

**EASTERN HIGHWAYS FRAMEWORK 2**

*To:* **Highways and Community Infrastructure Committee**

*Meeting Date:* **28<sup>th</sup> April 2015**

*From:* **Executive Director - Economy, Transport and Environment**

*Electoral division(s):* **All**

*Forward Plan ref:* **2015/028**      *Key decision:* **Yes**

*Purpose:* **To consider the procurement of a new Framework Agreement to support delivery of the capital programme**

*Recommendation:* **Committee is recommended to approve the formal start of procurement for the Eastern Highways Framework 2**

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## **1. BACKGROUND**

- 1.1 This report considers the procurement of a construction framework agreement to replace the Eastern Highways Framework, which will be a key procurement route to deliver highways schemes in the capital programme, alongside the Highways Services Contract (Item 4 of this agenda).

## **2. MAIN ISSUES**

- 1.1. Cambridgeshire County Council is a founding member of the Eastern Highways Alliance (EHA), a formal collaboration between ten Local Authorities in the East of England. Key objectives of the Alliance are to reduce costs in the delivery of highway maintenance and improvement schemes and the sharing of information and best practice across the region to encourage efficiencies in service delivery.
- 1.2. The existing Framework was procured by Hertfordshire County Council in 2012 on behalf of the EHA and has used 4 contractors to deliver highways schemes of up to a value of £10m throughout the region. Cambridgeshire has been a major user to procure resurfacing and maintenance works, with expenditure through the framework expected to be around £16m out of a total Framework value of £75m.
- 1.3. The current Framework expires in 2016 and the EHA members wish to put in place a replacement to continue providing an efficient and effective route to market for the delivery of highways schemes. By collaborating and producing a programme including new build, upgrading and maintenance schemes across the region, this should secure the best available rates from bidders to the benefit of all. The current framework has proved to be a quick and cost effective way to deliver projects, builds in an element of ongoing market testing through mini-competitions, but reducing the time and cost associated with procurement for each scheme.
- 1.4. The new 4 year Framework is expected to start in early 2016, and potentially provides a cost and time effective way of delivering the challenging capital programme over this period, including City Deal schemes, other capital works and the more traditional use for maintenance packages, where schemes are grouped together for maximum efficiency.
- 1.5. Cambridgeshire is likely to be the major user of the Framework and will undertake the lead procurement role on behalf of the Alliance.
- 1.6. The overall programme is likely to be in the region of £500m-£750m. This covers the combined anticipated workload across the 10 Alliance members, of which Cambridgeshire's expenditure could be approaching £200m. Different authorities will have different requirements from the Framework, with some planning to use it for exclusively major schemes, while others are planning to use it for smaller, maintenance based work. Cambridgeshire is planning to deliver both of these types of work through the Framework.
- 1.7. Although this is a large overall value for the regional programme, there is no guarantee of any work to contractors under the framework and Cambridgeshire will take no risk on individual construction projects commissioned by other Authorities. The contract drafting is clear that each

individual authority is entering into a contract with a supplier for each project delivered through the Framework. Furthermore, the Framework has a supporting legal Agreement that must be executed by Alliance members who want to use the contract. This sets out the risks and responsibilities associated with using the contract.

- 1.8. To reflect the broad range of work that is anticipated to go through the Framework, and to obtain a mixture of providers that have the capacity and capability to deliver a range of schemes, the procurement will have two Lots, a smaller Lot for schemes in the £0-1.5m range, and a Lot for the larger schemes with values between £1m and £20m. A recent *industry day* to raise the profile of the procurement and to seek feedback from potential bidders was very well attended, with positive feedback from delegates.
- 1.9. The framework will allow both direct award of work to suppliers following an evaluation process, which provides programme and cost benefits, and also further competition by mini-tendering.
- 1.10. The programme for the procurement is targeting early 2016 for the start of the new Framework. To achieve this, the formal start of the procurement process with the issue of the OJEU Contract Notice and initial tender documentation is programmed for July. A further Committee decision will be sought following the evaluation of tenders to approve the recommendation of award. This will be towards the end of the year.

## **2. ALIGNMENT WITH CORPORATE PRIORITIES**

### **2.1 Developing the local economy for the benefit of all**

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

- Maintaining and improving road infrastructure has been identified as a key priority for the continued development of the local economy
- Procurement of a Framework will provide a way to deliver highways schemes that support existing investment programmes

### **2.2 Helping people live healthy and independent lives**

There are no significant implications for this priority.

### **2.3 Supporting and protecting vulnerable people**

There are no significant implications for this priority.

## **3. SIGNIFICANT IMPLICATIONS**

### **3.1 Resource Implications**

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

- This is a significant procurement and will require LGSS resource, principally from Procurement and Legal.
- Other EHA members are working collaboratively and lending their expertise to the production of the procurement documents.
- The EHA is funding any additional costs so there are no revenue implications.

### **3.2 Statutory, Risk and Legal Implications**

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

- The residual risks associated with this procurement for Cambridgeshire are similar to other contract procurement exercises. These risks will be mitigated through the drafting of the contract, which will be similar to the existing Framework. The LGSS project team have experience of this type of procurement.
- The procurement of the Framework contract will be subject to the execution of a legal agreement with the other authorities to set out risks associated with use of the Framework.
- In accordance with the principles established by the use of the existing EHA Framework, this agreement will detail that the risk of cost or programme for each work package will rest with the individual contract let by each commissioning authority, and not the Framework.

### 3.3 **Equality and Diversity Implications**

There are no significant implications within this category.

### 3.4 **Engagement and Consultation Implications**

There are no significant implications within this category.

### 3.5 **Localism and Local Member Involvement**

There are no significant implications within this category.

### 3.6 **Public Health Implications**

There are no significant implications within this category.

Source Documents	Location
None	