

Annex 3

Procurement Strategy

A38(M) Aston Expressway Tame Valley Viaduct

This Annex sets out the procurement strategy for the following activities;

- **SECTION 1** A38(M) Aston Expressway Tame Valley Viaduct Strengthening Contract
- **SECTION 2** A38(M) Aston Expressway Tame Valley Viaduct Structural Testing
- **SECTION 3** A38(M) Aston Expressway Tame Valley Viaduct – Professional Services

The estimated cost of each activity is provided in the exempt Annex 5.

SECTION 1

A38(M) Aston Expressway Tame Valley Viaduct Strengthening Works

1 Service Requirements

- 1.1. To carry out major structural strengthening work of the A38(M) Aston Expressway to ensure the safety of the structure and extend the life of the asset.
- 1.2. A detailed cost estimate has been provided in Annex 5.

2. Procurement Options

- 2.1 The following procurement options were considered:
 - **Tender this contract on an individual basis;** there are benefits as prices will reflect current market conditions and the latest corporate requirements can be included for each tender exercise. For these reasons, this is the proposed route.
 - **Use of a Collaborative Framework Agreement;** a framework agreement for infrastructure works awarded by Highways England is in place. Access to this framework agreement however, is not available to local authorities. A review of other available national and regional procurement frameworks concluded that they were not designed for schemes of this nature and scale and generally did not offer competitive tension as part of the procurement. This option was therefore discounted.
 - **Use the Council's Highways Infrastructure Works Framework Agreement;** as the scope of the works was considered to be too specialist for the framework suppliers, this option was discounted.

3. Tender Approach

- 3.1 The key objective of the scheme from the delivery perspective include; cost certainty, securing DfT funding through meeting their award conditions, achieving value for money, scope and programme certainty. To enable the delivery of the objectives, the following three procurement options have been reviewed;
 - **Option 1 - Traditional Procurement**

The traditional procurement approach, also referred to design, tender and construct is the most commonly adopted procurement route within the construction industry. It would involve a contract where the City Council procures the design through its consultants prior to inviting suitable tenders for the works. This option offers the best value for money to the project as it uses the current completed design which incorporates lessons learnt from the trial span strengthening works. This approach is therefore recommended for the procurement of the TVV strengthening scheme.
 - **Option 2 - Design and Build**

The Design and Build form of procurement is a route in which the main contractor is appointed to design and construct the works, as opposed to a traditional route, where the client appoints consultants to design the development and then a contractor is appointed to construct the works. It could however be seen as only appropriate to less complex schemes where the design quality or complexity is not the main consideration. This option was discounted as a detailed structural design has already been developed.

- **Option 3 - Early Contractor Involvement (ECI)**

This form of procurement involves appointing the contractor early in the design stage. This gives the contractor the opportunity to contribute to buildability, cost estimating and construction planning expertise early enough in the design process to effect better value, better risk control, more accurate pricing and greater programme certainty. Typically, ECI would be enabled by a two-stage tender process and a two phased contract with key milestone / hold points between each of the phases of the contract. Programme will be a key consideration with an ECI approach as the contractor will need sufficient time to develop the design.

This option was discounted as ECI would be unable to meet the current time constraints or provide the required level of cost certainty. In addition, given that there has already been early contractor involvement in the form of works carried out for the trial span, this option would not offer value for money.

4. Procurement Approach

4.1 Duration and Advertising Route

4.1.1 The contract will be for a period of 4 years 9 months reflecting the proposed delivery programme for the project and advertised on OJEU, www.finditinbirmingham.com and Contracts Finder.

4.2 Procurement Route

4.2.1 The requirement will be tendered using the 'restricted' route on the basis that:

- The selection stage will discount any bidder that is not suitably experienced in delivering this specialist project;
- The works can be clearly defined along with any applicable constraints;
- Latest corporate requirement can be included in the tender exercise;
- Tenderers' prices will reflect the current market conditions.

4.3 Scope and Specification

4.3.1 The scope and specification for the strengthening of the Tame Valley Viaduct is as follows:

- To provide operational safety, longevity and functionality of the viaduct through enhancing its carrying capacity and service life by implementing a strengthening and refurbishment programme;

- To remove safety risks including the need for the imposition of any future weight and/or width restrictions;
- To remove the potential risk of failure of the viaduct.

4.4 Cost Estimate

4.4.1 The estimated cost for the works is shown in Annex 5.

4.9 Market Engagement

4.9.1 A market engagement event will be held to present to interested companies to explain the Council's vision for the project

5. Tender Structure (Including Evaluation and Selection Criteria)

5.1 The quality / social value / price balances below were established having due regard for the corporate document 'Evaluating Tenders' which considers the complexity of the services to be provided. Tenders will be evaluated against the specification in accordance with a pre-determined evaluation model.

5.2 The evaluation of tenders by two stages will be assessed as detailed below:

Selection Stage

The criteria below, based on the PAS91:2013 Construction Prequalification Standard, will be assessed on a pass / fail and scored basis:

Criteria	Evaluation
Selection Stage	
Company Information	Pass / Fail
Financial Information (including Insurance)	Pass / Fail
Health and Safety	Pass / Fail
Compliance with Equalities	Pass / Fail
Quality Management	Pass / Fail
Grounds for Mandatory Exclusion	Pass / Fail
Grounds for Discretionary Exclusion	Pass / Fail
Birmingham Business Charter for Social Responsibility (BBC4SR)	Pass / Fail
Supplier Portal	Pass / Fail
Modern Slavery Act 2015	Pass / Fail
Technical and Professional Ability	Pass / Fail
Quality Assurance	Pass / Fail
Practical experience delivering a project of similar size and scope	Scored
Declaration	Pass / Fail

Those organisations that pass all sections and score over the threshold of 60% for the scored element will proceed to the Invitation to Tender stage.

Invitation to Tender Stage

Assessment A – Quality (60% Weighting)

Criteria	Overall Weighting	Sub-Weighting
Technical Competency and Delivery Methodology	100%	40%
Organisation Structure and Resources		20%
Project Management		30%
Stakeholder Management		10%

An interview with tenderers may take place if required to clarify their understanding of the requirements and the scoring adjusted accordingly, as appropriate.

Tenderers who score more than the quality threshold of 60% i.e. a score of 300 out of a maximum quality score of 500 marks will proceed to Assessment B – Social Value.

Assessment B – Social Value (Weighting 10%)

	Sub-Weighting	Sub-Criteria	Theme Sub-Weighting
Qualitative	3%	Local Employment	10%
		Buy Local	15%
		Partners in Communities	30%
		Good Employer	15%
		Green and Sustainable	15%
		Ethical Procurement	15%
			Total 100%
Quantitative	7%	BBC4SR Action Plan	Total of financial proxies (£) score
			Total 100%
Overall Social Value	10%		

Tenderers who score more than the social value threshold of 40% i.e. a score of 4 out of a maximum social value score of 10 marks will proceed to Assessment C – Pricing.

Assessment C – Pricing (Weighting 30%)

Tenderers will be required to price an activity schedule for carrying out the strengthening works on Tame Valley Viaduct using NEC 3 Option C – Target Contract with Activity Schedule. The contractor will be paid the actual cost for the work undertaken and incentivised via a pain/gain share mechanism based on actual cost versus target price. This will enable the contractor to share in the benefits of cost savings but also to bear some of the cost when there are cost overruns.

5.3 Overall Evaluation

- 5.3.1 The evaluation process will result in comparative quality, and price scores for each tenderer. The maximum score will be awarded to the tender that demonstrates the highest for quality. Similarly the maximum price score will be awarded to the lowest acceptable price. Other tenderers will be scored in proportion to the maximum scores in order to ensure value for money with the recommendation for the contract to be awarded to the first ranked tenderer.

5.4 Evaluation Team

- 5.4.1 The evaluation of the tenders will be undertaken by representatives from Inclusive Growth, and specialist consultants with the knowledge of the works, supported by Corporate Procurement Services.

6. Indicative Implementation Plan

- 6.1 The indicative implementation plan is:

Cabinet Approval (Strategy)	30 th July 2019
Market Engagement Event	September 2019
Issue of OJEU Notice	October 2019
Selection Questionnaire (SQ) Return	November 2019
SQ Evaluated	November / December 2019
Invitation to Tender (ITT) Issued	January 2020
Tender Return	April 2020
Tender Evaluation Period	May – June 2020
Submission of the Major Scheme Business Case to DfT	July 2020
DfT final approval and confirmation of funding	September 2020
Delegated Procurement Report (Award)	November 2020
Contract Award	December 2020
Contract Start	February 2021
Practical Completion	November 2025

- 6.2 The timetable is based on the current funding time profile.

7. Service Delivery Management

7.1 Contract Management:

7.1.1 The Highways Services Manager, Inclusive Growth will manage the contract.

7.2 Performance Measurement

7.2.1 The following Key Performance Indicators will be included to ensure the delivery of the works is in accordance with the requirements of the contract with appropriate default measures. These include the delivery of the project to the agreed;

- Milestones
- Cost
- Scope
- Quality

SECTION 2

A38(M) Aston Expressway Tame Valley Viaduct Testing Service

1 Service Requirements

- 1.1 A detailed programme of weld testing is to be implemented to quantify the extent of defective welds. This will assist in mitigating risks and achieving cost certainty at the tender stage.
- 1.2 The estimated cost is shown in Annex 5.

2 Procurement Route

- 2.1 The Council's approved procurement route for work of this nature is to use the Council's Highways Infrastructure Works Framework Agreement. A further competition exercise in accordance with the Agreement's protocol will be carried out.

SECTION 3

A38(M) Aston Expressway Tame Valley Viaduct – Professional Services

1 Professional Services Requirements

1.1 The following professional services are required to enable delivery of the main viaduct strengthening scheme;

- Structural monitoring
- Design, Technical, and Commercial Advice, Independent Checking and fulfilling the role of the Principal Designer under the Construction (Design and Management) Regulations 2015
- Contract Documentation and Risk Review
- Contract Management and Site Supervision

1.2 The estimated cost of the above services is shown in Annex 5.

2 Provision of Structural Monitoring

2.1 Service Requirements

2.1.1 To ensure structural safety, the ongoing continuous monitoring regime is to extend to the end of the construction works in 2025.

2.1.2 The current monitoring regime, which has been in service over the past six years, is safety critical and is delivered by Council-owned specialist monitoring equipment installed by Mistras Group Limited. The equipment tracks structural behaviour of the viaduct including its movements and deformations.

2.2 Procurement Options

2.2.1 The following options were considered:

- **Tender this contract on an individual basis;** although a tender process could be carried out, this is not an option for the reasons stated in the single contractor negotiations option below.
- **Use a Collaborative Framework Agreement;** there is not a framework agreement in place for the services required and this option was discounted.
- **To enter into single contractor negotiations with Mistras Group Ltd to award a contract.** This is the proposed option on the basis that engaging with a new supplier has been deemed to be uneconomical given the need for uninterrupted service,

Mistras Group Ltd's detailed knowledge of the equipment and associated maintenance and their expertise of the structure acquired over the past six years. A new supplier would need to take time to familiarise themselves with the structure and the currently installed equipment which is likely to involve significant site surveys and equipment testing with the associated delay due to mobilisation.

- 2.3 It is proposed that single contractor negotiations are entered into with Mistras Group Ltd for the provision of the structural monitoring for a period of up to 5 years commencing on 1st January 2021. The current contract for undertaking structural monitoring was awarded to Mistras Group Limited under Chief Officer delegated authority in May 2018 up to a period of 3 years. This will be replaced by the proposed contract on 1st January 2021 with no penalty for early expiry.

3. Provision of Design, Technical, and Commercial Advice, Independent Checking and fulfilling the Role of the Principal Designer under the Construction (Design and Management) Regulations 2015

3.1 Service Requirements

- 3.1.1 There is a requirement for the provision of design, technical and commercial advice, independent checking and the fulfilment of the Principal Designer role under the Construction (Design and Management) Regulations 2015 to support the project.

3.2 Procurement Options

- **Tender this contract on an individual basis;** although a tender process could be carried out, this is not an option as the design liabilities need to remain with the original designer, hence the recommendation below to enter into single contractor negotiations with Atkins Ltd.
- **Use a Collaborative Framework Agreement;** the use of the Council's West Midlands Transportation Professional Services Framework Agreement, that is currently in place, for procurement of the required professional services was discounted as the design liabilities need to remain with the original designer.
- **To enter into single contractor negotiations with Atkins Ltd to award a contract;** this option is proposed on the basis that the design liabilities need to remain with the original designer. In addition, commissioning a new supplier has been deemed to be uneconomical given the need for an uninterrupted service as Atkins Ltd. has been providing technical and commercial advice for the services required for the project over the past 7 years. A new supplier would need to take time to familiarise themselves with the project which would result in significant delays.

- 3.3 It is proposed that single contractor negotiations are entered into with Atkins Ltd for the provision of design, technical and commercial advice, independent checking and the fulfilment of the Principal Designer role under the Construction (Design and Management)

Regulations 2015 to support the project for a period of up to six years commencing on 5th August 2019. The latest contract awarded to Atkins Limited for the provision of professional services was approved by the Director of Commissioning and Procurement on 2nd July 2018 and is due to expire on 1st July 2019. No services will be delivered until the award of the replacement contract. The period without a contract in place will not impact upon delivery of the project.

4 Provision of Review of Contract Documentation and Project Risks

4.1 Service Requirements

- 4.1.1 There is a requirement for the independent review of the contract documentation to ensure buildability standards are met and the proposed project delivery methodology is robust for a successful outcome.

4.2 Procurement Route

- 4.2.1 The Council's approved procurement route for services of this nature is to use the Council's West Midlands Transportation Professional Services Framework Agreement. A further competition exercise in accordance with the Agreement's protocol will be carried out. The Contract Award will be approved under Chief Officer Delegation as the value is below the OJEU threshold.

5. Contract Management and Site Supervision

5.1 Service Requirements

- 5.1.1 There is a requirement for a contract management and site supervision service when the contract is awarded to assist and support the Council with the successful delivery of the scheme. There is not the experience, skills or availability in-house to undertake these services.

5.2 Procurement Route

- 5.2.1 The Council's approved procurement route for services of this nature is to use the Council's West Midlands Transportation Professional Services Framework Agreement. A further competition exercise in accordance with the Agreement's protocol will be carried out.