



MEDIUM SCHEMES FRAMEWORK 4 (MSF4)

Framework Information

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1. INTRODUCTION

- 1.1 In the Framework Information references to the *Client* are to be read as meaning the person, whether the *Client* or other publicly funded body, wishing to place a Work Order (which for the purposes of the Framework Information includes Time Charge Orders) unless it is specifically stated otherwise.
- 1.2 Leicestershire County Council is the procuring authority for the Midlands Highway Alliance+ Medium Schemes Framework 4 (MSF4) acting on behalf of the Midlands Highway Alliance (MHA+). The MHA+ is an alliance of local authority members based in and around the Midlands. The member organisations of the MHA+ and its respective boards and working groups are supported by a small team funded by all member organisations of the MHA+. Details of the MHA+ members can be found at www.MHA+web.org.uk.
- 1.3 In this document, any reference to the *Contractor* also includes the *Supplier* where appropriate.

2. FRAMEWORK SCOPE

- 2.1 The *framework scope* of the MSF4 is for the execution of highway, civil and municipal engineering works. Typical schemes may involve, but not exclusively be, highway improvements, highway maintenance, highway infrastructure works (including bridges, subways, culverts and retaining walls), public realm works (town centre enhancements), drainage improvements, canal works and other infrastructure works such as waste management facilities.
- 2.2 Such schemes will be undertaken within the administrative boundaries of the existing MHA+ members (on behalf of the local authorities concerned or any other publicly-funded body working in conjunction with the MHA+ members), and other such bodies located within or adjacent to the geographical Midlands area that become members of the MHA+ during the currency of this Agreement..
- 2.3 There is no lower or upper limit on the value of Work Orders that can be issued under the MSF4. It is anticipated that most work will be in the range of £1million to £12million but a published and regularly reviewed pipeline of potential schemes will be available to allow resource planning.

3. THE AIMS AND OBJECTIVES OF THE FRAMEWORK AGREEMENT

3.1 Strategic aims of the Midlands Highway Alliance Plus

The aim of the MHA+ (and its member organisations' motivation) is to continue to achieve high quality highways, public realm and infrastructure schemes at improved value for member organisations by combining and sharing resources. This will be achieved through the use of agreed best practice procurement and project management principles including:

- long-term framework agreements, providing responsive procurement options;
- open book accounting throughout the supply chain;
- target pricing;

- incentivisation;
- performance measurement, benchmarking and continuous improvement;
- risk sharing and management; and,
- Early Contractor Involvement including key members of supply chain.

3.2 Strategic objectives of the MHA+

The MHA+ is also a vehicle for the sharing of learning and resources pertaining to other areas where common best-practice approaches can be developed, such as *Client* training and craft-skills training. Furthermore, it is intended that the benefits from this collaborative approach together with combined purchasing power should extend beyond financial matters to offer improvements in Social Value within communities.

3.3 Guiding principles for the operation of MSF4

Key principles of the framework are:

- all parties shall act in a spirit of openness and trust;
- all parties will act to secure best value for money and continuous improvement;
- collaboration between all parties;
- knowledge will be shared between all parties;
- objectives are shared with long-term commitment from all parties by establishing an effective joint management and decision-making structure;
- joint working and transparency between partners and their suppliers;
- trading opportunities are developed and funding stream opportunities are maximised;
- investment in mutual staff training and development programmes;
- achievement against performance indicators;
- innovate and implement change quickly and effectively; and,
- all parties, so far as possible, will avoid conflicts or disagreements and, should they arise, resolve them promptly together.

3.4 Managing relationships in MSF4

Following the success of the Medium Schemes Frameworks 1, 2 and 3, the MHA+ recognises that a culture of collaborative relationship management at both an operational and strategic level offers significant benefits for all parties, particularly in a long-term contractual relationship. It will, therefore, strive to continue to develop collaborative relationships with its partner *Contractors* under MSF4 which are:

- friendly but business-like;
- proactive rather than reactive;
- interdependent;
- flexible, where all parties are prepared to change;
- respectful of differences;
- fair, open and honest;
- risk is appropriately proportioned;
- governed by relationship management plans to ISO44001 as appropriate; and,
- disputes are resolved quickly and fairly.

4 FRAMEWORK GOVERNANCE

4.1 The Framework Board

4.1.1 The Framework Board consists of selected representatives of the *Client* (here meaning only Leicestershire County Council) and the other organisations that are members of the MHA+. The Framework Board will receive advice and support from other MHA+ member organisations' representatives as requested by the Framework Board.

4.1.2

The role of the Framework Board is to ensure the correct operation and fair interpretation of the *works* and *services* delivered via Work Orders throughout the term of the Framework and across all *Contractors* and MHA+ member organisations. It will achieve this by:

- approving the award of each Work Order to an appropriate *Contractor*;
- monitoring the value of Work Orders carried out by each *Contractor*;
- taking into account the actual performance of each *Contractor* in awarding any subsequent Work Orders to that *Contractor*;
- approving such changes to the MHA+ Performance Toolkit (as set out in Section 9 below) as are considered appropriate to encourage and deliver the Framework Agreement objectives;
- approving extensions of the Framework Agreement after ensuring that the Framework Agreement continues to deliver value for money and suitable performance is maintained.

4.2 The Framework Community Board

4.2.1 The Framework Community Board (FCB) reports via the Framework Manager to the Framework Board and primarily comprises a representative from each *Contractor*, the Framework Manager and representatives from member organisations of the MHA+ both *Clients* and designers. Representatives of the subcontractors and general supply chain members may also be members of the FCB.

4.2.2 The objective of the FCB is to achieve a team-focused community aimed at producing and supporting a continuous programme of work resulting in a sustainable performance standard which produces a benchmark for the industry and that all parties to the Framework can be proud of. In addition to this, the FCB is tasked with promoting the Framework and developing a complete understanding of each member's requirements and challenges. These include, but are not limited to, the MHA+ Performance Toolkit (design/planning, resources, training, welfare, commercial disputes and clarifications, health and safety, risk management, social value and sustainability).

4.2.3 The FCB is to act impartially and with a stakeholder-focused approach. To ensure a collaborative procedure is maintained, members are all able and responsible for contributing to, and influencing, the Framework Agreement's performance. The FCB will refer to the Framework Board any matter that it considers appropriate in respect of amendments to the Toolkit or any other element of the Framework Agreement, originating from the Best Practice Working Groups or otherwise.

4.2.4 With the expected volume of information under review, and to ensure that the stakeholders views and requirements are addressed, the FCB acts to co-ordinate and manage the Best Practice Working Group process.

4.2.5 Best Practice Working Groups will be established to ensure issues are addressed and performance is analysed on a regular basis. These Groups may focus on:

- commercial;
- performance;
- innovation, efficiency and improvement;
- best practice and value engineering;
- health and safety;
- national Skills Academy for Construction;
- quality Plans; and,
- sustainability.

4.3 Framework Agreement Extension

4.3.1 The Framework is for an initial four year term with options to extend for a further four years as two blocks of two years. The maximum term of the Framework is therefore eight years.

4.3.2 The formal decision to extend the Framework will be taken in the first six months of the year before the final year. For example, the decision to extend for years 5&6 will be taken in the first six months of year 3.

4.3.3 The decision to offer an extension to the Framework will be made by the Framework Board and the criteria used will include;

- the value of the Works Orders placed does not exceed that stated in the FTS Notice
- all *Contractors* have achieved a satisfactory performance standard over the two years preceding the extension as measured by the performance management toolkit.
- MSF4 is meeting the MHA+ member organisations' requirements and procurement strategies
- all *Contractors* have passed a further financial check consistent with the checks carried out at the Selection Questionnaire stage of the framework procurement process.

4.4 Transparency Requirements

4.4.1 The MHA+ member organisation (the *Client*) awarding the Work Order under this Framework Agreement will be responsible for complying with the transparency requirements in relation to award. This can include publishing details of contracts awarded in Contracts Finder or any other actions to ensure compliance with public sector transparency requirements. For avoidance of doubt, MHA+ will not be responsible for placing such notices on behalf of the *Client*.

4.5 Compliance with Minimum Requirements

4.5.1 The *Contractor* will maintain compliance with the relevant requirements applicable to this Framework Agreement throughout its term. This includes relevant requirements as per the SQ, to include:

- maintaining insurance cover equal or greater to the minimum requirements included in SQ;
- maintaining relevant professional certifications and qualifications in relation to H&S, BIM;
- maintaining compliance with Modern Slavery Act, and other applicable legislation.

4.5.2 The *Client* can request evidence to confirm compliance with the above prior to awarding a Work Order to the *Contractor*. Such compliance checks can include requesting copies of insurance certificates or confirming the *Contractor's* financial standing meets the minimum requirements set for this Framework Agreement. In the event whereby the *Contractor* fails to meet the minimum requirements set, the *Client* may elect not to proceed with the award or seek additional/equivalent assurances as required by the *Client*.

5. GUIDANCE FOR COLLABORATIVE WORKING

- 5.1 Work Orders issued under the Framework Agreement will use the NEC4 form of contract (with amendments) as further detailed within Section 8 below, adopting the key principles as identified in the aims and objectives of the MHA+ in Section 3 above. The MHA+ will provide support to its member organisations, *Contractors* and supply chain in the implementation of collaborative working practices.
- 5.2 For clarity, the forms of contract used are:
- Engineering and Construction Contract, Main Option C;
 - Engineering and Construction Short Contract;
 - Professional Services Short Contract.
- 5.3 Work Orders will be made up of an individual project although a programme of works may also be allocated to a *Contractor* with each project within a programme forming an individual contract. There is no guarantee that subsequent projects within the programme will be delivered. All projects will follow the appropriate *quotation procedure*.
- 5.4 Managing and sharing risk and reward underpins the whole process of collaboration for mutual benefit and will be defined with each *Contractor*. The MHA+ recognises that passing all risk to a *Contractor* often does not lead to the most cost effective price for the Work Order. As defined in the forms of contract used, *Contractors* will also share financial benefits and risks with the *Client*.
- 5.5 It is envisaged that the success of each Work Order will start in the planning process and Early Contractor Involvement (ECI) will be an important component to ensure that risk is managed appropriately. The objective for all Parties is to be satisfied that, once Work Order delivery begins, there will be no surprises and that the project comprised in the Work Order can be delivered in the most effective way possible.
- 5.6 As part of their planning process, *Clients* should have a clear contract strategy and be able to set out what they require from each element of the process, including those pre-contract phases. MSF4 provides opportunity for *Clients* to select a *Contractor* and add further clarity to the requirements before entering into a contract. During this phase it is crucial that a well-defined Scope is produced for the ECI requirements as well as

providing an understanding of what will be further developed as the Scope for Stage 2.

- 5.7 The MHA+ provides further guidance on the best use of ECI together with details of the processes and tasks which should be undertaken at each stage of the development of the project. This guidance can be found on the MHA+ website (<https://www.mhaplus.org.uk/work-streams/medium-schemes/early-contractor-involvement/>).
- 5.8 Early engagement of the supply chain which includes those key suppliers, subcontractors, and professional advisors who will play an important part in enabling *Clients* and *Contractors* to deliver the objectives of MHA+. The management of this supply chain is therefore a critical part of a strategy to reduce costs and improve quality. It is especially important that the supply chain:
- are committed to reducing costs;
 - never jeopardise or compromise quality;
 - ensure that frequently used items are always available;
 - are paid in accordance with the principles of The Prompt Payment Code;
 - make a fair and appropriate profit; and
 - are incentivised to deliver best value.
- 5.9 The *Contractor* is expected to identify and form long-term relationships with those key suppliers in their supply chain to enable better management and early engagement. Underpinning this requirement is the belief that long-term relationships with these key supply partners can improve the overall service through:
- the gradual establishment of better and more collaborative ways of working together;
 - early, and constant, involvement in the planning and preparation of the Work Order;
 - optimal selection and specification of equipment and materials;
 - ensuring that the supply chain is fully involved in the development of cost calculations and the associated management of risk and opportunity;
 - utilising similar contractual arrangements to the main contract as appropriate.
- 5.10 The major benefit of collaborative working is the gradual establishment of better ways of working. Continuous improvement will focus on achieving more effective ways of delivering the key objectives of reducing cost, increasing quality and improving end user satisfaction. *Contractors*, their subcontractors and their key suppliers must have the capability to develop mechanisms to achieve continuous improvement and demonstrate better value.
- 5.11 There is an expectation from the MHA+ that *Clients* will also adhere to these principles of collaborative working and continuous improvement. *Clients* must ensure that the correct processes are followed and the whole framework community will offer support to individual *Clients* as required.
- 5.12 To develop improved collaboration between all parties, it is of key importance there is clarity of expectation, including in relation to the detailed use of specific elements of the contract. The Schedule of Cost Components (SCC) can often cause a misunderstanding between the parties and therefore the Framework Information provides further guidance on the use of the SCC:

- With specific reference to Item 1 of the SCC, a minimum of 80% of time within a month is considered 'normal' to meet the requirements of those people within the Working Areas.
 - Unless accepted by the Project Manager, the *Contractor's* people at director level (Framework, Project, Commercial and the like) are deemed to be included within the Fee.
 - Under SCC component 12, payments related to work on the contract are only paid to the *Contractor* if they have been earned in Providing the Works.
 - Under SCC component 13, costs will only be considered as Defined Cost where such costs are incurred wholly and necessarily in connection with the Works and are agreed in advance by the Project Manager.
 - All head office and support functions such as IT support, website management and security, accounting, internal audit functions and staff appraisals are not Defined Cost and are included within the *Contractor's Fee Percentage*.
 - Charges and payments for IT accessories, mobile phones, tablet computers (including any monthly contract cost allowance charges) necessary in order to provide the works are agreed in advance by the *Client* and a rate is included within the Contract Data for such items.
- 5.13 A commercial audit plan will be defined in the Scope and signed by both Parties. Once the Work Order is under way, open book accounting procedures will be used to audit costs in accordance with the contract and the plan. Those involved in overseeing delivery of Work Orders or managing the framework must be able to interrogate these auditable costs so that a collaborative approach can be made to reducing any waste and inefficiency thus minimising costs.
- 5.14 It is expected that schemes delivered through the MHA+ will make use of recognised contract management software including appropriate document management processes and software. The *Contractor* shall provide for the *Client* licensed copies of the software unless it is provided by the *Client* and arrange training for the appropriate site team as defined in the Scope. This may be a specific system identified by the *Client* or one which is regularly used by the *Contractor* but shall be clearly identified in the Scope. All outputs from the system will be in a format agreed with the *Client*. Any costs associated will be included in the Prices for the Work Orders. This will include the set-up of each project in the software, support, training and supply of downloads at the completion of the project.
- 5.15 Disputes can be very time-consuming and expensive and, in an attempt to avoid costs arising, the following course of action should be taken although not replacing the options available in the appropriate contract conditions.:
- If a dispute cannot be settled at Site level and before invoking the Dispute Resolution option in the Work Order, the *Contractor* shall refer the dispute to the Framework Community Board for consideration and, if possible, settlement;

- The framework dispute hierarchy will, therefore, be:
 - ~ Site level;
 - ~ Framework Community Board;
 - ~ Work Order management level;
 - ~ Adjudication (as provided within the relevant NEC form of Contract).

5.16 *Clients* must be made aware of any dispute between *Contractor* and subcontractor which might impact the scheme, cost or programme.

6. SELECTION PROCEDURE

6.1 General

6.1.1 The identification of the most economically advantageous offer will essentially link directly to an appropriate blend of the quality criteria used during tender evaluation for the award of the Framework with an equally appropriate mechanism for determining price.

6.1.2 The identification of which *Contractor* would provide the most economically advantageous offer in the delivery of individual Work Orders will generally retain the same overall ratio deployed in the tender evaluation for the award of the Framework i.e. 70:30 Quality:Price.

6.1.3 The only exceptions to retaining this ratio shall be if the “Standing Orders” and/or “Financial Regulations” and/or “Contract Procedure Rules” (as formally adopted by an MHA+ member organisation) specifically require a different ratio for the identification of the most economically advantageous offer or if there is a specific requirement of the project to make use of a different ratio. In this instance the selection process for a Work Order may vary the ratio of Quality:Price between 70:30 and 30:70 as further detailed below

6.2 Quality

6.2.1 The quality criteria used during the tender evaluation for the award of the Framework Agreement (with further detail provided at the time in the accompanying IfT) are:

- Quality Criteria 1 - Product;
- Quality Criteria 2 - Service;
- Quality Criteria 3 - Right First Time;
- Quality Criteria 4 - Cost Management;
- Quality Criteria 5 - Time;
- Quality Criteria 6 - Safety;
- Quality Criteria 7 - Social Value;
- Quality Criteria 8 - Community;
- Quality Criteria 9 - Traffic Management; and,
- Quality Criteria 10 – Innovation and Value for Money (VfM).

6.2.2 The evaluation panel led by Leicestershire County Council will have ensured that assessment of quality is undertaken against the ten quality criteria set out above in terms of determining appointment to the Framework.

6.2.3 In terms of appointments for individual Work Orders, the proportions between these criteria may vary with each Work Order to suit the desired outcomes and will be notified by the *Client* to the *Contractors* at the start of the process to procure each Work Order as set out under 6.4.1 below. The *Client* may consider that not all of the quality criteria have key relevance to a particular Work Order and exclude them from its consideration.

6.2.4 For example, a Work Order that entails considerable work on or adjacent to a dual carriageway will have greater “safety” needs for the general public compared with a Work Order that is predominantly distant from passing vehicular traffic. For that particular Work Order, the *Client* may conclude that the 70% quality element shall be derived from quality criteria QC1, QC5, QC6, QC7 and QC9 with 10%, 20%, 20%, 5% and 15% respective allocations.

6.3 Price

6.3.1 The *Client* will ensure that an assessment of price is undertaken using any or all components of the Model Projects, provided that they are considered appropriate, or a mini completion, which may also use elements of the model project prices as required.

6.3.2 For example, a Work Order may be such that Model Projects X, Y and Z are considered to reasonably reflect the *works* required. However, for that Work Order, the *Client* may conclude that the price element shall be derived from X, Y and Z with 5%, 10% and 15% respective allocations.

6.4 Selection Procedure Options

6.4.1 The *Client* may award Work Orders using one of the following Options:

- Option 1: Direct Call-off Selection
This is based (subject to the availability of suitable Model Contracts) on application of relevant Quality Criteria weighted to suit the Work Order, applied by MHA+ centrally in order to ensure consistency of approach, with price based on tendered Prices for a similar Model Project or a selection of Model Projects;
- Option 2: Mini-Competition
Selection based on Mini-Competition amongst all *Contractors* appointed to the Framework (i.e. work is not sufficiently similar to one or more Model Projects or by the *Client's* choice); or,
- Option 3: Sub-Regional Call-off
Selection based on a Model Project for a geographical location, providing for evidence based continuous improvement.

6.4.2 The Quality Criteria scores attained by the *Contractors* at the tender evaluation for award of the Framework will be made available and updated periodically by the *Clients* based on each *Contractor's* actual performance in the delivery of Work Orders. Actual *Contractor* performance will be measured via the Performance Toolkit and information

collected will be considered when choosing the preferred selection procedure from the three options listed. Such performance will result in the scores for each of the quality criteria for the respective *Contractor* increasing, decreasing or staying the same.

6.4.3 Any Price submitted as part of Model Project assessment will be used as the starting point within a Work Order and changed in line with inflation or any justified market changes which will be agreed between the *Client* and *Contractor*.

6.4.4 Irrespective of the *selection procedure* option selected by the *Client*, the *Client* will always be entitled to cease discussions with the *Contractor* or *Contractors* prior to the award of a Work Order. This will be if the *Client* is not content that the selected *Contractor* will be able to deliver the Work Order for an acceptable price or to an acceptable level of quality or if the *Client* has decided not to deliver the Work Order at that time.

6.5 Option 1: Direct Call-Off

6.5.1 The *Client* awards Work Orders by selecting the *Contractor* who is considered to be the most economically advantageous having regard to a particular Model Project or Projects (as such data becomes available over the duration of the Framework) and the combination of Quality Criteria and Price which are considered most appropriate to the particular Work Order.

6.5.2 Each of the selected quality criteria deemed relevant by the *Client* to any specific Work Order is weighted by the *Client* to give a total quality weighting of up to 70%. These weightings are then applied to the tender stage scores (updated to reflect *Contractor* performance following completion of each Work Order, as outlined in 6.4.2) and each *Contractor's* net quality mark is calculated. Each criterion may be weighted anywhere between 0% and 70% to accurately reflect the priorities and particular situation of the *Client* and the Work Order.

6.5.3 Either a single project or a number of projects are chosen which most closely align to the particular details of the Work Order. If more than one Model Project is chosen, each of the projects is given a weighting within the envelope of the price elements as determined by the *Client* to give a total weighting of at least 30%. The lowest of the *Contractors'* net prices will attain a mark of 30% and all other net prices will be evaluated as a direct proportion of this to establish each *Contractors'* price mark.

6.5.4 The quality mark and price mark for each *Contractor* will be added together. The *Contractor* with the highest overall mark will be issued with the instruction to provide a quotation in accordance with the *quotation procedure*.

6.5.5 Should the *Contractor* with the highest mark not be available or not have the capacity to undertake the work at the time required by the *Client*, the *Client* may choose the second highest scoring *Contractor* and so on until a *Contractor* can be issued with a Work Order.

6.6 Option 2: Mini-Competition

6.6.1 The *Client* may issue to the *Contractors* a notification of its intention to hold a mini-competition (a Mini-Competition Invitation) in respect of any quotation for a

proposed Work Order for which the *Contractors* will submit a “Mini-Tender”. The *Contractors* will only be considered for that Work Order if they respond in full to the requirements of the Mini-Competition Invitation by the deadline indicated therein. The *Client* must invite all the *Contractors* to take part in the mini-competition using an appropriate procurement process.

6.6.2 The Mini-Competition Invitation will set out the weighting which the *Client* intends using tender stage quality and price scores, (upgraded to reflect subsequent Work Order delivery performance and associated factors of reliability) blended with information received from *Contractors* via the Mini-Tenders. The Invitation will therefore need to clarify the proportion of the overall quality mark of up to 70% of the total that will be derived from the initial or upgraded tender stage scores (and, thereby, which quality criteria will apply and in what relative proportion) and what proportion of the overall price mark of at least 30% will be derived from Model Projects (and, thereby, which Model Projects will apply and in which proportion).

Permissible Quality:Price Ratio for Mini-Competition

	Range
Quality	70-30%
Price	30-70%
TOTAL	100%

For example, the *Client* can choose to retain the original 70:30 Quality:Price ratio as used at the framework evaluation. The *Client* can also use 50:50 Quality:Price ratio or 30:70 Quality:Price ratio or indeed any combination as long as justified, covered within the above stated ranges and ensuring that Quality and Price add up to 100%.

6.6.3 The Mini-Competition Invitation will typically include an appropriate combination of the following depending on the form of contract selected:-

- a) The appropriate Contract Data giving details for the particular Work Order;
- b) A Scope document including *Client* requirements, a specification and set of drawings all deemed sufficient to identify the *works* required;
- c) A Bill of Quantities or Activity Schedule deemed sufficient enough to allow the *Contractors* to provide an initial price – or where this is not available, any other information that would assist the *Contractors* in determining the type and extent of resources necessary to implement the *works* and provide an indicative price;
- d) The timetable for completion of the *works*;
- e) Instructions for the *Client*'s electronic tendering portal including, for example, when and how the Mini-Tender has to be returned;
- f) The weighting for cost and the various quality criteria (including the extent to which tender stage scores are to be used) against which the Mini-Tenders will be evaluated;
- g) Details of how the quality criteria will be assessed – this may be through Work Order-specific Method Statements which will be requested in the Mini-Competition Invitation or re-use of the tender evaluation scoring process;
- h) Mini-Tenders must be in writing and they should remain open for the period stated in the Mini-Competition Invitation. *Contractors* must keep all contents of their Mini-

Tenders confidential until the Mini-Tender return deadline has passed. The *Client* will not open Mini-Tenders until the return deadline has passed.

6.6.4 The *Client* will then consider the Mini-Tenders received, evaluating and calculating the quality criteria as stated in the Mini-Competition Invitation, and evaluating the total of the Prices on the following basis:

- The lowest initial price submitted attains the full price weighting (%) available and all other prices attain a proportional percentage of the full weighting available. For example, if price receives a 30% weighting, the lowest price is £5.0million and the next lowest is £5.5million, the latter is equivalent to:
 $(30\% \times [1 - ((5.5 - 5.0)/5.0)]) = 27\%$.

6.6.5 The *Client* may meet with the *Contractors*, or a selection of the highest scoring *Contractors*, to clarify their proposals prior to finalising the evaluation scores.

6.6.6 The *Contractor* with the highest aggregate score (i.e. for price and quality) will be issued with an Instruction to follow the *quotation procedure* for the Work Order.

6.6.7 *Contractors* are not obliged to respond to Mini-Competition Invitations, although it is expected that they will normally respond to the significant majority of these unless there are specific reasons not to do so of which the Client must be informed immediately.

6.7 Option 3 Sub-Regional Call-Off

6.7.1 At the outset of the Framework a *Contractor* will be identified to deliver Work Orders within a defined geographical (Refer to Figure. 1- MHA+ Sub-Regional Map) area based on the demonstration of being the most economically advantageous in that area through a model project or projects. The assessment will use the validated quality and price scores from the tender process.

6.7.2 All authorities within the designated area would be able to directly approach the sub-regional *Contractor* and issue an instruction to follow the quotation procedure.

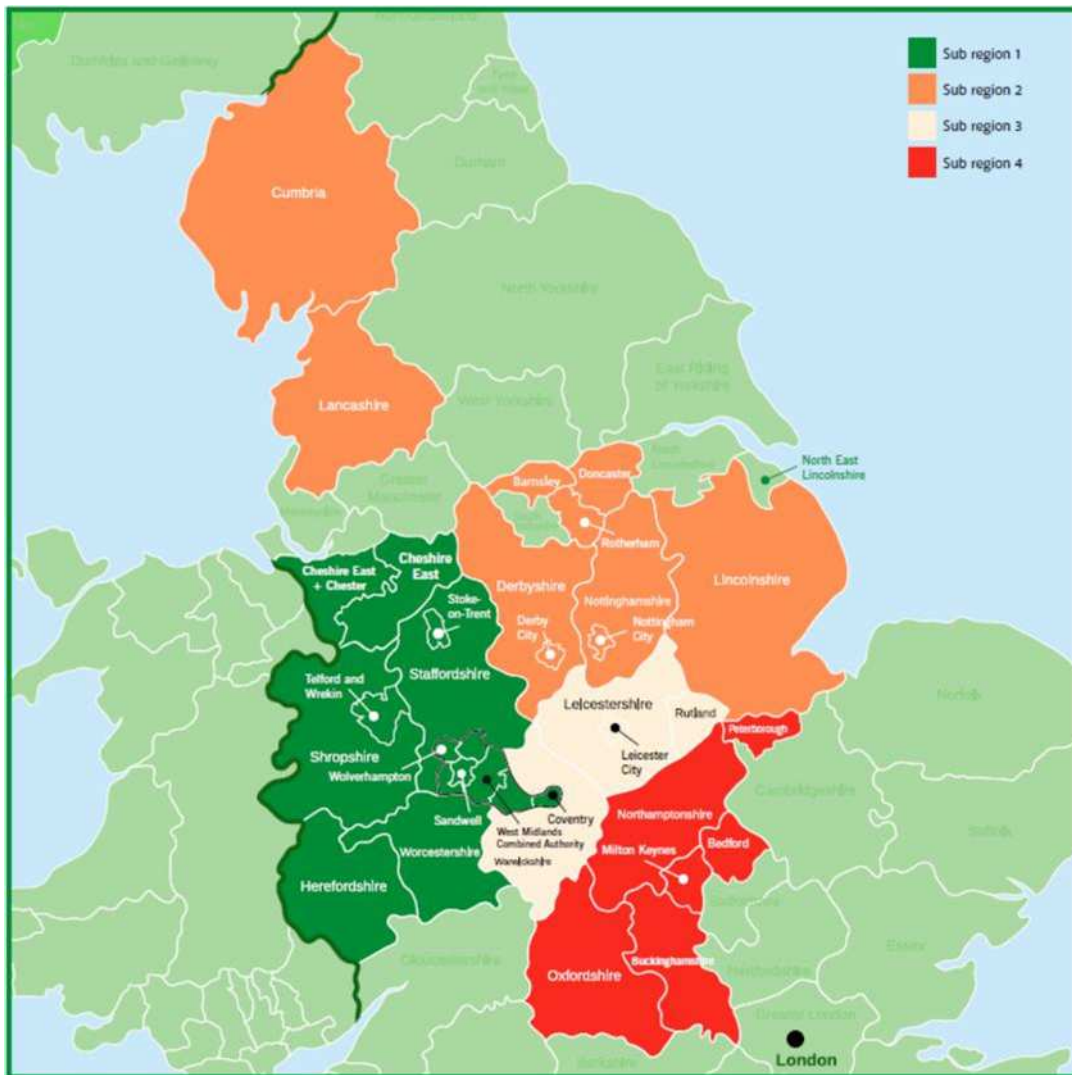
6.7.3 This would offer a much simplified appointment mechanism, further reducing costs by creating the ability to engage in a longer term relationship and deliver value in managing a programme of ECI and Work Orders.

6.7.4 *Contractor* performance measured via the Performance Toolkit will be considered when using this option. The sub-regional *Contractor* will not be an automatic choice when an authority is deciding on a selection option.

Note: The form of Process Map available at the link below sets out the Work Order process in a schematic form

<https://www.mhaplus.org.uk/work-streams/medium-schemes/a-new-project/>

Figure 1 – MHA+ Sub-Regional Map



7. QUOTATION PROCEDURE

- 7.1 The MHA+ recognises that ECI provides an opportunity to deliver the best outcomes for a Work Order. It is the intention of the MHA+ that every scheme makes use of this opportunity once the *selection procedure* has been followed although there may be occasions where the *Client* chooses not to make use of the opportunity. The Framework offers a number of different mechanisms to make use of the opportunities offered through ECI which may be contractual or at pre-contract stages of the development of a Work Order.
- 7.2 Generally, following the *selection procedure*, an ECI strategy meeting will be held utilising a standard agenda to agree the timescales and key outcomes required from the scheme and ECI enabling maximum benefit to be gained from the X22 element of the contract.

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- 7.3 However, a Professional Service Contract or Engineering and Construction Short Contract may be used to provide ECI depending on the requirements of the *Client* and the development of the scheme, which may mean a much reduced (or no longer used) requirement from X22 in the Engineering and Construction Contract.
- 7.4 The *Quotation Procedure* for either short contract option is also much simplified. A *Client* and *Contractor* exchange Contract Data making sure the requirements are sufficiently detailed, before the *Client* approaches the Framework Board for approval to place a Work Order.
- 7.5 For all other Works Orders, the *Quotation Procedure* follows the forecast process described in Option X22. The *Client* instructs the *Contractor* to submit a forecast for Stage 1 and initial Project Cost. In this Instruction, the *Client* will provide the following as appropriate:
- a description of the work which the *Client* requires to be carried out under the Work Order including any *Contractor* design;
 - the Scope with details for both Stage One and Two as required;
 - the Site Information;
 - any additional Contract Data for the Work Order including, without limitation, the *access date*, *key people*, any *Key Dates*, *conditions* and *Completion Dates*;
 - specific requirements of the *Client* to give clarity and joint understanding of the build up of the target and use of the Schedule of Cost Components;
 - the time and date for return of the forecast or proposal as appropriate; and,
 - the address for return of the proposal.
- 7.6 The key input from the *Contractor* and the key supply chain members during Stage One is to bring their extensive construction and specialist knowledge and experience the into ECI and Design process. The Scope must therefore clearly outline the *Client's* requirements from the Stage One process to ensure both parties know the expectations before entering into a contract. The following are examples of what the *Contractor* or subcontractor may be expected to advise and help with:
- Issues of buildability;
 - Elements of design;
 - Whole life costing;
 - Site investigations or further surveys;
 - Alternative products, treatments and materials;
 - Innovative approaches;
 - Supply chain engagement and management;
 - Traffic management;
 - Risk management;
 - Programming;
 - Budget management;
 - Quality management; and,
 - Estimating and taking off quantities to arrive at a target price.
- 7.7 The *Contractor* will submit their forecasts for Stage One and Stage Two to the *Client* in the time as detailed in the Contract Data. These will be updated at the intervals specified in the Contract Data.

7.8 If the forecast and initial Project Cost is acceptable to the *Client*, the *Client* will seek to gain approval of the Framework Board to award a Work Order and enter into contract utilising Option X22 ECI to begin the two stage process.

7.9 The Framework Board must be informed before entering into construction and therefore, once in contract and following completion of the agreed period and extent of the ECI, a proposal for stage 2 comprises:

- The proposed total of the Prices for the Work Order - target price (based on any initial price or indicative price arising from the *selection procedure* and making use of any applicable prices from appropriate model projects);
- A detailed breakdown of how the prices have been built up to allow complete clarity on issues such as IT equipment, procurement processes and any other issues identified by the *Client*;
- Any additional Contract Data for the Work Order;
- The proposed programme for the Work Order assessed by the *Contractor* including any road or lane closures necessary to enable the *Contractor* to Provide the *works*;
- Any changes to the quality plan to show specific procedures for carrying out the Work Order;
- The proposed risk register for the Work Order comprising the risk register required under this Framework Agreement and other specific agreed risks for the Work Order;
- A project-specific Employment and Skills Plan;
- A list of the local suppliers and subcontractors that will aid in the delivery of the Work Order (and details of how they will be procured); and,
- Details of any other documentation required.

7.10 It has been the MHA+ experience that framework *Contractors* are willing to work with *Clients* to find budget savings during a period of ECI without taking a share of the savings. The options in Option X22 may be used to provide a further financial incentive during Stage 1 if considered necessary by the *Client*. However, the usual target price incentives to Stage 2 will apply.

8. SECONDARY CLAUSES

8.1 The NEC4 secondary option clauses (in particular the X Clauses) are available for a *Client* to use for a particular Work Order at the sole discretion of the individual *Client*, however, the MHA+ expects that some clauses will be used in the vast majority of Work Orders. The use of these available options will clearly differ from Work Order to Work Order and also from the original procurement.

8.2 A *Contractor* has the opportunity to include in the Total of the Prices any requirements for an individual Work Order. This allows the *Contractor* to account for different risk profiles or resource levels and factor in any additional or increased costs arising from the requirements defined by a *Client* through the agreement of the Target and will not require an amendment to the Fee.

8.3 Option X2 – Changes in the Law

It is expected that this option clause is contained within all Work Orders.

8.4 **Option X7 – Delay Damages**

It is expected that this option clause is contained within all Work Orders and that within Contract Data Part 1, the rate is initially set to £0. Changes to this rate may be made at sole discretion of the *Client* and risks should be included in the Total of the Prices for the Work Order and included within the Early Warning Register.

8.5 **Option X15 – The Contractor’s Design**

It is expected that this option clause is contained within all Work Orders.

8.6 **Option X18 – Limitation of Liability**

It is expected that this option clause is contained within all Work Orders and that within Contract Data Part 1, the total liability is initially set to 100% of the contract value. Changes to this rate may be at the sole discretion of the *Client* based on the specific requirements of the Work Order and risks should be included in the Total of the Prices for the Work Order.

8.7 **Option X22 – Early Contractor Involvement**

In order to meet the expectations of the Framework, it is expected that this option clause is contained within all Work Orders that haven't made use of the other provisions identified in Section 7.

8.8 All other secondary option clauses may be used at the sole discretion of the *Client* and any costs, resources or risk implications associated shall be included in the Total of the Prices.

9. **MHA+ PERFORMANCE MANAGEMENT TOOLKIT**

9.1 **General**

9.1.1 The *Contractor* records performance on a monthly basis during every Works Order using the MHA+ MSF3 Performance Management Toolkit as amended from time to time (the Toolkit). Where Works Orders include Stage 1 and Stage 2 the Toolkit should be used throughout both stages

9.1.2 The Toolkit comprises of a number of measurement tools including, but not exclusively, quality criteria including Considerate Constructors Scheme, Building Social Value, and the National Skills Academy for Construction (NSAfC). Key aspects related to the quality criteria are included in the Toolkit to assist in achieving a consistent approach to assessment.

9.1.3 The Toolkit has and will continue to be developed based on feedback and lessons learnt during MSF3 It is intended that the Toolkit will be further developed throughout MSF4 with the assistance of the *Contractors* throughout the duration of the Framework Agreement, any changes will be agreed in principle through the Framework Community Board and approved at the Framework Board.

9.2 **Quality Criteria for Selection**

- 9.2.1 As identified in Section 6.2, during the tender evaluation for the award of the Framework Agreement, the *Client* will have assessed tender submissions from the *Contractors* against all of the quality criteria (Quality Criteria 1 to Quality Criteria 10) and awarded each *Contractor* a score for each criteria.
- 9.2.2 A *Contractor* must demonstrate to the *Client* a clear link between the quality statements made during framework award and how those statements will meet the delivery on the ground. The achievement of the agreed quality statements for an individual Work Order will form part of the scoring in the Toolkit.
- 9.2.3 During the subsistence of the Framework, these quality scores for each *Contractor* may increase, decrease or stay the same.
- 9.2.4 The *Client* wishes to ensure that *Contractors* deliver the Work Orders to a high quality, are incentivised and innovative. To this end, in determining the standard of delivery by a *Contractor* of any Work Order, the *Contractor's* performance will be measured against each quality criteria (irrespective of whether or not it was identified as a criterion for selection of the *Contractor* under the *selection procedure*) and a score assigned. This information is recorded in the Toolkit and updated throughout the duration of the Work Order. For each core measure MHA+ weightings are automatically calculated that may result in the award of a bonus score of up to 10% and reduction in score by 50%. The standard required to attain different scores within this range for each quality criteria and MHA+ weightings are as defined in the Toolkit.
- 9.2.5 In essence, a *Contractor's* scores may go up or down to a limited extent and therefore, potentially affect future selection to a limited extent.
- 9.2.6 The updating will be undertaken on a two-monthly basis using the rolling average from data collected. It will include scores from all live projects that are more than six months past the first access date.
- 9.2.7 Depending upon the rate at which Work Orders are issued and completed by the *Contractors*, the updated scores will be issued to the *Contractors* so that they may monitor their relative performance. Those updated scores will identify both the highest and lowest scores for each of the quality criteria QC1 to QC10 (as well as their own), depending upon the on-going performance of all *Contractors*.

9.3 Social Value

- 9.3.1 The MHA+ is committed to a performance and evidence-based approach to Social Value. Work Orders arising from the Framework provide an opportunity to create Social Value by creating additional social, economic and environmental benefits for the local area over and above direct purchasing of goods, services and outcomes. Since the Public Services (Social Value) Act 2012 there has been a developing and evolving focus on how the construction industry and its investment creates social value. *Clients* delivering schemes from the Framework are public sector organisations who are required to consider social value and the benefits this brings to the local community, as well as the overall cost, when awarding contracts.

9.3.2 Building social value into the Framework supports the aims and objectives of the Framework Information in Section 3. Building Social Value aspirations need to align with specific needs of the local community that the Work Order is being delivered within. This provides an opportunity to engage with key stakeholders to understand what social value means in the local context. Key aspects and actions related to social value are detailed in the Toolkit and requirements for the MHA+ Framework include:

- Considerate Constructors Scheme;
- Employment and Skills Plan; and,
- Building Social Value assessment.

9.3.3 Considerate Constructors Scheme (CCS) - Every Work Order will be registered with the CCS and will be in compliance with the Scheme's *Code of Considerate Practice*. The CCS score is a core measure within the toolkit as it helps to determine the impact of the project in the community and how well this is managed.

9.3.4 The Site Monitoring Report and Certificate for each Work Order will be submitted to the MHA+ Manager and *Client* within one week of receipt.

9.3.5 Employment and Skills Plan (ESP) - An ESP has been developed by *Construction Skills* to support local employment and skills development. It contains a series of industry approved benchmarks, set against key performance indicators (KPIs or employment and skills areas) to make sure opportunities are created for all members of the community and the existing construction workforce. This ESP applies to all Work Orders undertaken under the Framework and it is a requirement for the *Contractors* to commit to working with their supply chains to deliver this ESP.

9.3.6 The Framework ESP covers a wide range of skills and employment areas. Skills development covers both new entrants and the existing workforce. Employment covers support for individuals seeking work in the industry.

9.3.7 *Contractors* selected to work under the Framework Agreement will be required to prepare a scheme specific ESP and Method Statement as part of the *quotation procedure* for Work Orders procured under the Framework Agreement. This scheme specific ESP will set out the areas of skills development and employment support including the anticipated outputs. The scope and anticipated outputs within the scheme specific ESP will be expected to reflect the nature and workload contained within the Work Order. Changes to the agreed targets and scope may be permitted, in exceptional circumstances, in this case the project team would need agreement from the Framework Manager and this change would be reported to the FCB to enable shared learning and understanding.

9.3.8 Once a Work Order has been issued, the responsibility for implementing, maintaining and reporting on progress against the scheme specific ESP will be with the *Contractor*.

9.3.9 The MHA+ employs a Skills and Development Manager who will agree, monitor and report on the achievements of scheme specific ESP for each Work Order. Final outputs will be included in a report for each completed Work Order. Each final ESP report shall include:

- A review of the *Contractor's* achievements against the original Work Order ESP

- The *Contractor's* commitment to achieving the goals;
- Details of the various employment and skills activities; and
- Any additional value-added contribution that the *Contractor* was able to deliver as an enhancement to the Work Order ESP.

9.3.10 Costs relating to the implementation of the Framework ESP will be allowed for in the *Contractor's fee percentage*. Costs relating to the implementation of the Project ESP and Method Statement are included in the Target for each Work Order.

9.3.11

Building Social Value Assessment - Social value is not just about employment and *Contractors* through the Framework will be expected to deliver local economic growth, this may be achieved by using local labour and local supply chain to ensure that money is put back into the local economy. Other elements may include the environmental legacy following completion and improvements to community wellbeing. The *Client* may identify specific social value aspirations in the Scope for a particular Work Order.

9.3.12 When registering with the Considerate Constructors Scheme (CCS) every Work Order will include a Building Social Value (BSV) assessment. The project team should use the checklist to help develop a clear understanding of their social value aspirations. Post completion of a Work Order will see the scheme visited where the actual results will be collated and a report produced to demonstrate the scheme's social value to its stakeholders. The BSV Assessment Report for each Work Order must be submitted to the MHA+ Manager and *Client* within one week of receipt. Costs relating to the implementation of a BSV assessment are included in the Target for each Work Order. Outputs from the BSV assessment from completed Work Orders from across the Framework will be reviewed at each meeting of the FCB.