

**SURREY COUNTY COUNCIL****CABINET MEMBER FOR TRANSPORT, HIGHWAYS AND ENVIRONMENT****DATE: 9 OCTOBER 2013****LEAD OFFICER: TREVOR PUGH – STRATEGIC DIRECTOR ENVIRONMENT AND INFRASTRUCTURE****SUBJECT: NEWARK BRIDGES****SUMMARY OF ISSUE:**

To award a fixed price contract to the recommended tenderer for the provision of structural works to commence in November 2013. The report provides details of the procurement process, including the results of the evaluation process, and in conjunction with the Part 2 Annex, demonstrates why the recommended contract award delivers best value for money.

Due to the commercial sensitivity involved in the contract award process, the names and financial details of the potential suppliers have been circulated as a Part 2 report (item 8).

**RECOMMENDATIONS:**

It is recommended that:

1. The information relating to the procurement process, as set out in this report, be noted; and
2. Following consideration of the results of the procurement process the award of a contract is agreed on the basis set out in the Part 2 report (item 8).

**REASON FOR RECOMMENDATIONS:**

A full tender process, in compliance with the requirement of EU Procurement Legislation and Procurement Standing Orders has been completed, and the recommendations provide best value for money for the Council following a thorough evaluation process.

**DETAILS:**

1. To consider three bridges named Newark Mill Stream Bridge, Newark Mill Bridge and Newark New Bridge. These bridges carry the B367 Newark Lane over the River Wey Navigation to the north west of Ripley Village near Woking. These bridges are in poor condition and work is required to make them safe for both vehicles and pedestrians.

**Background and options considered**

2. All the bridges are located in a nature conservation area. These bridges are adjacent to each other and the opportunity has been identified to address the problems of three bridges within one scheme. A full tender process, compliant

with the European Public Procurement Regulations and Procurement Standing Orders, has been carried out following the receipt of authority from Procurement Review Group (PRG) on 8 May 2013.

3. The project objectives are to make these bridges safe for use by vehicles and pedestrians, fit for purpose, and by combining all three bridges into one scheme provide value for money, with due consideration to the wider highway network and local environment.

### **Procurement Strategy**

4. After consideration of the options, SCC elected to proceed with a competitive exercise via the SE7 framework, supplemented with an invitation to Kier (MG) as our existing highways maintenance contractor, to ensure maximum competition. A number of suppliers on the SE7 framework specialise in structural works and were suitable for this type of work.
5. A joint procurement and project team was set up including representatives from Surrey Highways, Atkins and Surrey Procurement and Commissioning.

### **Use of e-Tendering and market management activities**

6. The preferred option of using the SE7 IESE Framework and simultaneously inviting Kier (MG) our own Term Maintenance contractor, meant eleven suppliers were invited to tender through Bravo Solutions, the council's e-tendering software package.
7. Steps were taken to stimulate interest in this process. Hampshire County Council who administers the SE7 IESE Framework was contacted and all the approved suppliers were notified of this scheme. A separate meeting was also held with Kier (MG) to enable them to be fully aware of the tender process and timetable.
8. All bar one of the invited suppliers responded to the invitation to tender, but only two submitted tenders. This was mainly down to suppliers being asked to complete tenders during the summer months, estimators being unavailable and in the case of May Gurney issues with tendering while their takeover by Kier was going ahead. However, both returned bids are very competitive, so there is little impact on value for money.
9. The ability to hold an e-auction was not included in the framework criteria.

### **Key Implications**

10. By awarding a contract to the supplier recommended in the Part 2 report (item 8) for the provision of structural services for Newark Bridges to commence in November 2013, the Council will be meeting its duties and ensuring value for money.
11. Performance will be monitored through a series of Key Performance Indicators as detailed in the contract and reviewed at monthly operations meetings. The framework agreement features three performance zones and depending on the outcome can lead to suppliers not being invited to tender for future projects or even removed from the framework. The top performance indicators and targets for each are as follows:

KPI	Target	Notes
Predictability of Time (Contractual KPI)	Minimum score: 25% Stretching KPI score: 5%	The percentage variance between the agreed Work Package duration at inception and the out-turn Work Package duration
Predictability of Cost (Contractual KPI)	Minimum score: 25% Stretching KPI score: 5%	The percentage variance between the agreed Work Package fee at formal inception and the out-turn Work Package fee.
Work Package tender return rate (Contractual KPI)	Minimum score: 95% Stretching KPI score: 100%	The percentage of Work Package tenders issued to the supplier that are completed and returned to the employer.
Employer Satisfaction of Service (Non-Contractual KPI)	To be reported on a traffic light basis within one calendar month of the respective Work Package	Level of the Employer's Satisfaction with the services provided by the supplier. There is also a vice versa clause.
Sustainability of resource (Non-contractual KPI)	To be reported as a percentage within one calendar month of the respective Work Package	Percentage of total awarded Work Package monetary value delivered by the supplier using resources within the south east (area covered by Government Office of the South East {GOSE})
Accident Incident Rate – Over 3 day injuries (Non-contractual KPI)	To be reported once annually, within one month of the end of each year of the Framework using the same data reported to satisfy RIDDOR requirements.	RIDDOR reportable Accident Incident Rate for "Over-3-day" injuries involving the Supplier's workforce (which includes any subcontractors under its control)

- The management responsibility for the contract lies with Surrey Highways, and will be managed in line with the Contract Management Strategy and Plan as laid out in the contract documentation.

**Competitive Tendering Process**

- The contract has been let as a competitive tendering exercise, using both the SE7 IESE Framework contact, and Surrey's own Term Maintenance Contractor, Kier (MG).

14. The procurement activity undertaken by Hampshire County Council for the SE7 IESE Framework, and by Surrey County Council for our Term Maintenance Contract, included a Pre-Qualification stage, where suppliers expressing an interest in the advertised tender opportunity were evaluated to ensure that they had the legal, financial and technical capacity (including their health & safety and equal opportunities policies) to undertake the contract for the Council. The results of this process were that 10 suppliers are approved on the SE7 IESE Framework, and 1 supplier as Surrey's Term Maintenance Contractor.
15. An invitation to tender was sent to these 11 suppliers. These tenders were then evaluated against the criteria and weightings in the Part 2 report (item 8).

#### **CONSULTATION:**

16. List of stakeholders who have been consulted with, at all stages of the commissioning and procurement process are Surrey Highways, Surrey Procurement and Commissioning, Atkins (Professional Highway Services provider), Hampshire County Council.
17. The site is near to the Papercourt SSSI and there has been both planning and ecological screening. Natural England has been consulted and is content with the scheme. The Environment Agency has been consulted and will be approving the contractor's method statements. The National Trust, owner of the River Wey Navigation, has been consulted and is content with the scheme.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

18. The contract is a standard NEC3 form of contract. This will allow the Council to terminate the contract with notice periods agreed with the Project Manager. The Council may terminate for any reason.
19. All short listed suppliers successfully completed satisfactory financial checks as well as checks on competency in delivery of similar contracts at the Pre-qualification stage.
20. The following key risks associated with the contract and contract award have been identified, along with mitigation activities:

<b>Category</b>	<b>Risk Description</b>	<b>Mitigation Activity</b>
Financial	As there are no as built drawings available for two of the three bridges, assumptions have been made for the design proposals.	Apart from Utilities (water) all the other service ducts are to be temporarily supported during the works and included in the new structure. There is still a risk of cost overrun, but this is allowed for in the contingency sum.

Reputational	Road closure is required to carry out these works. Works on site can only start in the Autumn 2013 avoiding the bird nesting season and other events that use the route.	Works on Newark Mill Bridge can only start after 5 November 2013 when River Wey Navigation traffic is at a minimum. Coordinate with corporate risk team about cycle events.
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#### **Financial and Value for Money Implications**

21. Full details of the contract value and financial implications are set out in the Part 2 report (item 8). The estimated capital costs have been based on our experience of completing similar structural schemes over recent years.
22. The procurement activity has delivered a solution within budget, with identified capital savings of £432,000 compared to the cost of similar schemes.
23. Benchmarking information will be shared with East Sussex and other SE7 authorities.

#### **Section 151 Officer Commentary**

24. The S151 Officer confirms that all material, financial, and business issues & risks have been considered in this report.

#### **Legal Implications – Monitoring Officer**

25. Legal Services have advised upon and approved the terms of the contract.

#### **Equalities and Diversity**

26. There is no Equality and Diversity impact implications due to these proposed works as access for pedestrians will be maintained as for the existing footbridge and footpaths. Access to the River Wey Navigation tow path will be maintained during the works.

#### **Other Implications:**

27. The successful tenderer will have access to, and will maintain for the duration of the scheme, the site area for the works (including storage areas and site office) and will maintain the signs for the diversion route and traffic management.
28. The design of the scheme remains the Property of Surrey CC and the Framework Contract remains the Property of Hampshire CC. The contractor will not have access to Surrey CC computer servers or software.

#### **WHAT HAPPENS NEXT:**

29. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including 'call in' period)	14 October 2013
'Alcatel' Standstill Period	25 October 2013
Contract Signature	29 October 2013
Contract Commencement Date	November 2013

30. The Council has an obligation to allow unsuccessful suppliers the opportunity to challenge the proposed contract award. This period is referred to as the 'Alcatel' standstill period.

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**Contact Officer:**

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**Consulted:**

Surrey Highways  
 Surrey Procurement and Commissioning  
 Atkins  
 Hampshire County Council  
 Natural England  
 The Environment Agency  
 The National Trust

**Annexes:**

Part 2 report (item 8) Commercial Details and Contract Award.

**Sources/background papers:**

None.

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