

# REPORT FOR DECISION



<b>DECISION OF:</b>	<b>The Cabinet</b>
<b>DATE:</b>	<b>29 July 2020</b>
<b>SUBJECT:</b>	<b>Greater Manchester Highways Alliance Procurement Framework</b>
<b>REPORT FROM:</b>	<b>Cabinet Member for Transport and Infrastructure</b>
<b>CONTACT OFFICER:</b>	<b>David Giblin, Head of Engineering</b>
<b>TYPE OF DECISION:</b>	<b>Key decision</b>
<b>FREEDOM OF INFORMATION/STATUS:</b>	This paper is within the public domain.
<b>SUMMARY:</b>	Adoption and use of the Greater Manchester Highways Alliance Procurement Framework.
<b>OPTIONS &amp; RECOMMENDED OPTION</b>	Approval to implement and access the Greater Manchester Alliance Framework (as developed by Stockport and Bury Councils) as a future mechanism to procure civil engineering works.
<b>IMPLICATIONS:</b>	
<b>Corporate Aims/Policy Framework:</b>	Do the proposals accord with the Policy Framework? <b>Yes</b>
<b>Statement by the S151 Officer: Financial Implications and Risk Considerations:</b>	The proposed arrangements will ensure the council is able to maximise the opportunity for securing best value. The approach proposed promotes the principles of strong financial governance and is fully supported.
<b>Equality/Diversity implications:</b>	No
<b>Considered by Monitoring Officer:</b>	This report sets out proposals for the future procurement of engineering work, by way of a framework arrangement. The use of frameworks is an established method of

	reducing the timescales involved in procurement whilst adhering to the Procurement Regulations. This results in significant cost savings and enables the contracting authority to develop a strategic relationship with the supply chain over a long period and also achieve better value. Legal advice has been sought on the current proposals.
<b>Wards Affected:</b>	All Wards.
<b>Scrutiny Interest:</b>	Overview and Scrutiny

## 1.0 BACKGROUND

- 1.1 Bury's highway network consists of 660 kilometres of carriageway, 1,200 kilometres footway, 300 kilometres of footpaths, 228 structures, 19,000 street lighting columns, 36,500 road gullies (and their associated many kilometres of drainage), 15 kilometres of guardrail, signs and street furniture. It totals almost £1 billion in Whole of Government Accounts replacement value.
- 1.2 Not only do all of these assets require maintenance (such as resurfacing, road markings, bridge repairs etc.) but new works are also required in order to implement improvements to the network such as junction reconfigurations as well as new sections of highway and bridges from time-to-time.
- 1.3 Historically, Bury has taken what is known as a spot tendering approach to procurement of contractors where the required works are packaged into a set of contract documentation that is then procured through an open invitation to tender to the market in accordance with Public Contracts Regulations 2015 and the Council's contract procedure rules.
- 1.4 Whereas spot tendering gains access to the competitive market, it has many shortfalls:
- No opportunity to build on partnerships given the turnover of contracts;
  - Resistance from many tenderers to keep submitting competitive bids if they are not winning. This reduces the pool of available tenderers;
  - Tendering procedure is document and resource intensive to prepare for both contractors and the Council
  - Timescale required can impede a quick turnaround of scheme where the procurement aspect becomes the limiting factor to react;
  - When price becomes the overriding factor, other aspects can suffer such as quality and contract performance.

- 1.5 By contrast, framework contracts allow for:
- Reduced transaction costs for both Clients and Contractors;
  - Continuous improvement within long-term relationships;
  - Better value and greater community wealth by utilising local value initiatives and strengthening local supply chains;
  - Early contractor involvement which can assist in informing early design decisions based around buildability issues;
  - As frameworks can be in place for up to 4 years, it gives Clients the ability to programme long-term initiatives such as the whole of the Council's 3-year resurfacing programme.
- 1.6 Through GM collaborative activity, Procurement and Engineering Officers engaged with neighbouring authorities to identify the best practice procurement strategy for highways and civil engineering works. This activity was led by Stockport Council and its procurement Service, STaR, who were looking to build upon the successes of their Alliance contract, to share the learning and benefits with other Greater Manchester Authorities and to support the delivery of highway improvement and maintenance programmes across GM. Recognising the advantages of joint procurement, Bury Council has collaborated with Stockport to develop a new Alliance Framework and, in being an active partner in forming the new framework, has ensured Bury can access the framework with terms and conditions favourable to its own requirements.
- 1.7 This new approach to procurement is a recommendation of the Highway Maintenance Efficiency Programme (HMEP), a collaborative partnership in the highway maintenance sector endorsed by the Department for Transport (DfT), with the objective to improve the efficiency of all aspects of the industry.
- 1.8 By moving to this method of procurement, the Authority can ensure that it is proceeding in line with HMEP recommended Asset Management practices, that will help the Authority maintain the maximum allocation in any ongoing incentive element funding from DfT capital allocations.
- 1.9 In considering procurement options a number of key challenges were identified by the participating Authorities;
- Capacity/availability of the market: There has been an ongoing difficulty to maintain capacity within the market due to the reactive nature of the works undertaken, disparate contractual arrangements in place and lack of certainty on funding within the public sector;
  - Cost certainty & quality of works: Due to limited technical resources within each Authority, up to date market pricing and certainty on programmes, this has impacted on outturn costs and quality of work;
  - Working practices: The impact from austerity has resulted in having to operate within core working hours due to budgetary pressures. This can however have a negative impact on air quality and increased probability of road accidents due to traffic congestion;
  - Technical capacity of Authorities: Each Authority has seen a decrease in available technical resource within their service departments over the past 10 years due to austerity which has had an adverse effect on contract and performance management.

These challenges were considered alongside key objectives:

- Improved contractor engagement.
- Partnering/collaboration – GM approach, better contractual arrangements.
- Review in house provision if working collaboratively.
- Alternative costing models, open book, and use of sustainable materials.
- Sharing of technical resource.
- Improved utilisation of fixed assets
- Improved contract management.
- Improved programme management and co-ordination.
- Delivery, measurement and impact of social value.
- Propose changes to DFT funding to align with improvements to longer term programming to meet improvements in VFM and supply certainty.
- Local supply chain engagement

1.10 Following an options appraisal, consultation with clients from the technical and procurement groups, and feedback from contractors at market engagement events the preferred option was to establish a 4 year Alliance Framework under which participating authorities would be able to call off contracts. The length of the call off contract could be up to 10 years, or any shorter period as determined appropriate by the Contracting Authority.

1.11 A Framework Agreement will be established with the top 3 ranked bidders (if applicable) for each of the proposed Lots (see below for a listing of the lots). The Framework Agreement will be in place for a period of 4 years with the option to award without re-opening competition to the highest ranked available contractor or to undertake mini-competitions between all the relevant contractors on a particular Lot. The intention is to directly award a contract for a period of 4 years (with the option to extend by 4 years and then an additional extension for 2 years). This maximises the value of the framework, allowing us to test that the model works effectively for Bury with flexibility to consider alternative options if needed. The Framework Agreement is not just accessible by Stockport and Bury, but it is also available for use by all AGMA partners and associated members.

The lots, work disciplines and shortlisted contractors are:-

<b>LOT</b>	<b>WORK DISCIPLINE</b>	<b>INDICATIVE (Non-Binding) CONTRACT VALUE (£k)</b>	<b>SHORTLISTED CONTRACTORS</b>
1	Planned Maintenance (Paving and specialist projects)	£800	<ul style="list-style-type: none"> <li>• A E Yates</li> <li>• J Cooney Limited</li> <li>• J Hopkins (Contractors) Ltd</li> </ul>
2	Surface Dressing/Slurry Seal & Micro-Asphalt	Not Used	
3	Carriageway Surfacing	£1,500	<ul style="list-style-type: none"> <li>• Aggregate Industries UK Ltd</li> <li>• Bethell Group PLC</li> <li>• Galiford Try Infrastructure</li> <li>• Hanson Quarry Products</li> </ul>

			<ul style="list-style-type: none"> <li>• J Hopkins (Contractors) Ltd</li> <li>• Tarmac Trading Limited</li> </ul>
4	Lining (incl. coloured surface overlay)	£100	<ul style="list-style-type: none"> <li>• Jointlines Limited</li> <li>• L &amp; R Roadmarkings Ltd</li> <li>• Wilson &amp; Scott (Highways)</li> <li>• WJ Roadmarkings Ltd</li> </ul>
5	Anti-Skid and Coloured Surfacing	Amalgamated with Lot 4 for Bury	
6	Street Lighting & Signing	Not Used	
7	Civils (Drainage works and specialist projects)	£800	<ul style="list-style-type: none"> <li>• A E Yates</li> <li>• Bethell Group PLC</li> <li>• George Cox &amp; Sons Ltd</li> <li>• J Cooney Limited</li> <li>• J Hopkins (Contractors) Ltd</li> <li>• NMS Civil Engineering Ltd</li> </ul>
8	CCTV Jetting/Inspections	£50	<ul style="list-style-type: none"> <li>• General Utilities Ltd</li> <li>• Mantank Enviro Services</li> <li>• Shapphire Solutions Ltd</li> </ul>
9.1	Highway Structures < £50k	£100	<ul style="list-style-type: none"> <li>• Coating Services Ltd</li> <li>• George Cox &amp; Sons Ltd</li> <li>• Storey Contracting Ltd</li> </ul>
9.2	Highway Structures > £50k < £500k	£200	<ul style="list-style-type: none"> <li>• A E Yates</li> <li>• Bethell Group PLC</li> <li>• Coating Services Ltd</li> <li>• Eric Wright Civil Engineering</li> <li>• Eurovia Infrastructure Ltd</li> <li>• George Cox &amp; Sons Ltd</li> </ul>
9.3	Highway Structures > £500k	Not Used	
10	Coring	£25	<ul style="list-style-type: none"> <li>• Pavement Testing Services</li> </ul>
11	Weed Control	Not Used	

1.12 Access to the framework will initially just be by the Council's Engineering Services to help deliver its programme of works, in particular, especially the resurfacing elements of the Highways Investment Strategy - Tranche 2 (known as HIS2). Streetscene Maintenance Services already have contractual commitments in places which precludes their immediate adoption of the framework. As and when these contractual commitments come to an end, Streetscene Maintenance Services will review their requirements and the suitability of this framework to assist them in the delivery of their programmes of works.

## 2.0 ISSUES

2.1 The Strategic Objectives of the Alliance Framework are:

- Long Term Relationships: Develop long term effective and mutually beneficial relationships between the Council and Contractors, who can bring a wealth of expertise and value-engineered solutions;
- Collaboration: Working better together to ensure robust programme management, cost and supply chain management, whilst developing better

working practices and adopting an integrated and collaborative approach to BIM Level 2 and PAS 55 Asset Management;

- Value for Money: Whilst developing supplier relationships is key, the Alliance should continue to ensure value for money is demonstrated through the life time of the agreement;
- Social Value: Ensuring any investment in goods and services generates added social, environmental and economic value for residents. Placing a requirement on potential contractors to think about how the goods or services they are offering to supply will also ensure added benefit to the local community;
- Maintain Capacity & Develop Efficiencies: Ensure capacity within the market is maintained whilst developing continuous improvement through the supply chain;
- Achieving Local Spend: Provide opportunities for local contractors to be involved in the delivery of the schemes, keeping spend within Bury and Greater Manchester where possible;
- Contractor Knowledge: Access for the Council to specialist knowledge and development to support and develop technical skills. The provisions of the proposed Alliance are that work is allocated to the contractors based on the discipline required and the applicable schedule of rates.

2.2 Social value is embedded within the Framework. The Social Value evaluation will review how bidders propose to contribute to the achievement of Council key priorities. Areas which bidders have been asked to consider in their response, are those that the Council believes are related to the subject matter of the contract and are reasonable and proportionate (these areas are not exhaustive); they include...

- Creation of Jobs in GM and more specifically in Bury;
- Creation of traineeships (including apprenticeships); or upskilling of current staff (e.g. NVQ progression, onsite training.)
- Provision of work experience days/ hours;
- Provision of career mentoring for job clubs at schools, community centres etc. long term unemployed (mock interviews, CV advice, and Careers guidance);
- Commitment to spending a higher % from this contract with local suppliers will be assessed as part of the tender evaluation;
- Environmental Considerations; recycling and use of local people for workforce;
- Contribute time and/or support to community and voluntary organisations.

2.3 Whilst this framework agreement does not commit the Council to any procurement of works, for the reasons stated it is felt this is the most efficient way of the Council being able to conduct the forthcoming HIS2 subject to approval of the recommendations in the Cabinet report: 'Highway Investment Strategy - Tranche 2 (HIS2)'.

### **3.0 CONCLUSION**

- 3.1 It is recommended approval be given to the procurement route outlined above as the mechanism for procuring specialist highway contractors to support the Council in its delivery of significant infrastructure works over the next decade in terms of highway and bridge improvement and maintenance. The establishment of the Framework itself does not commit the Council to specific expenditure. Individual call-off contracts will be entered into with Framework contractors to deliver the schemes

### **4.0 FINANCIAL IMPLCIATIONS**

- 4.1 There are no direct financial implications arising from the report. The framework will however enable the council to secure best value when tendering for works.

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#### **List of Background Papers:-**

None.

#### **Contact Details:-**

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