

From: David Brazier – Cabinet Member for Highways and Transportation
Simon Jones – Corporate Director for Growth, Environment and Transport

To: Environment and Transport Cabinet Committee - 8 September 2021

Subject: Independent Cost Consultancy Services

Classification: Unrestricted

Past Pathway of report: None

Future Pathway of report: For Cabinet Member Decision

Electoral Division: None

Summary: This report provides an overview of the requirements for independent cost consultancy services within Growth, Environment and Transport.

Recommendation(s):

The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Highways & Transport on the proposed decision, and indicated on the proposed decision sheet attached at Appendix A, as follows to give approval to:

- a) Procure a single supplier agreement to allow independent cost consultancy services to be made available to teams within Growth, Environment and Transport.
- b) Provide the Director of Transportation with the delegated authority to enter into the appropriate contractual arrangements for the provisions of Independent Cost Consultancy Services, including future extensions.

1. Introduction

- 1.1 The Major Capital Programme Team has been using independent cost consultancy services for over 10 years to ensure that costings provided through the design process are realistic, that budgets are robust and to ensure that best value is achieved from highways, transportation, and other civil engineering projects. The cost consultants have also provided support in the preparation of construction contracts and advice on contractual matters.
- 1.2 The Major Capital Programme Team has an existing contract in place which has a value of £900,000 over 4 years and has supported 69 projects to date. The new arrangements will replace the existing contract which expires on 31 March 2022.

- 1.3 The Major Capital Programme Team consider that it is imperative to have an independent cost consultancy available to support the delivery of large-scale highways and transportation projects. The independence from the design work provides a third-party check which is used to support business cases and give greater confidence in project budgeting throughout the delivery of a scheme. This is particularly relevant in the short to medium term as the team continues to manage uncertainty around inflation and project delays facing the construction industry as a result of material and labour shortages.
- 1.4 This report provides recommendations for the required decisions to allow the procurement of the services to be progressed.

2. Scheme Description and Delivery

- 2.1 The Major Capital Programme Team is working with the Strategic Commissioning Team to procure Independent Cost Consultancy Services to support the development of highways and transportation schemes and other projects within Growth, Environment and Transport.
- 2.2 Having an external supplier provide these services is more cost effective than employing staff with the relevant expertise in-house, particularly as the workload will vary and there is no guarantee that they could be fully utilised all year round. An external company provides resilience for the service, with a broad range of experience and the ability to manage the varying demand.
- 2.3 There are three options to deliver this service:
 - 2.3.1 Utilise the Professional Service Framework
 - 2.3.2 Utilise other central government and local authority frameworks
 - 2.3.3 KCC procure its own contract
- 2.4 The existing Professional Services Framework Contract (PSFC) does allow for Quantity Surveying services however, the Major Capital Programme Team experience has been that most design consultants (on the PSFC) do not have the level of all round cost consultancy knowledge to suitably support KCC. The new arrangements will provide teams with greater certainty by reviewing design costings and ensuring that we have a consistency of approach across our projects. This is particularly important for externally funded projects that KCC must report on to Central Government.
- 2.5 The team considered a number of existing frameworks that could be used to access cost consultancy services, but none of these provided contractual arrangements that suited the requirements for the service. They will also not be available in the time frame required to have a supplier in place for 1st April 2022, which will ensure continuity of service.
- 2.6 The availability and support of a single supplier allows for consistency in approach across the large forward programme of schemes which are being delivered. It also means that KCC can react quickly to the challenging timescales that are set by Central Government for external funding opportunities.

- 2.7 A single supplier allows the Major Capital Programme Team to ensure consistency of approach and develop productive working relationships with the Cost Consultancy staff.
- 2.8 It is anticipated that the NEC4 suite of contracts will be used to retain a suitable supplier.
- 2.9 The arrangements will replace the existing contract which will expire on 31 March 2022.
- 2.10 The Major Capital Programme Team has a considerable forward programme that will require access to cost consultancy services and the contract will also be accessible to other teams within Growth, Environment & Transport. As a result of this significant forward workload, the new arrangement should have a value of up to £4 million over a period of 5 years.
- 2.11 The procurement of the new arrangement will support the Interim Strategic Plan Economic Challenge to bring forward infrastructure to stimulate economic growth. It will support projects bringing central government funding into the county to invest in infrastructure, supporting the construction industry and supply chain and providing opportunities for green infrastructure.

3. Financial Implications

- 3.1 Future commissions will be funded by capital project budgets and via team revenue budgets, if necessary, for projects that have not yet received capital funding.
- 3.2 It is expected that the new arrangement will support expenditure of up to £4m over the contractual period (up to 5 years). There will be no workload guarantee in the new arrangement.
- 3.3 The contractual arrangements will operate on agreed rates and value for money will be assessed through the tender process through a price and quality assessment.

4. Legal implications

- 4.1 Legal advice is being sought from Legal Services on the conditions of contract. Further legal input is not expected to be required. The award of any contracts will be in full compliance with all relevant procurement regulations.

5. Equalities implications

- 5.1 An Equalities Impact Assessment has been prepared and approved. There are no adverse impacts on protected groups.

6. Other corporate implications

- 6.1 The decision to award this contract has no significant impact in other areas of the Council's work.

7. Governance

7.1 The recommendations include for delegation to the Director for Transportation to take further or other decisions as appropriate.

8. Conclusions

8.1 The Major Capital Programme Team require access to independent cost consultancy services to provide budget confidence and best value from highways and transport projects.

8.2 It is proposed to award to a single supplier to ensure consistency of approach.

8.3 It is planned that the new contract arrangements will be in place following on from the end of the existing contract to ensure continuity of service.

8.4 The report and recommendations are to provide the relevant authorities to allow the contract to be procured.

9. Recommendation(s)

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- a) Procure a single supplier agreement to allow independent cost consultancy services to be made available to teams within Growth, Environment and Transport.
- b) Provide the Director of Transportation with the delegated authority to enter into the appropriate contractual arrangements for the provisions of the Independent Cost Consultancy Services, including future extensions.

10. Background Documents

Appendix A – Proposed Record of Decision
Appendix B – Equalities Impact Assessment

11. Contact details

Report Author:
Victoria Soames
Project Manager, Major Capital
Programme Team

Relevant Director:
Tim Read, Head of Transportation
Tim.Read@kent.gov.uk

Victoria.soames@kent.gov.uk