

ALLIANCE FRAMEWORK FOR HIGHWAY RELATED SERVICES

Report of the Corporate Director for Place Management & Regeneration

Commercially Sensitive – The appendices to this report are confidential by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in respect of which the public interest in maintaining the exemption outweighs the public interest in disclosing the information

1. INTRODUCTION AND PURPOSE OF REPORT

Stockport Council has a substantial and varied highways and transportation capital programme and this year its value is approximately £40m. This programme includes highway and highway structures, maintenance and renewal, street lighting, highway drainage, flood risk mitigation, highway, pedestrian and cycling improvements. At the present time this work is undertaken by the Council wholly owned company, Totally Local Company Ltd (TLC) and our Alliance Framework partners. The existing Alliance Framework has reached the end of its life and needs renewing.

This type of framework contract complements the Council's relationship with TLC, enabling work to be commissioned where TLC do not have the capacity or in-house expertise, giving TLC flexibility to strategically plan its resources, whilst allowing the Council to effectively plan the delivery of its infrastructure improvement works over the next 10 years.

The framework achieves value for money by achieving a competitive price for various highway contract works that will be in place for 4 years, with the possibility of extending for a further 4 and then another 2 years, giving cost certainty to the council and removing the need for expensive procurement exercises for each job commissioned. This longer-term relationship also ensures that the contractors can gear up to provide greater social value to Stockport due to them having greater confidence over the amount of work they are likely to receive.

The procurement process follows government and industry standard advice for achieving the most efficient client contractor relationship and securing value for money for the public sector by using the NEC4 form of contract.

The Scrutiny Committee's views are requested on a report to be submitted to the next Cabinet Meeting recommending approval for the procurement of specialist highway and bridge contractors to support the Council in its delivery of significant infrastructure works over the next decade in terms of highway and bridge improvement and maintenance.

2. CURRENT ALLIANCE CONTRACT

In 2009 Stockport and Trafford Council launched a Strategic Alliance known as the "Stockport Trafford Streetscene Alliance" to maintain and improve roads and highway structures within the boroughs. This was a long-term partnering arrangement with 11 specialist contractors based on the NEC 3 Option B contract.

The contract was tendered for an initial 5-year period with the option to extend for a further 5-years based on the contractors continuing to demonstrate value for money and service efficiencies. In 2014 & 2017, the contract was extended for a further 3 & 2 years respectively, based on independent assessments of its cost-effective performance and the workload at that time.

3. PROPOSED ALLIANCE FRAMEWORK

3.1 Options Appraisal

Stockport Council working with its procurement Service, STaR, decided during 2018 to build upon the good practice developed by the Stockport Alliance and form another Alliance in collaboration with other Greater Manchester Authorities (Bury, Bolton, Oldham, Rochdale, Salford, Tameside, Trafford, Wigan) to support the delivery of their highway improvement and maintenance programmes. An appraisal was undertaken by STAR on the various contract arrangements, along with an assessment of the key objectives and challenges each Authority faced with a view to determining potential opportunities that would meet the key objectives. Given the nature of the works and the objectives to be achieved by the Group, 5 potential contractual arrangements were identified and assessed:

Option 1 – Framework Agreement

Option 2 – Contract (single contractor per LOT)

Option 3 – LOTs by Authority (Single contractor per LOT for each Authority)

Option 4 – Geographical LOTs

Option 5 – 2 Contractors per LOT

Option 6 – Joint Venture

3.2 Key Challenges

Some of the key challenges identified by the Authorities were as follows;

- i. **Capacity/availability of the market:** There has been an ongoing difficulty to maintain capacity within the market due to the reactive nature of the works undertaken, disparate contractual arrangements in place and lack of certainty on funding within the public sector.
- ii. **Cost certainty & quality of works:** Due to limited technical resources within each Authority, up to date market pricing and certainty on programmes, this has impacted on outturn costs and quality of work.
- iii. **Working practices:** The impact from austerity has resulted in having to operate within core working hours due to budgetary pressures. This can however have a negative impact on air quality and increased probability of road accidents due to traffic congestion.
- iv. **Technical capacity of Authorities:** Each Authority has seen a decrease in available technical resource within their service departments over the past 10 years due to austerity which has had an adverse effect on contract and performance management.

3.3 Preferred Option

Following the option appraisal, consultation with clients from the technical and procurement groups, and feedback from contractors at market engagement

events the preferred option was a hybrid of options 1 and 2 with an Alliance Framework for the first 4-years and an Alliance Contract for a further 4+2 years.

- a. A Framework Agreement will be established with the top 3 ranked bidders (if applicable) for each of the proposed LOTs. The Framework Agreement will be in place for a period of 4 years with the option to award without re-opening competition or to undertake mini-competitions between all the relevant LOTs contractors. The intention is to directly award a contract for a period of 4 years (with the option to extend by 4 years and then an additional extension for 2 years) which is a similar approach to the current Alliance, up to the values outlined in the OJEU notice. The development of the framework agreement allows flexibility should these values be exceeded for procuring additional works through the framework. The Framework Agreement is also available for use by all AGMA partners and associated members.
- b. The form of contract chosen was the NEC4 Option B Schedule of Rates with Price Adjustment Formulae which tracks inflation against the major construction materials which was similar to the previous Alliance NEC3 form of contract but which now includes for more collaboration and partnering in terms of integration of the Councils and Contractors financial and asset management systems.

3.4 Strategic Objectives

The Strategic Objectives of the Alliance Framework are:

- i. **Long Term Relationships:** Develop long term effective and mutually beneficial relationships between the Council and Contractors, who can bring a wealth of expertise and value-engineered solutions.
- ii. **Collaboration:** Working better together to ensure robust programme management, cost and supply chain management, whilst developing better working practices and adopting an integrated and collaborative approach to BIM Level 2 and PAS 55 Asset Management.
- iii. **Value for Money:** Whilst developing supplier relationships is key, the Alliance should continue to ensure value for money is demonstrated through the life time of the agreement.
- iv. **Social Value:** Ensuring any investment in goods and services generates added social, environmental and economic value for residents. Placing a requirement on potential contractors to think about how the goods or services they are offering to supply will also ensure added benefit to the local community.
- v. **Maintain Capacity & Develop Efficiencies:** Ensure capacity within the market is maintained whilst developing continuous improvement through the supply chain.
- vi. **Achieving Local Spend:** Provide opportunities for local contractors to be involved in the delivery of the schemes, keeping spend within Stockport where possible.
- vii. **Contractor Knowledge:** Access for the Council to specialist knowledge and development to support and develop technical skills. The provisions of the proposed Alliance are that work is allocated to the contractors based on the discipline required and the applicable schedule of rates.

3.5 Social Value

The Social Value evaluation will be undertaken using the Social Value Portal, considering both qualitative and quantitative information with a total weighting of 15%. The Social Value Portal uses the National Social Value Measurement Framework, also known as the National TOMs (Themes, Outcomes, Measures), to measure social value. These have been selected in accordance with the Council's key priorities. Areas which bidders have been asked to consider in their response, are those that the Council believes are related to the subject matter of the contract and are reasonable and proportionate (these areas are not exhaustive); they include:

- Creation of Jobs in GM and more specifically in Stockport;
- Creation of traineeships (including apprenticeships); or upskilling of current staff (e.g. NVQ progression, onsite training.)
- Provision of work experience days/ hours;
- Provision of career mentoring for job clubs at schools, community centres etc. long term unemployed (mock interviews, CV advice, and Careers guidance);
- Commitment to spending a higher % from this contract with local suppliers will be assessed as part of the tender evaluation;
- Environmental Considerations; recycling and use of local people for workforce;
- Contribute time and/or support to community and voluntary organisations (number of hours/types of support);
- Education support; engagement with Stockport College has been established and the contractors to assist with craft training and industry support for courses.

3.6 Lots and Disciplines

The contract was separated into the following Lots and Disciplines:

Lot	Discipline
Lot 1	Planned Structural Maintenance
Lot 2	Surface Dressing/ Slurry/Micro Seal
Lot 3	Carriageway Surfacing
Lot 4	Lining
Lot 5	Anti-Skid/Coloured Surfacing
Lot 6	Street Lighting & Signing
Lot 7	Civils
Lot 8	CCTV – Jetting/Inspection
Lot 9.1	Highway Structures <£50,000
Lot 9.2	Highway Structures >£50,000<£500,000
Lot 9.3	Highway Structures >£500,000
Lot 10	Highway Coring

3.7 Contract Values

The anticipated contract value per annum for Stockport Council across all the Lots is £16,000,000.

The anticipated contract value for Stockport Council across all the Lots for the full 10-years is £160,000,000.

The values are based on typical spend by the Council with an additional allowance for other Local Authorities and AGMA members to use it.' The OJEU value has been set significantly higher than this at £300,000,000 – this was to allow for both Stockport & Bury plus any additional authorities potentially using the framework.

3.8 Procurement Process

Activity	Date
Market Engagement	12/11/18 & 26/06/19
Project Initiation	29/09/19
OJEU Notice	06/11/19
Suitability Questionnaire – Publish	13/11/19
Suitability Questionnaire – Evaluation	13/12/19
Suitability Questionnaire – Shortlisting	06/03/20
Invitation to Tender – Publish	01/04/20
Invitation to Tender – Receipt	22/06/20
Invitation to Tender – Evaluation	15/07/20

Market engagement was carried out in collaboration with the Civil Engineering Contractors Association in 2018 and 2019 to: raise awareness of the opportunity, outline the objectives, timescales and to help shape the operational model.

The selection process was initiated with an advertisement in the Official Journal of the European Union (OJEU) on the 12/11/19 placed on behalf of both Stockport & Bury Councils seeking expressions of interest from Contractors.

3.9 Shortlisting Process

Stage 1 - Supplier Suitability Questionnaires (SSQ) covering the Council's requirements in terms of financial capability, competence, health & safety and social values were issued to 40 contractors who expressed an interest together with the Invitation to Tender documents (draft) via The Chest on the 13/11/19.

Separate teams across the Council were formed to evaluate each Lot and to establish the 24 shortlisted companies against the respective Lots as below:

Lot 1 - Planned Structural Maintenance

Hopkins (Contractors) Ltd

Lot 2 - Surface Dressing/ Slurry/Micro Seal

Colas Ltd, Eurovia Infrastructure Ltd, JPCS Ltd

Lot 3 - Surfacing

Aggregate Industries UK Ltd, Colas Ltd, Galliford Try Infrastructure Ltd, Hanson Quarry Products Europe Ltd, J Hopkins (Contractors) Ltd, Tarmac Trading Ltd

Lot 4 - Lining

Jointline Ltd, L&R Roadlines Ltd, Wilson & Scott (Highways) Ltd, WJ Roadmarkings Ltd

Lot 5 - Anti-Skid/Coloured Surfacing

Jointline Ltd, WJ Roadmarkings Ltd

Lot 6 - Street Lighting & Signing

Galliford Try Infrastructure Ltd, Jones Lighting Ltd

Lot 7 - Minor Civils

AE Yates Ltd, Bethell Group Plc, Eric Wright Civil Engineering Ltd, Eurovia Infrastructure Ltd, George Cox & Sons Ltd

Lot 8 - CCTV – Jetting/Inspection

General Utilities (North West) Ltd, Sapphire Utility Solutions

Lot 9.1 - Highway Structures <£50,000

Coating Services Ltd, George Cox & Sons Ltd, Story Contracting Ltd

Lot 9.2 - Highway Structures >£50,000<£500,000

AE Yates Ltd, Bethell Group Plc, Coating Services Ltd, Eric Wright Civil Engineering Ltd, Story Contracting Ltd, Coating Services Ltd

Lot 9.3 - Highway Structures >£500,000

AE Yates Ltd, Bethell Group Plc, Eric Wright Civil Engineering Ltd, Story Contracting Ltd, VolkerLaser

Lot 10 - Highway Coring

Pavement Testing Service Ltd

3.10 Invitation to Tender Process

The Invitation to Tender documents which included the contract documents and the quality and financial evaluation requirements were issued to the shortlisted bidders via The Chest on the 15/05/20.

3.11 Evaluation Results

Stage 2 - Evaluation of the bidder's tender response has been completed in accordance with the Tender Award Criteria in terms of; Quality (60%) which includes 45% for the evaluation of appropriate construction scenarios and 15% for Social Value. Price (40%); which includes 30% for construction scenarios, 5% for Contract fees, 2.5% for Plant costs and 2.5% for People and Labour Costs.

The Award Report (Highways Framework) which includes information about the bidders and the tender evaluation results including rankings are included in Confidential Appendix A.

4. CONCLUSIONS AND RECOMMENDATIONS

- 4.1 Highway and Bridge maintenance and improvement works have been undertaken by the Alliance in partnership with the Council's Wholly Owned Company, Totally Local Company Ltd (TLC) since 2009 and this has enabled the Council to deliver major projects such as the £100m Highway Improvement Programme and the £73m Town Centre Access Plan which are made up of multiple projects to improve the highway network and the access into and around the town centre respectively, which it would otherwise have been unable to complete. The proposed Alliance Framework will provide specialist support to the Council such as bridge replacement which cannot be provided by TLC. It will also provide additional support in terms of highway improvements which will enable TLC to have the flexibility to complete works as and when they have the resources available. This will ensure that the Council has the resilience to deal with unforeseen events such as the recent widespread flooding and the Covid-19 pandemic whilst still allowing the Council to effectively deliver its infrastructure improvement works over the next 10 years.
- 4.2 Based on value for money, the quality of the service provision and the social value provided the proposed Alliance Framework will secure an appropriate way of providing this service which benefits the Council and the residents and businesses of Stockport. The efficiency and value for money of the Alliance Framework and subsequent Contract will be measured on a project by project basis. The social value targets are directly related to the contract values placed with the respective contractors and will be reviewed annually. The Council is not locked into the use of this Framework or subsequent Contract and projects will be regularly reviewed outside this arrangement to benchmark their prices and efficiency over its duration.
- 4.3 Members of the Cabinet are asked to review the information contained within this report and the associated Confidential Appendix and approve the Contract Awards for the Alliance Framework for Highway Related Services.

BACKGROUND PAPERS

There are none

Anyone wishing to inspect the above background papers or requiring further information should contact Mark Glynn, Sue Stevenson on Tel: 0161 474 3700, Tel: 0161 474 4351 or by email on mark.glynn@stockport.gov.uk, sue.stevenson@stockport.gov.uk