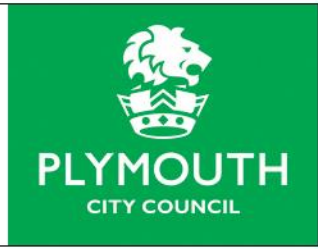


BRIEFING REPORT

Woolwell to The George: Phase I (Pre-Construction)
Deed of Variation



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I. INTRODUCTION

- 1.1. This Executive Decision is in relation to the award of a Deed of Variation contract for the pre-construction of Phase I for Woolwell to The George (WTTG). The works involve a range of civil engineering activities including road widening, provision of new and improvement of existing cycle facilities, upgrades of pedestrian crossing, drainage works, traffic signal installations and carriageway reconstruction and surfacing.
- 1.2. It is proposed that the procurement approach is to utilise the Scape Procure Civil Engineering & Infrastructure Framework. This approach has been selected due to the very tight timescales for this project, it has proven to be a successful delivery model for other Council schemes, it is a framework which was awarded to Balfour Beatty through a compliant competitive tender, and it involves competitive tendering of works packages and therefore highlights value for money.
- 1.3. This commissions the full detailed design and remaining surveys of the scheme to be undertaken now that the initial reviews including the feasibility study and value engineering exercise to simplify and reduce the scope of works have been completed. This initial work was previously commissioned under a separate executive decision and therefore this full design commission is a Deed of Variation to the original contract.

2. BACKGROUND

- 2.1. The Woolwell to The George scheme aims to alleviate congestion at the notorious pinch-point between Woolwell Roundabout and The George, on the A386 Tavistock Road. More than 30,000 vehicles use this section of road each day and there are often queues and delays at peak times, caused by traffic having to merge over very short distances.
- 2.2. This report covers Phase I only which is detailed below:
- 2.3. A new signalised junction will be created where Woolwell Crescent joins Tavistock Road. This new junction replaces the right turn that currently takes place out of Woolwell Road, onto Woolwell roundabout. Vehicles wishing to head south will still be able to turn left here or use Woolwell Road. A new left turn into Woolwell Crescent will also be created.
- 2.4. Woolwell Road is to be upgraded between the proposed new signalised junction on the A386 (this replaces the existing roundabout where the A386 Tavistock Road meets Woolwell Road) and Woolwell Road roundabout. The amendments on Woolwell Road include a proposed signalised pedestrian junction to facilitate a desire line to the Tesco Superstore, shared use cycle/pedestrian facilities on both sides of the carriageway, and amendments to tie into the proposed junction on the A386.
- 2.5. Woolwell Crescent is to be upgraded between the proposed signalised junction on the A386 and Woolwell road roundabout. The amendments on Woolwell Crescent include incorporating shared use cycle/pedestrian facilities, upgrades to pedestrian crossing points and amendments to tie into the proposed junction on the A386.

3. REQUIRED PROJECT APPROVALS

- 3.1. It is understood that the works are considered as permitted development and therefore planning permission is not required. A planning screening opinion has been submitted and it is proposed that a certificate of lawful development will be obtained from Plymouth City Council Planning Department. An Environment Impact Assessment (EIA) screening review has also been submitted, however, the initial view indicates that the phase I development does not trigger the requirement for an EIA.

- 3.2. The 'WTTG in principle CPO resolution Cabinet Report' was discussed and approved at the Plymouth City Council Cabinet Meeting on the 9th November 2021.
- 3.3. The Phase 1 scheme funding of £5m was added to the PCC capital programme from Transforming Cities Funding (TCF) in January 2022. Phase 2 and 3 is to be funded from the Levelling Up Fund (LUF) which was obtained in October 2021. The deadline for spending the TCF funding is end of March 2023
- 3.4. Additional approvals to be obtained include the Traffic Regulation Orders and the Temporary Traffic Regulation Orders which will be undertaken at the appropriate points within the construction programme.

4. PROCUREMENT STRATEGY OPTIONS

- 4.1. The Council's Procurement and Legal teams undertook a review of the procurement strategy in November 2019. The procurement team and transport officers undertook a further review in April 2022, and identified three potential options for procuring construction projects similar to WTTG.
 - **Option 1: Above GPA Threshold procurement process, in line with Public Contract Regulations 2015', involving an EU wide competitive process to source a construction contractor** (this includes fully open and restricted tender options).
 - **Option 2: Available Public-Sector Frameworks**, such as PAGBO. These have already been through an EU wide competitive process run by another public body which PCC can use ("call-off").
 - **Option 3: Plymouth City Council's Term Maintenance contract with South West Highways for smaller sections of works.** Plymouth City Council has an existing term maintenance contract with contractor South West Highways.

These three main options, as identified at the time, are summarised in the Contract Award Report.

- 4.2. The three options detailed above could be procured through a design and build or traditional construction only approach. These additional options are detailed below.

DESIGN AND BUILD CONTRACT

- 4.3. The procurement strategy set out in the Business Case indicated that a Design and Build contract utilising the SCAPE framework would be the most likely form of procurement.
- 4.4. A Design and Build (D&B) contract would involve going to tender based on the outline scheme design. A D&B contract would allow a 'sense check' of the scheme costs from the market at an early stage, and would allow contractors to input into the scheme design, and potentially in value engineering, at an early stage. However, contractors would be likely to cost risks involved in the design not being at a more detailed stage and hence a higher price might be received. The advantage of the SCAPE framework is that the construction element will be re-priced at the end of the detailed design stage (Pre-Construction stage), at this stage risks should be eliminated or reduced, and the design will be complete. This approach is similar to a two stage tender process.
- 4.5. The advantages and disadvantages of a D&B contract are considered to be:

4.6.

Design and Build Route	
Advantages	Disadvantages
Speed of delivery – the D&B approach would allow a shorter programme, due to the contractor being involved at an earlier stage and the level of design control that is given to the contractor.	Scheme costs – the contractor would be likely to price the risks in the design not being at a more detailed stage which could be likely to result in higher tender prices.
Reduction in risk – the contractor would be responsible for the design and construction of the scheme, meaning PCC would be able to more effectively transfer some risks to the contractor, and would have a single point of responsibility rather than the design and construction elements being commissioned separately.	Inflexibility – there would be only limited scope for PCC to make changes to our requirements once the contractors proposals have been agreed; this would require us to ensure we have a firm and robust set of client requirements, otherwise there may be significant costs in changing the design.
Acceptance of design – given that the contractor would be responsible for producing the detailed design, the contractor will ‘buy in’ to the scheme and the detailed design is more likely to be buildable.	Design quality – there is often a perception that a contractor may be driven by price, and hence a D&B route might not be appropriate if a high quality design is required.
Cost certainty – the costs received from the tender process are more likely to provide cost certainty given the contractors involvement in the design process.	
Value Engineering – earlier involvement of contractors in the design process would allow their involvement in value engineering if needed.	
Client management – a D&B contract can involve lower client management costs given the reduced programme and that the design and construction elements aren’t commissioned separately.	

CONSTRUCTION ONLY CONTRACT

- 4.7. The procurement strategy set out in the Outline Business Case assumed a Design and Build contract would be used. However, there may be some advantages in using a Construction Only contract.
- 4.8. In a Construction Only (CO) contract, the design process is kept separate from the construction process, meaning that tendering would be carried out following the detailed design stage. This would mean that tender prices would be based on more detailed scheme designs, which could result in lower prices as risks should be lower. However, a CO contract would limit contractor involvement in value engineering, and may reduce time available for design modifications. The advantages of Early Contractor Involvement, such as buildability and traffic management reviews would not be as readily available under this option. It would also require an extension of the project programme, as a robust scheme price would only be achieved once the contract had been priced by contractors, potentially delaying submission of the Full Business Case to the DfT.
- 4.9. The advantages and disadvantages of a CO contract are set out below:

Construction Only Route	
Advantages	Disadvantages
Potential lower scheme costs – tender prices would be produced based on detailed designs, which should result in lower risks being costed and hence lower tendered prices being received.	Scheme programme – the CO approach would require the current scheme programme to be lengthened, meaning that submission of the Full Business Case to the DfT would be delayed by 9-12 months, with subsequent delays to the start of construction works.
Simpler tender process – there should be a simpler tendering and evaluation process, as all prices are based on the same information and there is less need for contractors to build in risk elements.	Fragmented responsibility – given that the design and construction elements are commissioned separately, this can result in disputes over whether construction defects are really construction defects or design defects. This process does not effectively allow for the allocation of risks, or risk transfer to the contractor.
Design process – as the design would be separately commissioned, we would retain responsibility and control of the design team.	Contractor ‘buy-in’ – the contractor is not involved in the design process and is not required to ‘buy in’ to the design; there is also limited opportunity for the contractor to be involved in value engineering.

- 4.10. The conclusion from an internal review was that a Design and Build procurement route should be adopted for phase I (as originally intended), which would allow a contractor to be commissioned at an early stage, who would develop the detailed design and also consider buildability and proposed traffic management and phases. This is considered particularly important given the sensitivity of the network, and therefore there is the option to model proposed traffic management to establish its impact in advance.

PROCUREMENT STRATEGY CONCLUSION

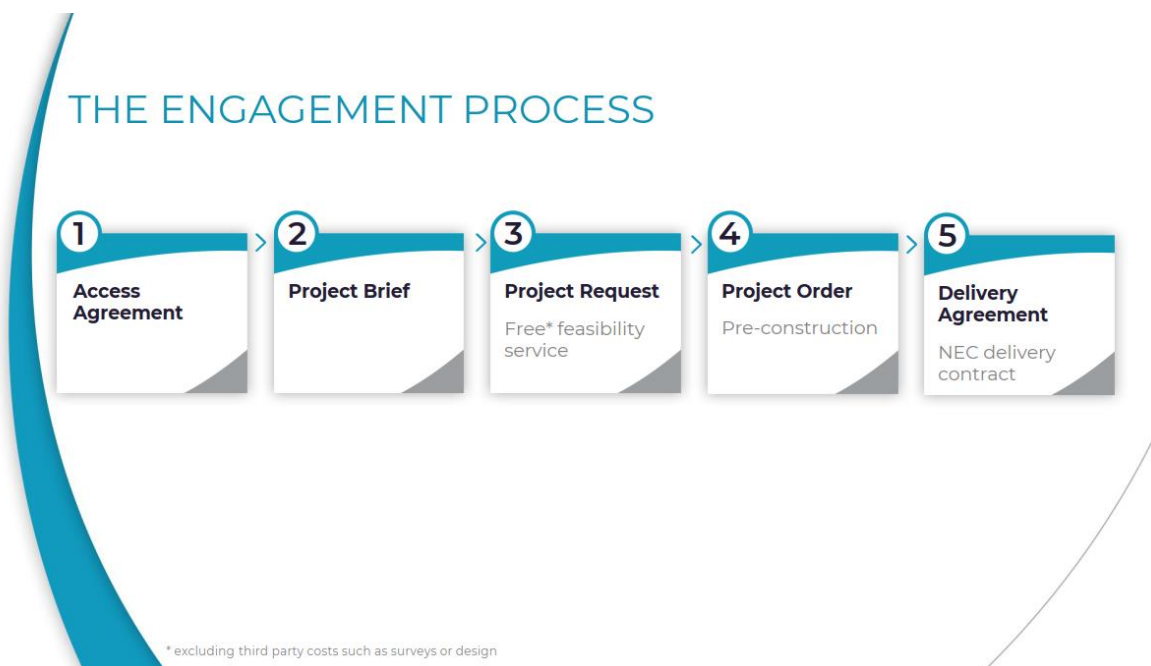
- 4.11. The above three options have been reviewed by Strategic Planning and Infrastructure team. This review has concluded that the best option was to utilise an existing available framework.
- 4.12. The use of a framework would allow a shorter project programme, whilst still ensuring best value as the framework options that were assessed as being appropriate for the scheme were all competitively tendered. An Above GPA Threshold procurement process, with a contract notice published in the Find a Tender Service (FTS) to invite tenders’, the UK’s replacement to OJEU, was also considered as part of this assessment however is not deemed feasible due to the timeframe constraints of the project and the availability of resources to undertake a procurement process via this route.
- 4.13. The review of available frameworks has concluded that the Scape Procure Civil Engineering and Infrastructure Framework is an appropriate and available framework, and is the most suitable mechanism to procure the contract. The review considered the following frameworks:
- Gen 4 Civil Engineering, Highways and Transportation Collaborative Framework (Hampshire)
 - CCS Framework
 - NHS SBS – PS-Works: Public Sector Construction Works

- Pagabo Civil Engineering Framework
- Procure Partnerships

4.14. Additional information on Scape Procure Civil Engineering and Infrastructure Framework and the reasons for its selection are provided below.

5. **SCAPE PROCURE CIVIL ENGINEERING & INFRASTRUCTURE FRAMEWORK**

- 5.1. The Scape Group is a Local Authority controlled company wholly owned by Derby City, Derbyshire County, Gateshead, Nottingham City, Nottinghamshire County and Warwickshire County Councils in equal shares.
- 5.2. Scape was formed under section 95 of the 2003 Local Government Act and incorporated on 21 December 2005. It began trading on 1 April 2006. Scape acts as a Contracting Authority and Central Purchasing Body as defined in the EU Procurement Directives.
- 5.3. The Groups vision is to be leaders in collaborative working, providing cost effective solutions by using simple, easy to use and hassle free processes which deliver an inclusive and engaging experience for clients and the communities they serve.
- 5.4. Scape Procure Civil Engineering & Infrastructure Framework is delivered by Balfour Beatty, a leading international infrastructure group with more than 100 years of experience in complex infrastructure projects. Works under the Civil Engineering and Infrastructure Framework are valued from £1m to £40m and above.
- 5.5. This framework enables civil engineering and infrastructure works in sectors such as environmental, engineering, transportation, leisure, recycling and waste, defence, ports, harbours and marine, flood defence and coastal engineering, energy, education, industrial, commercial and other public sector assets.
- 5.6. To deliver value and certainty for civil engineering projects, Scape and Balfour Beatty follow a 5 stage process:



- 5.7. Stages 1-3 of the process are undertaken at Balfour Beatty's cost and therefore with no cost to the Council. The Council does not have to commit to all stages at once. Just because the Council commissions pre-construction activities (detailed design for example) does not mean that they are bound to issue a subsequent construction contract as well. It therefore offers great flexibility.

6. ENSURING VALUE FOR MONEY WITH THE SCAPE FRAMEWORK

- 6.1. This procurement path ensures value for money as the Scape Framework is an OJEU compliant and OJEU procured framework. It was subject to EU wide competition when it was set up to ensure/maximise value for money and quality.
- 6.2. Balfour Beatty were awarded the contract as a sole supplier based on their competitive tender and is able to further demonstrate value for money by competitively tendering the sub-contracted work packages through its extensive supply chain. This means that all of the project spend under this framework will have been subject to competition. Even though Balfour Beatty is the sole supplier under this framework this does not result in a monopolistic situation as Balfour Beatty were subject to EU wide competition to win the framework opportunity in the first place and the construction work for the project will be competitively tendered by Balfour Beatty. The Council can have input into that sub-contracting process if it wishes to.
- 6.3. The Scape Framework has also been used to procure design and construction services as part of the Council's South Yard project, Charles Cross Roundabout Redevelopment and more recently, the Forder Valley Transport Improvements scheme, which have reported a good positive experience.
- 6.4. The Scape process requires Detailed Design to be undertaken as part of the Pre-Construction stage and therefore before the scheme is 100% market tested prior to the submission of the construction Price. Therefore, using this framework means that Detailed Design of the WTTG scheme has been completed ahead of agreement of the Target or lump sum price depending upon which option is selected; this approach means that the construction costs are more certain at the point when the construction contract is signed.

CONTRACTOR'S PROCUREMENT AND MANAGEMENT OF SUPPLY CHAIN

- 6.5. Although the SCAPE Framework is a sole supplier award, best value through Balfour Beatty's supply chain is achieved through competitively tendering individual work packages where sub-contractors are required through its extensive supply chain. This approach demonstrates value for money by all of the project spend under this framework being subject to competition. For the purpose of this award report for initial pre-construction tasks, Balfour Beatty tendered the works to three consultants. Following this a tender review was undertaken between Balfour Beatty and Council representatives
- 6.6. By fostering collaborative, honest and open relationships, Balfour Beatty can drive performance improvement across all areas of their supply chain.

Enhancing Value

- 6.7. By working in partnership with key supply chain partners, Balfour Beatty enhance value and minimise risk; specific examples of this include the following:

- Collaborative planning forums – removes duplication and re-work for follow-on trades, by identifying constraints which may impact on interfacing works;
- Risk and opportunity workshops – identifying key risks and opportunities which are jointly managed across all suppliers for particular work sections;
- Value stream mapping – ensuring that offsite fabrication aligns with the required delivery programme and identifying bottlenecks to allow early mitigation;
- Co-location of supply chain and project staff – teams working together, removing the risk of segregation;
- Expedition of critical materials – actively managing demand peaks and troughs to avoid delays.

Tendering Processes – Approval, Selection and Performance Management

6.8. A critical aspect of the project delivery is ensuring the correct supply chain are engaged. Balfour Beatty do this with their supply chain through the implementation of strict supply chain selection and approval processes which includes:

- Supply Chain Rationalisation – Balfour Beatty review the volume of suppliers they actively trade with to ensure that they work with only the best suppliers and drive efficiencies.
- Supplier Approval Process – all new suppliers and subcontractors are required to undergo a rigorous pre-qualification assessment procedure and are required to demonstrate their capabilities and competence in all aspects of their business.
- Supplier Performance Management – once approved, annual audits are carried out to ensure standards are maintained and continuous improvement targets are set and achieved. Where necessary, improvement plans are implemented to increase performance.
- Supplier Selection – Balfour Beatty use an evaluation tool to identify and select supply chain partners based on a series of value adding criteria (not simply lowest price). The selection criteria for each package is bespoke to reflect the constraints, risks and opportunities associated with that specific element of works. Selection criteria can include:
 - Health and Safety Culture
 - Technical expertise and competence of supervisors and technical support
 - Capability and Capacity (including track record for delivery)
 - Use of local labour force and a local supply chain
 - Competitiveness of a robust price and transparency of cost base
 - Robust risk assessments and risk mitigation plans
 - Effective project controls to manage quality (systems, processes and practical evidence), time, cost, maintaining and improving programme
 - Proposals for continuous improvement and increasing productivity
 - Supply chain mapping – the identification of sub-tiers of supply, sources of raw materials and country of origin
 - Innovation
 - Sustainability initiatives

Risk Management

- 6.9. Risk management within a contractor's supply chain is critical and Balfour Beatty ensure that risks are managed and mitigated at a macro level as well as throughout the lifecycle of the project.
- 6.10. Supply chain risks are managed and mitigated through detailed, bespoke procurement strategies.
- 6.11. Some of the most common supply chain risks that Balfour Beatty monitor and manage are:
- Supply Chain Vulnerability – Supply Failure and Supplier Failure
 - Macro-Environmental Risks – Political, Economic, Social, Technological and Legal
 - Anti-Competitive Behaviour – Price Fixing
 - Sustainability – Economic, Social and Environmental
 - Health and Safety – Policy, Performance and Investment
 - Commercial – Cost Certainty
 - Programme – Delivery and Completion
 - Quality – Products and Workmanship
- 6.12. Two of the most significant risks in the current market are that of Supply Failure and Cost Escalation brought about by the increasing likelihood of an imbalance between the demand on the supply chain and their capacity and capability to supply. These risks are managed closely through Balfour Beatty's supplier relationship management programmes and through the effective execution of project procurement strategies.

Managing Health, Safety and Wellbeing

- 6.13. The health, safety and wellbeing of employees and everyone else affected by project activities are fundamental. Balfour Beatty require that everyone who works for or with them:
- Embeds health and safety as core elements in all they do
 - Takes a lead in requiring and delivering excellent health and safety
 - Works with them to eliminate the risk of serious harm from all activities
 - Upholds and promotes their policies and expected behaviours
 - Is intolerant of unsafe behaviour, short cuts and unplanned work
 - Supports those who challenge these unsafe practices, and holds people to account if they don't conform
 - Insists that everyone is involved, informed and engaged
 - Challenges, learns and innovates to reduce risk
 - Reports potentially unsafe incidents and injuries, and investigates fully to learn lessons
 - Comes to work in a fit condition

Sustainable Procurement

- 6.14. Balfour Beatty are committed to working with the supply chain to:
- Maximise the engagement of local labour and suppliers
 - Measure, understand and minimise greenhouse gas emissions and use of water

- Apply lifecycle thinking to the provision of lower impact products, materials and services
- Reduce and avoid the disposal of waste to landfill
- Provide responsibly sourced construction materials with high recycled contents
- Develop their collaborative approach to sustainable and responsible procurement
- Implement effective controls to guard against Modern Slavery
- Maximise the total amount of social value generated by the project

7. PRE-CONSTRUCTION PHASE

- 7.2. As stated, this report is for activities associated with the Phase I pre-construction works. To ensure value for money, Balfour Beatty tendered this design work to three consultants and an assessment was undertaken to identify AECOM as the preferred supplier.
- 7.3. Early Contractor Involvement (ECI) will be ongoing throughout the detailed design helping to drive savings and overcome potential construction issues before the design is finalised. This will also allow buildability reviews and traffic management during construction to be considered and embedded into the design solutions.

8. DUE DILIGENCE / COMMERCIAL RISK EVALUATION

- 8.1. This is discussed in the Contract Award Report and contains commercially sensitive information.

9. CONTRACT RISK ALLOCATION AND TRANSFER

- 9.1. The Council has a robust Risk Management Strategy which will be used to manage risks within this project by wherever possible eliminating these risks or providing mitigation to reduce them as far as possible. The scheme delivery strategy is designed to maximise the use of the Council's in house skills and where appropriate pass risk on scheme construction and delivery to those best placed to deal with such risks.
- 9.2. An initial risk workshop has been held and a risk register will be monitored and updated throughout the preconstruction phase. At the workshop, all elements of the scheme development and delivery were discussed, with the objective of updating the existing risk registers to ensure that all project risks were captured. This process ensures a comprehensive review of risks at this stage of the project, leading to the ongoing development of an extensive risk register.
- 9.3. The Quantified Risk Assessment will be updated to cover both the design and construction elements of the scheme. Risks have will be allocated to the most appropriate owner and are shown to be either the responsibility of the Council, the Contractor or shared. As it is a live document, this will continue to be reviewed at monthly progress meetings; as risks are closed they will be removed from the Risk Register or if risks materialise they will be placed on an issues log.

10. CONTRACT PROGRAMME

- 10.1. The key milestones within the pre-construction programme for Phase I are set out below but it is important to note that the programme is under review with the contractor and their design to accelerate where possible to bring forward the on site start date.

Start Date	Milestone	Activity
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10 th May 2022	Designer Mobilisation	Mobilisation of designer to undertake review and progress design
20 th May 2022	Initial Pre-Construction Award	Detailed Design commences
Mid August	Full Pre-Construction Award	Full scope defined
September 2022	DOV Contract Award	Detailed Design continues
October/November 2022	Utilities Payment	Payment to utilities companies and commence lead in periods.
November/December 2022	Enabling works	compound set up, demolition, vegetation treatment/clearance, utilities etc
January 2023	Construction Phase	Construction Phase A (Woolwell Road) to commence
March 2023	Construction Phase	Construction Phase B (Woolwell Crescent Junction and Tavistock Road up to Woolwell Roundabout) to commence

II. CONTRACT MANAGEMENT

- 11.1. The Council already has a robust contract management process in place for this scheme and has secured external Contract Management support through consultants WSP to assist in the tender documentation preparation, evaluation of bids and administration of the contract during pre-construction and the lead up to the construction stage.
- 11.2. This approach enables WSP to fully scrutinise and challenge all works and prices on behalf of the Council, in order to ensure that the contractor is achieving value for money and following the approach identified within their brief and the Employer's Requirements. WSP have direct experience of managing highway engineering contracts for many public sector clients, and have recently undertaken this role on Council schemes such as Plymouth Road, Forder Valley Link Road and Forder Valley Interchange.
- 11.3. Key activities which the Contract Management team (WSP and PCC) will undertake include:
- Negotiate the full pre construction fee
 - Review and approve the detailed design proposals;
 - Ensure that value management procedures are implemented in order to minimise costs without adversely affecting quality;
 - Issue works instructions to the Contractor for any potential early enabling works;
 - Monitor works progress against both programme and forecast spend profiles, and check quality of the deliverables;
 - Review and agree the assessments of any compensation events;
 - Review and pay monthly and final valuations; and

- 11.4. The Contractor's Project Manager will be required to attend monthly Progress Meetings (or more frequently where considered appropriate) with the Council.
- 11.5. Contract change management will be overseen by the Council and their agents. The Contractor must notify the Client Project Manager, of any matter through an Early Warning, which could increase the prices, delay completion or impair the performance of the works in use. Decisions and directions will be escalated to the Strategic Growth Board as required.

12. FINANCIAL IMPLICATIONS

- 12.1. This contract award is for the pre-construction works for the Woolwell to The George Phase I.
- 12.2. The total contract value under this award is £570,215.47 (£717,276.59 minus previous contract sum of £147,061.12)
- 12.3. The funding for this award has already been accounted for within the TCF funding.
- 12.4. A summary of the funding package can be found in the Contract Award Report and contains commercially sensitive information.