

## **Appendix 1 – Contract Award & Mobilisation Timetable**

<b>Stage</b>	<b>Date</b>
Supplier engagement meetings - commence	16/03/2021
Procurement Initiation Notice issued	01/05/2021
Completion of tender documents - Highways	31/07/2021
Publish Contract Notice & all tender documents	12/08/2021
Return of Qualification & Tech responses deadline	17/09/2021
Evaluation - Completion	20/10/2021
Finalise shortlist of 6 contractors	21/10/2021
Publish ITT on the portal	25/10/2021
ITT - deadline (return of Technical + Commercial)	19/11/2021
Technical - Evaluation (Start)	23/11/2021
Completion of Technical Evaluation	14/12/2021
Start Evaluation - Commercial Envelope	15/12/2021
Completion - Commercial Evaluation	29/12/2021
Draft PT8 - Tender Award Report (Procurement)	04/01/2022
Committee Approvals - Award & Commence	12/01/2022
TUPE - Outstanding Issues	24/02/2022
Issue Contract Award Notice + 10 day Alcatell period	01/03/2022
Challenges - if none, issue letters to other bidders	14/03/2022
Legal - Contract Execution	14/03/2022
Mobilisation Period - TBC with contractor	04/04/2022
Commencement of contract	01/06/2022

## **Appendix 2 - Procurement Category Board (PT4) Report**

### PT4 - Committee Procurement Report

*This document is to be used to identify the Procurement Strategy and Purchasing Routes associated with a project and only considers the option recommended on the associated Gateway report.*

### **Introduction**

City Procurement Project Reference:	20/394PS		
Project / Contract Title:	Highway Construction and Maintenance Contract		
Project Lead & Contract Manager:	Giles Radford	Lead Department:	DBE
Category Manager:	Hirdial Rai	Other Contact:	Ian Hughes
Total Contract Value (excluding VAT and inc. extension options):	£50m 5-year contract + 5-year extension option £50m, total £100m over 10-year period.	Contract Duration (inc. extension options):	5 years + 5-year extension option
Budget approved Capital/Revenue:	Not Applicable Not Applicable	Capital Project reference (if applicable):	
<p><b>Gateway Approval Process</b></p> <p>Is this project subject to the Gateway process? Yes/<del>No</del></p> <p>If so, what was the last Gateway report, and date of approval, and what is the next Gateway report and scheduled date for recommendation for approval?</p> <ul style="list-style-type: none"> <li>• Procurement Sub Committee – For Decision</li> <li>• Finance Committee – For Decision</li> <li>• Project Sub Committee – For Information</li> <li>• Streets and Walkways Sub Committee – For Information</li> </ul>			
<p><b>Opportunity for Inter-City Collaboration (is there another site/department that could benefit from this project)?</b></p> <p>The is scope to undertake highway type of works for other departments should they chose to use this procurement route. This would be on a case by case basis.</p>			

## Procurement Strategy Recommendation

### City Procurement team recommended option

Option 1 – Highway Construction and Maintenance Contract based on Schedule of Rates with a bespoke Highway Maintenance Contract. The following helps to explain why this approach is recommended:

#### Economies of Scale

Matters of highway maintenance and scheme delivery clearly overlap in terms of plant, materials & labour, and the combined volume of maintenance & project work through the term contract delivers economies of scale in terms of material rates and management skills.

Taking this approach in 2012 and combining three previously separate term contracts (highway maintenance, highway resurfacing and highway drainage) and delivered efficiency savings of around 18% on revenue works and 22% on typical capital street scene works. As a result, it is thought uneconomic to unpick this approach and separate these contracts back out.

#### Quality of work

In addition to economies of scale, there is a risk to the City of using different contractors for different types of work. This is because of the City's difficult working environment, its use of high-quality materials that need particular expertise, and its desire for high quality finishes that better suit a regular, skilled and knowledgeable workforce.

Most of the construction gangs have worked in the City for many years, using TUPE to transfer across companies to remain here. As a result, they are used to working in the City's narrow streets with our difficult combination of traffic, cyclists, pedestrians, businesses, residents and visitors. They also have a proven track record of delivering high quality work with our specialist pallet of materials that has stood the test of time.

By comparison, other contractors can lack the experience of working in our challenging environment and gangs & supervisors can be unprepared for the City's local conditions.

#### Early contractor involvement

The City is sufficiently skilled in the process of delivering complex highway schemes that we develop the final design for the eventual scheme in parallel to how the scheme will be built. This allows the range of construction costs to be narrowed during the design process, with contingencies reduced and potential savings identified.

Key to this is the need for early contractor involvement, meaning the decision over the choice of contractor must be made early in the project. Having a term contractor actively involved early in the design and construction planning process allows them to advise on maintainability and buildability issues in the certainty that they will both be undertaking the work as well as maintain it going forward. Without a term contract in place, this would not be possible, and these benefits would be unrealised.

#### The risk of claims

Under a separate tendering arrangement for each major project, there would also be a much greater risk of claims as tenderers will be more likely to lack an adequate appreciation of how difficult a place the City is to work because of its narrow streets, high traffic and pedestrian density, high quality requirements and major subsurface utility infrastructure.

As a result, they are much more likely to request compensation events than under the City's current term contract arrangement, where such claims are virtually nil as the contractor is able to redeploy staff to other City work in the event of delays caused by unforeseen issues.

## Route to Market Recommendation

### City Procurement team recommended option

OJEU(FTS) Restricted process – We have researched into the market and the only alternative is really a Framework. A framework does not give us the breadth to open this up to the wider market.

## Specification and Evaluation Overview

<p>Summary of the main requirements:          Much of the highways maintenance and construction activities are delivered through the CoL's core term maintenance contract. This contract has been in place since 2012 and is due to expire on the 30th June 2022.</p>	
<p>Technical and Pricing evaluation ratio          40% (Technical) / 60% (Price)</p>	
<p>Overview of the key Evaluation areas (if known at this stage):</p> <ul style="list-style-type: none"> <li>- While this has been a very successful contract, CoL recognises that there is an opportunity to build upon these successes and take steps to identify and maximise the opportunities available to both the CoL and the appointed supplier. Our ambition is therefore to maintain these high levels of performance, whilst encouraging and supporting innovation. We are very keen to work with a supplier who is innovative in terms of how our core/continuing requirements are realised, in addition to discussing new ideas and ways of maximising the relationship. Our ambition is for this to create an exciting and new way of delivering highways services, whilst continuing to perform at the expected high levels.</li> <li>- The duration of the contract is 5 years, subject to the right of the City (at its sole discretion) to exercise its right to extend the Contract by up to 5 further years. The maximum length of the contract is therefore 10 years. The CoL anticipates that the value of the initial term of the contract (5-year period) would be in the region of GBP 50 000 000 (~ £10 Million a year). However, this is an indicative figure only based on its current 'core' scope of requirements and on the assumption that the contract would be in place for that duration. There will be the potential for a 5-year extension, but this will be subject to performance and quality objectives being met. Any extension would require committee approvals from the City of London Committees.</li> </ul>	
<p>Does contract delivery involve a higher than usual level of Health &amp; Safety, Insurance, or Business risk to be allowed in the procurement strategy?</p> <ul style="list-style-type: none"> <li>• Principal Contractor is required to consider all health and safety risks that could arise during the construction phase of projects and the contract. SSIP approval is a minimum for our contractors but we drive a positive H&amp;S culture to ensure best practice can always be maintained.</li> </ul>	
<p>Are there any accompanying documents with this report? <i>e.g. PTO/outlined project plan identifying roles and responsibilities as appropriate</i>          If yes, please include information in the appendices section below.</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p>Will this project require the winning supplier(s) to process personal data on our behalf?</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>
<p>Is there a requirement for a Performance Bond on this Project and if so, on what grounds?          There is no requirement for a performance bond for this type of contract. The KPI system measures performance and should standards drop financially penalties will occur for bad performance.</p>	
<p>Will the procurement process require a financial assessment? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>          If yes, please indicate recommended assessment: Finance Check <input checked="" type="checkbox"/> Financial Appraisal <input type="checkbox"/>          Please indicate reasons for this recommendation (please include in this section information on project being rated low/not low):</p> <ul style="list-style-type: none"> <li>• At SQ stage all bidders progressing to ITT will undergo a financial check to see if they meet the minimum turnover requirement.</li> </ul>	
<p>If yes, please make sure you've defined roles and responsibilities within your project specification. For more information visit <a href="#">Designing Specifications under GDPR</a>. You may include your Privacy Impact Assessment or other relevant report as an appendix to this PT form when submitting to category board (for information).</p>	
<p>Evaluation Panel – Please enter Names and Departments below (if known)</p>	
<p>Giles Radford – Highways Manager (DBE)</p>	<p>Ian Hughes – Asst Director (DBE)</p>

**Procurement Strategy Options** *This could include inter-departmental usage, external collaborative opportunities, existing contracts integrated once expired or adding it to an existing contract. Options for Make (In-house delivery) versus Buy (Outsource) decision to be considered; also indicate any discarded or radical options.*

<p><b>Option 1: Highway Maintenance Contract – Based on Schedule of Rates</b></p> <p><b>Advantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• Have set schedule of rates for works, which include labour, plant and materials</li> <li>• Easy to estimate projects by build-up of these rates</li> <li>• Costs and time frames very clear</li> <li>• Plan future projects with a pipeline of work</li> <li>• Time to establish a working partnership over the period of the contract</li> <li>• OJEU compliant contract</li> <li>• Single contractor who has a reliable supply chain</li> <li>• All costs can be predicted and standardised and easier to budget</li> <li>• One main contractor carrying out all the works under MTC this negates the need to go out to tender saving a lot of officer time and cost in the process.</li> <li>• Each order for work can begin much faster as you don't need to go through a tender process</li> <li>• The use and investment in the latest innovations, techniques and methods of works</li> <li>• Flexibility to meet and respond to emergencies</li> <li>• Client can stop and start work at pace that might be determined by its funding</li> <li>• Over the contract we can invest in innovation, new processes and social value and see these come to fruition during the term of the contract.</li> <li>• Anyone winning such a large contract in this sector working for the City of London will be keen to impress and use this contract as their flagship.</li> </ul>
<p><b>Disadvantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• If no rate for new item(s) or similar work/item this would have to be a variation and the new rate negotiated and agreed</li> <li>• No option to go to another supplier if main contractor is unable to carry out the works.</li> <li>• Works outside of the contract's remit – may need to be tendered</li> <li>• Contract must be well resourced and managed with in house experienced staff to measure the work and certify payments</li> </ul>
<p><b>Please highlight any possible risks associated with this option:</b></p> <ul style="list-style-type: none"> <li>• A new contractor may not perform to the levels we expect but the KPI process and officer engagement should allow for this to be managed accordingly.</li> </ul>
<p><b>Option 2: Create a Framework</b></p> <p><b>Advantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• City's Own Framework</li> <li>• The Framework is new, and suppliers are eager to impress</li> </ul>
<p><b>Disadvantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• Set rates could be assigned to the framework</li> <li>• Larger Suppliers will subcontract the work as opposed to having employees working directly on the project</li> <li>• Mini – competition exercises will need to be carried out for each project and will be time consuming and require resources to manage this process</li> <li>• Not all suppliers may take part in a mini – competition exercise</li> <li>• Reactive maintenance works – would be severely delayed due to mini – competition process</li> </ul>
<p><b>Please highlight any possible risks associated with this option:</b></p> <ul style="list-style-type: none"> <li>• Costs will differ from the tendered amount to the actual amount.</li> </ul>

**Route to Market Options:** *Route to market is the way in which the City will invite suppliers to bid for the procurement.*

<p><b>Option 1: FTS</b></p> <p><b>Advantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• Allows for a wider market and greater number of suppliers to respond.</li> <li>• Creates an opportunity to contract with a new supplier.</li> <li>• Increased probability that adequate competition will be realised.</li> </ul>
<p><b>Disadvantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• May result in large volumes of bidders expressing interest. which will require resources to manage the process eg Queries and evaluations (may result in delays) during the process.</li> <li>• Higher level of resources required to deliver the procurement procedure - which will require resources to manage the process eg Queries and evaluations (may result in delays) during the process.</li> </ul>
<p>Please highlight any possible risks associated with this option: Large response from the market could result in resource implications and delays in the process.</p>
<p><b>Option 2: External Framework</b></p> <p><b>Advantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• Allows for a wider market and greater number of suppliers to respond.</li> <li>• Creates an opportunity to contract with a new supplier.</li> <li>• Increased probability that adequate competition will be realised.</li> </ul>
<p><b>Disadvantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• May result in large volumes of bidders expressing interest. which will require resources to manage the process eg Queries and evaluations (may result in delays) during the process.</li> <li>• Higher level of resources required to deliver the procurement procedure - which will require resources to manage the process eg Queries and evaluations (may result in delays) during the process.</li> <li>• Less control on the performance of the contract and less time to build a working relationship and the associated innovations due to lack of cohesion.</li> </ul>
<p>Please highlight any possible risks associated with this option: Large response from the market could result in resource implications and delays in the process.</p>

## **Price Mechanism**

<p><b>Option 1: Schedule of Rates</b></p> <p><b>Advantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• Fixed Rates (first year fixed after which an annual uplift is applied) which include Labour, plant and material</li> <li>• Can budget and plan future work with some certainty</li> <li>• Rates can be used to negotiate new rates for new items of work</li> </ul>
<p><b>Disadvantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• If no similar rate for new item(s) exists, then this will have to be negotiated as a variation and agreed</li> </ul>
<p>Please highlight benefits and possible risks associated with this option relative to the specifics of the project:          High benefits in terms of fixed costs thus allowing us to generate estimates and manage costs independently of the contractors. All prices and known and pipelines of maintenance and capital works for developers can be planned and implemented successfully.</p>

## Form of Contract

<b>Option 1: Bespoke Term Contract</b>
<b>Advantages to this Option:</b> <ul style="list-style-type: none"><li>• This has been written and amended over time and has worked in terms of its legal function and practically with the contractor in a partnership manner.</li><li>• The bespoke contract has specific/additional terms and condition clauses that other standard Engineering contracts do not contain</li><li>• The bespoke contract is more flexible than standard contracts and allows for a partnering ethos.</li></ul>
<b>Disadvantages to this Option:</b> <ul style="list-style-type: none"><li>• The bespoke terms and condition clauses need to be revisited to amend and bring the clauses up to date over time with current legislation</li><li>• Bringing the bespoke contract terms up to date takes resources and time</li><li>• Standard model engineering contracts, new versions (updated) are issued periodically over time</li><li>• The Standard Model Engineering contracts have been tested over time</li></ul>
Please highlight benefits and possible risks associated with this option relative to the specifics of the project: Further to the success of this contract, there is no risks at this moment in time.

## Outline of appendices

- Please list appendices here or mark 'Not applicable' if there is none.
- Items to consider appending:
  - o PT0 (Project Plan with Roles and Responsibilities)
  - o Data Protection Impact Assessment
  - o risk matrix here

## Report Signoffs

Senior Category Manager Chamberlain's Department		Date	Click here to enter a date.
Departmental Stakeholder Department	Ian Hughes	Date	23/03/2021