

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Town Centres, Economic Growth and Prosperity.
2.	Date:	19th March 2012
3.	Title:	A57 Major Highway Scheme. Agreement to Preferred Contractor and Target Price for Submission to the Department for Transport. Ward 18 Wales and Ward 6 Holderness.
4.	Directorate:	Environment and Development Services

5. Summary

To explain the progress made since the Council joined the Midlands Highway Alliance and the subsequent use of the Medium Schemes Framework for the procurement of the civil engineering works associated with the A57 Major Highway Scheme.

6. Recommendations

Cabinet Member is requested to resolve that:

- i) The preferred contractor for the A57 civil engineering contract to be Ringway Infrastructure Services (RIS) and the agreed target price submitted by RIS to form the basis of a submission to the Department for Transport (DfT) for final scheme approval.
- ii) The Council enter into a collaboration agreement with the MHA's lead authority Leicestershire CC and the preferred contractor RIS such that Rotherham Borough Council (rather than Leicestershire CC) will act as Employer in any subsequent contract award through the MHA's Medium Schemes Framework for the scheme.
- iii) Once DfT final approval is granted, enter into contract with RIS for the A57 scheme utilising the Medium Scheme Framework and the associated 'package order' process and Framework Board Approval.

7. Proposals and Details

Background.

The A57 Sheffield Road-Worksop Road Improvement Scheme consists of an improvement of the existing single carriageway to dual carriageway and improvements to the intersections at Todwick Crossroads (A57/B6463) and the priority controlled A57/Goosecarr Lane junction. This scheme was given programme entry by the DfT early in 2011 following the Council's Best and Final funding Bid at the end of 2010 (minute number 134 Cabinet meeting 15th December 2010 refers) and was the subject of a public inquiry between 4th and 7th October 2011. The Secretary of State has now confirmed the Orders that were the subject of that inquiry thereby allowing the acquisition of land for the scheme and the associated amendments to the side roads. The scheme will therefore need procuring as part of the final approval process of the Department for Transport.

The Project Board for the A57 scheme, chaired by the Strategic Director for Environmental and Development Services, has resolved to utilise a Framework agreement for the procurement of the scheme in order to gain the benefits of a partnership based approach. Cabinet Member may recall the previous resolution of 2nd November 2011 (minute number 57 refers) to join the Midlands Highway Alliance (MHA) and utilise their medium sized schemes framework for the procurement of the scheme's civil engineering works. The framework is fully compliant with European competition legislation.

The Outcome of Selection Process in the MHA's Medium Scheme Framework

The selection process included the use of a model highway scheme similar in scope to the A57 scheme and a range of quality criteria that were weighted according to the scope of the scheme, the Council's objectives, and the Council's procurement strategy. The outcome was that the preferred contractor for the scheme from the four contractors listed on the framework, was Ringway Infrastructure Services. This selection was subsequently endorsed by the Framework Board of the MHA. The contract, if eventually entered into, will be serviced from Ringway's local office in Wath on Dearne.

Scheme documentation has been delivered to Ringway's office in line with the framework's procedures, and officers have been working with Ringway representatives to develop the 'target price' for the scheme's civil engineering works and initiate a process of 'early contractor involvement' (ECI) to refine scheme details. The outcome of these discussions and negotiations has been to agree a target price for the civil engineering works of £9.677M. This compares to estimates submitted at the time of the Best and Final Funding Bid to the Department for Transport (DfT) in December 2010 of approximately £9.555M. Officers and representative from Ringway will continue to participate in early contractor involvement to refine further the risks and opportunities that the scheme offers. The risk register has already been reviewed as part of this process, and indeed, in line with the ethos of the contract, and it has been possible to remove or reduce previously identified risks.

Next Steps

Now that the result of the public inquiry regarding land acquisition is known and is favourable, the following is required:

- Make a submission to the DfT for final scheme approval, incorporating the target price as submitted by RIS.
- Enter into a collaboration agreement with the MHA's lead authority Leicestershire CC and the preferred contractor RIS such that Rotherham Borough Council (rather than Leicestershire CC) will act as Employer in any subsequent contract award through the Framework for the scheme.
- Once DfT final approval is granted, enter into contract with RIS for the scheme utilising the Medium Scheme Framework and the associated 'package order' process and Framework Board Approval.

It is currently anticipated that the submission for final approval to the DfT will be made early in April with approval expected in May. The package order will be placed as soon as DfT approval is granted, such that a start on site can be made in the late summer. Construction should be complete by Christmas 2013.

8. Finance

The scheme has an agreed £11.8M fixed grant contribution from the DfT. The scheme estimate is still £14.7M, including land acquisition, utility diversions and supervision. The required contribution from the Council is therefore currently estimated at £2.9M, the same as envisaged at the time of the Best and Final Funding Bid to the DfT. A fee is charged by the MHA for placing a package order through the framework of 0.4% of the contract price. This reflects the savings made to the Council and the contractor RIS in the tendering process and through the process of early contractor involvement and the associated saving generated. This will be funded from the scheme budget.

9. Risks and Uncertainties

Procurement of a contractor for the civil engineering elements of this scheme through the MHA aims to reduce the financial and other risks associated with the procurement of this major scheme. The contractor will be incentivised to produce works of high quality and at an affordable price through the KPI process associated with the medium scheme framework and the continuous feedback of key performance indicators into the framework that affect the likelihood of future contract awards.

A risk register has been compiled and risk workshops held with the contractor as part of the early contractor involvement process, and this in turn has generated a significant risk allowance that has been included within the estimated whole scheme costing.

10. Policy and Performance Agenda Implications

The A57 scheme is a named major highway improvement scheme in LTP3 Implementation Plan and accords with the aims and objectives of the Sheffield City Region Transport Strategy in assisting the improved management of traffic, offering road safety benefits and supporting regeneration initiatives. The improvement supports the aims and objectives of the Traffic Management Act 2004 in reducing congestion.

11. Background Papers and Consultation

The proposed scheme was granted conditional planning consent on 30th August 2011 and was subject to a Public Inquiry in respect of the proposed compulsory purchase orders and side roads order in October 2011. The best and final funding bid for the scheme was made in December 2010, Cabinet Minute 134, 15th December 2010, and confirmed in January 2011.

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