

Award of Contract for the A421 (Dualling) M1/J13 – Milton Keynes, Magna Park Project

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This report relates to a decision that is Key

Purpose of this report

1. This report seeks to secure agreement from Executive to award a contract for the construction of the A421 Dualling, M1/J13 to Milton Keynes, Magna Park.

RECOMMENDATIONS

The Executive is asked to:

1. **note that this project is dependent on the submission and approval by DfT of the Full Transport Business Case, which in terms of the Economic Case is reliant on the agreed tendered price;**
2. **subject to securing grant funding from the Department for Transport (DfT), proceed with award of contract to deliver the A421 Dualling Scheme; and**
3. **delegate to the Director of Communities, in consultation with the Portfolio Holder for Community Services, authority to deliver the scheme.**

Overview and Scrutiny Comments/Recommendations

2. This report has not been considered by Sustainable Communities OSC as the A421 scheme has been identified as part of the Council's capital budget for a number of years and this has been considered by the OSC as part of the annual budget setting process.

Background

3. The scheme is located in the South-East Midlands, southeast of Milton Keynes and provides a strategic transport link between Central Bedfordshire and Central Milton Keynes.
4. Central Bedfordshire and Milton Keynes is witnessing continued growth of new homes and jobs. The Central Bedfordshire Draft Local Plan projects significant growth of new homes over the next 20 years. Similarly the Milton Keynes Local Plan projects significant growth of new homes and new jobs between 2010-2026.
5. Traffic volumes will inevitably increase through natural background traffic growth and planned growth associated with development. In order to deliver the growth agenda and achieve economic benefits to all communities, major infrastructure should be in place with no bottlenecks.
6. The importance of A421 as major east-west route has long been long recognised. With strong connectivity to major business centres (e.g. London and Luton via M1), ports to the East, and between Cambridge and Oxford. However, the A421 is an attractive route with limited capacity and it has suffered congestion and delays in recent years.
7. The dualling of the A421 M1/J13 to Milton Keynes, Magna Park will therefore provide essential additional capacity and relieve congestion, as well as reducing accidents.

Progress to Date

8. The detailed design was completed at the end of March 2017 and along with the contract documents informed the procurement for construction (30 June – 4 September 2017).
9. Negotiations for the land required for the dualling scheme is ongoing. Heads of Terms and Options Agreements have been agreed with the two CBC land owners and is currently with the respective lawyers. Negotiations are ongoing with the MKC land owners.
10. Planning permission has been granted for three structures, including a new canal underbridge to accommodate the proposed Bedford to Milton Keynes Waterway. A Certificate of Lawfulness Use or Development (Section 191 and Section 192 of The Town and Country Planning Act 1980) has been issued for the A421 dualling and associated drainage ponds within the administrative area of Central Bedfordshire Council. There is an outstanding Planning application for the associated drainage ponds / lagoons within the Milton Keynes Council administrative area.

Procurement

11. CBC is a board member of the Eastern Highways Alliance. The Eastern Highways Alliance Framework 2 (EHAF2) is a wide ranging framework which covers structural work, surfacing, road works and capital schemes for highways. There are 12 local authority members of alliance including CBC.
12. EHAF2 is divided into two lots, with Lot 1 covering schemes up to the value of £1.5m and Lot 2 covering schemes between £1.5m and £20m. Schemes above £20m, which includes the A421 Dualling project, can also be included subject to approval from the Eastern Highways Alliance Board. The board has already agreed for contractor procurement of this scheme to be through EHAF2, discharging the risk of non-approval.
13. Six Lot 2 contractors were offered the opportunity to submit a tender for the A421 dualling project. One bidder pulled out of the tender in the opening week, the remaining five contractors have taken active interest in the tender throughout the nine week period.
14. We received bids from five contractors on the EHAF2 which included response to 4 quality questions and a tender sum. There were 130 number of tender queries throughout the tender process of which were all responded to.
15. As part of the tender submission the following quality questions were asked:
16. The A421 Dualling will require engagement with multiple agencies and stakeholders, communications throughout this project will be key to its success. A full time Communications Officer will be required prior to work commencing on site and throughout the Contract period. How will communications be managed, recorded and communicated jointly with Central Bedfordshire Council and other stakeholders? (7.5% Weighting)
17. Traffic Management will be key to ensuring we minimise disruption to the network throughout the works. Being in close proximity to the M1 there will be regular communication with Highways England, Milton Keynes Council, Central Bedfordshire Council as well as key stakeholders. What traffic management plans will be in place ensuring we reduce congestion and disruption wherever possible whilst maximising productive working time to reduce the programme duration? (7.5% Weighting)

18. Due to the nature of this project, there are large quantities of excavation and disposal of material unless more efficient measures can take place for depositing of the arising's. What environmentally friendly and disposal reduction plans will be put in place to mitigate the environmental and cost impact of transport and disposal? (7.5% Weighting)
19. There are a number of utilities throughout the site that will require relocation. It will be particularly important to programme the works around the removal of utilities and their outages. What level of management and coordination will be provided to achieve delivery on time avoiding delay due to utility relocation risks? (7.5% Weighting).
20. The overall cost/quality split was 70% Price and 30% Quality.
21. The full A421 Eastern Highways Alliance Tender report is attached in Appendix A

The Full Transport Business Case (FTBC)

22. The A421 Dualling Full Transport Business Case submission to Department for Transport is based on five required strands, namely:
 - Strategic Case – Outline of scheme scope, status, purpose and fit;
 - Economic Case – Core appraisal of scheme performance, economic worth and value for money;
 - Financial Case – Accounting evidence of nominal scheme costs, funds and affordability;
 - Commercial Case – Commercial viability of the scheme and the promoter's procurement strategy, procedures, terms and conditions; and
 - Management Case – Plan for scheme delivery, management and outcome monitoring.
23. The FTBC provides evidence to support the bid for Government Local Growth Funds.
24. Drafts of each strand of the business case, with the exception of the economic case, have been submitted to DfT these have now been reviewed taking on board feedback from DfT and incorporating the outcome of the tender process.
25. The Economic Case which includes the Benefit Cost Ratio (BCR) and Value for Money (VfM) is currently being finalised (based on the results of the contract tender) and will be submitted, along with the updated other strands of the business case, to DfT during September. DfT will then assess and provide feedback prior to the full approval application.

Reason/s for decision

26. It is recommended to award the contract to **Contractor E** based on the results of the tender. This preferred bidder scored the highest marks overall between price and quality – see appendix for A421 Eastern Highways Alliance Tender Report.

Council Priorities

Enhancing Central Bedfordshire

27. Delivery of the A421 Dualling project will directly address the Council's priority of Enhancing Central Bedfordshire. It will improve Central Bedfordshire as a place to live, by enhancing prosperity with more and better jobs, improved infrastructure, and facilitate access to the quantity and type of housing needed by our residents. It will ease congestion and improve journey reliability between Central Bedfordshire and Milton Keynes, improve road safety and facilitate housing and economic growth. It will also complete the strategic A421 link across the region.

Great resident services

28. The dualling of the A421 will make a direct contribution to improving our pavements and roads, specifically through the consolidation of our Public Rights of Way network in the immediate vicinity of the project and the provision of a new bridleway bridge over the A421. We will continue working with our local Town and Parish Councils before, during and post delivery of the A421 project.

Protecting the vulnerable; improving wellbeing

29. The project will also work to improve the health and wellbeing of our residents through the provision of new footways and a new Bridgeway bridge over the A421.

A more efficient and responsive Council

30. The Council will continue to be focused on cost effectiveness and efficiency in all that we do, and for this to be recognised by our residents. We will continue to focus on outcomes rather than process. We will make the most of opportunities to create value from trading, from growing, and from working across the public and private sectors to deliver great solutions for our residents.

Corporate Implications

Legal Implications

31. The works have been procured through the framework as set out above. LGSS Law did not have input into the procurement process, other than to provide advice in relation to clarifications at the end of the process, but did assist with finalising the NEC3 contract clauses for issue as part of the tender process. Compliantly using a pre-existing framework enables CBC to procure the contractor without needing to carry out a stand-alone procurement process.

Financial and Risk Implications

A421 Dualling	2015/2017	2017/18	2018/19	2019/20	Total
	£'000	£'000	£'000	£'000	£'000
Total Cost of Scheme	2,249	9,251	7,000	11,000	29,500
DfT Funding	- 2,249	- 9,251	- 4,000	- 8,000	- 23,500
MKC Funding			- 3,000		- 3,000
CBC Contribution				3,000	3,000

- The figures within the table above are budgeted costs and not the actual costs.
- DFT funding is subject to consideration and assessment of the Full Transport Business Case.
- Any cost over the DFT funding will be shared equally between CBC and MKC (up to a total of £6 million).

Equalities Implications

32. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
33. An Equalities Impact Assessment (EIA) has been produced as part of the project. This has focused on the general requirements of people with disabilities ensuring that these are taken into account within government guidance and design standards appropriate to the A421 Dualling project. The specific needs of different groups of local people will be sought through public consultation.
34. Publicity and information associated with the project will be offered and available in alternative formats and languages, statements to this effect will be included on any literature or correspondence. Additionally, publicity and information will be clear, concise and in simple language.

Conclusion and next Steps

35. With Members approval, and approval of funding from the Department of Transport (DfT), it is proposed to award the construction contract in November 2017, an 18 months contract period is anticipated with an expected completion in autumn 2019.
36. Following construction monitoring will be undertaken in accordance with the Monitoring Plan submitted to the Department of Transport (DfT) alongside the Transport Business Case.

Appendix A: A421 Eastern Highways Alliance Tender Report
(Exempt)

Background Papers: None

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