

Forward Plan reference number: N/A

Report title: Sourcing Strategy for Major Schemes – Eastern Highways Alliance	
Report to: Councillor Kevin Bentley, Deputy Leader and Cabinet Member for Infrastructure	
Report author: Paul Crick, Director for Performance, Investment and Delivery	
Date: 9 th September 2020	For: Decision
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County Divisions affected: All Essex	

1. Purpose of Report

- 1.1 Following the decision taken by Cabinet on the 23 July 2019 (FP/400/03/19) for the re-procurement of the Eastern Highways Framework 3 (“EHF3”), this report seeks approval by the Deputy Leader and Cabinet Member for Infrastructure to approve the successful bidders to the EHF3, as delegated by Cabinet.

2. Recommendations

- 2.1 To approve award of the framework agreement to the successful bidders as are set out in 3.6 (“Successful Bidders”) following the outcome of evaluation.
- 2.2 To agree to enter into Framework Agreements with each of the Successful Bidders

3. Summary of issue

About EHA

- 3.1 ECC is a founding member of the EHA which was established in 2012 and is a formal collaboration between ten local authorities across the East of England. Current EHA members are listed in Appendix 2. The purpose of the EHA is to share expertise, achieve best value through leveraging combined spending power with resulting economies of scale and to further support and embed partnership working across the member authorities.

About the Current Framework

- 3.2 The existing framework was procured by Cambridgeshire County Council (CCC) in 2016 on behalf of the EHA members., The framework expired on 31 March 2020,
- 3.3 On 23rd July 2019, ECC Cabinet took a decision to go out to the market to reprocure an EHA Framework. A notice was published in the Official Journal of

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the European Union (OJEU) and a full OJEU compliant procurement process has now been undertaken.

- 3.4 27 individual organisations submitted a completed prequalification response, with some bidding for multiple lots, subsequently 16 organisations were invited to submit tenders.
- 3.5 Tenders were evaluated taking into account the pricing of the associated fees and rates along with the responses to various aspects of service quality, including social value with an overall ratio of 60:40 price to quality as follows:

<u>Quality weightings</u>	
Weighted to 40% of the total tender core based on the questions below	
Project Delivery (3 questions)	14%
Risk and Cost Management control (2 questions)	8%
Contract Compliance (3 questions)	10%
Communication	2%
Environment	2%
Eastern Highways Alliance	2%
Social Value	2%

<u>Commercial weightings:</u>			
60% of the total tender score will be based on the pricing schedules with sub weightings applied as follows			
	Lot 1	Lot 2	Lot 3
Fee	25%	30%	35%
CECA fee adjustment	2.5%	2.5%	2.5%
Schedule of staff rates	12.5%	12.5%	22.5%
Model schemes	20%	15%	N/A

- 3.6 The successful contractors are set out below under each of the three framework lots in rank order:

Lot 1: £0 - £2,000,000.00

1. Marlborough Highways
2. Eurovia UK Ltd
3. Jackson Civils Engineering Group Ltd
4. Dyer and Butler Ltd

Lot 2: £1,500,00.00 - £7,000,000.00

1. Galliford Try Infrastructure Ltd
2. Interserve Construction Ltd
3. Eurovia UK Ltd
4. Geoffrey Osborne Ltd

Lot 3: £5,000,000.00 - £30,000,000.00 +

1. John Sisk & Son (Holdings) Ltd
2. BAM Nuttall
3. Interserve Construction Ltd

- 3.7 It is proposed that all bidders will be notified of the result and, following a standstill period of 10 days, framework contracts will be issued for signature by each of the contractors. It is proposed that the new framework will come into operation on the 1st October 2020, after which each of ECCs requirements and projects can be competitively tendered via a mini-competition between suppliers on the relevant Lot. However, an option to direct award was also included for the two lower value Lots.
- 3.8 The evaluation criteria used for the award of individual call-off contracts will be determined on a project specific basis to retain flexibility and ensure the framework remains attractive to the EHA members. The price and quality ratio may vary depending on the type of contract being let, and the requirements of the individual EHA Member. The proposed price and quality ratio for individual projects will be included in the governance paper for that particular project or requirement at the time of call-off.
- 3.9 Given the length of the framework over 4 years the Local Government Reform (LGR) it will continue after completion of LGR. There is exclusivity of work by Successful Bidders and no obligation on any contracting authority to use the Framework. Use of it post LGR will be determined by a Successor Authority.

4. Issues for consideration

4.1 Financial implications

- 4.1.1 The successful contractors will join the framework in the lots they have been awarded to. Subsequently, Alliance members will be able to make use of the framework from the date of 1st October 2020.
- 4.1.2 Any costs incurred by ECC associated with the administration of the alliance is expected to be covered by the annual fee (£5,000/£10,000) and the additional fee payable on award of Call Off Contract (1% of scheme value at tender, capped at £20,000). There is not expected to be any risk of additional cost to ECC as a result of managing this alliance, as historically the fees have exceeded costs, as

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demonstrated by the excess funds transferred from CCC. A reconciliation will be performed at the end of the year on the account to ensure all costs incurred by ECC are being covered by the fees and the adequacy of the fee levels will be reassessed and amended as necessary subject to agreement of all members.

- 4.1.3 Over the 4-year life of Eastern Highways Alliance 3, the estimated requirements of the current Alliance are between £310m and £400m. Several ECC highways major schemes projects that sit within ECC Capital Programme will be progressed through this framework (less any element of Advance Scheme Design) and it is estimated that ECC will spend approximately £50m over the 4 years.

5.2 Legal implications

- 5.2.1 ECC is a contracting authority for the purposes of the Public Contracts Regulation 2015.
- 5.2.2 We have endeavoured to undertake a PCR compliant procurement process to appoint the bidders to each of the lots. ECC will need to issue letters to the Successful Bidders and then adhere to a standstill period of 10 days before awarding contracts.

6. Equality and Diversity implications

- 6.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 6.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 6.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

7. List of appendices

List of Background papers
Cabinet report FP/400/03/19

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I approve the above recommendations set out above for the reasons set out in the report. Councillor Kevin Bentley Deputy Leader and Cabinet Member for Infrastructure	Date 16.09.2020
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In consultation with:

Role	Date
Executive Director for Place and Public Health Mark Carroll	15.09.2020
Executive Director for Corporate and Customer Services (\$151 Officer) Stephanie Mitchener on behalf of Nicole Wood	14.09.2020
Director, Legal and Assurance (Monitoring Officer) Laura Edwards on behalf of Paul Turner	09.07.2020