias) the figure had increased to £38.5m.
- 3.7 Although DfT approval of the Major Scheme Bid is yet to be granted, one of the areas of the submission identified as being in need of development included proposals for project procurement.
- 3.8 A report has therefore been prepared by Mott MacDonald to investigate the procurement options available for delivering an extended programme of bridge maintenance and to ascertain the option likely to yield the most effective outcomes.
- 3.9 This report evaluated different procurement models against a defined set of criteria including, flexibility, best value, quality, programme delivery and national and HBC strategic policy.
- 3.10 The recommended option would involve engagement of a single “partnering” contractor using a construction framework form of contract based upon the NEC (ECC) suite of Contracts. Within the context of the 10-year time frame of the Major Scheme Bid, this arrangement is viewed to be advantageous in terms of its overall flexibility, quality and value for money through continuity of service.
- 3.11 Adoption of this method of procurement aligns with the Office of Government Commerce’s (OGC) Achieving Excellence in Construction initiative. This initiative aims to maximise the efficiency, effectiveness and value for money of in construction works through partnering, developing long-term arrangements and simplification of approval chains.
- 3.12 The Latham Report “Constructing the Team” and the Egan Report “Rethinking Construction” also recognised that building longer term, collaborative relationships with suppliers helps to build trust and in turn deliver an enhanced product through better experience and understanding. Latham and Egan both observed that tendering for individual contracts tends to work against the development of long term working relationships.
- 3.13 Because of delay in consideration of the Major Scheme Bid, HBC expressed concerns to DfT regarding how the inevitable increase in the

backlog of maintenance would bring us closer to a position whereby imposition of traffic restriction on the SJB complex would be unavoidable.

- 3.14 As a result, HBC were granted permission to submit a parallel bid for funding through the Primary Route Network (PRN) bridge maintenance and strengthening programme.
- 3.15 In December 2007, DfT informed HBC that its £14.3m bid for funding PRN bridge maintenance had been successful.
- 3.16 This provides additional grant funding above the Highways Maintenance Block of £4.40m, £4.91m and £4.98m in years 2008/09, 2009/10 and 2010/11 respectively as outlined in the Transport Implementation Programme (2008/09) approved by 7th February 2008 Executive Board.
- 3.17 For the SJB Complex the PRN funding will allow HBC to begin to address the maintenance issues already identified in the current 10-year Maintenance Strategy for the Complex. In addition, through rationalisation and implementation of a programme of detailed inspection we will be able to address the gap in our knowledge of the condition of those structural elements we have been unable to access previously.
- 3.18 The funding profile for the SJB Complex Maintenance Major Scheme Bid is currently being revised to reflect front end funding now being provided through the PRN route.
- 3.19 It is considered that there is sufficient critical mass in the shorter duration programme which can be initially committed to through PRN funding to ensure that the form of delivery structure involving engagement of a single “partnering” contractor yields the same overall advantage to the Council.
- 3.20 It is therefore intended to initiate procedures to prepare contract documentation and invite tenders for delivery of major bridge maintenance works through the engagement of a single “partnering” contractor using a construction framework form of contract.
- 3.21 The term of the contract will be for an initial four-year period plus potential two-year extension with an estimated value range of between £12m and £18m depending upon the future success of the Major Scheme Bid. Any decision regarding the potential two-year extension will be at the sole discretion of the Council.
- 3.22 In order to ensure compliance with EU procurement rules an OJEU Restricted Procedure Notice will be published inviting potential tenderers to return Pre-Qualification Questionnaires.
- 3.23 It is expected that short listed contractors will be invited to tender in May/June 2008 and that the successful contractor will be able to start work on site in late 2008.

3.24 In order to ensure delivery of the programme of work being funded by the PRN grant, a number of advance contracts will be awarded on a contract by contract basis using normal competitive tendering procedures.

4.0 POLICY IMPLICATIONS

4.1 The works include delivery of at least four years of the Council's Maintenance Strategy Plan for the Silver Jubilee Bridge Complex and Associated Structures.

5.0 OTHER IMPLICATIONS

5.1 Resource Implications

The Contract will be funded from the Council's capital budget in the form of direct capital grant for Bridge Strengthening and Maintenance on the Primary Route Network awarded through the Local Transport Plan settlement.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 The SJB Complex forms part of the strategic route through the Borough. Implementation of a formal programme of maintenance is essential to ensure the continued availability of the crossing and thereby avoid compromising the Council's ability to deliver any of its strategic priorities.

7.0 RISK ANALYSIS

7.1 Financial Exposure of the Council.

A requirement to provide Information regarding the financial standing of all potential tenderers will be a feature of the Pre-Qualification Questionnaire. All short listed tenderers will be audited to ensure they have sufficient financial capability to undertake a contract of this value. A performance bond will be a requirement of the contract.

7.2 Budget Control

The tender documentation will allow identified routine and common activities to be priced based upon a schedule of rates. However, the unique nature of the structures in the SJB complex dictates that the costs of some works may be determined through negotiation on a target, lump sum or at-cost basis. The form of Contract to be employed and the tender evaluation process will involve consideration of these issues.

The Pre Qualification process will allow HBC to develop a short list of potential partners who have the appropriate level of expertise and experience to deliver the project within the proposed management structure. It is important that the tenderers demonstrate thoroughly their

ability to work openly and co-operatively with the client to react to necessary change during works to maximise opportunities to provide value for money.

The NEC (ECC) suite of contracts promotes flexibility through inclusion of options related to partnering and is recommended by the OGC as a suitable form of contract for public sector procurement.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 The Pre-Qualification Questionnaire will allow HBC to confirm that all short listed tenderers have in place an acceptable equality and diversity policy.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
SJB Complex – Delivery of Major Maintenance Works Report (Mott MacDonald Jan 2007)	Bridges Section – Rutland House	Mike Bennett