

Wards Affected:

*Monkston, Broughton, Bradwell and
Stony Stratford.*

ITEM 7**PROCUREMENT AND COMMISSIONING****18 APRIL 2017****AWARD OF CONTRACT - TO APPOINT CONSULTANTS FOR THE PRELIMINARY AND DETAILED DESIGN AND TO APPOINT THE CONSTRUCTION COMPANY FOR MONKSTON AND BRINKLOW V11 ROUNDABOUT JUNCTION IMPROVEMENTS AND V4 WATLING STREET JUNCTION 25 PEDESTRIAN UNDERPASS**

Responsible Cabinet Member: Councillor Gowans (Cabinet member for Public Realm)

Report Sponsor: Sean Rooney (Head of Highways)

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Executive Summary:

This report is seeking approval to award the preliminary and detailed design and the construction utilising the existing Highways, Street Lighting and Network Infrastructure Term Service Contract (CU2267A) for the:

- Roundabout improvements at Monkston and Brinklow V11; and
- The underpass at Junction 25 (Whitehouse Roundabout), V4 Watling Street.

The works for Monkston and Brinklow V11 Roundabout Improvements will be designed in 2017/18 and construction completed in 2018/19.

The design and construction works for Junction 25, V4 Watling Street underpass will be completed in early 2018/19.

1. Recommendation(s)

1.1 That the works for the Design Consultant for the preliminary and detailed Design and the Task Order for the construction be awarded to the Term Service Contractor for Highways for:

- (a) Monkston and Brinklow V11 roundabout junction improvements; and
- (b) Junction 25, V4 Watling Street pedestrian underpass.

2. Context

2.1 The works will provide for external design and construction and will affect Kents Hill and Monkston, Broughton and Milton Keynes Village, Whitehouse and Abbey Hill Parish Councils.

3. **Background**

Decision to Award

- 3.1 The purpose of the roundabout improvements at Monkston and Brinklow are to increase the capacity of the two junctions to accommodate forecast growth associated with the development of the Eastern Expansion area of Milton Keynes. The underpass at the Junction 25 (Whitehouse Roundabout) of the V4 is to meet an urgent need to provide a pedestrian crossing from the Western Expansion Area to the existing area of Milton Keynes. The preliminary design of this scheme is currently underway.
- 3.2 The Term Service Contract for Highways includes Highways, Street Lighting and other related works including bridges and other structures. The scope of the contract subject of this report will include highway service and construction related works therefore falling under the scope of the Term Service Contract. That contract commenced on 27 April 2014 and the term is for 7 years expiring on 31 March 2021 with up to a 3 year extension provision.
- 3.3 The procurement of the Term Service Contract for Highways allowed the Council flexibility to use the contractor on a non-exclusive basis for works and schemes not on the public highways and for works on public highways exceeding £1,000,000 in value. The preferred procurement route, which this report seeks approval for is considered below

Options

- 3.4 The following options have been considered for the procurement of the preliminary and detailed design and the construction works:

(a) Midland Highway Alliance (MHA)

Benchmarking has been carried out with the Midland Highway Alliance (MHA) Framework – for a single supplier (following a tender and evaluation process). The MHA framework requires MKC to obtain a quotation for required services. The cost of the service as received from the single supplier under the framework is detailed in the Exempt Papers (Annex). Although it would save time and therefore cost compared to an open tender, it would take longer than using the current Term Service Contract for Highways. It would also mean that Early Contractor Involvement to input into the design, planning and value engineering would also need to be procured separately. The MHA framework would take a % fee of the construction costs and the evaluation criteria are set within the limits of framework.

(b) Open Tender

Open Tender would give full market competition, however there would be an additional cost and time to prepare and evaluate tender documents. There would be an additional resource required to prepare tender documents.

(c) Term Service Contract for Highways- Preferred Route

The contract is capable of delivering major schemes given the robust award criteria. The Term Service Contract for Highways would allow for Early

Contractor Involvement in the design development and construction planning stage. This approach supports improved team working, innovation and planning and is now widely recognised as beneficial. The contract for design and construction would allow a single point of responsibility and is used to minimise risks for the project owner and to reduce the delivery schedule by overlapping the design phase and construction phase of a project. The construction cost is known and fixed during design and gives price certainty. The construction price will be given using Target Pricing, which will put emphasis on cost control and sharing savings. If the Term Contractor is used, a share of the fixed term contractor overhead can be charged against these projects and this will reduce the cost of other capital schemes and should also result in a lower overhead than if tendered separately. There could also be cost and time savings on the other capital works programme - these could be factor in at the same time of major projects such as grid road signs, drainage and consequently this would also minimise disruption to the users of the highway. Other advantages could be:

- The use of local suppliers;
- If the project is delayed these costs could be minimised as the workforce could be deployed to other projects/jobs in the Highways Term contract;
- Resource support from the local team;
- Expertise of local knowledge;
- Local storage depot for stock;
- Shared overhead cost;
- Positive contribution on the Local overhead head under Highways Terms Contract. This would mean reduced local overheads of the Highway Contract and consequently more delivery on other small projects; and
- Other resource pool from Ringway's other local contracts.

3.5 It is for these reasons that this is the preferred route.

3.6 Contract Management

- (a) The Senior Client Officer for this contract is the Highway Client Service Manager. The contract adheres to the Council's Term Service Contract for Highways.
- (b) The key governance processes include: Project will be managed through the MK Approach Project Management Methodology.
 - (i) Review frequency: Regular progress meetings with the Contractor.
 - (ii) Performance measurement (including key contract performance measures) – included within the Term Service Contract for Highways
 - (iii) Retention / Financial payment profile
 - (iv) Break Clauses
 - (v) Designs will be owned by the Council.

- (vi) Escalation process - Project Manager to report escalation to Project Sponsor as and when necessary at Programme Board meetings / or earlier
- (vii) Savings – the contract will managed under the Term Service Contract for Highways including Target Pricing.
- (viii) Public Services (Social Value) Act 2012 – This is included in the Term Service Contract for Highways.

4. Implications

4.1 Policy

These works will progress the following key priority within the Council Plan 2016-20:

- Highways – the importance of our road network to the quality of life for citizens and the efficiency and productivity of our businesses.

The procurement of the Term Service Contract for Highways has complied with Contract Procedure Rules, Financial Regulations and applicable European Procurement Regulations.

4.2 Resources and Risk

- (a) Total resource allocation of £6.5m has been approved in Capital programme for Monkston and Brinklow V11 roundabout junction improvements.
- (b) Total resource allocation of £3m has been approved in the Capital Programme for two pedestrian crossings on V4, J25 (Whitehouse Roundabout) and J4 (Kiln Farm Roundabout). This contract is for J25 (Whitehouse Roundabout) only.
- (c) Construction costs for Monkston and Brinklow has been anticipated through feasibility as £5,250,000 and the V4 J25 (Whitehouse Roundabout) around £1,550,000.
- (d) Benchmarking has been carried out with the preliminary and detailed design, details are contained in the Exempt Paper (Annex).
- (e) The key OPPORTUNITY secured by the Monkston and Brinklow roundabout improvement is to increase capacity of the junctions and to accommodate forecast growth associated with the development in the Eastern Expansion Area and the pedestrian crossing at J25, V4 to provide safe connections between the Western Expansion Area and the existing area of Milton Keynes. It is assessed that the delivery of this contract provides a HIGH likelihood that this will happen.

(f) The key THREATS for this contract have been assessed as:

Risk	Likelihood	Mitigation	Likelihood after mitigation
Risk of challenge from other providers	L	Procured using an existing Contract which evaluated these works as part of the evaluation process.	L
Risk of lowered costs via an open tender competition	L	Benchmarking of an existing framework and contract against the urgency to deliver both highway schemes.	L

The governance measures set out in 3.6 above provide a basis to conclude that these threats, properly managed represent a LOW likelihood of the event happening.

Resources and Risk Implications

Y	Capital	N	Revenue	N	Accommodation
N	IT	N	Medium Term Plan	Y	Asset Management

4.3 Carbon and Energy Management

Monkston and Brinklow V11 roundabout junction improvements will contribute to reducing congestion and the V4 Watling Street junction 25 pedestrian underpass will contribute to the reduction in our carbon emissions by improving pedestrian routes. The Carbon and Energy Policy will be considered within the construction specification.

4.4 Legal

The terms of the Highways term services contract are the NEC3 terms. This contract commenced on 27 April 2014 for seven years (ending 31 March 2021) with an option to extend to 31 March 2024. The contract was awarded following a legally compliant procurement exercise.

The procurement included flexibility for the Council to be able to use the contract, on a non-exclusive basis, for works and schemes not on the highways and for works on public highways exceeding £1,000,000 in value. The exercise of this flexibility is still subject to the Council's governance arrangements. This report requests approval from the procurement and commissioning committee to use the highways contract for the schemes/works detailed above. Procurement and commissioning committee have authority under the Council's scheme of delegation and the Council's contract procedure rules to approve the award of contracts with an estimated

value of £100,000. The proposals are also compliant with procurement law given the flexibility that was reserved during the procurement exercise.

The schemes/works will be carried out on the same terms and conditions of the highways term service contract. The award of these detailed schemes will not lead to an excess of the value of the contract which at the time of the procurement was estimated at £200,000,000 over a term of 10 years.

4.5 Other Implications

N	Equalities/Diversity	Y	Sustainability	N	Human Rights
N	E-Government	Y	Stakeholders	Y	Crime and Disorder
Y	Carbon and Energy Policy				

Sustainability: This will be considered in the construction specification.

Stakeholders: Key stakeholders will be engaged with the preliminary designs.

Crime and Disorder: This will be considered in the construction specification, such as with lighting in the underpass at J25 of the V4 Watling Street.

Exempt Papers: Benchmarking costs (Annex)