

**MIDLANDS HIGHWAY ALLIANCE**

**MEDIUM SCHEMES FRAMEWORK 3**

**(MSF3)**

**FRAMEWORK INFORMATION**

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|  | **2018 – 2022** |  |
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# INTRODUCTION

* 1. In the Framework Information references to the *Client* are to be read as meaning the person, whether the *Client* or other publically funded body, wishing to place a Work Order unless it is specifically stated otherwise.

1.2 Leicestershire County Council is the procuring authority for the Midlands Highway Alliance Medium Schemes Framework 3 (MSF3) 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.mhaweb.org.uk](http://www.mhaweb.org.uk).

* 1. In this document, any reference to the *Contractor* also includes the *Supplier* where appropriate*.*

# FRAMEWORK SCOPE

2.1 The scope of the MSF3 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.

* 1. 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), other such bodies located within or adjacent to the geographical Midlands area that become members of the MHA during the currency of this Agreement or members of the Midlands Service Improvement Group (MSIG) using an MHA access agreement.
  2. There is no lower or upper limit on the value of work orders that can be issued under the MSF3. 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.

# THE AIMS AND OBJECTIVES OF THE FRAMEWORK AGREEMENT

* 1. Strategic aims of the Midlands Highway Alliance:

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.
  1. **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.

* 1. **Guiding principles for the operation of MFS3:**

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 shall so far as possible, avoid conflicts or disagreements and, should they arise, will resolve them promptly together.
  1. **Managing relationships in MSF3:**

Following the success of the Medium Schemes Framework 1 and 2 (MSF1 & MSF2),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 develop collaborative relationships with its partner *Contractors* under MSF3 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.

# FRAMEWORK GOVERNANCE

## The Framework Board

* + 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.

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 *Contractor*s 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;* and,
* Approving such changes to the MHA Performance Toolkit (as set out in Section 14 below) as are considered appropriate to encourage and deliver the Framework Agreement objectives.

## The Framework Community Board (FCB)

* + 1. The FCB reports via the MHA Manager to the Framework Board and primarily comprises a representative from each *Contractor*, the MHA Manager and representatives from member organisations of the MHA both *Clients* and Designers. Representatives of the Subcontractors and general supply chain members may intermittently (or continuously) also be members of the FCB.
    2. The FCB objective 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 develop a complete understanding of each FCB 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.
    3. The FCB is to act impartially and with a stakeholder-focused approach. To ensure a collaborative procedure is maintained, the members of the FCB are all able and responsible for contributing to, and influencing, the Framework Agreement’s performance. The FCB shall refer to the Framework Board any matter that it considers appropriate in respect of amendments to the MHA Performance Toolkit or any other element of the Framework Agreement, originating from the Best Practice Working Groups or otherwise.
    4. With the expected volume of information under review, and to ensure that the stakeholder’s views and requirements are addressed, the FCB acts to co-ordinate and manage the Best Practice Working Group process.
    5. Best Practice Working Groups, attended by those invited by the FCB, 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.

# PROCUREMENT AND COLLABORATIVE WORKING

* 1. A Work Order will be allocated to a *Contractor* commensurate with the *selection procedure* identified in Section 6.
  2. The form of contract will be the NEC4 Framework Contract (June 2017). Work Orders will be issued using one of the following two options:
* The NEC4 Engineering and Construction Short Contract; or,
* The NEC4 Engineering and Construction Contract - Option C.

Whichever is stipulated in the Work Order.

Work Orders arising from the Framework will adopt the key principles, as identified in the aims and objectives of the framework in Section 3. The MHA will provide support to its member organisations, *Contractors* and suppliers in the implementation of collaborative working principles.

* 1. Work Orders may be made up from an individual project or a programme of *works* although each project within a programme will form an individual contract and there is no guarantee that subsequent projects within the programme will be delivered. All projects will follow the *quotation procedure.* The *Client* may remove projects from a programme and deliver as individual Work Orders.
  2. Once the Work Order is under way, open book accounting procedures will be used to audit costs. A single ‘open book,’ that contains auditable facts, will be maintained for the Work Order in question. The level of access will be agreed with the *Contractors* but it is envisaged that the ‘open book’ will include direct costs, labour hours and rates, material costs and associated factors relevant to the work. Those involved in overseeing delivery of Work Orders or managing the MHA in general (hereinafter referred to as the “Framework Team”) 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.
  3. Managing and sharing risk and reward underpins the whole process of collaboration for mutual benefit and will be defined with each supplier. The MHA recognises that passing all risk to a *Contractor* often does not lead to the most cost effective price for the Work Order. Where appropriate, *Contractors* will also share financial benefits and risks with the *Client*.
  4. 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; further details can be found in Section 7. The objective for the Framework Team is to be satisfied that, once Work Order delivery begins, there will be no surprises and that the Work Order can be delivered in the most effective way possible.
  5. The supply chain includes those key suppliers, Subcontractors, and professional advisors who will play an important part in enabling the Contractors to deliver the objectives of the Framework. 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 principals of the Construction Leadership Council Construction Supply Chain Payment Charter;
* Make a fair and appropriate profit; and,
* Are incentivised to deliver best value;

5.8 The *Contractor* is expected to identify and form long-term relationships with those key suppliers in their supply chain. 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.

5.9 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 (including their partners) and their key suppliers must have the capability to develop mechanisms to achieve continuous improvement. Early in the life of the Framework Agreement, the present levels of performance in this regard, together with the approaches to managing costs collaboratively, will be established.

# SELECTION PROCEDURE

## General

* + 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.
    2. The identification of which *Contractor* would provide the most economically advantageous offer in the delivery of a Work Order will essentially retain the same overall 60:40 Quality:Price ratio deployed in the tender evaluation for the award of the Framework.
    3. The only exception to retaining this ratio shall be if the “Standing Orders”, “Financial Regulations” and “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. In this instance a Work Order may vary the ratio of Quality:Price between 70:30 and 30:70.

## Quality

* + 1. The quality criteria used during the tender evaluation for the award of the Framework Agreement 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).
    1. The *Client* will ensure that assessment of quality is undertaken against all or any number of the ten quality criteria. However, the proportions between these criteria may vary with each Work Order to suit the desired “outcomes”. Furthermore, the *Client* may consider that not all of the quality criteria have key relevance to a particular Work Order.
    2. 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 60% quality element shall be derived from quality criteria QC1, QC5, QC6, QC7 and QC9 with 10%, 15%, 15%, 5% and 15% respective allocations.

## Price

* + 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.
    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 40% price element shall be derived from X, Y and Z with 10%, 10% and 20% respective allocations.

## Selection Procedure Options

* + 1. The *Client* may award Work Orders using one of the following Options:-
* Option 1: Direct Call-off Selection

This is based on quality criteria weighted to suit the Work Order, 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 (i.e. work is not sufficiently similar to one or more Model Projects or by *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.

* + 1. The quality criteria scores attained by the *Contractors* at the tender evaluation for award of the Framework will be collectively used and continuously updated according to 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.
    2. Irrespective of the *selection procedure* option selected by the *Client,* the *Client* shall 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.

## Option 1: Direct Call-Off

* + 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 and the quality criteria which are considered most relevant to the Work Order.
    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 60%. 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 60% to accurately reflect the priorities and particular situation of the Work Order.
    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 determined by the *Client* to give a total weighting of 40%. The highest of the *Contractors’* net price scores will attain a mark of 40% and all other net price scores will be evaluated as a direct proportion of this to establish each *Contractors’* price mark.
    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.*
    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 issues with a Work Order.

## Option 2: Mini-Competition

* + 1. The *Client* may issue to the *Contractors* a written 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 in writing all the *Contractors.*
    2. The Mini-Competition Invitation will set out the extent to which the *Client* intends using tender stage quality and price scores, if at all (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 60% quality mark 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 40% price mark will be derived from Model Projects (and, thereby, which Model Projects will apply and in which proportion).
    3. The Mini-Competition Invitation will typically include an appropriate combination of the following:-

1. The Contract Data Parts 1 and 2 giving details for the particular Work Order;
2. Details of any revisions to the specification that would apply to the *works -* such revisions are expected to be minimal, will have been sanctioned by the FCB and the Framework Board;
3. A set of drawings deemed sufficient to identify the *work*s required;
4. 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;
5. The timetable for completion of the *works*;
6. Instructions including, for example, when and to whom the Mini-Tender has to be returned;
7. 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;
8. 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;
9. 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.
   * 1. 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 40% weighting, the lowest price is £5.0million and the next lowest is £5.5million, the latter is equivalent to:

(40% x [1 – ({5.5 – 5.0}/5.0)]) = 36%.

* + 1. 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.
    2. 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.
    3. *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.

## Option 3 Sub-Regional Call-Off

* + 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 scores from the tender process.
    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.
    3. This would offer a much simplified appointment mechanism, further reducing costs by creating the ability to engage in a longer term relationship and create value in managing a programme of ECI and Work Orders.
    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.

Figure 1 – MHA Sub-Regional Map



# QUOTATION PROCEDURE

* 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.
  2. Following the *selection procedure* an initial start-up meeting will be held utilising a standard agenda to agree the timescales and key outcomes required from the scheme and any ECI, this will vary between schemes.
  3. The *Quotation Procedure* follows the forecast process described in Clause 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;
* 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*;
* Requirements from Early Contractor Involvement (ECI);
* The time and date for return of the Forecast; and,
* The address for return of the Forecast.
  1. The key input from the *Contractor* and the key supply chain members during Stage 1 is to bring their extensive construction and specialist knowledge and experience the into ECI and Design process. 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.
  1. The *Contractor* will submit their forecasts for Stage 1 and Stage 2 to the *Client* in the time as detailed in the Contract Data*.* These will be updated at the intervals specified in the contract data.
  2. 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 which will utilise Clause X22 ECI to begin the two stage process.
  3. 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*);
* 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 any other documentation required.
  1. No *works* shall be undertaken until a Work Order has been approved and Forecast accepted.
  2. 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 Clause 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.

# RETENTION BOND

* 1. The MHA’s policy is not to hold retention. In certain circumstances, and at the *Client's* sole discretion, the *Client* may decide that Option X16 Retention Bond will be part of the Work Order. Any costs associated with this shall be included in the total of the Prices for the Work Order and added to the Risk Register.
  2. The *Client* has an option to hold retention without paying interest if the main *Contractor* holds retentions from its Subcontractors but would expect *Contractors* to have robust supply chain management policies also geared to not holding retentions.

# DISPUTE RESOLUTION

* 1. Disputes can be very time-consuming and expensive and, in an attempt to avoid costs arising, the following course of action should be taken in line with the appropriate:
* 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 dispute hierarchy will, therefore, be:
* Site level;
* FCB;
* Work Order management level;
* Adjudication.
  1. *Client*s must be made aware of any dispute between *Contractor* and Sub*contractor* which might impact the scheme, cost or programme.

# PROJECT MANAGEMENT SOFTWARE

* 1. It is expected that schemes delivered through the MHA will make use of recognised Project Management software. The *Contractor* shall provide for the *Client* licensed copies of project management software and arrange training for the appropriate site team as defined in the Scope. All outputs from the system will be in a format agreed with the *Client*. Any costs associated with this shall be included in the total of the Prices for the Work Order and detailed in the Risk Register.

# DELAY DAMAGES

* 1. The MHA policy is not to charge Delay Damages. In certain circumstances, and at the *Client's* sole discretion, the *Client* may decide that Option X7 Delay Damages will be part of the Work Order. Any costs associated with this shall be included in the total of the Prices for the Work Order and detailed in the Risk Register.

# 

# BETTER INFORMATION MANAGEMENT

* 1. The MHA seeks to continually improve on all aspects of project delivery. To that end, we expect that MSF3 will adopt all emerging best practices. With respect to Better Information Management, also known as Building Information Modelling (BIM), this is a key area for the industry and for MSF3 to develop in the coming years. In certain circumstances, and at the *Client's* sole discretion, the *Client* may decide that Option X10 Information Modelling will be part of the Work Order. Any costs associated with this shall be included in the total of the Prices for the Work Order and detailed in the Risk Register.

# DESIGN AND BUILD

* 1. The MHA recognises that making enhanced contract provision for *Contractor* design and build may be a requirement of a Work Order. In certain circumstances, and at the sole discretion of the *Client*, Option X15 and any further amendments will be part of a Work Order. Any costs associated with this shall be included in the total of the Prices for the Work Order and detailed in the Risk Register.

# MHA PERFORMANCE MANAGEMENT TOOLKIT

* 1. General
     1. The *Contractor* records performance during every Works Order using the “MHA MSF3 Performance Management Toolkit” as amended from time to time (the “Toolkit”).
     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.
     3. The Toolkit has been developed based on feedback and lessons learnt during MSF2. It is intended that the Toolkit will be further developed with the assistance of the *Contractors* throughout the duration of the Framework Agreement, any changes will be agreed through the FCB.
  2. Quality Criteria for Selection
     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 criterion.
     2. During the framework, these quality scores for each *Contractor* may increase, decrease or stay the same as described below. So, after a certain proportion of the contract has elapsed and performance scores have been received for specific Work Orders, the quality scores for the four *Contractors* could look as follows in Table 1:

Table 1: Quality Evaluation Table

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | *CONTRACTOR*  CRITERIA | A | B | C | D |
| QC1 | Product | 0.89 | 0.88 | 0.88 | 0.94 |
| QC2 | Service | 0.97 | 0.96 | 0.98 | 0.79 |
| QC3 | Right First Time | 0.83 | 0.88 | 0.92 | 0.92 |
| QC4 | Cost Management | 0.77 | 0.87 | 0.84 | 0.93 |
| QC5 | Time | 0.93 | 0.94 | 0.87 | 0.95 |
| QC6 | Safety | 0.98 | 0.95 | 0.86 | 0.88 |
| QC7 | Social Value | 0.88 | 0.71 | 0.82 | 0.85 |
| QC8 | Community | 0.92 | 0.72 | 0.79 | 0.84 |
| QC9 | Traffic Management | 0.85 | 0.92 | 0.96 | 0.91 |
| QC10 | Innovation and Value for Money | 0.93 | 0.84 | 0.86 | 0.94 |

* + 1. The Quality Evaluation Table will be used by the *Client* (using the weightings approach described in the three Options set out in the *selection procedure* in Section 6) to support the price element and identification of the *Contractor* most likely to provide the most economically advantageous offer.
    2. 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.
    3. Irrespective of the range of scores that a *Contractor* might be marked against for any of the quality criteria, that score will then be re-determined towards a unit score. For example, if a score of 47 out of 50 was achieved by *Contractor* B against QC2 in the delivery of the first Work Order assigned to *Contractor* B, this would yield a net mark of 0.94. Consequently, Table 1 would be amended so that the tender stage score of 0.96 became 0.96 x 0.94 = 0.90. However, if *Contractor* B had instead scored 50 out of 50 for Q2 (a net mark of 1.00) and a bonus score of 5% was assigned for exceptional performance, the tender award score of 0.96 would become 0.96 x 1.05 = 1.01.
    4. In essence, a *Contractor's* scores may go up or down and therefore, potentially affect future selection.
    5. The updating of the Quality Evaluation Table will be undertaken on a two-monthly basis and be reported to FCB 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.
    6. 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*.
  1. Considerate Constructors Scheme
     1. Every Work Order shall be registered with the Considerate Constructors Scheme (CCS) and shall 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.
     2. The Site Monitoring Report and Certificate for each Work Order shall be submitted to the MHA Manager and *Client* within one week of receipt.
  2. Social Value
     1. 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.
     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:
* Employment and Skills Plan; and,
* Building Social Value assessment;
  + 1. 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 *Contractor*s to commit to working with their supply chains to deliver this ESP.
    2. 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.
    3. *Contractor*s 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.
    4. Once the Work Order has been issued, the responsibility for implementing, maintaining and reporting on progress against the scheme specific ESP will be with the *Contractor.*
    5. 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. Key Performance Indicators will be established to assist this process. Two levels of reporting will take place. Progress against scheme specific ESP reports and targets will be reviewed at the monthly site meetings and a satisfaction scored agreed and recorded in the Toolkit. This forms part of the Framework review process with outputs from the final ESP reports from completed Work Orders across the framework, reviewed at each meeting of the FCB. Each final ESP report shall include:
* An update of the ESP showing the achievements against each of the agreed Employment and Skills areas;
* Details of the various employment and skills activities.
  + 1. The overall performance against the ESP will form part of the post-completion review and evaluation process. The evaluation will include:
* A review of the *Contractor's* achievements against the original Work Order ESP;
* The *Contractor's* commitment to achieving the goals;
* Any additional value-added contribution that the *Contractor* was able to deliver as an enhancement to the Work Order ESP.
  + 1. The Contractor and its Subcontractors can seek support from Construction Skills Network in providing general advice, detailed guidance and *Client* support and access to information on building the construction workforce

14.4.10Costs relating to the implementation of the Framework ESP and Method Statement shall be allowed for in the *Contractor's* direct fee percentage. Costs relating to the implementation of the Project ESP and Method Statement shall be included in the Target Price for each Work Order.

14.4.11Building 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.

14.3.12When registering with the Considerate Constructors Scheme (CCS) every Work Order shall 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 shall be submitted to the MHA Manager and *Client* within one week of receipt. Costs relating to the implementation of a BSV assessment shall be included in the Target Price 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.