

Department for Infrastructure

Roads: Procurement of Works (up to £5m) and Maintenance

Market Consultation

Briefing & Questionnaire

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1 Introduction

1.1 Purpose of this Document

- 1.1.1 The Department for Infrastructure – Roads ('DfI Roads') is developing a new Procurement Strategy for roads construction and other related transport/civils works, valued up to £5million, and road maintenance activities.
- 1.1.2 Further to the Prior Information Notice published in etendersNI and Find a Tender Service, this document sets out further background, DfI Roads' Outline Procurement Strategy, and the questionnaire to gather market feedback.
- 1.1.3 The market feedback gained from this consultation exercise is important to the development of an effective Procurement Strategy. All market feedback will be carefully considered and used by DfI Roads to inform and further develop its new Procurement Strategy.

1.2 Important Notes

- 1.2.1 This preliminary market consultation relates to the procurement of roads construction and other related transport/civils works, valued up to £5million, and road maintenance activities. This briefing and questionnaire are not a call for competition.
- 1.2.2 DfI Roads welcomes feedback from any supplier interested in such works and maintenance. Suppliers of any type and size, and irrespective of whether your company has ever supplied DfI Roads, are encouraged to consider and engage with this market consultation exercise. This includes companies that work directly for DfI Roads or provide materials, services, or works in the supply chain.
- 1.2.3 All responses to this preliminary market consultation will be carefully considered but will not bind DfI Roads to any approach.
- 1.2.4 Any expenditure, work or effort undertaken by your organisation in relation to this consultation exercise will not be reimbursed by DfI Roads.
- 1.2.5 All aspects of the new Procurement Strategy remain under consideration by DfI Roads, and the views of the market will assist in the further development of the strategy.

2 Background

2.1 DfI Roads Responsibilities

2.1.1 DfI Roads is responsible for the maintenance of over 25,000km of public roads together with about 9,700km of footways, 5,800 bridges, and 290,000 streetlights. In relation to this asset, the new Procurement Strategy will cover the procurement of roads maintenance, renewal and capital works projects up to £5m.

2.2 Current Approach to Maintenance and Minor Works

2.2.1 The current approach to delivery of maintenance and minor improvement works was developed in 2002 to 2005. The packaging and contracting arrangements involve a range of geographic Term Maintenance Contract (TMC) packages across Northern Ireland for each main category of works as shown in Table 1.

Category	Contract	Typical Works Order Values*	No. of Areas
Repairs to Structures	Area-based 3 to 5-year TMC	£0-£500k	8
Minor Improvements	Area-based 3 to 5-year TMC	£30k-£500k	8
Surface Dressing	Area-based 3 to 5-year TMC	£0-£500k	7
Surface Treatments	Area-based 3 to 5-year TMC	£0-£500k	4
Small Scale and Responsive Works	Area-based 3 to 5-year TMC	£0 - £30k	12
Environmental Maintenance (Grass Cutting/Weed Control/Gully Emptying)	Area-based 3 to 5-year TMC	£0-£500k	8
Road Markings	Area-based 3 to 5-year TMC	£0-£500k	8
Street Lighting	Area-based 3 to 5-year TMC	£0-£500k	8
Resurfacing	Area-based 3 to 5-year TMC	£50k-£500k	24
Total			87

* Works Order value ranges vary between older and newer contracts.

2.2.2 The current procurement approach includes the following key features:

- Design and supervision are undertaken by DfI Roads with some external support.
- TMCs are based on the Infrastructure Conditions of Contract (ICC) covering nine 'categories' of maintenance and works.
- Each TMC is awarded to a single supplier on a 'geographical area' basis.
- DfI Roads procures and manages over 80 TMCs on an ongoing basis, with procurement undertaken in regular tranches.

- The recent basis of the TMC competitions has been 'price only.' Forthcoming TMC procurements will change to a 30/70 'quality and price' approach.
- A supplier can win up to 50% of the TMCs in any procurement tranche.
- In total, the full range of 80+ TMCs are currently delivered by fewer than twenty different companies.

2.3 Scope and Aims of the new Procurement Strategy

2.3.1 The new Procurement Strategy scope includes consideration of the procurement of:

- Low and medium value roads and civil engineering works (£5million max), which goes beyond the scope currently covered by TMCs
- Resurfacing works
- Maintenance and specialist works
- Design and supervision services

2.3.2 The scope excludes the procurement of winter service works, which will continue to be provided by an in-house team supplemented by private sector drivers and other resources, as necessary.

2.3.3 The strategy development and implementation will be taken forward as part of a Procurement Enhancement Programme (PEP), for which, the aims are:

- To deliver value for money and improve efficiency in maintenance, renewals, and capital works (<£5million) delivery for DfI Roads and its internal and external stakeholders.
- To introduce improved procurement processes and systems that are efficient, cohesive, streamlined and fit for purpose, ensuring the best use of public money, and which can be delivered more quickly taking account of legal obligations.
- To consider electronic systems to support new procurement and payment processes with the ability to monitor performance, analyse trends, support consistency and to inform regular lessons learned reviews to identify continuous improvement opportunities.
- To introduce flexible procurement and contract arrangements to facilitate changing work priorities and ensure that these reflect DfI Roads' Corporate Plans. In support of greater flexibility, to give initial consideration to appropriate packaging and contracting strategies, including Framework Contract options.
- To improve confidence within the Northern Ireland Construction Industry in the Department's ability to deliver a sustainable procurement strategy, recognised as being best practice and which reduces the potential for legal challenges.

- To maintain a strong, competitive, and sustainable roads maintenance and construction industry in Northern Ireland, taking account of main contractors, sub-contractors, materials suppliers, and specialist SMEs.
- To promote a collaborative and non-adversarial approach in procurement and in the management and delivery of contracts, and support collaboration across the maintenance community.
- To consider and implement an appropriate standard form of contract, such as the NEC4, to best support the benefits of the delivery of the new procurement strategy and the desired collaborative way of working.
- To introduce opportunities for early contractor involvement into the design, planning and programming of maintenance and works projects to achieve efficiency, productivity, and social value improvements.
- To identify and review the level of skills and capabilities required to support the new procurement strategy and associated contract management responsibilities.
- To identify and incorporate opportunities and requirements for climate change and social value policies and objectives into the procurement strategy and procedures.

2.4 Best Practice & Lessons Learned

2.4.1 The Procurement Strategy will reflect procurement best practice and lessons learned. Sources of best practice will include:

- The Northern Ireland version of The Construction Playbook: Government guidance on sourcing and contracting public works projects and programmes (HM Government 2020)
- The Infrastructure and Projects Authority (IPA) document: 'Improving Infrastructure Delivery: Project Initiation Routemap, Procurement Module.'

3 Outline Procurement Strategy

3.1 Overview

3.1.1 The Outline Procurement Strategy described in this section is a draft for consultation purposes. It will be further developed with input from stakeholders, including the feedback obtained from this market sounding exercise.

3.1.2 To help address the Procurement Strategy aims the following principles have guided strategy development to date:

- Tailoring the strategy to the existing Northern Ireland supply base and minimising the need for the market to restructure. This will help to secure the necessary capacity from the available pool of resources and maintain a healthy competition in the short and long-term.
- Consolidating the maintenance and works 'categories' where there is some overlap in the supply base. Procuring a large number of separate categories is inefficient for DfI Roads and suppliers.
- Developing larger geographical contracts while ensuring compatibility with the existing Divisional management structures. With over 80 contracts being delivered by fewer than 20 companies many suppliers have multiple similar contracts, so there is some room for consolidation..
- Creating contracts where DfI Roads has more than one supplier available to provide a contingency, for example, if there are instances of poor performance or individual supplier capacity issues.

3.2 Packaging and Contracting Strategy

3.2.1 To support the key aims, the use of framework contracts is being proposed where the delivery requirements are generally larger discrete packages of work. Where frameworks are used, it is proposed to develop long-term framework contracts, which are expected to be 4 years in duration.

3.2.2 Where there is a requirement for smaller scale or routine maintenance works, it is proposed to retain a TMC approach. However, the new routine maintenance contracts are proposed to cover a larger area and contain a broader scope of activities.

3.2.3 Table 2 sets out the potential future packaging and contracting approach for consultation purposes.

Table 2 Potential Future Contract Packaging				
Work Category	Contracting Strategy	Packaging Strategy	Est. Value, £p.a.*	No. of Suppliers Appointed
A. Structures & Lighting**	Framework Multi-supplier Lots National Coverage	Lot A1. Maintenance and Improvement of Structures	£3m - £8m	2-3
		Lot A2. Road Restraint Systems (NEW)	£3m - £5m	2-3
		Lot A3. Maintenance & Improvement of Street Lighting	£15m - £25m	3-4
B. Specialist Surfacing	Framework Multi-supplier Lots National Coverage	Lot B1. Surface Dressing	£10m - £15m	3-4
		Lot B2. Surface Treatments	£2m - £3m	2-3
C. Surfacing & Works	Framework Multi-supplier Lots One Lot per Region	Lot C1. Northern Division Resurfacing & Improvement Works (£50k to £5m)	£100m - £150m	4 (per Lot) Suppliers can win a maximum of 3 Lots
		Lot C2. Southern Division Resurfacing & Improvement Works (£50k to £5m)		
		Lot C2. Eastern Division Resurfacing & Improvement Works (£50k to £5m)		
		Lot C2. Western Division Resurfacing & Improvement Works (£50k to £5m)		
D. Routine Maintenance & Small Works	Term Maintenance Contract Single Supplier Contracts Two Geographical areas per Division	Each Contract to include: Small Scale and Responsive Works (Up to £50k) Environmental Maintenance Road Markings	£20m - £30m	8 Can win a maximum of two Contracts (and one per Division)
Total				Up to 41

* Based on 2022 prices

** In relation to structures, road restraint systems, and street lighting (Lot A1, Lot A2, and Lot A3), it is recognised that the routine work elements under those categories create some complexities for a framework-type approach. The continued use of TMCs therefore remains an option under consideration for these categories. Supplier views on the use of frameworks for small scale/routine work would be welcomed in response to Q3.1.

- 3.2.4 All the new contracts, i.e., frameworks and TMCs, are expected use the NEC₄ suite of conditions in line with best practice guidance and government policy. For the framework contracts, call-offs are expected to be based on bills of quantities using NEC₄ Option B: Priced contract with bill of quantities.
- 3.2.5 Where the use of frameworks is proposed, it is intended to appoint multiple suppliers to each framework Lot. This is intended to create delivery resilience, greater operational flexibility, maintain competition, and benchmark performance. The framework approach will also help to reduce the overall high number of procurement exercises that are currently consume significant resources for both DfI Roads and suppliers.
- 3.2.6 It is expected that framework awards will include a 'workbank share' commitment to each supplier. This would be initially determined using tender scores with the potential to be updated based on actual supplier performance. Suppliers would be awarded different 'workbank shares' with the top ranked supplier in the framework competition initially gaining the highest share. For example:
- if three suppliers are appointed the shares could be 45%, 35% and 20% of the framework workload; and
 - if four suppliers are appointed the shares could be 40%, 30%, 20% and 10%.
- 3.2.7 Under each framework, the commissioning process will determine how the call off contracts are awarded to the framework suppliers. It is expected that a high proportion of call-off contracts would be awarded following a process that allocates work accordance with the 'workbank shares.' All call off awards will be subject to the development of an acceptable price using tendered rates.
- 3.2.8 A facility for mini competitions will be retained for use in some circumstances. This may include where a price cannot be agreed for a call-off contract or where DfI Roads wish to benchmark prices and test value for money.
- 3.2.9 There will be a requirement that suppliers will continuously improve the value for money offered to DfI Roads and taxpayers over the framework term. Delivery performance will be closely monitored using a range of performance indicators. The 'workload shares' allocated at the point of the framework contract award may vary over the term of the framework contract, based on the performance and value for money delivered by each supplier.
- 3.2.10 Frameworks will allow collaboration between suppliers within each framework and across the frameworks. This could include the development of partnering and the use of group incentives via NEC₄ X12.

3.3 Procurement Route and Programme

3.3.1 The Public Contracts Regulations 2015 offer a range of procurement routes. These include:

- Open procedure
- Restricted procedure
- Negotiated procedure

3.3.2 For the new procurement exercises, DfI Roads intends to use the open or restricted procedure depending on market intelligence regarding the likely number of interested suppliers for each opportunity.

3.3.3 All competitions will be run on a quality and price basis to identify best value offers at the tender stage. This approach will be used to help avoid unsustainable pricing. Quality promises made at the tender stage will be carried forward into contract.

3.3.4 The new procurement strategy will be implemented in a phased approach to allow for a manageable transition for both DfI Roads and the market. The overall programme is:

- | | |
|--|-----------|
| • Complete the new Procurement Strategy | Q1 2023 |
| • Commence the 'Surfacing & Works' Procurement | Q3 2023 |
| • Award 'Surfacing & Works' Procurement | Mid-2024 |
| • Procurement of other categories | to follow |

3.4 Benefits Realisation

3.4.1 Delivery performance will be closely monitored using a small number of key performance indicators. A high level of performance transparency will be established to demonstrate that value for money is being delivered by all maintenance and works suppliers.

4 Questionnaire

4.1 Instructions for Responding

- 4.1.1 DfI Roads would appreciate feedback from companies that have an interest in any of the road maintenance or related transport/civils works opportunities covered by this consultation. The briefing outlines a strategic approach that DfI Roads considers could be developed into a more detailed strategy to deliver its aims.
- 4.1.2 Final decisions on the Procurement Strategy will be taken in the light of the market feedback gained from this consultation exercise. Therefore, this consultation provides current and potential suppliers with an opportunity to feed into and influence the Procurement Strategy before it is finalised.
- 4.1.3 DfI Roads would prefer companies to respond to all the questions as fully as possible. Responses should be given in the form of written answers. There is no limit to the length of the response to any question or to the provision of diagrams and pictures, etc. but please be specific and as concise as possible in making your points. The submission of general marketing material should be avoided as such material will be disregarded.
- 4.1.4 Please include your full company name within the header or footer of each page of your response.
- 4.1.5 For your written feedback to be considered in the finalisation of the Procurement Strategy your response must be received by email, to pb1@infrastructure-ni.gov.uk by 11 November 2022.
- 4.1.6 If you have any questions regarding this consultation exercise, please contact Stephen Bradshaw, stephen.bradshaw@infrastructure-ni.gov.uk, or Adam Heanen adam.heanen@infrastructure-ni.gov.uk

Questionnaire Part 1 – Interest, capability, and capacity

Q1.1. Would your company be interested in tendering for and delivering any of the contract packages set out in Table 2?

If yes, then please state which contract packages, in whole or in part, that your organisation would be interested in delivering.

Q1.2. Is your company likely to need to enter a consortium, e.g., a joint venture arrangement, to deliver any work packages of interest?

Please provide details of any likely consortium arrangements, if known, indicating the reasons, e.g., for capacity or technical purposes.

Q1.3. What is your company's approximate current total capacity, in terms of annual turnover, for the categories of work of interest?

Please complete the table below as fully as possible to submit your response.

Q1.3 Turnover		
Category of Work	Company Interest in Delivery (Yes/No)	Capacity Approx. Turnover (£k per annum)
Maintenance and Improvement of Structures		
Road Restraint Systems		
Minor Improvement/ Roads Civils Works		
Surface Dressing		
Surface Treatments		
Small Scale and Responsive Works		
Environmental Maintenance (Grass Cutting/Weed Control/Gully Emptying)		
Road Markings		
Maintenance and Improvement of Street Lighting		
Resurfacing		

Q1.4. Is your organisation aware of any skills or capacity issues within the industry that may impact on the successful procurement and operation of the maintenance and works contracts?

Please set out specific details and examples.

Questionnaire Part 2 – Packaging Strategy

Q2.1. What are your organisation's views on the packaging of maintenance and works into the contracts indicated in Table 2?

Please include your views on the division of scope between the proposed contracts. Please describe any key issues or risks that DfI Roads should consider in finalising the packaging.

Q2.2. Are there any alternative contract packaging approaches that your organisation would recommend for the DfI Roads' consideration?

Questionnaire Part 3 – Contracting Strategy

Q3.1. What are your organisation's views on the proposed overall contracting approach set out in section 3.2?

Please include your level of support for the proposed use of NEC4 frameworks, including work allocation between the group of successful contractors. Please set out any key issues or risks that the DfI Roads should consider when developing the contracting approach.

Q3.2. What are your organisation's views on the use of the NEC4 Framework Contract and with call-offs using the NEC4 Engineering and Construction Contract (ECC) Option B for work categories A, B and C in Table 2?

Please include your level of support for the use of NEC4, and any issues or risks that DfI Roads should consider when developing the contract, and any alternative contract forms that you consider would be a more suitable.

Q3.3. Does your company agree with the proposal for DfI Roads to adjust supplier workshare based on actual delivery performance?

Please include any alternative incentives that your company would like DfI Roads to consider.

Q3.4. Are there any alternative contracting approaches for maintenance and works that your company would recommend for the DfI Roads' consideration?

Please set out the details and your rationale.

Q3.5. Does your company consider the 4 year duration of the Frameworks or Term Maintenance Contracts to be appropriate?

Please set out the details and your rationale.

Questionnaire Part 4 – Schedule, Opportunities, and Risk

Q4.1. What is your company's view on the high-level procurement schedule?

Q4.2. In your company's view, what are the key risks associated with the successful procurement and operation of maintenance and works contracts?

Please set out any further risks not covered by earlier responses.

Q4.3. In your company's view, what are the key opportunities that the DfI Roads should consider when finalising procurement strategy?

Please set out any further opportunities not covered by earlier responses.