



DERBY CITY COUNCIL

COUNCIL CABINET
12 JULY 2005

Report of the Director of Development and Cultural Services

Inner Ring Road Integrated Maintenance Scheme (IRRIMS)

RECOMMENDATION

- 1.1 To waive Contract Procedure Rules and approve the partnership procurement process for the appointment of a contractor to carry out the Inner Ring Road Integrated Maintenance Scheme.
- 1.2 To delegate the contract negotiation with the preferred bidder, and award of tender to the Director of Development & Cultural Services in conjunction with the Director of Finance and Director of Corporate Services.

REASONS FOR RECOMMENDATION

- 2.1 To allow the procurement process to proceed and a preferred bidder to be chosen so that as early a start as possible on the designs and on actual site works can be made and the spend profile met for year one.

SUPPORTING INFORMATION

- 3.1 On 2 December 2004 we were informed that, as part of the 2005/06 Local Transport Expenditure Settlement, our bid for the Department of Transport (DfT) to fund the IRRIMS Scheme had been successful and we had been awarded £10.8m over three years being split; £3.2m, £4.4m and £3.2m.
- 3.2 The essence of the bid, in contrast to a failed 2003 bid, is that it proposes a multi disciplinary integrated Scheme where all necessary works in a location are undertaken at the same time. This approach will minimise disruption and reduce overall costs.
- 3.3 The award is excellent news for the city as it will deliver a complete enhancement and basic overall on the Inner Ring Road and provide much needed safety improvements on a strategic transport corridor through the city between King Street and the Pentagon. The work will include the:
 - refurbishment of six bridges
 - replacement/refurbishment of six sign gantries
 - replacement of the King Street footbridge
 - strengthening and resurfacing of 40,000m² of carriageway
 - replacement of all pedestrian and vehicular parapets and safety fences
 - replacements and upgrading of all signing
 - replacement of the inadequate Eastgate pumping station.

- 3.4 However, only limited design work was carried out before the award from the DfT was secured. There is therefore a real challenge to get the works designed, contracts let and work commenced in 2005/06. Failure to spend the £3.2m allocated to Year One could jeopardise funding for Years Two and Three.
- 3.5 Given the limited time available it is essential that the Council uses innovative procurement methods. Conventional and lengthier tendering methods will therefore be replaced by a partnership arrangement under which a preferred tenderer will be chosen, primarily by reference to quality, as opposed to cost.
- 3.6 Such earlier contractor's involvement is promoted at national, regional and local level by such reports as Sir John Egan's "Rethinking Construction" and Sir Michael Latham's "Constructing the Team" as well as being recently endorsed by Gersham as the most effective non-adversarial approach.
- 3.7 Under such an arrangement the Preferred Contractor, once chosen, will be involved in the detailed design of the Scheme. This has the following advantages:
- it uses the contractor's wealth of knowledge
 - recognises risks and allocates them
 - enables an earlier start on site
 - allows for less prescribed working practices
 - reduces overall cost
- 3.8 Rather than a tender price being accepted, target costs for individual elements of the work are, where possible, agreed. Where this is not possible a cost plus rate (?) is applied with agreed stage rates for overheads and profits and a mechanism to market best prices for labour, plant and materials.
- 3.9 The present position is that the contract has been advertised (21 January 2005) in the Official Journal of the European Union (OJEU) and after detailed assessment of the 11 questionnaires sent by interested firms, six have been shortlisted. They will go on the second stage which will include:
- site visits
 - presentations
 - interviews
 - references.
- 3.10 It is hoped to select a preferred contractor by August. Designs will then be finalised and it is envisaged a start on site will be made. During Year One it is proposed to limit work to the Eastgate and Darwin Loop Section of the IRR.
- 3.11 There are additional works along the Inner Ring Road which were not included in the DfT bid. Consideration will be given to adding these to the contract if funding can be secured from other budgets.

OTHER OPTIONS CONSIDERED

- 4.1 The time constraints and lack of forward design rule out the use of other options and make partnering on a quality basis rather than cost the only viable option.

For more information contact:	Ian Copeland Tel. No. 01332 715124 e-mail ian.copeland@derby.gov.uk
Background papers:	None.
List of appendices:	Appendix 1 – Implications

IMPLICATIONS

Financial

- 1.1 As detailed in the report

Legal

- 2.1 As set out in the report.

Personnel

- 3.1 None.

Equalities impact

- 4.1 None.

Corporate objectives and priorities for change

- 5.1 The maintenance and improvement of the Inner Ring Road satisfies the Council's Objectives of **Healthy, Safe and Independent Communities, A Diverse, Attractive and Healthy Environment** and **A Prosperous, Vibrant and Successful Economy**.

It also satisfies the Council's priorities for:

- Better procurement to delivery and value for money
- Improving the council's built assets for service delivery
- Provide and improve the transport network.