

From: Michael Payne, Cabinet Member, Highways and Transport
Barbara Cooper, Corporate Director of Growth, Environment and Transport

To: Environment & Transport Cabinet Committee Meeting – 19th January 2020.

Subject: Highway Civils Framework

Key decision: 21/00009

Classification: Unrestricted

Past Pathway of Paper: N/A

Future Pathway of Paper: For Cabinet Member Decision

Electoral Division: All Divisions

Summary:

The Council delivers significant highway infrastructure development and civil engineering works which are procured on an individual basis. A new delivery model will allow future schemes to be procured expediently and efficiently.

Three options have been considered, with detail outlining the recommended approach to commission a Highway Civils Framework. As the contracts exceeds £1m a Key Decision is required.

Recommendation(s):

The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Highways and Transport on the proposed decision to procure and delegate authority to the Corporate Director for Growth, Environment and Transport to award and commission the Highway Civils Framework in accordance with the expectations set out in the report and as shown at Appendix A.

1. Introduction

- 1.1 Under section 41 of the Highways Act 1980, as the local Highway Authority, the Council has a legal duty to maintain its respective sections of the highway network. This duty includes responsibility for maintaining, managing and, where necessary, improving sections of the network.
- 1.2 To support its legal duty, the Council has commissioned contracts which build and maintain its highway assets. These include and are not limited to:
- Highway Term Maintenance Contract (Enterprise AOL Ltd)
 - Road Asset Renewal Contract (GW Highways Ltd)
 - Drainage Civils Framework (three contractors)

- Pothole Blitz Contracts (ten contractors)

- 1.3 The Major Capital Programme team develop and deliver capital schemes that are funded through other government funds. This includes the South East Local Enterprise Partnership (SELEP) which provides funds for projects which support Kent's economic and business growth. **Link to projects.**
- 1.4 Projects delivered through the Major Capital Programme are commissioned via competitive procurement procedures and alternative frameworks, which can take time and reduce the opportunity to build relationships.
- 1.5 This paper recommends commissioning a Highway Civils Framework to allow the Council to expediate the delivery of schemes and achieve better value for money through reduced procurement costs.

2. Delivery models

- 2.1 To date three options for the future provision of these works have been considered:

- Option 1 – Procure contracts on a project-by-project basis
Discounted due to the time taken and lack of opportunity to build relationships
- Option 2 – Use alternative frameworks
Discounted as unlikely to access Kent-based contractors and a margin must be paid for the use of other frameworks
- Option 3 – Commission a Highway Civils Framework
Carried Forward

- 2.2 This paper will detail Option 3 and review the benefits and challenges facing the Council and its partners should it implement this strategy.

3. Highway Civils Framework

- 3.1 The proposed Highway Civils Framework is to enable the procurement and delivery of significant highway infrastructure development, civil engineering works and associated major value construction works. The framework will be split into two lots to accommodate for the delivery of minor and major highway civils works. This will allow predominately two areas of the business (Highway Asset Management and Major Capital Programmes) to have access to a lot with appropriate contractors that are suited to their delivery.
- 3.2 This framework will cover the South East of England and, while predominately supporting the Highway and Transportation business, will be open to other government organisations. To ensure there is sufficient headroom for the Council and other government organisations, the value of the framework is set at £500m.
- 3.3 There is no workload guarantee in the framework agreement so it will be worth zero value. All schemes awarded to contractors will incorporate their own

contract (NEC 4 suite) and such projects will need to be taken through the appropriate governance process. This agreement will provide an efficient route to market for approved decisions.

- 3.4 Overheads, profit margin and key rates are agreed prior to the implementation of the framework, with individual project costs being reviewed on an open-book and collaborative basis. This will reduce resource duplication across all parties and streamline the route to market compared to the current position.

Lot 1 - Civil Engineering Works

- 3.5 The Civil Engineering Works Lot will predominately support the Council's current term services contracts. The work to be commissioned through this framework will include, but is not limited to, the following civil and engineering works:

- Highway works including new build, maintenance, repairs and related surfacing
- Earthworks
- Environment improvement works
- Structural works
- Minor general civil engineering works
- Early Contractor Involvement
- Buildings related to these schemes
- Any other services deemed necessary to meet these requirements

- 3.6 It is envisaged that this lot will be awarded to two or three contractors.

Lot 2 - Multidisciplinary Civil Engineering Works

- 3.7 This Lot will predominately support the major capital road delivery programme to construct individual schemes. The schemes awarded through this will include, but is not limited to, the following complex civil and engineering services:

- Highway works including new build, maintenance, repairs and related surfacing
- Earthworks
- Environment improvement works
- Bridge and Structural works
- Complex civil engineering works
- Buildings related to these schemes
- Early Contractor Involvement
- Multi stakeholder management
- Design consultancy services
- Any other services deemed necessary to meet these requirements

- 3.7 It is envisaged that this lot will be awarded to four or five contractors.

4. Benefits and Challenges

- 4.1 Working directly with a few contractors will provide greater certainty of work to these suppliers to enable long-term investment in skills and innovation. This could support the social value agenda by boosting the local economy with jobs, apprenticeships and community projects.
- 4.2 There are a number of frameworks operating in the South East, mainly contracting with large national and multinational organisations. Having a local framework with contractors mobilised in the county could encourage other local public sector parties to utilise it. Implementing a 0.5% contribution for third-party work could help recoup the money spent on the procurement .
- 4.4 Reducing the number of contractors the Council commissions for this work is expected to be contentious with contractors who may have delivered schemes for us in the past not appointed to the Framework. It is anticipated that if highly complex schemes require greater competition, other routes to market could be considered.
- 4.5 This approach could help develop sustainable relationships which will keep bid costs down and lower scheme build costs. Furthermore, there will be increased flexibility and agility when commissioning new projects should it be required to deliver a scheme urgently.

5. Financial Implications

- 5.1 There is no workload guarantee in the framework agreement. All schemes awarded to contractors will incorporate their own contract (NEC 4 suite) and such projects will need to be taken through the appropriate governance and funding process.

6. Legal implications

- 6.1 The award of any contracts will be in full compliance with all relevant procurement and governance regulations.

7. Equalities and Data Protection Implications

- 7.1 An Equalities Impact Assessment has been carried out and no implications have been identified at this early stage and has been attached in Appendix B.
- 7.2 The initial screening identified that a Data Projection Impact Assessment will not be necessary as no personal data is collected for this commission.

8. Policy Framework

- 8.1 The commission of this framework is not detailed in business plans. Individual projects utilising this framework will be detailed in the following business plans and subsequent iterations:
 - Growth Environment and Transport Directorate Business Plan 20/21

- Highways, Transport and Waste Service Level Business Plan 20/21

9. Recommendation

10.1 The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Highways and Transport on the proposed decision to procure and delegate authority to the Corporate Director for Growth, Environment and Transport to award and commission the Highway Civils Framework in accordance with the expectations set out in the report and as shown in Appendix A.

11. Background Documents

Appendix A – Record of Decision

Appendix B – Equalities Impact Assessment

12. Contact details

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