

**TRANSPORT PROCUREMENT - MAJOR SCHEMES FRAMEWORK AND
EASTERN HIGHWAYS ALLIANCE**

To: Cabinet

Date: 10 July 2012

From: Executive Director: Economy, Transport and Environment

Electoral division(s): All

Forward Plan ref: None **Key decision:** No

Purpose: To consider an extension of the Major Schemes Framework Contract and to commence the use of the Eastern Highways Alliance Framework Contract.

Recommendation: Cabinet is asked to:

- a) authorise extension the Major Schemes Framework Contract for transport and highway works for a final 2 years with both framework contractors.
- b) commence the use of the Eastern Highways Alliance Framework Contract for major transport and highways works.

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1. BACKGROUND

- 1.1 The Council has a number of ways in which it can procure major highway and transport works.

Major Schemes Framework (MSF)

- 1.2 The Best Value Review of Highway Maintenance and Network Management in 2003 recommended that the County Council's then existing procurement methods of tendering on a one off basis for major transport schemes should be replaced by a more streamlined approach by the use of a framework contract involving a long term partnering arrangement with up to two contractors.
- 1.3 Cabinet took a decision on 6th January 2004 which was to approve the development and implementation of 3 framework contracts including for major transport infrastructure schemes.
- 1.4 The Major Schemes Framework Contract (MSF) using tendered Schedules of Rates was awarded in 2004 to two contractors; Jackson Civil Engineering and Balfour Beatty. The initial duration of the contract was for 5 years with the option to extend the contract with either or both the contractors on up to two occasions for a further period or periods totalling up to 5 years. The Cabinet decision of 7 July 2009 approved the extension of the contract for a further 3 years up to October 2012.
- 1.5 In the first 8 years of the contract, Jackson Civil Engineering have successfully delivered 21 schemes including the Papworth Bypass, Milton Park and Ride Site, March Industrial Link Road, Cambridge City Core Scheme Stage 4, Walden Road Huntingdon Bus Priority and Addenbrooke's Access Road. Balfour Beatty have completed 7 schemes including Trumpington Park and Ride Extension, Riverside Bridge, Cambridge Gateway and Rail Station Interchange, and Willow Bridge St. Neots

Eastern Highways Alliance (EHA)

- 1.6 In the Spring of 2009, the Department for Transport (DfT) offered the Regional Improvement and Efficiency Partnerships (RIEPs) up to £200,000 for highways related projects.
- 1.7 Improvement East submitted a business case for an East of England Highways Alliance (EHA). They suggested savings of approximately £6 million over 4 years could be made regionally through efficiency and sharing of best practice. The bid was approved by DfT in Summer 2009.
- 1.8 The objectives of the project were to:
- Investigate the opportunities to develop a more efficient delivery mechanism for highway services in the East of England
 - Establish the governance to form a sustainable East of England Highways Alliance to deliver efficiencies in Highways Services
 - Gain efficiency by establishing a best practice framework that is available for all 11 highway authorities in the region
 - Undertake a best practice procurement of a medium sized highways improvements and maintenance schemes framework to deliver an agreed range of services

- Drive efficiencies through knowledge transfer in existing term maintenance contracts, and learning from other arrangements nationally.

- 1.9 The EHA involves 9 local authorities in the Eastern Region. A framework contract using tendered Schedules of Rates has been procured for new highway and improvement schemes in the range of £0.05m to £10m.
- 1.10 Hertfordshire County Council has led the tender process for the EHA. Tenders were submitted by seven contractors in February 2012 and four contractors, Osborne Construction, Jackson Civil Engineering, Eurovia and Tarmac were appointed in June. Nine Local Authorities have signed up to use the framework contract, however, there is no guarantee of work from any authority for any contractor.

Cambridgeshire Highways Contract

- 1.11 The Cambridgeshire Highways Contract (CH) is principally used for maintenance, bridges and small improvement schemes, but can be used for larger schemes as well. This contract runs until 2016.

2. MAIN ISSUES

- 2.1 The new EHA contract was intended to replace the MSF for schemes up to £10m. This assumption was based on the expected scale of the capital programme at the time the contract was being negotiated. Although the MSF is due to end in October 2012, there are now a number of factors that suggest it needs to be extended for a transition period.
- 2.2 The first relates to the additional £90m of infrastructure investment recently agreed by Cabinet. This will increase significantly, the size of our annual capital programme and it is considered that there is a risk in putting all of this through the EHA, at least in the initial stages, until the arrangements within it have proven to be effective.
- 2.3 The Cambridgeshire Highways contract is not an option for managing this additional workload as the amount of additional work that can be awarded over that originally contracted is limited.
- 2.4 Finally, there are currently 3 schemes being progressed through the MSF, which will continue beyond October 2012, the termination of the contract under current approvals.
- 2.5 To address these issues, it is, therefore recommended that the MSF contract be extended for a further 2 years (the maximum possible) to cover these residual 3 schemes and also to provide a further procurement route as the EHA beds down. This extension does not mean the contract needs to be used, the preference is to move swiftly towards the EHA. It does, however, offer an additional, short term procurement route should it be needed.

3. ALIGNMENT WITH CORPORATE PRIORITIES AND WAYS OF WORKING

3.1 Developing the local economy for the benefit of all

A proportion of the work will be carried out by local and regional sub-contractors, which will benefit the local economy.

3.2 Helping people live independent and healthy lives

There are no significant implications for this priority.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority

3.4 Ways of working

Working with other local authorities in the region and sharing our experience and knowledge will promote efficiencies in all the authorities.

4. SIGNIFICANT IMPLICATIONS

The following bullet points set out details of significant implications identified by officers:

4.1 Resources and Performance

- Using the contractor's experience at the scheme preparation and design stages as well as construction and the increased co-operation between contractor, designer and Client through the framework means that more innovative solutions are possible.
- It has long been recognised in the industry that improved design and costing can be achieved by early contractor involvement (ECI). Again, this can be achieved through the frameworks.
- It is envisaged that up to £5m per year will be put through the MSF in the final 2 years of the contract.

4.2 Statutory, Risk and Legal

- If the MSF is not extended and should traditional tendering procedures be required, procurement will be costly and use a resource that could be better utilised elsewhere.

4.3 Equality and Diversity

- There are no significant implications arising from this report.

4.4 Engagement and Consultation

- There are no significant implications arising from this report.

5. RECOMMENDATION

5.1 Cabinet is asked to:

- a) authorise extension the Major Schemes Framework Contract for transport and highway works for a final 2 years with both framework contractors.
- b) commence the use of the Eastern Highways Alliance Framework Contract for major transport and highways works.

Source Documents	Location
Cabinet Report 6th January 2004 Transport Infrastructure – Future Procurement Strategy.	http://cccs086.cambridgeshire.gov.uk/db/reprack.nsf/af8076762df199c580256b14003ef043/c2937922aec77b5280256e05004f8b1f?OpenDocument