



Connecting Derby - Procurement

SUMMARY

- 1.1 To ensure that Connecting Derby is completed as soon as possible it will be necessary to agree the costs of the work with a contractor prior to the completion of the Statutory Processes.
- 1.2 Subject to any issues raised at the meeting, I support the following recommendations.

RECOMMENDATION

- 2.1 That Cabinet approves a partnership procurement process for the appointment of a contractor to carry out the completion of Connecting Derby.
- 2.2 That Cabinet delegates the selection of a preferred bidder, contract negotiation and award of tender to the Corporate Director, Regeneration & Community in conjunction with the Corporate Director, Resources, and Corporate Director, Corporate & Adult Social Services, and in consultation with the Cabinet Member for Planning and Transportation.

REASON FOR RECOMMENDATION

- 3.1 The Department of Transport (DfT) will not release further funding until the projected costs for all of the outstanding works have been finalised. A partnership procurement process will enable a preferred bidder to be chosen at an early stage. This will ensure that all of the projected costs of the works will be known and available to be forwarded to the DfT as soon as confirmation of the planning and other applications and orders have been approved. This will then enable construction to commence on site at the earliest opportunity.



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SUPPORTING INFORMATION

- 1.1 In 2000 Connecting Derby was approved as a Major Integrated Transportation Scheme by government and funding approved. Phase 1 was completed in November 2004.
- 1.2 In 2004 a major re-appraisal was undertaken of the likely costs of the remaining phases of Connecting Derby and the additional funding required has been agreed between the City Council and the DfT.
- 1.3 Given that the DfT will not release its funding until a price for the works is agreed it is essential to have a contractor working with the Council at an early stage. A partnership procurement process is therefore proposed to avoid unnecessary delay. Early contractor involvement along these lines 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". It has also recently been endorsed by Gershon as the most effective non-adversarial approach.
- 1.4 It is proposed that the contract for the completion of Connecting Derby will be advertised in the Official Journal of the European Union (OJEU) in January 2006. After detailed assessment of the questionnaires completed by interested firms, a minimum of five will be shortlisted.
- 1.5 The next stage would include site visits, presentations and interviews with the shortlisted contractors and the checking of references.
- 1.6 It is proposed that a review of the information collected will be undertaken by a panel. This should comprise the Project Manager, the Design Team Leader and Project Engineer of Connecting Derby, the Traffic Manager, the Head of Engineering Design, the Maintenance Manager and the Head of Procurement. The panel will provide a recommendation regarding selection of a preferred contractor.
- 1.7 It is proposed that we will enter into a partnership arrangement with the preferred contractor, but that the contractor will be chosen by reference to quality and cost.

- 1.8 Under partnership procurement arrangements the Preferred Contractor will be involved in studying the detailed design of the scheme in order to see if any savings can be made and potential problems can be dealt with prior to works commencing. 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
- 1.9 Once a preferred contractor is chosen a fully priced Bill of Quantities will be used to cost the works.
- 1.10 Detailed design of the final works is progressing and will be substantially completed before a contractor is appointed.
- 1.11 It is envisaged that selection of the preferred contractor will be completed by July 2006.

OTHER OPTIONS CONSIDERED

- 2.1 A normal tender process could be entered into once it is confirmed that the statutory processes have all been approved. However this would mean that a price for the works would not be available for approximately 5-6 months after this date and this would obviously delay the release of funding and the commencement of works.

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Background papers: None
List of appendices: Appendix 1 – Implications

IMPLICATIONS

Financial

- 1.1 The preferred contractor would have to be paid for his input to the scheme, as he would be involved before a decision on the statutory processes has been given, with no guarantee at that stage that the works would go ahead.
- 1.2 It is estimated that this could amount to £120-£150K. This will be met from Connecting Derby reserves and will need to be contained within the overall scheme funding. However by having early contractor involvement it is likely that savings above this figure will be identified by the contractor suggesting different construction methods/materials.

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 Connecting Derby 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.